

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

KOPANONG LOCAL MUNICIPALITY

ME L Y MOLETSANE

(MUNICIPAL MANAGER)

AND

MR. MOLAHLEHI JAN MEKHOE

(CHIEF FINANCIAL OFFICER)

FOR

FINANCIAL YEAR: 1 JULY 2013 - 30 JUNE 2014

PERFORMANCE AGREEMENT

ENTERED INTO AND BETWEEN:

The **Kopanong Local Municipality** herein represented by **Me. Lebohang Yvonne Moletsane** in her capacity as the **Municipal Manager** hereinafter referred to as the **Employer** or Reporting Officer and **Mr. Molahlehi Jan Mekhoe** in his capacity as the **Chief Financial Officer**, Employee of **Kopanong Local Municipality**.

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(1) (a) of the Local Government: Municipal Systems Acts 32 of 2000 ("the System Act"). 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 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), 4(A), (4B) and (5) of the Systems Acts 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);
- 2.4 Monitor and measure performance against set targeted outputs;

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- 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 **01 July 2013** and will remain in force until **30 June 2014** 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 anytime during the abovementioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time during 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.

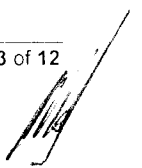
4. PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan (Annexure A) sets out-
 - 4.1.1 The performance objectives and targets that must be met the Employee; and
 - 4.1.2 The time frames within which those performance objectives and targets must be met.

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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 and the Budget of the Employer, and shall include key objectives; key performance indicators; target dates and weighting
- 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 standard 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 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 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 (KPAs)	WEIGHTING
Basic Service Delivery	
Municipal Institute Development and Transformation	
Local Economic Development (LED)	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
Community & Social Development Services	
Total	100%

6.4 The CMCs will make the 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 MANAGEMENT CRITERIA (CMC)		WEIGHT %
1. Strategic Capability & Leadership		
2. Programme & Project Management		
3. Financial Management (Compulsory)		
4. Change Management		
5. Knowledge Management		
6. Service Delivery Innovation		
7. Problem Solving & Analysis		
8. People Management & Empowerment (Compulsory)		
9. Client Orientation & Customer Focus (Compulsory)		
10. Communication		

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11. Honesty & Integrity		
TOTAL		100%
CORE OCCUPATIONAL COMPETENCY (COC)		WEIGHT
		%
1. Competence in Self Management		
2. Interpretation of and implementation within the legislation and national policy framework		
3. Knowledge of developmental local government		
4. Knowledge of Performance Management & Reporting		
5. Knowledge of global & South African specific political, social and economic contexts		
6. Competency on policy conceptualisation, analysis and implementation		
7. Knowledge of more than one functional municipal fields/discipline		
8. Skills in mediation		
9. Skills in governance		
10. Competence as required by other national line sector departments		
11. Exceptional and dynamic creativity to improve the functioning of the municipality		
TOTAL		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 Employee's performance; and

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

7.2 Despite the establishment of 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 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.

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.

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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 CMC'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 represents the outcomes 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, CMC's and COC's:

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement 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	

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LEVEL	TERMINOLOGY	DESCRIPTION	RATING
		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 Performance Agreement 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 indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement 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 Performance Agreement 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 purpose of evaluating the performance of the Employee, an evaluation panel constituted by the following persons will be established-

- 7.7.1 Executive Mayor / Mayor;
- 7.7.2 Chairperson of the Audit Committee;
- 7.7.3 Ward Committee Member (on a rotational basis), where applicable;
- 7.7.4 Member of the Mayoral Committee; and
- 7.7.5 Mayor and/ or 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 (year)
Second quarter	: October – December (year)
Third quarter	: January – March (year)
Fourth quarter	: April – June (year)

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 development gaps is attached as Annexure A.

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 development and capacity building opportunities;
- 10.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 10.1.4 On the request of the Employee delegates such powers reasonably required by the Employee to enable him/ her to meet the performance objectives and targets established in term 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
 - 11.1.4 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 11.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

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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 14% of 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 higher remuneration package, within the relevant remuneration band, after completion of least twelve months (12) service at current remuneration package 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 of development support to assist the Employee to improve his or her performance; and
- 12.4.2 After appropriate performance and 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.

