



# PERFORMANCE AGREEMENT

Made and entered into by and between

**ELIAS MOTSOLEDI LOCAL MUNICIPALITY**

("the Municipality")

(Represented by M.M SKOSANA, duly authorised by Municipal Council Resolution)

and

**MESHACK MAHLAGAUME KGWALE**

**(DIRECTOR STRATEGIC DEPARTMENT)**

**For the Financial Year: 1 July 2013 to 30 June 2014**

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## 1. INTRODUCTION

- 1.1. The Elias Motsoaledi Local Municipality has entered into a contract of employment with the Director Strategic for a period of 5 years, ending on 06 May 2017 in terms of Section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000.
- 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 Director Strategic reporting to Municipal Manager, to a set of actions that will secure local government policy goals.
- 1.4. Notwithstanding the date of signature hereof, this agreement shall commence with effect from **01 July 2013** and shall endure for the period referred to in clause 1.1. above.

## 2. PURPOSE OF THIS AGREEMENT

- 2.1 The parties agree that the purposes of this Agreement are to:
  - 2.1.1. Comply with the provisions of Section 57(1)(b), 4(A), (4B) and (5) of the Systems act; and the employment contract entered into between the parties;
  - 2.1.2. State objectives and targets established for Director Strategic
  - 2.1.3. Specify accountabilities;
  - 2.1.4. Monitor and measure performance;
  - 2.1.5. Establish a transparent and accountable working relationship; and
  - 2.1.6. Give effect to Director Strategic's commitment to a performance-orientated relationship with its Municipal Manager in attaining equitable and improved service delivery.

Handwritten initials and signatures: MM, M-M, K-k, DM, R-J.

### 3. COMMENCEMENT AND DURATION

- 3.1. This Agreement will commence on the date of signature by both parties, which will be as soon as reasonably possible after **1<sup>st</sup> July 2013**, and, subject to paragraph 3.3, will continue in force until a new performance agreement is concluded between the parties as contemplated in paragraph 3.2.
- 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 July each year.
- 3.3. The performance score obtained during the performance review determines the performance bonus. Should the Director Strategic be entitled to a bonus, this will be paid out in Director Strategic's January salary.
- 3.4. This Agreement will terminate on the termination of Director Strategic contract of employment for any reason.

### 4. PERFORMANCE OBJECTIVES

- 4.1. **Annexure "A"** sets out:

4.1.1. The performance objectives and targets that must be met by Director Strategic; 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 Municipal Manager in consultation with Director Strategic based on the Integrated Development Plan and Service Delivery and Budget Implementation Plan and include key objectives; key performance indicators; target dates and weightings.

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- 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 objective
- 4.4 Director Strategic's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Municipality's Integrated Development Plan.
- 4.5. Municipal Manager will make available to Director Strategic time to assist him to meet the performance objectives and targets established in terms of this agreement.
- 4.6. Municipal manager will be entitled to review and make reasonable changes to the provisions of **Annexure "A"** .Annexure "A" may be amended by Municipal Manager when the EMLM's Performance Management System is adopted, implemented and/or amended as the case may be.

## 5. PERFORMANCE MANAGEMENT FRAMEWORK

The Parties record that the EMLM has a Performance Management Framework, which may be amended from time to time. It describes the systems and procedures of performance management in the municipality in which the Director Strategic will be required to engage in performing his job.

## 6. EVALUATING PERFORMANCE

- 6.1. **Annexure "A"** to this Agreement sets out the standards and procedures for evaluating Director Strategic's performance;

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6.2. The performance of Director Strategic in relation to his performance agreement shall be reviewed on a quarterly basis as follows:

First quarter	:	July – September
Second quarter	:	October – December
Third quarter	:	January – March
Fourth quarter	:	April - June

6.3. Director Strategic shall keep a record of the mid-year review and annual assessment meetings.

6.4. Performance feedback shall be based on the Municipal Manager's assessment of the Director Strategic's performance.

6.5. Municipal Manager will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons. The Director Strategic will be fully consulted before any changes are made.

6.6. Municipal Manager may amend the provisions of the performance plan whenever the performance management system is adopted, implemented and/or amended as the case may be. In that case the Director Infrastructure will be fully consulted before any such change is made.

6.7. Despite the establishment of agreed intervals for evaluation, Municipal Manager may in addition review the Director Strategic's performance at any stage while the contract of employment remains in force.

