



PART A

SECTION 57 MANAGER'S PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

THE MATJHABENG LOCAL MUNICIPALITY
As Represented by the Executive Mayor

Thanduxolo David Khalipha
Full Names of Executive Mayor

AND

Zingisa Khuthaza Tindleni
Full Names of Municipal Manager

7303140455081
ID Number of the Municipal Manager

FOR THE

FINANCIAL YEAR:
1st JULY 2022 – 30 JUNE 2023

PERFORMANCE AGREEMENT

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 to as "the Parties".
- 1.2 Section 57(1)(b)(ii) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance agreement within one (1) month after the beginning of each financial year of the Municipality.
- 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 through this agreement, there is full compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement, as agreed by both parties, is to, inter alia.

- 2.1 comply with the provisions of Section 57(1)(b), (4A), (4B), and 5 of the Municipal Systems Act 32 of 2000; as well as the Contract as well as the Contract of Employment entered into between parties;
- 2.2 specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Municipality.

- 2.3 specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement (Annexure A).
- 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 and/or to assess whether the Employee has met the performance expectations applicable to his/her job.
- 2.6 in the event of outstanding performance, to appropriately reward the employee in accordance with the Employer's performance Management policy; and
- 2.7 give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 Notwithstanding the date of signature hereto, this Agreement will commence on the **1st July 2022** and will remain in force until **30th June 2023**. thereafter a new Performance Agreement, Performance Plan 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 all the provisions of this Agreement during June of each year. The parties will conclude a new Performance Agreement and Performance Plan 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 above-mentioned 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

- 4.1 The full Performance Plan or Scorecard (Annexure A) 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 in Annexure A are set by the **Employer** in consultative agreement (Hence the term Performance Agreement) 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 to reflect urgency and prioritisation.
- 4.2.1 The key objectives describe the main tasks that need to be done as derived from the Institutional and directorate SDBIPs wherein the Director makes their contribution in the Municipality.
 - 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved, where the time is clearly implied, sometimes there will be no need to restate it, for example, a quarterly or annual target is clearly due by end of a quarter or year respectively.

- 4.2.4 The weightings show the relative importance of the key objectives to each other. They are crucial in computing the weighted average ratings at the end of period (quarterly, semi-annually, or annually).
- 4.3 The **Employee's** performance will, always, be measured in terms of contributions to the goals and strategies set out in the **Employer's** Integrated Development Plan.

5 PERFORMANCE MANAGEMENT SYSTEM

- 5.1 The Employee agrees to participate in the performance management 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 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 and support the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.
- 5.4 The Employee undertakes to actively focus towards the promotion and implementation of the KPAs (including special projects relevant to the employee's responsibilities) within the Local Government framework.
- 5.5 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.
- 5.5.1 The Employee will be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Managerial Competencies (CMCs) respectively.

5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.

5.5.3 KPAs covering the main areas of work will account for 80% and Core Managerial Competencies (CMCs) will account for 20% of the final assessment.

5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (Annexure A), 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:

TABLE 1: KEY PERFORMANCE AREAS (KPAs)

KEY PERFORMANCE AREAS (KPA'S)	Weighting
Municipal Transformation and Organizational Development	20%
Infrastructure development and Basic Service Delivery	20%
Local Economic Development	20%
Financial Sustainability and Viability Management	20%
Good Governance & Public Participation: Communication. Good Governance & Public Participation: Risk Management Good Governance & Public Participation: Internal Audit. Good Governance & Public Participation: Intergovernmental Relations Good Governance & Public Participation: Integrated Development Planning and Performance Management Plan. Good Governance & Public Participation: Information and Communications Technology.	20%
Total	100%

- 5.7 In the case of Managers directly accountable to the Municipal Manager, the weighting of the key performance areas related to the functional area of the relevant Manager, must be subject to negotiation between the Municipal Manager and the relevant manager. These agreed weightings must be translated to the top of each KPA (see table 1 above)
- 5.8 The Core Managerial Competencies (CMCs) are Developmental in nature and must focus on learning requirements of the employee. These will make up the other 20% of the Employee's assessment score. Core Managerial Competencies (CMCs) that are deemed to be most critical for the Employee's specific job should be selected (✓) from the list below as agreed to between the Employer and Employee.

CORE COMPETENCY REQUIREMENTS (CCRs)–			
No	CORE LEADING COMPETENCIES	COMPULSORY /NOT COMPULSORY	WEIGHT
1	Strategic leadership and management	Compulsory	10%
2	People Management	Compulsory	5%
3	Program and Project Management	Compulsory	5%
4	Financial Management	Compulsory	10%
5	Change Leadership	Compulsory	10%
6	Governance Leadership	Compulsory	10%
CORE COMPETENCIES			
1	Moral Competence	Compulsory	5%
2	Planning and Organizing	Compulsory	10%
3	Analysis and Innovation	Compulsory	5%
4	Knowledge and Information management	Compulsory	10%
5	Communication	Compulsory	10%
6	Results and Quality Focus	Compulsory	10%
Total percentage		-	100%
Total Contribution to final assessment score must be 20%			

