

# RUSTENBURG LOCAL MUNICIPALITY



## PERFORMANCE AGREEMENT

**MADE AND ENTERED INTO BY AND BETWEEN:**

**THE RUSTENBURG LOCAL MUNICIPALITY  
REPRESENTED BY**

**Sello Victor Makona**

in his capacity as the **Accounting Officer of  
Rustenburg Local Municipality**

(the "Employer")

And

**Mthetho Paul Malatsi**

in his capacity as the  
**Acting Chief Financial Officer  
of Rustenburg Local Municipality  
Municipality**

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(the "Employee")

(Collectively referred to as the "Parties")

**FOR THE**

**FINANCIAL YEAR: 01 JULY 2016 – 30 JUNE 2017**



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	B	Personal Development Plan



## PERFORMANCE AGREEMENT

### ENTERED INTO BY AND BETWEEN:

The Rustenburg Local Municipality represented by **Sello Victor Makona** in his capacity as the **Municipal Manager** (hereinafter referred to as the Accounting Officer)

and

**Mthetho Paul Malatsi** in his capacity as the **Acting Chief Financial Officer** (hereinafter referred to as the Employee).

### WHEREBY IT IS AGREED AS FOLLOWS:

#### 1. INTRODUCTION

- 1.1 The Employer has entered into a contract with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 (the Systems Act) for a period ending **31 December 2016**. The Employer and the Employee are hereinafter 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 outcomes 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

The purpose of this Agreement is to -

- 2.1 comply with the provisions of Section 57(1) (b), (4A), (4B) and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;
- 2.3 specify accountabilities as set out in the Performance Plan (Annexure A);



- 2.6 appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and
- 2.7 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 notwithstanding the date of signature hereto, or deemed to have commenced on the **01 July 2016** and will remain in force until **30 June 2017**, where after 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 the provisions of this Agreement during June 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 If at any time during the validity of this Agreement the work environment alters 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 Performance Plan (Annexure A) sets out-

- a. the performance objectives and targets that must be met by the Employee; and
- b. 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 consultation with the Employee and based on the Integrated Development Plan and the Budget of the Employer, and shall 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 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.

#### 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 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 Key Performance Areas (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 must be assessed consist of two components, both of which must be contained in the performance agreement. The employee must 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. Each area of assessment will be weighted and will contribute a specific part to the total score. KPAs covering the main areas 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	WEIGHTING
Basic Service Delivery	0
Municipal Institutional Development and Transformation	0
Local Economic Development	0
Municipal Financial Viability	69
Good Governance and Public Participation	39 21
Total	100%

- 5.7 In the case of managers directly accountable to the municipal manager, 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.
- 5.8 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 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
<b>Core Managerial Competencies:</b>		
Strategic Capability and Leadership	√	10
Programme and Project Management		
Financial Management	compulsory	10
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment	compulsory	10
Client Orientation and Customer Focus	compulsory	10
Communication		
Honesty and Integrity		
<b>Core Occupational Competencies:</b>		
Competence in Self Management		
Interpretation of and implementation within the legislative and national policy frameworks	√	10
Knowledge of developmental local government	√	10
Knowledge of Performance Management and Reporting	√	10
Knowledge of global and South African specific political, social and economic contexts	√	10
Competence in policy conceptualisation, analysis and implementation	√	10
Knowledge of more than one functional municipal field / discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other national line sector departments	√	10
Exceptional and dynamic creativity to improve the functioning of the municipality		
<b>Total percentage</b>	-	<b>100%</b>

## 6 EVALUATING PERFORMANCE

6.1 The Performance Plan (**Annexure A**) to this Agreement sets out -

- a. the standards and procedures for evaluating the Employee's performance; and
- b. 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 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:

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 (refer to paragraph 7.5.3 below) must then be used to add the scores and calculate a final KPA score.

b. Assessment of the CCR's

(i) Each CCR should be assessed according to the extent to which the specified standards have been met.

(ii) An indicative rating on the five-point scale should be provided for each CCR.