6.8. Personal growth and development needs identified during any performance review discussion must be documented and where possible actions agreed be implemented.

6.9. Director Strategic's performance will be measured in terms of contributions to the goals and strategies set out in the municipality's IDP.

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6.10. The annual performance appraisal will involve:

- a) Assessment of the achievement of results as outlined in the performance plan:
- i. 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.
  - ii. An indicative rating on the Five-point scale should be provided for each KPA.
  - iii. The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.

6.11. It is recorded that in terms of the EMLM's Performance Management Framework and system, for purposes of evaluation the performance of the Director Strategic, the Evaluation Panel will assist in the evaluation of the Director Strategic.

6.12 The employee must achieve 50% of his or her duties. Failure to that, Municipal Manager may institute disciplinary hearing against the employee

## 7. PERFORMANCE MANAGEMENT SYSTEM

7.1. Director Strategic agree to participate in the performance management system that the municipality adopts or introduces for the Director Strategic, management and municipal staff of the municipality.

7.2. Director Strategic accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Director Strategic, management and municipal staff to perform to the standards required.

7.3. Municipal Manager will consult the Director Strategic about the specific performance standards that will be included in the performance management system as applicable to Director Strategic.

- 7.4. Director Strategic agrees to participate in the performance management and development systems that the municipality adopts.
- 7.5. Director Strategic undertake to actively focus towards the promotion and implementation of the Key Performance Areas (KPA's) (including special projects relevant to his responsibilities) within the local government framework.

Key Performance Areas (KPA`s) for Director Strategic	Weighting
Basic Service Delivery	5
Municipal Institutional Development and Transformation	40
Local Economic Development	5
Municipal Financial Viability and management	10
Good Governance and Public Participation	40
<b>Total</b>	<b>100%</b>

7.6. The Core Competency Requirement (CCRs) will make up the other 20% of the employee`s assessment score. CCRs that are deemed to be most critical for the employee`s specific job should be selected from the list below as agreed to be between the employer and the employee and must be considered with due regard to the proficiency level agreed to:

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	Indicate Choice	Weight
Strategic Capacity and Leadership		
Programme and Project Management		
Financial Management	Compulsory	10
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment	Compulsory	20
Client Orientation and Customer Focus	Compulsory	20
Communication		

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CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	Indicate Choice	Weight
Honesty and Integrity		
<b>Core Occupational Competencies</b>		
Legislative and national policy frameworks		20
Knowledge of development local government		
Knowledge of performance management and reporting		20
Competence in policy conceptualization, analysis and implementation		
Skills in governance		10
Exceptional and dynamic creativity to improve the functioning of the municipality		
<b>Total Percentage</b>		<b>100%</b>

### 7.7. Reward for performance

The performance bonus will be determined by the Municipal Council based on affordability and the stipulations of the performance agreement.

A performance bonus in addition to the annual reviewed remuneration will be considered by the Council not later than September under the following conditions:

- a. The payment of the reward will be based on the period under review and result of the performance score;
- b. The amount of the reward will not exceed 14% of the remuneration, but will be subjected to affordability to the Municipality;
- c. The performance score will be obtained by using the performance plan;
- d. Where external factors have a negative influence on the result of the performance as scrutinized and recommended by the Performance Audit Committee, the Municipality may grant a reward. (Regulation Number 29089 of 01August 2006)

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- e. The reward if granted, will be paid annually after the compilation of the financial statements and after finalisation of the performance appraisals;
- f. The final outcome of the performance appraisal will determine the reward;
- g. The following table will be used in determining the payment of the reward:

PERFORMANCE APPRAISAL OF KPAs AND CCRs				
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 5: Outstanding Performance	Performance far exceeds the standard expected for the job in all areas of the manager. The manager has achieved exceptional results against all performance criteria and indicators specified in the Performance Plan and maintained this in all areas of responsibility throughout the year.	5	75 – 100	<p>Maximum bonus allowed ito. Regulations is between 10% and 14% of person's inclusive annual remuneration package</p> <p>The % as determined per Council Resolution is as follows:</p> <p>75 – 76% 77 – 78% - 79 – 80% - 81 – 84% - 85 – 100%</p>