6. EVALUATING PERFORMANCE

- 6.1 The Performance Plan (Annexure A) to this Agreement sets out -
- 6.1.1 the standards and procedures for evaluating the Employee's performance;
and
 - 6.1.2 the intervals for the evaluation of the Employee's performance.
- 6.2 Despite the establishment of agreed intervals for evaluation, the Employer may in addition, review/assess the Employee's performance at any stage while the contract of employment remains in force.
- 6.3 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.
- 6.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.
- 6.5 The annual performance appraisal will involve:
- 6.5.1 **Assessment of the achievement of results as outlined in the performance plan:**
 - (a) Each KPA should be assessed according to the extent to which the specified standards or performance targets set for each key performance indicator (KPI) have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
 - (b) An indicative rating on the five-point scale should be provided for each Key Performance Area (KPA).

- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final weighted average rating for each KPA score.

6.5.2 Assessment of the Core Managerial Competencies (CMC) Requirements

- (a) Each Competency Requirement should be assessed according to the extent to which the specified standards (based on the standard being treated as a KPI and targets set, agreed and subsequently met).
- (b) An indicative rating on the five-point scale should be provided for each selected CMC.
- (c) This rating should be multiplied by the weighting given to each selected CMC during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CMC score.

6.5.3 Overall rating

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

- 6.6 The assessment of the Performance of the Employee will be based on the following rating scale for each KPA's and Core Managerial Competency Requirements (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 Performance Agreement 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 Performance Agreement 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 Performance Agreement and Performance Plan.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement 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.					

6.7 For purposes of evaluating the annual performance of the Municipal Manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Executive Mayor or Mayor.
- 6.7.2 Chairperson of the Audit Committee.
- 6.7.3 Member of the Mayoral or Executive Committee.

6.7.4 Mayor and/or Municipal Manager from another Municipality; and

7. SCHEDULE FOR PERFORMANCE REVIEWS

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

Quarter	Date	Assessment Period
First Quarter:	July – September 2022	31 October 2022
Second Quarter:	October – December 2022	31 January 2023
Third Quarter:	January – March 2023	30 April 2023
Fourth quarter:	April – June 2023	30 July 2023

7.2 During these review sessions, targets are scored or rated, the targets may also be renegotiated and adjusted in re-alignment to the available budgets as necessary. The Employer shall keep a record of the mid-year review and annual assessment meetings.

7.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance done in mutual agreement with the employee.

7.4 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.

7.5 The Employer may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and / or amended as the case may be. In that case the Employee will be fully consulted and ideally be in agreement before any such change is made. Both parties will sign-off any amendments made as such agreements are legally binding on both parties.

8. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing developmental gaps is attached as Annexure B.

9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall –

- 9.1.1 create an enabling environment to facilitate effective performance by the employee.
- 9.1.2 provide access to skills development and capacity building opportunities.
- 9.1.3 work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.
- 9.1.4 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
- 9.1.5 make available to the Employee such resources as the Employee may reasonably require from time to time to assist him / her to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

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

- 10.1.1 a direct effect on the performance of any of the Employee's functions.

10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer; and

10.1.3 a substantial financial effect on the Employer.

10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

11. MANAGEMENT OF EVALUATION OUTCOMES

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

11.2 A performance bonus of between 6% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:

% SCORE	% BONUS
A total percentage score of 130% to 135%	6%
A total percentage score of 136% to 140%	8%
A total percentage score of 141% to 145%	10%
A total percentage score of 146% to 150%	12%
A total percentage score of 151% and above	14%

11.3. Any performance bonus that may be payable to the Employee, shall only be paid out after –

- 30 June 2023
- The Employer's Council has approved the Employee's Annual Performance Appraisal as required by section 57 (4b) of the Municipal Systems Act and
- The annual report relating to the current financial year has been tabled in the Employer's Council and Council adopted it.

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

11.4.1 provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and

11.4.2 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.

12. DISPUTE RESOLUTION

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

12.1.1 the MEC for Local Government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or

12.1.2 any other person appointed by the MEC.

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

13. GENERAL

13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer.

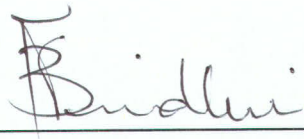
13.2 Nothing in this agreement diminishes the obligations, duties, or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

13.3 The performance assessment results of the Municipal Manager must be submitted to the MEC responsible for Local Government (COGTA) as well as the National Minister responsible for Local Government (COGTA), within fourteen (14) days after the conclusion of the assessment.

Thus done and signed aton this the..... day of2022.

AS WITNESSES:

1. _____

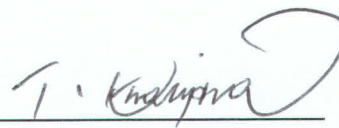


EMPLOYEE (MUNICIPAL MANAGER)

2. _____

AS WITNESSES:

1. _____



EXECUTIVE MAYOR

2. _____