

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

**MAKANA LOCAL MUNICIPALITY
AS REPRESENTED BY THE ACTING MUNICIPAL MANAGER**

**NAME: Ms M.J MEIRING
(HEREIN REFERRED TO AS THE 'EMPLOYER')**

AND

**NAME: Ms N SIWAHLA
CHIEF FINANCIAL OFFICER
(HEREIN REFERRED TO AS THE 'EMPLOYEE')**

**FOR THE FINANCIAL YEAR:
1st July 2016 – 30th JUNE 2017**

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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 Act 32 of 2000 ("the Systems 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, 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.
- 1.5 The parties shall endeavour to discharge all duties in this Performance Agreement including those responsibilities attached to them in terms of Council delegation.

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 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 This Agreement will commence on the **1st July 2016** and will remain in force until **30th June 2017** thereafter 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.

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- 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 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 by the **Employee**; and
 - 4.1.2 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 are based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.
 - 4.2.1 The key objectives describe the main tasks that need to be done.
 - 4.2.2 The key performance indicators and means of verification provide the details of the evidence that must be provided to show that a key objective has been achieved.
 - 4.2.3 The target dates describe the timeframe in which the work must be achieved.
 - 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 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** 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 (KPAs) 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 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 / 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
Municipal Financial Viability and Management	60%
Good Governance and Public Participation	10%
Institutional Transformation and Organisational Development	30%
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 **Employee**. Three of the CCRs are compulsory for Municipal Managers:

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES			
CCR		DEFINITION	WHEIGHT
CCR 01	Strategic Capability and Leadership	Skills to be able to provide a vision, set the direction for the municipality or department and inspire others in order to deliver on the municipality's mandate	10%
CCR 02	Financial Management	Skills required managing projects and / or department work within the constraints of budget. This includes being able to plan a budget at the	30%

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		beginning of the financial year, controlling costs throughout the year by allocating resources appropriately and understanding and anticipating the impact of the other departments on own budget and adopting where necessary.	
CCR 03	Knowledge Management PMS	Understand of the legislative requirements and Regulations associated the PMS	15%
CCR 04	People Management	Understanding of Policies associated with human resources management	10%
CCR 05	Problem Solving and Analysis	Understanding the basic steps in problem solving and analysis and solve basic problems using municipal guidelines	20%
CCR 06	Client orientation and Customer Care	Acknowledges customers rights	15%
TOTAL			100
CCR WEIGHT			20%

6. EVALUATING PERFORMANCE

- 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 **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:
- 6.5.1 **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.

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- (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.

6.5.2 Assessment of the CCRs

- (a) Each CCR 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 CCR.
- (c) This rating should be multiplied by the weighting given to each CCR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CCR score.

6.5.3 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 CCRs:

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 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 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.					

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Level	Terminology	Description	Rating				
			1	2	3	4	5
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 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 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 -

- 6.8.1 Municipal Manager;
- 6.8.2 Chairperson of the audit committee
- 6.8.3 Chairperson of the relevant portfolio committee
- 6.8.4 Municipal manager from another municipality.

6.8 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (6.7).

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.

QUARTERS	REVIEW	PERIOD	TIMEFRAME
First Quarter	Informal Reviews:	July – September	Before end October 2016
Second Quarter	Formal Review:	September – December	Before end January 2017
Third Quarter:	Informal Review	January – March	Before end April 2017
Fourth Quarter:	Formal Review	April – June	Before end July 2017

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- 7.2 The **Employer** shall keep a record of all fourth quarter reviews 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

The Personal Development Plan (PDP) for addressing developmental gaps is will developed **Employee** in consultation with Employer.

9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall –

- 9.1.1 Create an enabling environment to facilitate effective performance by the employee;
- 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 common problems that may impact on the performance of the **Employee**;
- 9.1.4 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
- 9.1.5 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.

10. CONSULTATION

- 10.1 The **Employer** agrees to consult the **Employee** timeously where the exercising of the powers will have amongst others –
- 10.1.1 A direct effect on the performance of any of the **Employee'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 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 10.1 as soon as is practicable to enable the **Employee** to take any necessary action without delay.

