

PERFORMANCE AGREEMENT

Made and entered into by and between:

CLIR MATLALA MA

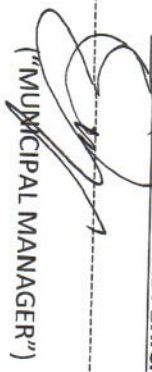


Mayor of Makhuduthamaga Local Municipality

On behalf of Makhuduthamaga Local Municipality

And

MOROPA MOGOBADI ERICK



("MUNICIPAL MANAGER")

PERFORMANCE AGREEMENT
ENTERED INTO AND BETWEEN

The Makhuduthamaga Municipality herein represented by Cllr. Matala Alfred, in his capacity as the Mayor (herein after referred to as the Employer or Supervisor)

And

Mogobadi Moropa, the Municipal Manager of Makhuduthamaga Municipality (herein after referred to as the Employee).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1. The municipality has entered into a performance agreement with the Municipal Manager for a period ending on 30 June 2016, 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 herein after referred to as the Parties;
- 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 Employee, to a set of actions that will secure local government policy goals.
- 1.4. The parties wish to ensure that there is compliance with Sections 57(4A), 57 (4B) and 57 (5) of the systems Act;

2. PURPOSE OF THIS AGREEMENT

- 2.1. To comply with the provisions of Section 57 (1) (b), 4(A), 4(B) and 5 of Systems Act, as well as the contract of Employment Contract entered into between the parties.
- 2.2. To specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the employees employment targets and accountabilities;
- 2.3. To specify accountabilities as set out in the Performance Plan.
- 2.4. To monitor and measure performance against set targeted outputs and outcomes;

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- 2.5. To appropriately reward the Employee in accordance with section 6.7 of this agreement;
- 2.6. To establish a transparent and accountable working relations; and
- 2.7. To give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1. This agreement will commence on the 1 July 2015 and will remain in force until 30 June 2016 and, subject to paragraph 3.3, will continue in force until a new performance agreement , Performance Plan and Personal Development Plan is concluded between the parties for the new financial year or any portion thereof;
- 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 31 July of the succeeding financial year.
- 3.3. This Agreement will terminate on the termination of the Employee's contract of employment for any reason as provided for in the Contract of Employment.
- 3.4. The contents of this agreement may be revised at any time during the above mentioned period to determine the current applicability of the matters previously agreed upon,

4. PERFORMANCE OBJECTIVES

4.1. Annexure "A" sets out:

- 4.1.1. The performance objectives and targets that must be met by the Employee,
- 4.1.2. The time frames within which those performance objectives and targets must be met; and
- 4.1.3. The Core Competency Requirements defined as the management skills regarded as critical to the position held by the employee.

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- 4.2. 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 and shall include:
 - 4.2.1. Key objectives that describes the main tasks that need to be done;
 - 4.2.2. Key performance indicators that provide the details of the evidence that must be provided to show that key objective has been achieved;
 - 4.2.3. Target dates that describe the timeframe in which the targets must be achieved; and
 - 4.2.4. Weightings showing the relative importance of the key objectives to each other.
- 4.3. The Personal Development Plan (Annexure B) sets out the Employee's Personal development requirements in line with the objectives and targets of the Employer; and
- 4.4. The Employee'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.

5. PERFORMANCE MANAGEMENT SYSTEM

- 5.1. The Employee agrees to participate in the performance management system that the Employer adopted for the employees 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 Employees and service providers to perform to standards required.
- 5.3. The employer will consult the employee about 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 on the promotion and implementation of the key Performance Areas within the Local Government Framework.

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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 must be assessed against both components with a weighting of 80:20 allocated to the key performance Areas (KPA's) 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 area of work will account for 80% and CCRs will account for 20% of the final assessment.

5.6. The employee's assessment will be based on his or her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employee.

Key Performance Areas (KPA's) for Municipal Managers		Weighting
Basic Service Delivery		25%
Municipal Institutional Development and Transformation		20%
Local Economic Development		20%
Municipal Financial Viability and management		25%
Good Governance and Public Participation		10%
Total		100%

5.7. The 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		10
Programme and Project Management		5

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Financial Management			
Change Management	Compulsory	10	
Knowledge Management		5	
Service Delivery Innovation		5	
Problem Solving and Analysis		5	
People Management and Empowerment	Compulsory	10	
Client Orientation and Customer Focus	Compulsory	5	
Communication		5	
Honesty and Integrity		5	
Core Occupational Competencies			
Legislative and national policy frameworks		5	
Knowledge of development local government		5	
Knowledge of performance management and reporting		5	
Competence in policy conceptualization, analysis and implementation		5	
Skills in governance		5	
Exceptional and dynamic creativity to improve the functioning of the municipality		5	
Total Percentage		100%	

6. Performance assessment

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 the Employees' performance at any stage while the contract of employment remains in force.

