

PERFORMANCE AGREEMENT



Made and entered into by and between:

METSIMAHOLO LOCAL MUNICIPALITY

**Ms Sylvia Lindiwe Tshongwe
The Executive Mayor**

and

**Mr Solomon Obakeng Mashiane
The Acting-Municipal Manager**

**For the financial year:
2018/2019**

Period 04 July 2018 - 30 September 2018

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PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The **Metsimaholo Local Municipality** herein represented by **Ms Sylvia Lindiwe Tshongwe** in her capacity as the Executive Mayor (hereinafter referred to as the **Employer** or Supervisor)

and

Mr Solomon Obakeng Mashiane Acting Municipal Manager of the Municipality (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 Section 57 (1) (b) of the Systems Act requires the parties to conclude an annual performance agreement.
- 1.2 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 as defined in the municipal Integrated Development Plan.
- 1.3 The parties wish to ensure that there is compliance with section 57 (4A); 57 (4B); 57 (4C) and 57 (5) of the Systems Act.

2. INTERPRETATION AND DEFINITION

- 2.1 In this agreement, unless the context indicates otherwise-
 - a) An expression, which denotes any gender, includes the other genders, a natural person includes a judicial person and vice versa, and the singular includes the plural and vice versa;
 - b) Clause headings are for convenience only and will not be used in its interpretation, and the following expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings-

"Agreement" means this Performance Agreement and all the Appendices hereto;

"Employee" means Mr Solomon Obakeng Mashiane; the Acting-Municipal Manager of Metsimaholo Local Municipality;

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"Employer" means the Metsimaholo Local Municipality as represented by the Executive Mayor, Ms Sylvia Lindiwe Tshongwe.

"MEC" means the Member of the Free State Executive Council responsible for local government;

"MFMA" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"Municipality" means the Metsimaholo Local Municipality, established in terms of Structures Act;

"Regulations" means the Local Government: Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Managers, 2006, promulgated in the Government Gazette as Regulation Notice 805 on 1 August 2006 read together with the Local Government Regulations on Appointment and Conditions of Employment of Senior Managers, promulgated in the Government Gazette as Regulation Notice 37245 on 17 January 2014.

"Structures Act" means the Local Government: Municipal Structures Act, 2000 (Act No. 117 of 1998) and

"Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Regulations promulgated in terms of the Act;

- c) Words and expressions defined in any sub-clause, for the purpose of the clause of which that sub-clause forms part, bear the meaning assigned to such words and expressions in that sub-clause; and
- d) This agreement is governed by and construed in accordance with the laws of the Republic of South Africa.

3. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to:

- 3.1 Comply with the provisions of Section 57 (1) (b), (4A), (4B) and (5) of the Systems Act, and the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Managers (2006) as amended by the Regulations on Appointment and Conditions of Employment of Senior Managers (2014).
- 3.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employee 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.

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- 3.3 Specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement
- 3.4 Monitor and measure performance against set targeted outputs;
- 3.5 Use the performance agreement and performance plan as the basis to assess whether the employee has met the performance expectations applicable to his job
- 3.6 In the event of outstanding performance, to appropriately reward the employee and
- 3.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

4. COMMENCEMENT AND DURATION

- 4.1 This agreement will commence on the **04 July 2018** and will remain in force until **30 September 2018**.
- 4.2 The parties will review the provisions of this Agreement at the end of the quarter, in October 2018.
- 4.3 This Agreement will terminate at the end of the quarter, since it is on the acting capacity.
- 4.4 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.
- 4.5 If at any time during the validity of this agreement the work environment alters (whether as a result of government or council decision or otherwise) to the extent that the contents of this agreement are no longer appropriate, the contents shall immediately be revised.
- 4.6 Any significant amendments or deviations must take cognizance of the requirements of sections 34 and 42 of the Systems Act, and Regulation 4(5) of the 2014 Regulations

5. PERFORMANCE OBJECTIVES

- 5.1 The Performance Plan (Annexure "A") sets out:
 - 5.1.1 The performance objectives and targets that must be met by the **Employee** and
 - 5.1.2 The time frames within which those performance objectives and targets must be met.

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- 5.2 The performance objectives and targets reflected in Annexure "A" 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, shall include key objectives; key performance indicators; target dates and weightings.

5.2.1 The key objectives describe the main tasks that need to be done.

5.2.2 The Key Performance Indicators and unit of measures provide the details of the evidence that must be provided to show that the indicator has been achieved.

5.2.3 The target dates describe the timeframe in which the work must be achieved.

5.2.4 The weightings show the relative importance of the key objectives to each other.

- 5.3 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.

6. PERFORMANCE MANAGEMENT SYSTEM

- 6.1 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**.

- 6.2 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.

- 6.3 The **Employer** will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the **Employee**.

- 6.4 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.

- 6.5 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.

6.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.

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

6.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.