(iii) The applicable assessment rating calculator (refer to paragraph 7.5.1) must then be used to add the scores and calculate a final CCR score.





c. 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 KPA's and CCR's:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance <b>far exceeds</b> the standard expected of an employee 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 <b>significantly higher</b> 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 achieves all others throughout the year.					
3	Fully effective	Performance <b>fully meets the standards</b> 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 <b>below the standard</b> 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					
1	Unacceptable performance	Performance <b>does not meet the standard</b> expected for the job. The review/assessment indicates that the employee has achieved 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.					



6.7 For purposes of evaluating the **annual performance** of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be established -

- (i) Municipal Manager;
- (ii) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- (iii) Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and
- (iv) 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:

1<sup>st</sup> quarter: Not later than end of the third week of October.

2<sup>nd</sup> quarter: Not later than end of the third week of January.

3<sup>rd</sup> quarter: Not later than end of the third week of April.

4<sup>th</sup> quarter and annual review: First week of August

7.2 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.

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 before any such change is made.



## 8. DEVELOPMENTAL REQUIREMENTS

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The Personal Development Plan (PDP) for addressing developmental gaps is --  
attached as **Annexure B**.

## 9. OBLIGATION OF THE EMPLOYER

### 9.1 The Employer shall –

- a. Create an enabling environment to facilitate effective performance by the employee;
- b. Provide access to skills development and capacity building opportunities;
- c. Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- d. 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
- e. 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 –

- a. A direct effect on the performance of any of the Employee's functions;
- b. Commit the Employee to implement or to give effect to a decision made by the Employer; and
- c. 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 11.1 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 5% to 14% of the inclusive annual remuneration package shall be paid to the Employee in recognition of performance, and subject to an evaluation report provided for in 7.7 *supra*.

The performance bonus will be awarded based on the following scheme:

A score of 130 - 149% is awarded a bonus from 5% - 9% and a score of 150% and above is awarded a bonus from 10% - 14%;

No	Final Score	Per cent Performance Bonus
1	130.0%	5.0%
2	131.0% -135.0%	6.0%
3	136.0% -140.0%	7.0%
4	141.0% - 145.0%	8.0%
5	146.0% - 149.0%	9.0%
6	150.0% -154.0%	10.0%
7	155.0% - 159.0%	11.0%
8	160.0% - 164.0%	12.0%
9	165.0% - 169.0%	13.0%
10	170.0% - 175.0%	14.0%

- 11.3 The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of at least twelve months (12) service at the current remuneration package on 30 June (End of financial year) subject to a fully effective assessment.
- 11.4 In the case of unacceptable performance, the Employer shall –
- provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
  - 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 salary increment in the agreement, must be mediated by –

- (a) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (b) In the case of managers directly accountable to the municipal manager, the executive mayor or mayor within thirty (30) days of receipt of a formal dispute from the employee;

whose decision shall be final and binding on both parties.

**12.2** Any disputes about the outcome of the employee's performance evaluation, must be mediated by –

- (a) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (b) In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee;

whose decision shall be final and binding on both parties.

## **13. GENERAL**

**13.1** The contents of this agreement and the outcome of any review conducted in terms of this of Annexure A may be made available to the public by the employer,

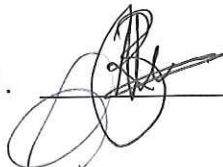

**13.2** Nothing in this agreement diminishes the obligation, duties or accountabilities of the Employee in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.



**14. SIGNATURES**

Signed at Rustenburg on this day of **29<sup>th</sup>** July **2016**.


**AS WITNESSES:**

1.   
2. 

  
\_\_\_\_\_  
**Mthetho Paul Malatsi**  
**Acting Chief Financial Officer**

Signed at Rustenburg on this **29<sup>th</sup>** day of July **2016**.

