



MADE AND ENTERED INTO BY
AND BETWEEN:

MOPANI DISTRICT MUNICIPALITY
AS REPRESENTED BY

DESIGNATION

NAME

AND

NAME

THE EMPLOYEE OF THE MUNICIPALITY

Appendix A
PERFORMANCE
AGREEMENT

FOR THE

FINANCIAL YEAR:
1 July 2007 - 30 JUNE 2008

ENTERED INTO BY AND BETWEEN:

The Mopani District Municipality herein represented by **Name** in his capacity as **Designation** (hereinafter referred to as the Employer or Supervisor)

and

Name, Employee of the Municipality (hereinafter referred to as the Employee).

WHEREBY IT IS AGREED AS FOLLOWS:

1. Introduction	<p>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".</p> <p>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.</p> <p>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 and outputs that will secure local government policy goals.</p> <p>1.4 The Parties wish to ensure that there is compliance with Sections 57 (4A), 57 (4B) and 57 (5) of the Systems Act.</p>
2. Purpose of this Agreement	<p>The purpose of this Agreement is to -</p> <p>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.</p> <p>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), the Departmental Business Plans and the Budget of the municipality.</p> <p>2.3 Specify accountabilities as set out in a Performance Plan, which forms an Annexure to the Performance Agreement.</p> <p>2.4 Monitor and measure performance against set targeted outputs.</p> <p>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.</p> <p>2.6 In the event of outstanding performance, to appropriately reward the Employee.</p> <p>2.7 Give effect to the Employer's commitment to a performance-orientated relationship with its Employee in attaining equitable and improved service delivery.</p>
3. Commencement and duration	<p>3.1 This Agreement will commence on the 1 August 2007 and will remain in force until 30 June 2008 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.</p> <p>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 the first month of the successive financial year.</p> <p>3.3 This Agreement will terminate on the termination of the Employee's Contract of</p>

	<p>employment for any reason.</p> <p>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.</p> <p>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.</p>
<p>4. Performance Objectives</p>	<p>4.1 The Performance Plan (Annexure A) sets out-</p> <p>4.1.1 Key Performance Areas that the Employee should focus on</p> <p>4.1.2 Core Competencies Required from Employee</p> <p>4.1.3 The performance objectives and targets that must be met by the Employee.</p> <p>4.1.4 The time frames within which those performance objectives and targets must be met.</p> <p>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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Employer, and shall include key objectives; key performance indicators, targets projects and activities that may include dates and weightings. A description of these elements follows:</p> <p>4.2.1 The key objectives describe the main tasks that need to be done.</p> <p>4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.</p> <p>4.2.3 The targets describe the timeframe in which the work must be achieved or a quantitative measurement of performance.</p> <p>4.2.4 The weightings show the relative importance of the key performance areas, key objectives and key performance indicators and projects to each other in terms of the position.</p> <p>4.3 The Employee's performance will, in addition, be measured in terms of contributions to the strategic objectives and strategies set out in the Employer's Integrated Development Plan as developed per the Balanced Scorecard methodology.</p>
<p>5. Performance Management System</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>5.4 The Employee undertakes to actively focus towards the promotion and</p>

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 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	
Basic Service Delivery	
Local Economic Development	
Municipal Financial Viability and Management	
Municipal Institutional Development and Transformation	
Good Governance and Public Participation	

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 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.

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES			
CORE MANAGERIAL COMPETENCIES (CMC) ¹	Ü ₂	WEIGHT	LEVEL ³
Strategic Capability and Leadership			
Programme and Project Management			
Financial Management			
Change Management			
Knowledge Management			
Service Delivery Innovation			
Problem Solving and Analysis			
People Management and Empowerment			
Client Orientation and Customer Focus			
Communication			
Accountability and Ethical Conduct			
CORE OCCUPATIONAL COMPETENCIES (COC)			
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%	

¹ As published and defined within the Draft Competency Guidelines; Government Gazette 23 March 2007

² Ü = Compulsory for Municipal Manager

³ Proficiency levels as stipulated in the Draft Competency Guidelines; Government Gazette 23 March 2007: **Proficiency Level 1** – This proficiency rating indicates that the person should be able to perform their local government responsibilities at the minimum level without any additional support