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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 all-inclusive annual remuneration package may be paid to the **Employee** in recognition of outstanding performance to be constituted as follows:
- 11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
- 11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

SCORE	BONUS %
Less than 100	Remedial action
100 - 129	No bonus
130 - 133	5
134 - 137	6
138 - 141	7
142 - 145	8
146 - 149	9
150 - 153	10
154 - 157	11
158 - 161	12
162 - 165	13
166 - 167	14

- 11.2.3 A pro rata bonus will be payable to the **Employee** based on the amount of full months employed, in the event that the evaluation period is not for a full financial year subject to the following: -.
- 11.2.3.1 That the evaluation period be no less than 6 months
- 11.2.3.2 That the employee be employed on the last day of the financial year and undergo a review during the agreed review period.
- 11.3 In the case of unacceptable performance, the **Employer** shall –
- 11.3.1 Provide systematic remedial or developmental support to assist the **Employee** to improve his or her performance; and
- 11.3.2 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 any other matter provided for, shall be mediated by –
- 12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the **Employee**; or

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12.1.2 Any other person appointed by the MEC.

12.1.3 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) of the Municipal Performance Regulations, 2006, 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 In the event that the mediation process contemplated above fails, clause 20 of the Contract of Employment shall apply.

13. GENERAL

13.1 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**.

13.2 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.

13.3 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 fourteen (14) days after the conclusion of the assessment.

Thus done and signed at Grahamstown on this the 29 day of July 2016

AS WITNESSES:

1. [Signature]

[Signature]
EMPLOYEE

2. [Signature]

AS WITNESSES:

1. [Signature]

[Signature]
ACTING MUNICIPAL MANAGER

2. M.C. [Signature]

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PERFORMANCE PLAN: NONTOBeko FAITH SIWAHLA

2016/17

CHIEF FINANCIAL OFFICE

FINANCIAL SERVICES 2016/17									
Objective	Key Focus Area	KPI No	Key Performance Indicator (Project)	Annual Target	Unit of Measure/Portfolio of Evidence	Weighting	July - September	October - December	Targets January -March April -June
SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN(KPI'S)									
KPA 1. INSTITUTIONAL MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT									
Improve Corporate Administration and	Implementation of Individual PMS for Middle Management	KPI014	% of Middle managers that signed performance agreement	100%	Number of Performance agreements signed	5%	100%	N/A	N/A
	Effective management and supervision of the Sub-Directorate KPI's	OP	90% of the Budget and Reporting KPI's targets achieved	90%	Quarterly performance Report	15%	90%	90%	90%

30%

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FINANCIAL SERVICES 2016/17

Objective	Key Focus Area	KPI No	Key Performance Indicator (Project)	Annual Target	Unit of Measure/Portfolio of Evidence	Weighting	Targets				
							July -September	October -December	January -March	April -June	
	Effective management and supervision of the Sub-Directorate KPI's	OP	70% of the Expenditure Management KPI's targets achieved	70%	Quarterly performance Report	5%	10%	20%	20%	22%	
	Effective management and supervision of the Sub-Directorate KPI's	OP	70% of the Revenue Management KPI's targets achieved	70%	Quarterly performance Report	5%	10%	20%	20%	22%	
KPA 3. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
Improve Corporate Administration and management system for 2016/17	Financial Management	KPI008	100 % Compliance to MFMA SCM Regulations	100%	Report quarter on % of Compliance to MFMA SCM Regulations	5%	100%	100%	100%	100%	
		KPI009	Development of Fully GRAP compliant Asset register	1 Asset Register	Number of developed & updated GRAP compliant Asset Register	10%	100%	100%	100%	100%	
	Expenditure	(NKPI)	Financial viability report to measure the available cash to cover municipal monthly expenditure	12 Monthly Reports	Produce a Report showing available cash versus monthly expenditure	3%	1	1	1	1	
		KPI006	Achievement of collection rate as per budget	12 Monthly Reports showing revenue collected versus budgeted revenue	Revenue collected versus billed amount report	5%	85%	85%	85%	85%	
Provision of Free Basic Services(FBS)		(NKPI)	% of household earning less than in the indigent register	1 Approved Indigent Register	Report by 30 June on the percentage of households earning less than R1100 per month	5%	N/A	N/A	N/A	1	

