



PERFORMANCE AGREEMENT

Made and entered into by and between

THE ELIAS MOTSOLEDI LOCAL MUNICIPALITY

("the Municipality")

(Represented by Julia Lata Mathebe, Mayor, duly authorised by Municipal Council Resolution)

and

NTSHWANE WALTER PHALA

(Acting Municipal Manager)

For the financial year: 1 July 2014 to 30 June 2015

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1. INTRODUCTION

- 1.1 The Elias Motsoaledi Local Municipality has appointed Acting municipal manager in terms of Section 82 of the Structures Act 117 of 1998 for a period not exceeding three months
- 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 Acting Municipal Manager reporting to the Mayor, 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 2014** 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 Acting Municipal Manager;
- 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 Acting Municipal Manager's commitment to a performance-orientated relationship with the Mayor in attaining equitable and improved service delivery.

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 **01 July 2014**, 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.

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- 3.3 The performance score obtained during the performance review determines the performance bonus. Should Acting Municipal Manager be entitled to a bonus, this will be paid out in Acting Municipal Manager's January salary.
- 3.4 This Agreement will terminate on the termination of Acting Municipal Manager's 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 Acting Municipal Manager; 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 Mayor in consultation with Acting Municipal Manager and based on the Integrated Development Plan and Service Delivery and Budget Implementation Plan and 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 Acting Municipal Manager'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 The Mayor will make available to Acting Municipal Manager time to assist him to meet the performance objectives and targets established in terms of this Agreement.

4.6 The Mayor will be entitled to review and make reasonable changes to the provisions of **Annexure "A."** **Annexure "A"** may be amended by the Mayor when the EMLM's Performance Management System is adopted, implemented and/or amended as the case may be.

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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 Acting Municipal Manager 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 Acting Municipal Manager's performance;

6.2 The performance of Acting Municipal Manager in relation to his performance agreement shall be reviewed on a quarterly basis as follows:

Quarter	Period	Review Date
First	July – September	Before end of October 2014
Second	October – December	Before end of February 2015(Midyear review)
Third	January – March	Before end of April 2015
Fourth	April - June	Before end of September 2015 (Annual Review)

6.3 Acting Municipal Manager shall keep a record of the mid-year review and annual assessment meetings.

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

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

6.6 The Mayor may amend the provision of the performance plan whenever the performance system is adopted, implemented and or amended as the case may be. In that case Acting Municipal Manager will be fully consulted before any such change is made.

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

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- 6.8 Personal growth and development needs identified during any performance review discussion must be documented and, when possible actions agreed be implemented.
- 6.9 The Acting Municipal Manager's performance will be measured in terms of contributions to the goals and strategies set out in the municipality's IDP.
- 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 Acting Municipal Manager, the evaluation panel will assist in the evaluation of the Acting Municipal Manager.

7. PERFORMANCE MANAGEMENT SYSTEM

- 7.1 Acting Municipal Manager agrees to participate in the performance management system that the municipality adopts or introduces, for Acting Municipal Manager, management and municipal staff of the municipality.
- 7.2 Acting Municipal Manager accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Acting Municipal Manager, management and municipal staff to perform to the standards required.
- 7.3 The Mayor will consult Acting Municipal Manager about the specific performance standards that will be included in the performance management system as applicable to Acting Municipal Manager.
- 7.4 Acting Municipal Manager agree to participate in the performance management and development systems that the municipality adopts.

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7.5 Acting Municipal Manager undertakes 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 Municipal Managers	Weighting
Basic Service Delivery	20%
Municipal Institutional Development and Transformation	15%
Local Economic Development	10%
Municipal Financial Viability and management	20%
Good Governance and Public Participation	20%
Spatial rational	15%
Total	100%

7.6. The Core Competency Requirement (CCRs) will make up the 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		10%
Programme and Project Management		
Financial Management	Compulsory	10%
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		10%
People Management and Empowerment	Compulsory	10%
Client Orientation and Customer Focus	Compulsory	10%
Communication		

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

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 under the following conditions:

- a. The amount of the performance bonus will not exceed 14% of the remuneration, but will be subjected to affordability to the Municipality;
- b. The performance score will be obtained by using the performance plan;
- c. 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 the bonus. (Regulation Number 29089 of 01 August 2006)
- d. The performance bonus, will be paid annually after the compilation of the financial statements and after finalisation of the performance appraisals;
- e. The final outcome of the performance appraisal will determine the performance bonus
- f. The following table will be used in determining the payment of the performance bonus:

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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	Maximum bonus allowed ito. Regulations is between 10% and 14% of person's inclusive annual remuneration package The % as determined per Council Resolution is as follows: 75 – 76% 77 – 78% - 79 – 80% - 81 – 84% - 85 – 100%
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%

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PERFORMANCE APPRAISAL OF KPAs AND CCRs				
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
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
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 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

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PERFORMANCE APPRAISAL OF KPAs AND CCRs				
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
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

8. CONSULTATION

8.1 The Mayor agrees to consult the Acting Municipal Manager timeously where the exercising of the Acting Municipal Manager's powers will –

- 8.1.1. Have a direct effect on the performance of any of the Acting Municipal Manager's functions;
- 8.1.2. Commit the Acting Municipal Manager to implement or to give effect to a decision made by Mayor;
- 8.1.3. Have a substantial financial effect on the municipality.

8.2 The Mayor agrees to inform the Acting Municipal Manager 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 Acting municipal manager to take any necessary action without delay.

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9. MANAGEMENT OF OUTCOMES

- 9.1 The evaluation of Acting Municipal Manager's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 9.2 A performance bonus may be paid to Acting Municipal Manager in recognition of outstanding performance, in accordance with municipal performance policy/framework and system referred to in this agreement.
- 9.3 In case of unacceptable performance, the Mayor shall provide systematic remedial or developmental support to assist the Acting Municipal Manager to improve his performance; and
- 9.4 Where the Mayor is, at any time during the Acting Municipal Manager's employment, not satisfied with the Acting Municipal Manager's performance with respect to any matter dealt with in this Agreement, the Mayor will give notice to the Acting Municipal Manager to attend a meeting with the Mayor.
- 9.5 Acting Municipal Manager will have the opportunity at the meeting to satisfy the Mayor and Executive Committee (Exco) of the measures being taken to ensure that the Acting Municipal Manager'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 Acting Municipal Manager under this Agreement, the parties will confer with a view to resolving the dispute or difference.
- 9.7 After appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the contract of employment of Director Corporate Services on grounds of unfitness or incapacity to carry out her duties.
- 9.8 Nothing contained in this Agreement in any way limits the right of the municipality to terminate the Acting Municipal Manager's contract of employment with or without notice for any other breach by Acting Municipal Manager 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 Acting Municipal Manager is dissatisfied with any decision or action of the Mayor or of the municipality in terms of this Agreement, or when a dispute or difference arises as to the extent to which the Acting A Municipal Manager has achieved the performance objectives and targets established in terms of this Agreement, the Acting Municipal Manager may meet with the Mayor with a view to resolving the issue. At the Acting Municipal Manager's request the Mayor will record the outcome of the meeting in writing.

10.2 In the event that the Acting Municipal Manager remains dissatisfied with the outcome of that meeting, he may raise the issue in writing with the Municipal Council by requesting that the issue be placed on the agenda of an appropriate meeting of the Council. The Council will determine a process for resolving the issue, which will involve at least providing the Acting Municipal Manager with an opportunity to state his case orally or in writing. At the Acting Municipal Manager's request the Council will record its decision on the issue in writing. The decision of the Council 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 Acting Municipal Manager in terms of his contract of employment, or the effects of existing, new regulations, circulars, policies, directives or other instruments.

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**12. ACTING MUNICIPAL MANAGER'S PERSONAL DEVELOPMENT PLAN FOR THE PERIOD
01 JULY 2014 – 30 JUNE 2015**

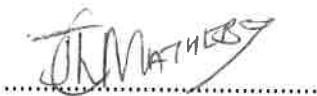
Skills/performance gap (in order of priority)	Outcomes expected (measurable indicators)	Suggested training and/or development activity	Suggested mode of delivery	Suggested timeframes	Work opportunity to practice skills or development Area	Support person
Municipal Financial Management Program	Certificate	block session	University/any tertiary institution	1 years	municipality	Mayor
Governance	Certificate	block session	University/any tertiary institution	1 year	municipality	Mayor
Property Development and Management	Certificate	block session	University/any tertiary institution	1 year	municipality	Mayor

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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 _____ day of July 2014.

For: THE ELIAS MOTSOLEDI LOCAL MUNICIPALITY




J.L MATHEBE
MAYOR

24/07/2014
DATE

Witness: _____

SIGNED at Groblersdal on this _____ day of July 2014



N.W PHALA
ACTING MUNICIPAL MANAGER

24/07/2014
DATE

Witness:  24/7/2014