

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN
THE MUNICIPALITY OF MUTALE AS REPRESENTED BY

MUNICIPAL MANAGER:

NETSHANZHE THIATHU

AND

THE EMPLOYEE OF THE MUNICIPALITY:

RAMUVHUNDU SAM

FOR THE

FINANCIAL YEAR: 1 JULY 2007 - 30 JUNE 2008

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN

The Municipality of MUTALE herein represented by: Netshanzhe Thiathu in his capacity as Municipal Manager (hereinafter referred to as the Employer)

And

Ramuvhundu Samuel, Employee of the Municipality of Mutale (hereinafter referred to as the Employee).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Employer has entered into a contract of employment with the Employee in terms of section 57 of the Local Government Municipal Systems Act”). The Employer and the Employee are hereinafter referred to as “the Parties”.
- 1.2 Section 57 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(4), 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 communicated 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);
- 2.4 monitor and measure performance against set targeted outputs;
- 2.5 use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and/or to assess whether the Employee has met the performance expectations applicable to his/her job;
- 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 on the 1st July 2007 and will remain in force until 30 June 2008 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 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) 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-
 - 4.1.1 the performance objectives and targets that must be met by the Employee; and
 - 4.1.2 the time 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; and 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 purposes 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.
6. The Employee agrees to participate in the performance management and development system that the Employer adopts.
- 6.1 The Employee undertakes to actively focus towards the promotion and implementation of the KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.
 - 6.2 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.
 - 6.2.1 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 Managerial Competencies (CMC's) respectively.
 - 6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.

6.2.3 KPA's covering the main areas of work will account for 80% and CMC's will account for 20% of the final assessment.

6.3 The Employee's assessment will be based on his/her performance in terms of the outputs/outcomes (performance indicators) identified as per attached Performance Plan (Annexure A), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee.

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

6.4 The CMC's will make up other 20% of the Employee's assessment score. CMC'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 Employee:

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES		
CORE MANAGERIAL COMPETENCIES (CMC)	√	WEIGHT
Strategic Capability and Leadership	❖	10
Programme and Project Management	❖	5
Financial management	❖	10
Change Management	❖	5
Knowledge Management	❖	3
Service Delivery Innovation	❖	3
Problem Solving and Analytical Thinking	❖	4
People management and Empowerment	❖	10
Client Orientation and Customer Focus	❖	10
Communication	❖	2
Honesty and Intergrity	❖	5
Core Occupational Competencies:	❖	
Competence in Self management		
Interpretation of and implementation within the legislative and national policy frameworks	❖	5
Knowledge of developmental local government	❖	2
Knowledge of Performance Management and Reporting	❖	3
Knowledge of global and South African specific political, social and economic contexts	❖	5
Competence in policy conceptualization, analysis and implementation	❖	5
Knowledge of more than functional municipal field/ discipline		
Skills in mediation	❖	3
Skills in Governance	❖	2
Competence as required by other national line sector departments	❖	3
Exceptional and dynamic creativity to improve the functioning of the municipality	❖	5
Total	21	100%

7. EVALUATING PERFORMANCE

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

7.1.1 the standards and procedures for evaluating the Employee's performance; and

7.1.2 the intervals for the evaluation of the Employee's performance.

7.2 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.

7.3 Personal growth and development needs identified 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.

7.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.

7.5 The annual performance appraisal will involve:

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

(a) 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.

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

- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

7.5.2 Assessment of the CMS's

- (a) Each CMC should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CMC.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CMC score.

7.5.3 Overall rating

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

- 7.6 The assessment of the performance of the Employee will be based on the following rating scale for KPA's and CMCs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected for 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 indicated 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 indicated 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 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	
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7.7 For purposes of evaluating the performance of the Employee, an evaluation panel constituted by the following persons will be established -

7.7.1 Municipal Manager

7.7.2 Member of Audit Committee

7.7.3 Member of the Executive Committee; and

7.7.4 Municipal Manager from another Municipality

8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1 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:

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

- 8.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.
- 8.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.
- 8.4 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.
- 8.5 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.

9. DEVELOPMENTAL REQUIREMENTS

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

10. OBLIGATIONS OF THE EMPLOYER

- 10.1 The Employer shall –
 - 10.1.1 create an enabling environment to facilitate effective performance by the employee;
 - 10.1.2 provide access to skills and capacity building opportunities;
 - 10.1.3 work collaboratively with the Employee to solve and generate solutions to common problems that may impact on the performance of the Employee;
 - 10.1.4 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

10.1.5 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.

11. CONSULTATION

11.1 The Employer agrees to consult the Employee timeously where the exercising of the 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 Employee.

11.2 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 it 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 of 5% to 15% of the inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance.

12.3 The Employee will be eligible for progression to the next high 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.

12.4 In the case of unacceptable performance, the Employer shall-

12.4.1 provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and

12.4.2 After appropriate performance counseling 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.

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 any other matter provided for, shall be mediated by –

13.1.1 the MEC for Local Government in the Province within thirty (30) days of receipt of formal dispute from the Employee; or

13.1.2 any other person appointed by the MEC.

13.2 In the event that the mediation process contemplated above falls, clause 19.3 of the Contract of Employment shall apply.

14. GENERAL

14.1 The contents of this agreement and the outcome of any review Conducted in terms of Annexure A may be made available to the public by the Employer.

- 14.2 Nothing in this agreement diminishes the obligations, duties or Accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Thus done and signed at Mutale on this day_____ of _____ 2007

AS WITNESSES:

1. -----

EMPLOYEE
2. -----

AS WITNESSES:

1. -----

MUNICIPAL MANAGER
2. -----