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FINANCIAL SERVICES 2016/17

Objective	Key Focus Area	KPI No	Key Performance Indicator (Project)	Annual Target	Unit of Measure/Portfolio of Evidence	Weighting	Targets			
							July -September	October - December	January -March	April -June
					with access to free basic services					
		NKPI)	Report Monthly on number of household receiving provided with(FBS)	12 Reports	Number of indigents having access to free basic electricity	5%	3	3	3	3
		(NKPI)	Financial viability measured in terms of the Municipality's ability to meet its service debt obligations	4	Report on the Debt coverage ratio(Total operating revenue operating grants received)/(Debt service payments due within the year)	2%	1	1	1	1
		Compliance	Submit the Adjustments Budget and budget to Council as determined by MFMA to Council	2	MTREF approved by Council by end March and May	10%	N/A	N/A	Submitting of Draft MTREF Budget and Current Adjustment Budget	Final Budget
Improve Audit Outcome	Annual financial Statement	Compliance	Submission of Annual financial statement to Internal Audit(IA), Audit Committee(AC) and AG	31 August 2016	Report from IA,AC and acknowledgment from AG	10%	Submission of Annual Financial Statement of previous year	N/A	N/A	N/A
	Improve audit opinion	Op	Reduce number of findings by 30%	30% Reduction	Develop and monitor audit turnaround strategy document	5%	N/A	N/A	Audit Action in place in 31 January 2016	NA
KPA 4. GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Enhance good governance and public participation	Enhance risk management	KP0004	Quarterly report on the implementation and mitigation of operational risks	4	Report on Percentage of mitigation implemented quarterly	5%	1	1	1	1

10%

100%
100%
100%

FINANCIAL SERVICES 2016/17

Objective	Key Focus Area	KPI No	Key Performance Indicator (Project)	Annual Target	Unit of Measure/Portfolio of Evidence	Weighting	July -September	October - December	January -March	April -June
	Enhance Internal Audit	KPI002	% of Internal Audit recommendations submitted to Director	100%	% of internal Audit recommendations implemented	5%	100%	100%	100%	100%

CORE COMPETENCY REQUIREMENTS (CCR's))

Core Competency Requirement	Annual Target	KPI	Key Performance Indicator	Weighting	Quarter One	Quarter Two	Quarter Three	Quarter Four
CCR 1. MANAGERIAL								
Strategic Capability and Leadership	4 Meeting	N/A	Number of Directorate Management meeting	10%	1	1	1	1
Financial Management	10% reduction	N/A	% reduction in the fruitless and wasteful	5%	10%	10%	10%	10%
Financial Management	Zero	N/A	Zero irregular and unauthorised expenditure	5%	Zero	Zero	Zero	Zero
Financial Management	90% Expenditure by 30 June 2017	KPI007	Spend at least 90% of the approved Operating Budget for the Directorate	20%	25%	50%	75%	90%

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CORE COMPETENCY REQUIREMENTS (CCR's))

Core Competency Requirement	Annual Target	KPI	Key Performance Indicator	Weighting	Targets			
					Quarter One	Quarter Two	Quarter Three	Quarter Four
CCR 2. OCCUPATIONAL								
Knowledge of performance management and reporting	Timeous submission of SDBIP Performance Report with POE issued quarterly	KPI014	Number of Performance Report issued Timeous	15%	1	1	1	1
	People Management and Empowerment	KPI014	% of managers evaluated quarterly	10%	100%	100%	100%	100%
Problem solving and analysis	Resolve crises that occur in the directorate	N/A	Report to portfolio Committee on resolving crises and mitigating factors implemented to prevent reoccurrence	20	100%	100%	100%	100%
Client orientation and customer focus	Attending to 90 % formal complaints received	N/A	% of complaints attended by 30 June 2017	15%	90%	90%	90%	90%

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