

PERFORMANCE AGREEMENT

Made and entered into by and between:

KGARETJA ELIZABETH LEKALAKALA
("the Mayor")

(hereinafter referred to as the "EMPLOYER")

on behalf of the Modimolle Local Municipality

KHUPA SALTHIEL LEKALA
("the Manager: Corporate Services")

(hereinafter referred to as the EMPLOYEE")

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1. INTRODUCTION

- 1.1 The Municipality has entered into a contract of employment with the EMPLOYEE for a period ending 31 January 2013, in terms of Section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act").
- 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.

2. PURPOSE OF THIS AGREEMENT

The parties agree that the purpose of this Agreement is to:

- 2.1 comply with the provisions of Section 57(1)(b), (4a) AND (5) of the Systems Act as well as the employment contract entered into between the Parties;
- 2.2 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;
- 2.3 specify accountabilities as set out in a performance plan, which forms an annexure to the Performance Agreement;
- 2.4 monitor and measure performance against set targeted outputs;



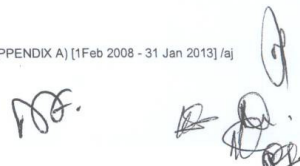
- 2.5 use the Performance Agreement as the basis for assessing whether the EMPLOYEE has met the performance expectations applicable to his or her job;
- 2.6 in the event of outstanding performance, to appropriately reward the EMPLOYEE; and
- 2.7 give effect to the EMPLOYER'S commitment to a performance orientated relationship with its employee in attaining equitable and improved service delivery.

3. **COMMENCEMENT AND DURATION**

- 3.1 A Performance Agreement will be entered into for each financial year of the municipality, or part thereof.
- 3.2 This Agreement will commence on the date of signature by both parties.
- 3.3 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, within one month after the commencement of the new financial year, but not later than 31 July each year.
- 3.4 This Agreement will terminate on the termination of the EMPLOYEE'S contract of employment for any reason.
- 3.5 If at any time during the validity of the agreement, the work environment alters to the extent that the contents of the agreement are no longer appropriate, the contents must by mutual agreement between the parties, immediately be revised.

4. **PERFORMANCE OBJECTIVES**

- 4.1 The Performance Plan sets out:



4.1.1 The performance objectives and targets that must be met by the Manager; and

4.1.2 The time frames within which those performance objectives and targets must be met;

And forms part of this agreement per Annexure "A".

4.2 The performance objectives and targets reflected in the Performance Plan 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 Municipality, 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 Municipality'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 municipality.

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 (KPA's) (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 (KPA's) and the Core Competency Requirements (CCR's), respectively. Each area of assessment will be weighted and will contribute a specific part to the total score. KPA's covering the main areas of work will account for 80% and CCR's 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	10
Municipal Institutional Development and Transformation	35
Local Economic Development (LED)	5
Municipal Financial viability and Management	10
Good Governance and Public Participation	40
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 CCR's will make up the other 20% of the EMPLOYEE's assessment score. CCR's 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 MANAGERIAL AND OCCUPATIONAL COMPETENCIES	(INDICATE CHOICE)	WEIGHT
<i>Core Managerial Competencies:</i>		
Strategic Capability and Leadership		
Programme and Project Management		
Financial Management	Compulsory	
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and analysis		
People Management and Empowerment	Compulsory	
Client Orientation and Customer Focus		
Communication		
Honesty and Integrity		
<i>Core Occupational Competencies:</i>		
Competence in Self management		
Interpretation of and Implementation within the Legislative and National Policy Frameworks		
Knowledge of Developmental Local Government		
Knowledge of Performance management and Reporting		
Knowledge of Global and south African specific Political, Social and Economic contexts		
Competence in Policy Conceptualisation, Analysis and Implementation		
Knowledge of more than one Functional Municipal Field/Discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other National Line Sector Departments		

Exceptional and Dynamic Creativity to improve the Functioning of the Municipality		
TOTAL PERCENTAGE		100%

6. EVALUATING PERFORMANCE

6.1 The Performance Plan 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, and in the event of complaints against the conduct and / or performance or lack of performance of the Manager, review the Manager'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 annual performance appraisal must involve:

6.4.1 Assessment of the achievement of results as outlined in the performance plan:

6.4.1.1 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.

6.4.1.2 An indicative rating on the five-point scale should be provided for each KPA.

6.4.1.3 The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.

6.4.2 Assessment of the CCR's

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

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

6.4.2.3 This rating should be multiplied by the weighting given to each CCR during the contracting process, to provide a score.

6.4.2.4 The applicable assessment-rating calculator must then be used to add the scores and calculate a final CCR score.

6.4.3 Overall rating

6.4.3.1 An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

6.4.3.2 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 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	Performance 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.					
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.					