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PERFORMANCE APPRAISAL OF KPAs AND CCRs				
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 4: Performance significantly above expectations	Performance is significantly higher than the standard expected for the job in all areas. The manager has achieved above fully effective results against more than half of the performance criteria and indicators specified in the Performance Plan and fully achieved all others throughout the year.	4	65 – 74	Maximum bonus allowed ito. Regulations is between 5% and 9% of person's inclusive annual remuneration package The % as determined per Council Resolution is as follows: 65 – 66% 67 – 68% 69 – 70% 72% - 73 – 74% - 9%
Level 3: Fully effective	Performance fully meets the standard expected for the job in all areas. The manager has achieved effective results against all significant performance criteria and indicators specified in the Performance Plan and may have achieved results significantly above expectations in one or two less significant areas throughout the year.	3	51 – 64	No bonus

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PERFORMANCE APPRAISAL OF KPAs AND CCRs				
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 2: Performance not fully satisfactory	Performance is below the standard required for the job in key areas. The manager has achieved adequate results against many key performance criteria and indicators specified in the Performance Plan but did not fully achieved adequate results against others during the course of the year. Improvement in these areas is necessary to bring performance up to the standard expected.	2	31 – 50	No bonus
Level 1: Unacceptable performance	Performance does not meet the standard required for the job. The manager has not met one or more fundamental requirements and/or is achieving results that are well below the performance criteria and indicators in a number of significant areas of responsibility. The manager has failed to demonstrate the commitment or ability to bring performance up to the level expected despite efforts to encourage improvement.	1	Less than 30	No bonus

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## 8. CONSULTATION

- 8.1. Municipal Manager agrees to consult the Director Strategic timeously where the exercising of Director Strategic 's powers will –
- 8.1.1. Have a direct effect on the performance of any of the Director Strategic's functions;
  - 8.1.2. Commit the Director Strategic to implement or to give effect to a decision made by Municipal Manager;
  - 8.1.3. Have a substantial financial effect on the municipality.
- 8.2. Municipal Manager agrees to inform the Director Strategic of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 7.1 as soon as is practicable to enable the Director Strategic to take any necessary action without delay.

## 9. MANAGEMENT OF OUTCOMES

- 9.1. The evaluation of the Director Strategic's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 9.2. A performance bonus may be paid to Director Strategic in recognition of outstanding performance, in accordance with municipal performance policy/framework and system referred to in this agreement.
- 9.3. In the case of unacceptable performance, the Municipal Manager shall provide systematic remedial or developmental support to assist the Director Strategic to improve his performance; and

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- 9.4. Where the Municipal Manager is, at any time during the Director Strategic's employment, not satisfied with the Director Strategic's performance with respect to any matter dealt with in this Agreement, the Municipal Manager will give notice to the Director Strategic to attend a meeting with the Municipal Manager.
- 9.5. Director Strategic will have the opportunity at the meeting to satisfy the Municipal Manager of the measures being taken to ensure that the Director Strategic's performance becomes satisfactory and any programme, including any dates, for implementing these measures.
- 9.6. Where there is a dispute or difference as to the performance of the Director Strategic under this Agreement, the parties will confer with a view to resolving the dispute or difference.
- 9.7. If at any stage thereafter the Municipal Manager holds the view that the performance of the Director Strategic is not satisfactory, the municipality will subject to compliance with applicable labour legislation, be entitled by notice in writing to the Director Strategic to terminate the Director Strategic's employment in accordance with the notice period set out in the Director Strategic's contract of employment.
- 9.8. Nothing contained in this Agreement in any way limits the right of the municipality to terminate the Director Strategic's contract of employment with or without notice for any other breach by the Director Strategic of his obligations to the municipality or for any other valid reason in law.

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## 10. DISPUTES

- 10.1. In the event that the Director Strategic is dissatisfied with any decision or action of the Municipal Manager or of the municipality in terms of this Agreement, or where a dispute or difference arises as to the extent to which the Director Strategic has achieved the performance objectives and targets established in terms of this Agreement, the Director Strategic may meet with Municipal Manager with a view to resolving the issue. At the Director Strategic's request the Municipal Manager will record the outcome of the meeting in writing.
- 10.2. In the event that Director Strategic remains dissatisfied with the outcome of that meeting, he may raise the issue in writing with the Mayor by requesting that the issue be placed on the agenda for an appropriate meeting of the EXCO. The EXCO will determine a process for resolving the issue, which will involve at least providing the Director Strategic with an opportunity to state his case orally or in writing. At the Director Strategic's request, the EXCO will record its decision on the issue in writing. The decision of the EXCO on the issue will be made within 2 weeks of the issue being raised, or as soon thereafter as possible, and will be final.

