



PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

**THE MUNICIPALITY OF MATJHABENG
AS REPRESENTED BY THE MUNICIPAL MANAGER**

G RAMATHEBANE

AND

**SAM MAKHUBU
THE EMPLOYEE OF THE MUNICIPALITY
EXECUTIVE DIRECTOR STRATEGIC SUPPORT SERVICES**

FOR THE

FINANCIAL YEAR: 1 JULY 2013 - 30 JUNE 2014

[Handwritten signatures]

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN

The Municipality of Matjhabeng herein represented by G Ramathebane in his capacity as Municipal Manager (hereinafter referred to as the Employer)

And

Sam Makhubu, an Employee of the Municipality of Matjhabeng (hereinafter referred to as the Employee, in her capacity as Executive Director Strategic Support Services.

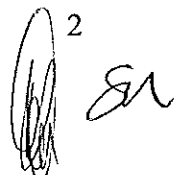
WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Employer has entered into a contract of employment with the Employee in terms of section 57(1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). The Employer and the Employee are hereinafter referred as "the Parties".
- 1.2 Section 57(1)(b) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual Performance Agreement.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

2. PURPOSE OF THIS AGREEMENT

- 2.1 Comply with the provisions of Section 57(1)(b),(4A) and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 Specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;

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- 2.3 Specify the Employee's accountabilities as set out in the performance objectives;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the Performance Agreement as the basis for assessing the suitability of the Employee for permanent employment and/or to assess whether the Employee has met the performance expectations applicable to his/her job;
- 2.6 Appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and
- 2.7 Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

3. DELIVERY

- 3.1 This Agreement will commence on the 01 July 2013 and will remain in force until 30 June 2014 where after a new Performance Agreement and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.
- 3.4 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

4. PERFORMANCE OBJECTIVES

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- 4.1 The performance objectives sets out –
 - 4.1.1 The performance objectives and targets that must be met by the Employee; and
 - 4.1.2 The time frames within which those performance objectives and targets must be met.
- 4.2 The performance objectives and targets reflected are set by the Employer in consultation with the Employee and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Employer, and shall include key objectives; key performance indicators; target dates and weightings.
- 4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.
- 4.4 The Employee's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

5. PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM



- 5.1 The Employee agrees to participate in the Performance Management and Development System that the Employer adopts or introduces for the Employer, management and municipal staff of the Employer.
- 5.2 The Employee accepts that the purpose of the Performance Management and Development System will be to provide a comprehensive system with specific performance standards to assist the Employer, management and municipal staff to perform to the standards required.
- 5.3 The Employer will consult with the Employee about the specific performance standards that will be included in the Performance Management and Development System as applicable to the Employee.

6. THE EMPLOYEE AGREES TO PARTICIPATE IN THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM THAT THE EMPLOYER ADOPTS.

- 6.1 The Employee undertakes to actively focus towards the promotion and implementation of the Key Performance Areas KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.
- 6.2 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.
 - 6.2.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Core Managerial Competencies (CMC's) respectively.
 - 6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
 - 6.2.3 KPA's covering the main areas of work will account for 80% and CMC's will account for 20% of the final assessment.
- 6.3 The Employee's assessment will be based on his/her performance in terms of the outputs/outcomes (performance indicators) identified, which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee.
- 6.4 The CMC's will make up the other 20% of the Employee's assessment score. CMC's that are deemed to be most critical for the Employee's specific job are reflected in the list below as agreed to between the Employer and Employee.



7. PERFORMANCE EVALUATIONS

- 7.1 The performance objectives sets out –
 - 7.1.1 The standards and procedures for evaluating the Employee's performance; and
 - 7.1.2 The intervals for the evaluation of the Employee's performance.
- 7.2 Despite the establishment of agreed intervals for evaluation, the Employer may in addition review the Employee's performance at any stage while the contract of employment remains in force.



- 7.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.
- 7.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan (IDP).
- 7.5 The annual performance appraisal will involve:
 - 7.5.1 Assessment of the achievement of results as outlined in the performance plan:
 - 7.5.1.1. Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
 - 7.5.1.2. An indicative rating on the five-point scale should be provided for each KPA.
 - 7.5.1.3. The applicable assessment rating calculator (refer to paragraph 7.5.3 below) must then be used to add the scores and calculate a final KPA score.
 - 7.5.2 Assessment of the CMC's
 - 7.5.2.1. Each CMC should be assessed according to the extent to which the specified standards have been met.
 - 7.5.2.2. An indicative rating on the five-point scale should be provided for each CMC.
 - 7.5.2.3. The applicable assessment rating calculator (refer to paragraph 7.5.1) must then be used to add the score and calculate a final CMC score.
 - 7.5.3 Overall rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.



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7.6 The assessment of the performance of the Employee will be based on the following rating scale for KPA's and CMCs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.					
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that they employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.					

