



**PERFORMANCE AGREEMENT**  
2017/18

**Makhado Municipality herein represented by**

**SHONISANI MILDRED SINYOSI**

in her capacity as the Mayor (hereinafter referred to as the  
Employer or Supervisor)

\* and \*

**NNYADZENI FREDDY TSHIVHENGWA**

employee of the Municipality (hereinafter referred to as the  
Employee)

WHEREBY IT IS AGREED AS FOLLOWS:

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## 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 This agreement does not at all replace the Employment Contract signed between the parties
- 1.4 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.
- 1.5 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

## 2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to -

- 2.1 Comply with the provisions of Section 57(1)(b),(4A),(4B) and (5) of the Act as well as the employment contract entered into between the parties;
- 2.2 specify objectives in terms of the key performance indicators 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 1 December 2017 and will remain in force until 30 June 2018 (provided the Employment Contract signed with the Employer is still in force) 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.
- 3.3 The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than one month after the beginning of each successive financial year.
- 3.4 This Agreement will automatically terminate on the termination of the **Employee's** contract of employment for any reason.
- 3.5 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.
- 3.6 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 Key performance areas that the **Employee** should focus on;
  - 4.1.2 Core competencies required from employees;
  - 4.1.3 The performance objectives, key performance indicators, projects and targets that must be met by the employee; and
  - 4.1.4 The time frames within which those performance objectives and targets must be met.
- 4.2 The performance objectives, key performance indicators and targets reflected in Annexure A 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 **Employer**, and shall include strategic objectives; key performance indicators; targets, projects and activities that may include dates and weightings. A description of these elements follows:
  - 4.2.1 The strategic objectives describe the strategic intent of the organization that needs to be achieved
  - 4.2.2 The key performance indicators provide the measurement on how a strategic objective needs to be 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 performance areas, key objectives and key performance indicators to each other.
  - 4.2.5 The activities are the actions to be achieved within a project.

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## 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, key performance areas, and core competency requirements, 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 KPAs covering the main areas of work will account for 80% and CCRs will account for 20% of the final assessment
- 5.5.3 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.4 The **Employee's** assessment will be based on his performance in terms of the key performance indicator outputs / outcomes identified as per attached Performance Plan (**Annexure A**), which are linked to the KPAs, 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	20
Municipal Transformation & Organizational Development	35
Local Economic Development (LED)	5
Municipal Financial Viability and Management	30
Good Governance and Public Participation	10

- 5.6 Municipal Manager responsibilities are directed in terms of the above mentioned key performance areas.

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- 5.7 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**. The following CCRs are compulsory for Municipal Managers:

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES		
COMPETENCIES	✓	
LEADING COMPETENCIES		WEIGHTS
Strategic Capability and Leadership		15
Program and Project Management		15
Financial Management	compulsory	10
Change Leadership		10
Governance Leadership		10
People Management	compulsory	15
CORE COMPETENCIES		WEIGHTS
Moral Competence		5
Planning and Organizing		5
Analysis and innovation		5
Knowledge and information management		5
Results and quality focus		5

## 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 strategic objectives 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) Values on actual performance are supplied for KPIs and activities under each KPI as part of the institutional assessment. Based on the target for an activity or KPI, overall under performance are calculated and converted to the 1 – 5 point scale, these scores are carried over to the applicable employee's performance plan. During

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assessment the employee has a chance to motivate for higher scores. The panel members have a chance to ask questions regarding such motivation.

(c) The final scores are converted to percentage performance by making use of COGTA performance assessment rating calculator.

**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 score is translated to a final CCR percentage through COGTA assessment rating calculator (referred to paragraph 6.5.1)

**6.5.3 Overall rating**

An overall rating is calculated by using the performance assessment-rating calculator whereby a rating of 80% is applied to KPA performance and the weighting of 20% to CCRs.

6.6 The assessment of the performance of the **Employee** by panel members will be based on the following rating scale for KPAs and CCRs:

5	4	3	2	1
<b>Outstanding Performance</b>	<b>Performance Significantly Above Expectations</b>	<b>Fully Effective</b>	<b>Not Fully Effective</b>	<b>Unacceptable Performance</b>
Performance far exceeds the standard expected of an employee at this level.	Performance is significantly higher than the standard expected in the job.	Performance fully meets the standards expected in all areas of the job.	Performance is below the standard required for the job in key areas.	Performance does not meet the standard expected for the job.

6.7 For purposes of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons must be established -

- 6.7.1 Mayor;
- 6.7.2 Chairperson of the Audit and Performance Audit committee or a member of the APAC committee in the absence of the chairperson of the committee;
- 6.7.3 Member of the executive committee
- 6.7.4 Mayor and/or municipal manager from another municipality; and

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6.7.5 Manager responsible for Human Resources of the Municipality must provide secretariat services to the Evaluation Panels referred to in sub-regulations (d) and (e)

## 7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of each **Employee** in relation to his / her performance agreement shall be reviewed within the month following the quarters as indicated with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

<b>First quarter</b>	:	July – September 2017 – not applicable
<b>Second quarter</b>	:	1 – 31 December 2017
<b>Third quarter</b>	:	January – March 2018
<b>Fourth quarter</b>	:	April – June 2018

7.2 The **Employer** shall keep a record of the mid-year review and annual assessment meetings.

7.3 Performance feedback shall be based on the **Employer's** assessment of the **Employee's** performance.

7.4 The **Employer** will be entitled to review and make reasonable changes to the provisions of Annexure A from time to time for operational reasons. The **Employee** will be fully consulted before any such change is made.

7.5 The **Employer** may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and / or amended as the case may be. In that case the **Employee** will be fully consulted before any such change is made.

## 8. DEVELOPMENTAL REQUIREMENTS

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

## 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 assisting him to meet the performance objectives and targets established in terms of this Agreement.

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## 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.

## 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 between 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:

% Rating Over Performance %	% Rating Over Performance % Bonus
130 - 133.8	5%
133.9 – 137.6	6%
137.7 – 141.4	7%
141.5 - 145.2	8%
145.3 – 149	9%
150 – 153.4	10%
153.5 – 156.8	11%
156.9 – 160.2	12%
160.2 – 163.6	13%
163.7 – 167	14%

- 11.3 In the case of unacceptable performance, the **Employer** shall –

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- 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 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.

**12. DISPUTE RESOLUTION**


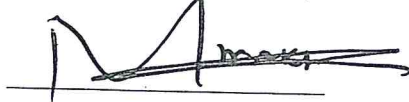
12.1 Any disputes about the nature of the **Employee's** performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by a member of the municipal council: Provided that such member was not part of the Evaluation Panel provided for in sub- regulation 27(4)(e)of the Municipal Performance Regulations, 2006, within 30 days of receipt of a formal dispute from the employee whose decision shall be final and binding on both parties.

**13. GENERAL**

- 13.1 The contents of this agreement and the outcome of any review conducted in terms of 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 Limpopo as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

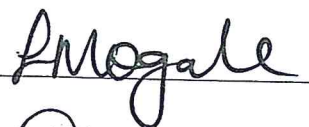

Thus **done and signed** at Makhado on this the 04 day of January 2018.

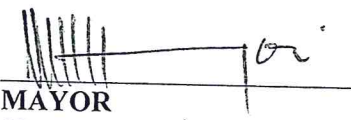
**AS WITNESSES:**

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- 2. 

  
 EMPLOYEE  
 MR/NNYADZENI FREDDY TSHIVHENGWA

**AS WITNESSES:**

- 1. 
- 2. 

  
 MAYOR  
 CLLR SHONISANI MILDRED SINYOSI