## 11. GENERAL

- 11.1. The contents of the Agreement and the outcome of any review conducted in terms of **Annexure "A"** will not be confidential, and may be made available to the public by the municipality, where appropriate.
- 11.2. Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Director Strategic in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

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12. **DIRECTOR STRATEGIC'S PERSONAL DEVELOPMENT PLAN FOR THE PERIOD  
01 JULY 2013 – 30 JUNE 2014**

Skills/performance gap (in order of priority)	Outcomes expected (measurable indicators)	Suggested training and/or development activity	Suggested mode of delivery	Suggested timeframes	Work opportunity to practice skills or development Area	Support person
Performance management, monitoring and evaluation	To be able to manage performance, monitor Kpi's and evaluate	Performance management and evaluation courses	Part-time learning	2yrs	EMLM Strategic department under PMS	Self-appointed lecturer or expert as a mentor
Developmental study	To be able to do rural and township planning	Developmental studies courses	Part-time learning	2yrs	EMLM Strategic department	Town planner as the mentor
Strategic planning	To be able to strategize for the institution in line with NDP	Strategic management courses	Part-time learning and workshop	1yr	Municipality under strategic management	Self-appointed mentor

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According to my knowledge there is nothing stopping me from achieving my targets and what is included in this agreement.

SIGNED at Groblersdal on this 31 day of July 2013.

For: THE ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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**MOSANA M.M.**  
**MUNICIPAL MANAGER**

**DATE**

Witness: [Signature]

Witness: [Signature]

SIGNED at Groblersdal on this 01 day of July 2013.

[Signature]  
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1st July 2013  
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**GWALE M.M**  
**DIRECTOR STRATEGIC**

**DATE**

Witness: [Signature]

Witness: [Signature]

# ANNEXURE A

## STRATEGIC MANAGEMENT

Projects	KPI No.	Weighting	Budget	Objectives	Key Performance Indicator	Baseline	Annual Target	Target Q.1 30-Sep-13	Target Q.2 31-Dec-13	Target Q.3 30-Mar-14	Target Q.4 30-Jun-14	Measurement Source/Evidence
cascading of PMS to line manager	2.24		R600,000.00	To ensure fully functional and compliant PMS (institutional and individual)	% Development of activity plans for line managers	0 activity plans developed	100% development of activity plans for line managers	25% developed activity plans	50% signed performance activity plan	10% quarterly reports for line managers	15% quarterly reports for line managers	Q1 unsigned activity plan Q2 signed activity plans. Q3 quarterly report. Q4 quarterly reports
monitoring of performance	2.25			To ensure fully functional and compliant PMS (institutional and individual)	No. of Quarterly reports submitted to council	4 quarterly reports	4 quarterly reports	1 first quarter report	1 second quarter report	1 third quarter report	1 fourth quarter report	quarterly reports submitted to council
PMS Framework	2.26			To ensure proper planning and monitoring of performance	% development/reviews of PMS framework	PMS Framework in place	100% reviewed PMS framework	0%	0%	50% draft PMS Framework	50% approved PMS framework	Q1 Draft PMS framework Q2 Council resolution
SDBIP	2.27			To ensure proper planning and monitoring of performance	% development of SDBIP	2012/2013 SDBIP in place	100% development of SDBIP	10% implementation of SDBIP	10% implementation of SDBIP	50% draft SDBIP	30% signed SDBIP	Q1 quarterly report Q2 quarterly report Q3 draft SDBIP Q4 approved SDBIP
Annual report	2.28			To provide members of the public about previous year's institutional performance	% development of annual report	2011-12 annual report in place	100% development of annual report	25% completion of annual performance report	25% draft 2012/2013 annual report	50% approved 2012/2013 annual report	0%	Q1 2012/2013 annual performance report Q2 2012/2013 draft annual report. Q3 council resolution
performance agreements	2.29			To ensure proper planning and monitoring	No. of signed performance agreements for section 56 managers	6 signed performance agreement	7 signed performance agreement	7 signed performance agreement	0	0	0	Q1 Copies of 7 signed performance agreements
individual performance reviews	2.30.			To ensure proper planning and monitoring of performance	No. of individual performance reviews conducted	4 individual performance reviews conducted	4 individual performance reviews conducted	1 2012/2013 annual individual performance reviews conducted	1 first quarter performance report	1 2013/2014 mid-year performance reviews conducted	1 3rd quarter performance report	Q1 2012/2013 annual individual performance report Q2 first quarter report Q3 2013-14 mid-year individual assessment report.