6.4.4 For purposes of evaluating the annual performance of the Municipal Manager, an evaluation panel constituted of the following persons must be established:

- 6.4.4.1 Executive Mayor or Mayor;
 - 6.4.4.2 Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
 - 6.4.4.3 Member of the Mayoral or Executive Committee or in respect of a plenary type municipality, another member of Council;
 - 6.4.4.4 Mayor and/or Municipal Manager from another municipality; and
 - 6.4.4.5 Member of a Ward Committee as nominated by the Executive Mayor or Mayor.
- 6.4.5 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:
- 6.4.5.1 Municipal Manager;
 - 6.4.5.2 Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
 - 6.4.5.3 Member of the Mayoral or Executive Committee or in respect of a plenary type municipality, another member of Council; and
 - 6.4.5.4 Municipal Manager from another municipality.
- 6.4.6 The Manager responsible for Human Resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations 6.4.4 and 6.4.5

7. SCHEDULE FOR PERFORMANCE REVIEWS

- 7.1 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:

<i>First quarter</i>	:	<i>July - September</i>
<i>Second quarter</i>	:	<i>October - December</i>
<i>Third quarter</i>	:	<i>January - March</i>
<i>Fourth quarter</i>	:	<i>April - June</i>

- 7.2 The EMPLOYER must keep a record of the mid-year review and annual assessment meetings.
- 7.3 Performance feedback must 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 the Performance Plan from time to time for operational reasons on agreement between both parties.
- 7.5 The EMPLOYER may amend the provisions of the Performance Plan whenever the Performance Management System is adopted, implemented and/or amended as the case may be on agreement between both parties.

8. DEVELOPMENTAL REQUIREMENTS

A Personal Development Plan (PDP) for addressing developmental gaps must form part of the Performance Agreement.

9. **OBLIGATIONS OF THE EMPLOYER**

The EMPLOYER must:

- 9.1 create an enabling environment to facilitate effective performance by the EMPLOYEE;
- 9.2 provide access to skills development and capacity building opportunities;
- 9.3 work collaboratively with the EMPLOYEE to solve problems and generate solutions to common problems that may impact on the performance of the EMPLOYEE;
- 9.4 on the request of the EMPLOYEE delegate such powers reasonably required by the EMPLOYEE to enable him or her to meet the performance objectives and targets established in terms of the agreement; and
- 9.5 make available to the EMPLOYEE such resources as the EMPLOYEE may reasonably require from time to time assisting him or her to meet the performance objectives and targets established in terms of the agreement.

10. **LEGAL COMPLIANCY**

- 10.1 Section 57(2)(a) of the Local Government: Municipal Systems Act 32 of 2000 prevails.

11. **CONSULTATION**

- 11.1 The EMPLOYER agrees to consult the EMPLOYEE timeously where the exercising of 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 paragraph 7.1 as soon as is practicable to enable the EMPLOYEE to take any necessary action without delay.

12. **MANAGEMENT OF EVALUATION OUTCOMES**

12.1 The evaluation of the EMPLOYEE'S performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

12.2 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an EMPLOYEE in recognition of outstanding performance. In determining the performance bonus, the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

12.2.1 a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

12.2.2 a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

12.3 In the case of unacceptable performance, the EMPLOYER shall:

12.3.1 provide systematic remedial or developmental support to assist the EMPLOYEE to improve his or her performance; and

12.3.2 after appropriate performance counseling 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 the EMPLOYEE on grounds of unfitness or incapacity to carry out his or her duties.

13. **DISPUTE RESOLUTION**

13.1 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:

13.1.1 in the case of the Municipal Manager, the MEC for Local Government in the province within 30 (THIRTY) days of receipt of a formal dispute from the EMPLOYEE, or any other person designated by the MEC; and

13.1.2 in the case of Managers directly accountable to the Municipal Manager, the Executive Mayor or Mayor within 30 (THIRTY) days of receipt of a formal dispute from the EMPLOYEE;

whose decision shall be final and binding on both parties.

13.2 Any disputes about the outcome of the EMPLOYEE'S performance evaluation, must be mediated by:

13.2.1 in the case of the Municipal Manager, the MEC for Local Government in the province within 30 (THIRTY) days of receipt of a formal dispute from the EMPLOYEE, or any other person designated by the MEC; and

13.2.2 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 30 (THIRTY) days of receipt of a formal dispute from the EMPLOYEE.

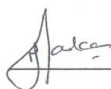
Whose decision shall be final and binding on both parties.

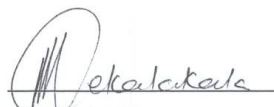
14. GENERAL


- 14.1 The contents of the Performance Agreement must be made available to the public by the EMPLOYER in accordance with the Municipal Finance Management Act, 2003 and Section 46 of the Act.
- 14.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the EMPLOYEE in terms of his or her Employment Contract, or the effects of existing or new regulations, circulars, policies, directives or other instruments.
- 14.3 The performance assessment results of the Municipal Manager must be submitted to the MEC responsible for Local Government in the relevant province as well as the National Minister responsible for Local Government, within 14 (FOURTEEN) days after the conclusion of the assessment.

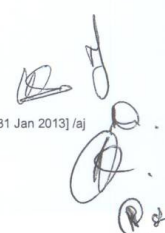
SIGNED AT MODIMOLLE ON THIS 31 DAY OF July 2009

AS WITNESSES:

1. 


EMPLOYER

2. 



SIGNED AT MODIMOLLE ON THIS 31 DAY OF July 2009

AS WITNESSES:

1. *Blum*

Denale
EMPLOYEE

2. *Pokoro*

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EMPLOYMENT CONTRACT - MM (APPENDIX A) [1 Nov 06 - 31 Oct 2011] / em

Core Management Competencies	WEIGHT %	STANDARDS	Resource requirements	Enabling conditions
Strategic Capability & Leadership	2			
Program- & Project Management	2			
Financial Management	2			
Change Management	2			
Knowledge Management	2			
Service Delivery Innovation	1			
Problem Solving & Analysis	2			
People Management & Empowerment	1			
Client orientation / Customer focus	1			
Communication	1			
Honesty & Integrity	1			
Other:	3			
TOTAL	20 %			

