



PART A

SECTION 57 MANAGER'S PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

THE MATJHABENG LOCAL MUNICIPALITY

As Represented by the Municipal Manager

Thanduxolo Khalipha

Full Names of the Executive Mayor

AND

Dr Vuyo Adonis

Full Names of Acting Municipal Manager

6502045797080

ID Number of the Acting Municipal Manager

FOR THE

FINANCIAL YEAR:

1 July 2026 – 30 June 2027

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 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 Financial Recovery Plan Phase 1 and 2 (01 July 2026 – 30 June 2027) disclosed as Annexure A in the SDBIP.

- 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 **01 July 2026** and will remain in force until **30 June 2027**. 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 Competency Requirements (CCRs) 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 Competency Requirements (CCRs) 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 (Human Capital Management & Skills Development)	20%
Infrastructure and Basic Service Delivery	20%
Local Economic Development	20%
Financial Sustainability and Viability Management	20%
Good Governance & Public Participation: Communication- Internal and External Stakeholder Management. Good Governance & Public Participation: Risk Management strategies of Financial Sustainability and Viability Management Good Governance & Public Participation: Internal Audit findings for Financial Sustainability and Viability Management Good Governance & Public Participation: Intergovernmental Relations Planning and Performance Management Plan of Financial Sustainability and Viability Management (IDP, SDBIPs, Quarterly and Annual Reporting).	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 Competency Requirements (CCRs) 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 Competency Requirements (CCRs) 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 MANAGERIAL COMPETENCIES	COMPULSORY/NOT COMPULSORY	WEIGHT
1	Strategic Capability and Leadership	Compulsory	10%
2	People Management and Empowerment	Compulsory	5%
3	Program and Project Management	Compulsory	15%
4	Financial Management	Compulsory	5%
5	Change Management	Compulsory	5%
6	Governance Leadership	Compulsory	5%
7	Client Orientation and Customer Focus	Compulsory	5%
8	Communication	Compulsory	10%
	CORE OCCUPATIONAL COMPETENCIES		
1	Competence in Self-Management	Compulsory	5%
2	Interpretation of and implementation within the legislative and national policy frameworks	Compulsory	10%
3	Competence in policy conceptualisation, analysis and implementation	Compulsory	5%
4	Knowledge of developmental local government	Compulsory	10%
5	Results and Quality Focus (improve the functioning of the municipality)	Compulsory	10%
	Total percentage	-	100%
	<i>Total Contribution to final assessment score must be 20%</i>		

6. EVALUATING PERFORMANCE

6.1 The Performance Plan (Annexure B) 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 Competency Requirements (CCRs)

- (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 CCR.
- (c) This rating should be multiplied by the weighting given to each selected CCR 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 CCRs 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 Competency Requirements (CCRs):

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 Employee, an evaluation panel constituted of the following persons must be established -

6.7.1 The Municipal Manager.

6.7.2 Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee.

- 6.7.3 Member of the Mayoral Committee or Executive Committee or in respect of the plenary type of Municipality, another member of Council, and;
- 6.7.4 Municipal Manager from another Municipality.

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 2026	31 October 2026
Second Quarter:	October – December 2026	31 January 2027
Third Quarter:	January – March 2027	30 April 2027
Fourth quarter:	April – June 2027	30 July 2027

- 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 5% to 14% of the all-inclusive 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%	5%
A total percentage score of 136% to 140%	8%
A total percentage score of 141% to 149%	9%
A total percentage score of 150%	10%
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 2027**
- 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 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 –

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 Employee 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 of 2026.

AS WITNESSES:

1. _____

**EMPLOYEE: ACTING MUNICIPAL
MANAGER**

2. _____

AS WITNESSES:

1. _____

EXECUTIVE MAYOR

2. _____

ANNEXURE A: REFER TO THE ATTACHED (SDBIP 2026-2027)

ANNEXURE B - PERSONAL DEVELOPMENT PLAN OF

Description of the underperformance: <Enter a description of the nature of the underperformance> Aim of the Performance Development Plan: <Enter the overall aim of the PDP> Plan Start Date: <Enter the date the PDP commence> Plan End Date: <Enter the date the PDP finishes>				
Improvement Objectives What specifically must the individual do to improve their performance to meet expected standards?	Success Criteria How will you know when the expected standards of performance have been met?	Additional Support Required What additional support does the individual require in order to achieve the expected standards?	Review Schedule When will progress against the improvement objective be reviewed and by who? How will evidence of progress be collected?	Objective Outcome When will the final review of the plan be undertaken and by whom? What is the final outcome? What actions will be taken if expected standards are not met?

OVERALL OUTCOME: <Enter overall outcome/consequences if the Performance Development Plan is not completed satisfactorily by the plan end date>

Signed by Employee:

Date:

Signed by the Mayor:

Date:

**ANNEXURE C – FINANICAL RECOVERY PLAN (ALL PILLARS)
PHASE 1 (RESCUE) AND PHASE 2 (STABILISATION)**