**AS WITNESSES:**

1.   
\_\_\_\_\_

2. T. Moxabane

  
\_\_\_\_\_  
**Sello Victor Makona**  
**Acting Municipal Manager**



# PERFORMANCE PLAN FOR CHIEF FINANCIAL OFFICER - 2016/2017

KEY PERFORMANCE AREA	IDP Priority	Programme/Project	KPI No.	Weight	Key Performance Indicators	Portfolio of Evidence (PoE)	Baseline			Annual Target	Quarterly Targets			
							Current	Demand	Backlog		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Municipal Financial Management & Viability	Ensure Municipal Financial Viability and Management	Expenditure Management	1	10	Percentage expenditure on approved operational budget not exceeding budgeted amount.	Section 71 Report Promis printout	66%	95%	29%	0%	0%	0%	0%	0%
			2	10	Percentage expenditure on overtime not exceeding approved budget	Section 71 Report Promis printout	31%	95%	64%	0%	0%	0%	0%	0%
			3	5	Percentage expenditure of conditional grants in accordance with DoRA and Grant Frameworks	Section 71 Report Promis printout	80%	100%	20%	100%	25%	50%	75%	100%
			4	10	% improvement on cost effectiveness (Expenditure efficiency)	Section 71 Report Promis printout	0%	5%	5%	5%	1%	2%	3%	5%
						POE : Financial Indicators:								
		Supply Chain	5	10	Achievement of financial ratios and targets	Current Ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
						Debt Coverage				43%	43%	43%	43%	43%
						Rand value of monthly collection rate				3 000 000 000	750 000 000	1 500 000 000	2 250 000 000	3 000 000 000
						Cost Coverage				25%	25%	25%	25%	25%
			6	8	Quarterly assessment of procurement turnaround times	Approved Assessment Reports	4	4	-	4	1	2	3	4
		Free Basic services	7	8	Increase in the number of households earning less than R3500 per month with access to free basic services	Indigent Register List of new registration	3987	4500	13	4500	3500	3800	3900	4500

M.P.



KEY PERFORMANCE AREA	IDP Priority	Programme/Project	KPI No.	Weight	Key Performance Indicators	Portfolio of Evidence (PoE)	Baseline			Annual Target	Quarterly Targets				
							Current	Demand	Backlog		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	
Good Governance & Public Participation		Asset Management	8	8	Quarterly maintenance of the asset register in accordance with the asset management policy	Asset Register	4	4	-	4	1	2	3	4	
	Unhold good governance and public participation principle	Integrated Development Planning (IDP)	9	5	Date of submission of inputs for the review of the IDP document	Acknowledgment of receipt Submitted Inputs	Feb 2016	Feb 2017	0	Draft Feb 2017			Draft Feb 2017		
		Performance Management	10	5	Date of submission approval of approved Technical Service Delivery and Budget Implementation Plan that is aligned to the IDP	Reports with recommendations	April 2016	Feb 2017	0	Final April 2016					Final April 2017
							June 2016	June 2017	0	06 June 2017					06 June 2017
							0	4	4	4	4	1	2	3	4
			11	4	Number of formal performance review sessions with all direct reportees	Performance Plans Attendance register Minutes of meeting	0	4	4	4					
			12	4	Date of conclusion of performance agreements with unit managers	Signed Performance Agreements	0	2017/2018		June 2017					June 2017





KEY PERFORMANCE AREA	IDP Priority	Programme/Project	KPI No.	Weight	Key Performance Indicators	Portfolio of Evidence (PoE)	Baseline			Annual Target	Quarterly Targets			
							Current	Demand	Backlog		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
			13	5	Date of submission of the directorate's quarterly performance Reports	Quarterly and Annual Reports	By the 10th working day of the first month of a new quarter	11 July 2016	-	By the 10th working day of the first month of a new quarter	04-Oct-16	05 Jan 2017	04 Apr 2017	11 Jul 2017
		Risk Management	14	4	Improved overall risk rating from level 5 to 3	Risk Register Risk Mitigation Plan	0			From level 5 to 3	5	4	4	3
		Operation Clean Audit	15	4	% implementation of the audit action plan	Audit Action Report on implementation of action plan	2 working days for external and 5 working days for internal			100	25	50	75	100
				100										

MTHETHO PAUL MALATSI  
ACTING CHIEF FINANCIAL OFFICER  
DATE: 29 July 2016

MR. SELLO VICTOR MAKONA  
ACTING MUNICIPAL MANAGER  
DATE : 29 July 2016