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 and the Province within thirty (30) days of receipt of a formal dispute from the Employee; or
- 13.1.2 Any other person appointed by the MEC.
- 13.1.3 In the event that the mediation process contemplated above fails, clause 19.3 of the Contract of Employment shall apply.

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14. GENERAL

- 14.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be 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 Thompson on this the 28 day of 06 (Month) 2013

AS WITNESSES:

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EMPLOYEE

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AS WITNESSES:

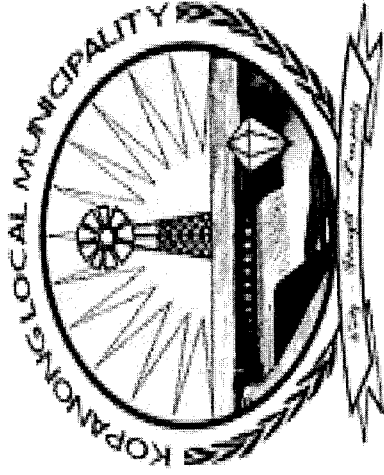
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P. N. Shikhar

EMPLOYER

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PERFORMANCE PLAN

MADE AND ENTERED INTO BY AND BETWEEN

KOPANONG LOCAL MUNICIPALITY AS REPRESENTED BY THE

MUNICIPAL MANAGER

LEBOHANG YVONNE MOLETSANE

AND

MOLAHLEHI JAN MEKHOE

THE CHIEF FINANCIAL OFFICER OF KOPANONG LOCAL MUNICIPALITY FOR FINANCIAL
YEAR 2013 / 2014

1. Purpose

The performance plan defines the Council's expectations of the Chief Financial Officer' performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and as reviewed annually.

2. Key responsibilities

The following objects of local government will inform the Chief Financial Officer' performance against set performance indicators:

- 2.1 Provide democratic and accountable government for local communities.
- 2.2 Ensure the provision of services to communities in a sustainable manner.
- 2.3 Promote social and economic development.
- 2.4 Promote a safe and healthy environment.
- 2.5 Encourage the involvement of communities and community organisations in the matters of local government.

3. Key Performance Areas

The following Key Performance Areas (KPA's) as outlined in the Local Government: Municipal Planning and Performance Management Regulations (2001) inform the strategic objectives listed in the table below:

- 3.1 Municipal Transformation and Organisational Development.
- 3.2 Basic Service Delivery
- 3.3 Local Economic Development (LED).
- 3.4 Municipal Financial Viability and Management.
- 3.5 Good Governance and Public Participation.

KEY PERFORMANCE AREA: MUNICIPAL TRANSFORMATION AND ORGANISATION DEVELOPMENT

No	Key performance indicator (Objective/planned result)	Evidence of performance/ achievement	Target (Date)	Rating (1 – 5)
1	The Municipality consistently complies with – <ul style="list-style-type: none"> the <i>Municipal Supply Chain Management Regulations</i> 2005 (Government Notice No 868 of 30 May 2005); and its supply chain management policy 	Reports regarding the implementation of the supply chain management policy, including.	Quarterly	
2	The Department complies with the relevant legislation including the MFMA, Municipal Systems Act and PPPFA etc.	Report indicating compliance with relevant legislation	Quarterly	
3	SDBIP for 2013/2014 is developed in consistent with the legislation	Draft SDBIP for 2013/2014 is submitted to the Mayor within 14 days after approval of the budget	14 days after approval of the budget	
Weight		25	Total score achieved for KPA	

KEY PERFORMANCE AREA: BASIC SERVICE-DELIVERY

	Key performance indicator (Objective /planned result)	Evidence of performance achievement	Target	Rating 1-5
1	Utilization of MIG funds	Submission of Expenditure report	Monthly	
Weight	10	Total score achieved for KPA		

KEY PERFORMANCE AREA: LOCAL ECONOMIC DEVELOPMENT

NO	Key performance indicator	Evidence of performance	Target	Rating (1-5)
1	Availability of funds for implementation of LED projects	Submission of LED expenditure report on projects	Monthly	
	Budget for EPWP and Special programme for Office of the Mayor	Submission of EPWP projects per Ward		
		Submission of monthly Expenditure report on EPWP projects		
	Weight 10	Total score achieved for KPA		