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Projects	KPI No.	Weighting	Budget	Objectives	Key Performance Indicator	Baseline	Annual Target	Target Q.1 30-Sep-13	Target Q.2 31-Dec-13	Target Q.3 30-Mar-14	Target Q.4 30-Jun-14	Measurement Source/Evidence
alignment of IDP and organisational structure	2.31		R210,000.00	To align the organizational structure with the IDP and budget	Alignment of the IDP and organisational structure	IDP and organisational structure available	100% alignment	100% alignment	None	None	None	Q1 Approved 2013/14 IDP and budget
vision 2030	2.32			to align municipal development plan with National development plan	% alignment with national development plan	no development plan in place	100% development of municipal development plan	15% consultation process	10% consultation process	50% draft municipal development plan	25% approved municipal development plan	Q1 Progress report of consultation Q2 Progress report of consultation Q3 draft municipal development plan Q4 approved municipal development plan
IDP REVIEWAL	2.33			To ensure adoption of The IDP / Budget within the prescribed legal framework	% review of the IDP	Approved IDP in place	100% review of IDP	25% data collection	25% analysis phase	25% draft IDP and tabling	25% adoption of IDP by council	Q1 data collection report Q2 analysis report Q3 draft IDP Q4 council resolution
MEC'S COMMENTS	2.34			to promote responsiveness on matters raised by MEC	% response to past year MEC's comments	2012-13 MEC's response in place	100% responses to past year MEC's comments	0%	0%	100% response to past year MEC's comments	0%	Q3 formal MEC response tabled to council
community participation on IDP	2.35			to ensure accountability and community involvement	No of IDP/Budget public sessions held	2012/13 Public participation conducted	34 public participation meetings held	34 public participation meeting held	None	None	34 public participation meetings held	Q1 invitations/meeting programmes and attendance register Q4 programme and attendance register
Fleet Branding	2.36		R5315 000 (Vote 505)	to create an identifiable institution	No. of vehicles to be branded with permanent municipal logo	all municipal vehicles has temporary logo	5 vehicles to be branded	0 appointment of service provider	5 vehicles branded	0	0	Q1 appointment letter Q2 Invoice and photos
municipal branding	2.37			to create an identifiable institution	No. of municipal buildings to be branded	old municipal branding	9 municipal buildings to be branded	3 municipal buildings branded * main office * infrastructure offices * planning offices	3 municipal buildings to be branded * stores * uitspanning offices * Matielma offices	3 municipal buildings to be branded * Hlogoflou offices * Roosenekool offices * three town entrances	0	photos

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Projects	KPI No.	Weighting	Budget	Objectives	Key Performance Indicator	Baseline	Annual Target	Target Q.1 30-Sep-13	Target Q.2 31-Dec-13	Target Q.3 30-Mar-14	Target Q.4 30-Jun-14	Measurement Source/Evidence
Publications	2.38			to create an identifiable institution	Number of newsletters published	5000 copies of newsletter published	20000 copies of newsletter published newsletters	5000 newsletters	5000 newsletters	5000 newsletters	5000 newsletters	quarterly copies of newsletter
								100% media enquiries responded to by the municipality	100% media enquiries responded to by the municipality	100% media enquiries responded to by the municipality	100% media enquiries responded to by the municipality	quarterly copies of media articles
								100% stakeholders engaged	100% stakeholders engaged	100% stakeholders engaged	100% stakeholders engaged	quarterly minutes and reports
policies /strategies	6.15			to provide framework and guidelines of institutional communications	% development of communication policy	draft communication policy in place	100% development of communication policy	100% communication policy developed	0%	0%	0%	Q1 council resolution
								1 media advert published	1 media advert published	2 media advert published	2 media advert published	quarterly copies of media advert
Outreach	6.17			To promote institutional communication	% Media released	100% media released	100% media released	100% media released	100% media released	100% media released	100% media released	quarterly copies of media released
								2 outreaches conducted	4 outreaches to be conducted	1 outreach to be conducted	1 outreach to be conducted	1 outreach to be conducted
Website	6.19		R525,000.00	to comply with legislative requirement	% legislative updates effected	100% legislative updates effected	100% legislative updates effected	100% legislative updates effected	100% legislative updates effected	100% legislative updates effected	100% legislative updates effected	quarterly signed off Copies of updates

1st July 2013  
DATE

  
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DIRECTOR: STRATEGIC MANAGEMENT