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- 7.7 For purposes of evaluating the performance of the Employee, an evaluation panel constituted of the following persons will be established –

7.7.1 Municipal Manager;

7.7.2 Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a performance audit committee;

7.7.3 Member of the Mayoral Committee or Executive committee or in respect of a plenary type municipality, another member of council; and

7.7.4 Municipal Manager from another Municipality.

8. SCHEDULE FOR PERFORMANCE REVIEWS

- 8.1 The performance of each Employee in relation to his/her performance agreement shall be reviewed on the following dates with the understanding reviews in the first and third quarter may be verbal if performance is satisfactory:

First quarter	:	July – September 2013
Submission of evidence	:	30 October 2013
Evaluation	:	15 November 2013
Second quarter	:	October-December 2013
Submission of evidence	:	30 January 2014
Evaluation	:	15 February 2014
Third quarter	:	January-March 2014
Submission of evidence	:	30 April 2014
Evaluation	:	15 May 2014
Fourth quarter	:	April-June 2014
Submission of evidence	:	30 July 2014
Evaluation	:	15 August 2014

- 8.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.
- 8.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.
- 8.4 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure A from time to time for operational reasons. The Employee will be fully consulted before any such change is made.



- 8.5 The Employer may amend the provisions for performance objectives whenever the Performance Management and Development System is adopted, implemented and/or amended as the case may be. In that case, the Employee will be fully consulted before any such change is made.

9. DEVELOPMENTAL REQUIREMENTS

The Pro Forma Personal Development Plan (PDP) for addressing developmental gaps is attached as part of this document. Such Plan may be implemented and/or amended as the case may be after the each assessment. In that case, the Employee will be fully consulted before any such change or plan is made.

10. OBLIGATIONS OF THE EMPLOYER

10.1 The Employer shall-

- 10.1.1 Create an enabling environment to facilitate effective performance by the employee;
- 10.1.2 Provide access to skills development and capacity building opportunities;
- 10.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 10.1.4 On the request of the Employee delegate such powers reasonably required by the Employee to enable him/her to meet the performance objectives and targets established in terms of this Agreement; and
- 10.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting him/her to meet the performance objectives and targets established in terms of this Agreement.

11. CONSULTATION

- 11.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others-

11.1.1 A direct effect on the performance of any of the Employee's functions;

11.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and

11.1.3 A substantial financial effect on the Employer.

11.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in clause 11.1 as soon as is practicable to enable the Employee to take any necessary action with delay.

12. MANAGEMENT OF EVALUATION OUTCOMES

12.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

12.2 A performance bonus between 5% to 14% of the Employees inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance.

12.3 The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of at least twelve months (12) service at the current remuneration package on 30 June (end of financial year) subject to a fully effective assessment.

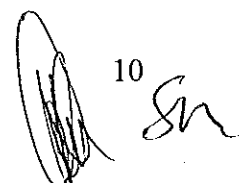
12.4 In the case of unacceptable performance, the Employer shall –

12.4.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and

12.4.2 After appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer may consider steps to terminate the contract of employment of the Employee on grounds of unfitness or incapacity to carry out his or her duties.

13. DISPUTE RESOLUTION

13.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter provided for, shall be mediated by –



13.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or

13.1.2 Any other person appointed by the MEC.

13.2 In the event that the mediation process contemplated above fails, clause 16 of the Contract of Employment shall apply.

14. GENERAL

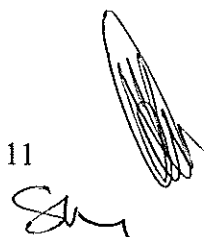
14.1 The contents of this agreement and the outcome of any review conducted in terms of the performance objectives and agreement may be made available to the public by the Employer.

14.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

15. PERFORMANCE PLAN

15.1 The Performance Plan defines the Council's expectations of the Municipal Manager's performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and as reviewed annually.

15.2 The following Performance Plan provides the details of the evidence that must be provided to show that a key objective has been obtained. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.



A) KEY OBJECTIVES

Management, Planning and Budget Control for the Directorate

Output	Activities/ Tasks	Performance Indicators	Weight
Management, Planning and Budget Control for the Directorate	<p>Develop Directorate plans and programs in support of the Municipal Strategy</p> <ul style="list-style-type: none"> Determine stakeholder needs and expectations with regard to corporate services Ensure the development of aligned plans and programs for the Directorate Develop an overall corporate services risk management plan, identify potential threats or risks to progress and proactively implement corrective action as necessary Create mechanisms and structures for sharing of knowledge in the municipality Communicate the Directorate's plan to team Develop policies and procedures in line with Directorate related services and legislative requirements Ensure that appropriate systems are in place that facilitate co-ordination across functions, supportive of effective overall service delivery execution Regularly audit corporate services related systems in the municipality and take 	<p>Quality</p> <ul style="list-style-type: none"> Operational plan in place Operational plan aligned to Municipal strategy Reports completed within set municipal format and standards Legal compliance audit review Contracts / Sal's / Projects managed within legislation, policies and procedures Measurement mechanisms developed and implemented Continuous process improvement Directorate specific Policies, procedures, systems and processes in place Annual Directorate Budget Risk Management plan in place Team's activities in line with the Directorate's plan Knowledge Management systems and structures in place 	