KEY PERFORMANCE AREA: FINANCIAL VIABILITY AND MANAGEMENT

No	Key performance indicator (Objective/planned result)	Evidence of performance/ achievement	Target (date)	Rating (1 – 5)
1	To improve financial management	<div>No budget votes to be exceeded by 10% and not underspent by 5%</div> <div>Outstanding debtors reduced by 5%</div> <div>No GRAP related queries</div> <div>Detection of any ghost workers</div> <div>All rates levies on accounts are correct and complete</div>	Monthly	
2	Improve Audit opinion for 2013-2014 financial year	<div>Submission of AFS in time</div> <div>GRAP compliant asset register</div> <div>Submission of budget report</div>	<div>31 August 2013</div> <div>On going</div> <div>Monthly</div>	
3	Suppliers engaged by the Department meet performance standards in terms of quality budget and timelines	Set input, output and outcome indicators for each service provider appointed for the Department	On -going	
4	Internal and External queries relating to the Department is dealt with expeditiously	Written response to Audit queries are supplied within 5 working days of receipt	Monthly	

Weight	40	Total score achieved for KPA
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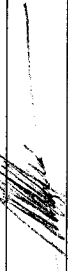
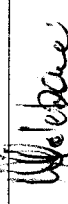
KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

No	Key performance indicator (Objective/planned result)	Evidence of performance/ achievement	Target (date)	Rating (1 – 5)
1	Implementation of the following policies /by-laws: <ul style="list-style-type: none"> ▪ tariff policy; ▪ rates policy; and ▪ credit control and debt collection policy 	Correct Billing System Monthly submission of accounts	31 Dec '13	
2	Compilation of budget in terms of MFMA	Submission of Section 71 reports to Treasury within 10 working days Submission of Section 52 reports to Council. Submission of MFMA Compliance report/ checklist Draft budget 90 days to be submitted to Council Final budget 30 days before year end to be submitted to Council.	Monthly Quarterly Quarterly	
Weight	15	Total score achieved for KPA		

CORE COMPETENCY REQUIREMENTS

No	Core managerial competency	Weight	Description/definition	Rating (1 – 5)
1	Financial management	20	Compiles and manages budgets, controls cash flow, institutes risk management and administers supply chain management processes in accordance with legal prescripts and generally recognized accounting practices	
2	People management and empowerment	15	Manages and encourages people, optimizes their outputs and effectively manages relationships	
3	Client orientation and customer focus	15	Willing and able to deliver services effectively and efficiently in order to put the spirit of customer service (<i>batho Pele</i>) into practice.	
4	Strategic capability and leadership	10	Provides a vision, sets the direction for the administration and inspires others to deliver on the Municipality's mandate.	
5	Problem solving and analysis	10	Systematically identifies analyses and resolves existing and anticipated problems in order to reach optimum solutions	
6	Communication	5	Keeps subordinates and superiors and external stakeholders informed of all matters relevant to them, informs them of the reasons for decisions and sets the example by “walking the talk”.	
7	Honesty and integrity	5	Displays and builds the highest standards of ethical and moral conduct	
Total weighting		80	Total score achieved for managerial competencies	
No	Core occupational	Weight	Description/definition	Rating

AGREEMENT ON PERFORMANCE PLAN FOR THE PERIOD 2013 TO 2014

 Signed and accepted by: Director: Financial Services Name: <u>M. J. MCKENNA</u> Date: <u>22 Oct 2013</u>	 Signed by: The Municipal Manager on behalf of the Council Name: <u>L. J. NOLET-SANL</u> Date: <u>28 Oct 2013</u>
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	competency			(1 – 5)
8	Interpretation of and implementation of legislation	5	Knowledge of the legislation and policies applicable to local government and the position and the ability to apply such legislation and policies to the work situation.	
9	Competence in policy conceptualization, analysis and implementation	5	The ability to draft and implement a policy due to the arriving at a concept or a generalization as a result of seeing things, experiencing things, being informed of something as well as the ability to analyse, comprehend and implement a policy drafted by somebody else.	
10	Skills in mediation/conflict resolution	5	The ability to assist two (or more) disputants in reaching an agreement	
11	Skills in governance	5	Consistent application of the principles of good governance (including honesty, integrity, openness, transparency, performance orientation, accountability, mutual respect and commitment to the Municipality) in management practice, policies, processes and decision-making.	
Total weighting		20	Total score achieved for occupational competencies	