<p>6. Evaluating Performance</p>	<p>6.1 The Performance Plan (Annexure A) to this Agreement sets out -</p> <p>6.1.1 The standards and procedures for evaluating the Employee's performance.</p> <p>6.1.2 The intervals for the evaluation of the Employee's performance.</p> <p>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.</p> <p>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 agreed time frames as set out in the Personal Development Plan.</p> <p>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.</p> <p>6.5 The bi-annual and annual performance appraisal will involve:</p> <p>6.5.1 Assessment of the achievement of results as outlined in the Performance Plan:</p> <ul style="list-style-type: none"> (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. Inclusive of KPI and project outputs, accumulatively. (c) This rating should be multiplied by the weighting given to each KPI or project during the contracting process, to provide a score. (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. <p>6.5.2 Assessment of the CCRs</p> <ul style="list-style-type: none"> (a) Each CCR should be assessed according to the extent to which the specified proficiency levels 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 6.5.3) must then be used to add the scores and calculate a final CCR score. <p>6.5.3 Overall rating</p> <p>An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal, capturing all relevant outcomes in the Performance Plan. An example of the Assessment rating calculator is shown below:</p>
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**Annual Performance Assessment
Assessment Rating Calculator**

Name:									
Cycle:		Date	to	Date					
KPA	Weight	Rating	Score		CCR	Weight	Rating	Score	
1	20%	3	0.6		1	20%	4	0.8	
2	20%	4	0.8		2	20%	5	1	
3	20%	5	1		3	20%	3	0.6	
4	20%	3	0.6		4	20%	3	0.6	
5	10%	4	0.4		5	10%	3	0.3	
6	10%	3	0.3		6	10%	5	0.5	
7			0		7			0	
8			0		8			0	
9			0		9			0	
10			0		10			0	
11			0		11			0	
		100%	123.33				100%	126.67	
KPA weight			80%		CCR weight			20%	
KPA SCORE			99%		CCR SCORE			25%	
FINAL SCORE								124%	

Diagram by DPLG

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 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	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.					

	<p>6.7 For purposes of evaluating the Annual Performance of the Director, an evaluation panel constituted of the following persons must be established -</p> <p>6.7.1 Municipal Manager 6.7.2 Chairperson of the Performance Audit Committee 6.7.3 Member of the Executive Committee 6.7.4 Municipal Manager from another municipality</p> <p>For purposes of evaluating the Annual Performance of the Municipal Manager, an evaluation panel constituted of the following persons must be established -</p> <p>6.7.1 Executive Mayor 6.7.2 Chairperson of the Performance Audit Committee 6.7.3 Member of the Executive Committee 6.7.4 Mayor and/or Municipal Manager from another municipality 6.7.5 Member of a ward committee as nominated by the Mayor</p> <p>6.8 The Manager responsible for Human Resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).</p>
<p>7. Schedule for Performance Reviews</p>	<p>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:</p> <p>First quarter : July – September 2007 (October 2007) Second quarter : October – December 2007 (January 2008) Third quarter : January – March 2008 (April 2008) Fourth quarter : April – June 2008 (July 2008)</p> <p>7.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.</p> <p>7.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.</p> <p>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.</p> <p>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.</p>
<p>8. Developmental Requirements</p>	<p>The Personal Development Plan (PDP) for addressing developmental gaps is attached as Annexure B.</p>
<p>9. Obligations of the Employer</p>	<p>9.1 The Employer shall –</p> <p>9.1.1 Create an enabling environment to facilitate effective performance by the Employee.</p> <p>9.1.2 Provide access to skills development and capacity building opportunities.</p> <p>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.</p> <p>9.1.4 On the request of the Employee delegate such powers reasonably</p>

	<p>required by the Employee to enable him / her to meet the performance objectives and targets established in terms of this Agreement.</p> <p>9.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting him / her to meet the performance objectives and targets established in terms of this Agreement.</p>
10. Consultation	<p>10.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others –</p> <p>10.1.1 A direct effect on the performance of any of the Employee's functions.</p> <p>10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer.</p> <p>10.1.3 A substantial financial effect on the Employer.</p> <p>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.</p>
11. Management of Evaluation Outcomes	<p>11.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.</p> <p>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:</p> <p>11.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%.</p> <p>11.2.2 A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.</p> <p>11.2.3 Specific bonus percentages will be determined on a sliding scale, proportionately to the points scored, and rounded up to the next 0.25 percentage. e.g. 136% score = 6.678% = 6.75% bonus.</p> <p>11.2.4 The bonus percentages for the two semesters will be calculated separately and the average of the two will determine the person's annual bonus percentage.</p> <p>11.3 In the case of unacceptable performance, the Employer shall –</p> <p>11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance</p> <p>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.</p>

<p>12. Dispute Resolution</p>	<p>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 –</p> <p>12.1.1 The MEC for local government in the Province within thirty (30) days of receipt of a formal dispute from the Employee.</p> <p>12.1.2 Any other person appointed by the MEC.</p> <p>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.</p> <p>12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.</p>
<p>13. General</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Thus done and signed aton this the..... day of 200...</p> <p>AS WITNESSES:</p> <p>1. _____ EMPLOYEE</p> <p>2. _____</p> <p>AS WITNESSES:</p> <p>1. _____ MUNICIPAL MANAGER</p> <p>2. _____</p>