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6.3. Personal growth and development needs identified during any performance review discussion must be documented in a personal Development Plan.

6.4. The Employee performance will be measured in terms of contributions to the goals and strategies set out in the Employers Integrated Development Plan (IDP);

6.5. Assessment of the achievements of results as outlined in the performance plan:

6.5.1. Each KPA shall be assessed according to the extent to which the specified performance indicators have been met.

6.5.2. A rating on the five-point scale shall be provided for each KPA, which will then be multiplied by the weighting to calculate the final score; and

6.5.3. An overall score will be calculated based on the total of the individual scores calculated above.

6.6. Assessment of CCRs

6.6.1. Each CCR shall be assessed according to the extent to which the specified performance indicators have been met.

6.6.2. A rating on five-point scale shall be provided for each CCR, which will then be multiplied by the weighting to calculate the final score; and

6.6.3. An overall score will be calculated based on the total of the individual scores calculated above.

6.7. Overall Rating

6.7.1 An overall rating is calculated by adding the overall scores as calculated in 7.5.3 and 7.6.3 above and;

6.7.2. Such overall rating represents the outcome of the performance appraisal.

7. Reward for Performance

7.1. The performance bonus will be determined by the Employer based on affordability and the stipulations of the Performance Agreement.

7.2. A merit reward for performance in addition to the annual reviewed remuneration will be considered by the Council not later than September under the following conditions:

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- 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 01 August 2006);
- e) The reward if granted, will be paid annually after the compilation of the financial statements and after finalization of the performance appraisal;
- 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 standards 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	5	75-100	Maximum bonus allowed into. Regulations is between 10% and 14% of person's inclusive annual remuneration package. The % as determined per Council Resolution is as follows: 75-76%=10% 77-78%=11% 79-80%=12%

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	responsibility throughout the year.				81-84%=13% 85-100%=14%
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 into. Regulations is between 5% and 9% of person's inclusive annual remuneration package. The % as determined per Council Resolution is as follows: 65-66%=5% 67-68%=6% 69-70%=7% 71-72%=8% 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	
Level 2: Performance not fully satisfactory	Performance is below the standard required for the job in key areas. The manager has achieved adequate result against many key performance criteria and indicators specified in the Performance Plan but did not fully achieve 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	1	Less than 30	No bonus	

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	<p>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</p>			
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As per clause 6.4.2 (a), (b), (c) above

h). The scheme for reward of performance can be reviewed annually

8. Schedule for performance reviews

1. The performance of the employee in relation to his or her performance agreement must be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:
 - 1st Quarter : July –September 2015
 - 2nd Quarter : October–December 2015
 - 3rd Quarter : January – March 2016
 - 4th Quarter : April – June 2016

2. The employer must keep a record of the mid-year review and annual assessment meetings.
3. Performance feedback must be based on the employer's assessment of the employee's performance.
4. The employer will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons on agreement between both parties.
5. The employer may amend the provisions of the performance plan whenever the performance management system is adopted, implemented or amended as the case may be on agreement between both parties.

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9. Obligations of the Employer.

- 9.1. The employer shall
- 9.1.1. Create an enabling environment to facilitate effective performance by the employees.
 - 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 problems that may impact on the performance of the Employees.

10. Consultation

- 10.1. The Employer agrees to consult the Municipal Employee timeously where the exercising of the Employer's power's will have amongst others-
- 10.1.1. Have a direct effect on the performance of any of the Municipal Manager'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. Have a substantial financial effect on the Municipality.

10.2. The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in paragraph 7.1. as soon as is practicable to enable the Director Economic Development and Planning to take any necessary action without delay.

11. Disputes

- 11.1. 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:
- 11.1.1. The MEC for Local Government in the Province of Limpopo, within thirty (30) days of receipt of a formal dispute from the Employee or;
 - 11.1.2. Any other person appointed by the MEC.

12. General

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- 12.1. 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.
- 12.2. Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Municipal Manager in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Signed at ----- on this ----- day of ----- 2015

AS WITNESSES:

1. -----

The Mayor of
Makhuduthamaga Local Municipality

2. -----

Signed at ----- on this ----- day of ----- 2015

AS WITNESSES:

1. -----

Municipal Manager

2. -----