	<p>corrective actions if required</p> <ul style="list-style-type: none"> • Ensure that all systems and procedures used are integrated with other organizational systems • Ensure that all implemented plans and programs are managed, measured, monitored and evaluated to guarantee quality services delivery <p>Management and Optimization of the Directorate:</p> <ul style="list-style-type: none"> • Review the operational process to identify any possible problems or risk areas and advise on corrective actions • Liaise with other Directorates to ensure that problems which could affect or overlap with other sections, are pro-actively identified and discussed • Benchmark best practice systems, processes and procedures in and develop customized solutions for the Directorate • Develop an operational plan to support the Municipal strategy and communicate to all stakeholders, including staff • Develop and implement measurement mechanisms to ensure success of the operational plan • Monitor progress to ensure successful implementation of plans and achievement of targets • Produce progress and information reports according to requirements and timelines • Prepare and submit directorate reports or ad hoc reports to Mayoral Committees 	<p>Quantity</p> <ul style="list-style-type: none"> ▪ Expenditure within % of budget ▪ Clean Audit Report ▪ All contracts / Projects delivered according to set deliverables(time, budget and specifications) ▪ Service Delivery Rating ▪ Team communication sessions ▪ % achievement of strategic objectives ▪ Number of service delivery improvement initiatives <p>Time</p> <ul style="list-style-type: none"> ▪ Accurate information received within required timeframes ▪ Contracts / Projects delivered within set standards ▪ Customer service survey conducted on an annual basis ▪ Annual Process review report ▪ Monthly Budget Variance Report <p>Resource limits</p> <ul style="list-style-type: none"> ▪ Budget ▪ Staff ▪ Technology and Equipment 	
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	<ul style="list-style-type: none"> • Attend Executive Management meetings, provide input to problem resolution and take steps to break down barriers that hinder progress • Support the training of managers in systems, policies and procedures to minimize related risks in directorate <p>Effective management of the Directorate's Budget:</p> <ul style="list-style-type: none"> • Ensure the development of a accurate Directorate budget in terms of expected deliverables and area of accountability • Allocate financial resources to the own departments in terms of overall Directorate plan • Take full responsibility for the financial resources within area of accountability • Account for activities of the Directorate and its finances • Regularly review, monitor and report on budget variances and take corrective action as appropriate • Ensure the implementation of the Municipal cost control systems, policies and legislation for effective expenditure management 	
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Stakeholder Management			
Output	Activities/ Tasks	Performance Indicators	Weight
Stakeholder Management	<ul style="list-style-type: none"> • Ensure community needs are satisfied through appropriate systems, processes and procedures • Needs analysis information incorporated into operational plan • Create and maintain awareness of the Municipality within the community • Conduct regular meetings with all stakeholders on request of the Municipal Manager • Identify community related needs and translate into process problems that needs to be addressed • Act as representative of the Municipality at community forums • Participate in and present during Council and MAYCO meetings • Retain goodwill with all stakeholders to the benefit of the Municipality • Adhere and comply to national, provincial and local government regulations during stakeholder engagements • Liaise and network with local business representatives to cultivate effective working relationships 	<p>Quality</p> <ul style="list-style-type: none"> ▪ Presentations for council and MAYCO available ▪ Meetings held with stakeholders and issues identified ▪ Feedback to stakeholders on progress <p>Quantity</p> <ul style="list-style-type: none"> ▪ Relevance of information provided to stakeholders ▪ % of identified problems resolved within a specified timeframe <p>Time</p> <ul style="list-style-type: none"> ▪ Present at scheduled and Ad-hoc meetings ▪ Annual needs analysis conducted with the community 	



People Management			
Output	Activities/ Tasks	Performance Indicators	Weight
People Management	<ul style="list-style-type: none"> Communicate and explain the impact of Executive Management decisions on the Directorate Ensure relevant manpower plans are developed on an annual basis regarding future people needs Ensure recruitment requirements aligned to job specifications and EE Plan are provided to Human Resources for implementation Conduct interviews with prospective employees as well as candidates up for promotion Support the induction of new employees Ensure that employees have clear work expectations and goals as set out in the Performance Management process Delegate and empower others to increase contribution and level of responsibility Ensure that performance appraisals are conducted as per policy requirements and feedback in accordance with performance management principles Participate in and review the performance process Ensure the delivery of training to staff through the identification of required competencies and training needs 	<p>Quality</p> <ul style="list-style-type: none"> Competency levels of employees Skills needs in Directorate identified Improved individual performance Climate surveys conducted Adherence to all relevant legislation and regulations Directorate's change management projects in place <p>Quantity</p> <ul style="list-style-type: none"> % improvement in individual performance Employee turnover Improvement Team motivation levels Absenteeism rate in Directorate Employee productivity rating Number of grievances and disciplinary cases in Directorate Number of CCMA case decisions against in Directorate Number of Injury on Duty cases documented <p>Time</p> <ul style="list-style-type: none"> Performance Appraisal results within specified policy cycle 	