- 6.6 The **Employee's** assessment will be based on his performance in terms of the outputs/outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**) which are linked to the KPAs and will contribute 80% of the overall assessment result as per the weightings agreed to between the **Employer** and **Employee**:

Identified Key Performance Area	Weight
Local Economic Development	20
Municipal Institutional Development and Transformation	20
Municipal Financial Viability and Management	20
Basic Service Delivery and Infrastructure	20
Good Governance and Public Participation	20
TOTAL	100%

- 6.7 The key performance areas related to the functional area of the **Employee**, must be subject to negotiation between the **Municipal Manager** and the **Employee**.

- 6.8 The CRs will make up the other 20% of the Employee's assessment score, CRs as set out in the Regulations on Appointment and Conditions of Employment of Senior Manager (17 January 2014) which communicates what is expected from senior managers for effective performance in local government.

COMPETENCY REQUIREMENTS (CR)		Weight
Leading Competencies		
Strategic Direction and Leadership	- Impact and Influence - Institutional Performance Management - Strategic Planning and Management - Organisational Awareness	8.35
People Management	- Human Capital Planning and Development - Diversity Management - Employee Relations Management - Negotiation and Dispute Management	8.33
Program and Project Management	- Program and Project Planning and Implementation - Service Delivery Management - Program and Project Monitoring and Evaluation	8.33
Financial Management	- Budget Planning and Execution - Financial Strategy and Delivery - Financial Reporting and Monitoring	8.33

Change Leadership	• Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation	8.33
Governance Leadership	• Policy Formulation • Risk and Compliance Management • Cooperative Governance	8.33
Core Competencies		
Moral Competence		8.33
Planning and Organising		8.35
Analysis and Innovation		8.33
Knowledge and Information Management		8.33
Communication		8.33
Results and Quality Focus		8.33
Total Percentage		100%

- 6.9 There is no hierarchical connotation to the competencies and all are essential to the role of senior manager to influence high performance. All competencies will therefore be considered as measurable and critical in assessing the level of the employee performance

7. EVALUATING PERFORMANCE

7.1 The Performance Plan (Annexure A) to this Agreement 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 performance contract 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 the 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 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 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.

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.					

Level	Terminology	Description	Rating				
			1	2	3	4	5
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 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.					

7.5.2. Assessment of the Competencies

- 7.5.2.1 Each CR should be assessed according to the extent to which the specified standards.
- 7.5.2.2 An indicative rating on the five-point scale should be provided for each CR.
- 7.5.2.3 This rating be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- 7.5.2.4 The applicable assessment rating calculator (refer to paragraph 7.5.3) must then be used to add the scores and calculate a final CR score.
- 7.5.2.5 The assessment of the performance of the employee will be based on the following rating scale for competencies.

Rating	Achievement level	Description
2	Basic	Applies basic concepts, methods and understanding of local government operations, but requires supervision and development intervention
3	Competent	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses
4	Advanced	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in depth analyses.
5	Superior	Has comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods

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.

- 7.6 The overall rating for KPIs will be converted to 80% and that of the CR will be converted to 20% and both scores together will be the final score of the **Employee's** performance.
- 7.7 For purpose of evaluating the performance, an evaluation panel constituted of the following persons will be established -
- 7.7.1 Executive Mayor;
 - 7.7.2 Chairperson of the performance audit committee
 - 7.7.3 Member of the Mayoral committee and
 - 7.7.4 Municipal manager from another municipality.
 - 7.7.5 Ward committee member
- 7.8 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panel referred to above.

8. SCHEDULE FOR PERFORMANCE REVIEWS

- 8.1. The performance of each **Employee** in relation to his performance agreement shall be reviewed at the end of the quarter with the understanding that the first quarter review may be verbal if performance is satisfactory: (The Employer and Employee will endeavor to conduct such review within one month after the end of a quarter):

First quarter	:	July – September 2018 (10-20 October 2018)
Second quarter	:	October – December 2018 (Not applicable)
Third quarter	:	January – March 2019 (Not applicable)
Fourth quarter	:	April – June 2019 (Not applicable)

- 8.2 The **Employer** shall keep a record of the reviews and assessment meetings conducted.
- 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 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 before any such change is made.

9. DEVELOPMENTAL REQUIREMENTS

Personal growth and development needs identified during any performance appraisal discussion must be documented in a Personal Development Plan (PDP) in the format set out in Annexure B as well as the actions agreed to and implementation must take place within set time frames.

10. OBLIGATIONS OF THE EMPLOYER

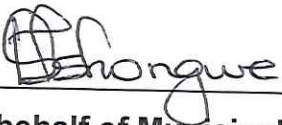
10.1 The Employer shall –

- 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 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 to assist him 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 11.1 as soon as is practicable to enable the **Employee** to take any necessary action without delay.

Signed at SASOLBURG on this the 28th day JULY of 2018.

Signature 

Signed on behalf of Municipality by:

Ms Sylvia Lindiwe Tshongwe

(The Executive Mayor)

AS WITNESSES

1. Signature 

2. Signature 

Signature.....

Signed and Accepted by:

Mr Solomon Obakeng Mashiane

(The Acting-Municipal Manager)

AS WITNESSES

1. Signature 

2. Signature 