



PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

**THE OKHAHLAMBA LOCAL MUNICIPALITY
AS REPRESENTED BY THE MAYOR**

**MR. S.D. SIBANDE
MUNICIPAL MANAGER**

AND

**MR. S.B. NDABANDABA
CHIEF FINANCIAL OFFICER**

FOR THE

PERIOD: 01 JULY 2016 to 30 JUNE 2017

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Okhahlamba Local Municipality as the employer herein represented by Mr. S.D. Sibande in her/his capacity as Municipal Manager.

And Mr S.B. Ndabandaba, Employed as the Chief Financial Officer for the Okhahlamba Local Municipality.

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Employer, Mr. S.D. Sibande has entered into a contract of employment with the Employee, Mr. S.B. Ndabandaba 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.

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 01st July 2016 and will remain in force until 30th June 2017 and 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.
- 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 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 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
Basic Service Delivery	5
Municipal Institutional Development and Transformation	10
Local Economic Development (LED)	5
Municipal Financial Viability and Management	60
Good Governance and Public Participation	20
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.

COMPETENCY FRAMEWORK STRUCTURE

The competencies that appear in the competency framework are detailed below

LEADING COMPETENCIES	
Strategic Direction and leadership	<ul style="list-style-type: none"> • Impact and influence • Institutional Performance Management • Strategic planning and management • Organisational awareness
People Management	<ul style="list-style-type: none"> • Human Capital planning and Development • Diversity in management • Employee Relations Management • Negotiation and Dispute Management
Program and project Management	<ul style="list-style-type: none"> • Program and project planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and evaluation
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance
CORE COMPETENCIES	
Moral Competence	
Planning and Organising	
Analysis and Innovation	
Knowledge and Information Management	
Communication	
Results and Quality Focus	

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.
- (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 PA and Performance plan and maintained this in all areas of responsibility throughout the year.					

Level	Terminology	Description	Rating				
			1	2	3	4	5
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.					

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 Executive Mayor or Mayor;
- 6.7.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- 6.7.4 Mayor and/or municipal manager from another municipality; and
- 6.7.5 Member of a ward committee as nominated by the Executive Mayor or Mayor.

6.8 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 performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.8.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and
- 6.8.4 Municipal manager from another municipality.

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 Employee 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 BERGWILLE on this the 10 day of MAY 2017



Mr. S.B. Ndabandaba
Chief Financial Officer



Mr. S.D. Sibande
Municipal Manager

AS WITNESSES:

1. 

2. _____



PERFORMANCE PLAN
Chief Financial Officer (CFO)
Okhahlamba Local Municipality
2016/2017

This plan defines the Council's expectations of the Municipal Manager in accordance with the 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.

The **main parts** to this performance plan are:

1. A statement about the *purpose of the position*;
2. A performance scorecard *key performance Area (KPAs), performance indicators (KPIs), weightings, target/target dates (i.e. annual and quarterly) and evidence required*;
3. Brief *Individual Learning Plan (ILP)*.
4. Evaluation Sheet

The period of this plan is from **01st July 2016** to **30th June 2017**

Signed and accepted by the: <i>MUNICIPAL MANAGER</i> on behalf of the Council	
Signed by the: CHIEF FINANCIAL OFFICER	
DATE:	10/05/2017

1. Purpose

The performance plan defines the Council's expectations of the Municipal Manager's 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 Municipal Manager's 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.

KPA	GOAL	OBJECTIVE	REFERENCE NUMBER	STRATEGY	INDICATOR	WEIGHT 100%	QUARTER 1 TARGET	QUARTER 2 TARGET	QUARTER 3 TARGET	QUARTER 4 TARGET	PROFOLIO OF EVIDENCE	
Financial Viability and Financial Management	To effectively manage municipal financial resources in a sustainable and accountable manner.	To improve budget implementation in the municipality	FVFM01	Optimize the expenditure of capital budget	Percentage Capital expenditure budget implementation (actual capital expenditure/budget capital expenditure x 100)		25%	50%	75%	100%	SECTION 71 REPORTS	
			FVFM02	Optimize revenue collection	% of cash collected from customers against billing		25%	50%	75%	100%	BILLING RECONCILIATION REPORT	
			FVFM03	Optimize revenue of operational budget	Percentage spent of Operational Budget (OPEX) on repairs and maintenance of infrastructure		25%	50%	75%	100%	SECTION A of Table 71 REPORT	
			FVFM04	Financial viability expressed in ratios	Debt coverage Ratio: Total operational revenue less operational grants/ debt service payment due within the financial year			2:1			18:1	AFS
					Outstanding service debtors to revenue ratio: Total outstanding service debtors divide by annual revenue from services			3:1			10:1	AFS
FVFM05	Updating of Assets Registers	Number of updates on fixed asset registers					3	3	3	1	SECTION 71 REPORTS	
											UPDATED FIXED ASSET REGISTER	

The employee's assessment will be based on his or her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPA's, which constitute 100%/80% of the overall assessment result as per the weightings agreed to between the employer and employee.

1. Key Performance Areas (KPA's) for CFO		1st	2nd	3rd	4th
	Weighting	Score	Score	Score	Score
Good Governance & Public Participation	5				
Institutional Development and Transformation	10				
Financial Viability	70				
Basic Service Delivery	10				
Local Economic Development	5				
Total	100%				

CODE OF CONDUCT FOR MUNICIPAL STAFF MEMBERS

(As stipulated in schedule 2 of the Systems act) (Act 32/2000)

1. Definitions

In this Schedule 'partner' means a person who permanent lives with another person in a manner as if married.

2. General conduct

A staff member of a municipality must at all times-

- a) Loyally execute the lawful policies of the municipal council;
- b) Perform the functions of office in good faith, diligently, honestly and in a transparent manner;
- c) Act in such a way that the spirit, purport and objects of section 50 are promoted;
- d) Act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised, and
- e) Act impartially and treat all people, including other staff members, equality without favour or prejudice.

3. Commitment to serving the public interest

A staff member of a municipality is a public servant in a developmental local system, and must accordingly-

- a) implement the provision of section 50 (2);
- b) foster a culture of commitment to serving the public and a collective sense of responsibility for performance in terms of standards and targets;
- c) promote and seek to implement the basic values and principles of public administration described in section 195 (1) of the Constitution;
- d) obtain copies of or information about the municipality's integrated development plan, and as far as possible within the ambit of the staff member's job

description, seek to implement the objectives set out in the integrated development plan, and achieve the performance target set for the performance indicator;

- e) participate in the overall performance management system for the municipality. As well as the staff member's individual's performance appraisal and reward system, if such exists, in order to maximize the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents.

4. Personal gain

- (1) A staff member of a municipality may not-
- a) use the position or privileges of a staff member, or confidential information obtain as a staff member, for private gain or to improperly benefit another person; or
 - b) take a decision on behalf of the municipality concerning a matter in which that staff member, or that staff member's spouse; partner or business associate, has a direct or indirect personal or private business interest.
- (2) Except with the prior consent of the council of a municipality a staff member of the municipality may not-
- a) be a party to a contract for-
 - (i) The provision of goods or services to the municipality; or
 - (ii) The performance of any work for the municipality otherwise than as a staff member;
 - b) Obtain a financial interest in any business of the municipality; or
 - c) Be engaged in any business, trade or profession other than the work of the municipality.

5. Disclosure of benefit

- (1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquire or stands to acquire any direct

- c) Be involved in a business venture with a councilor without the prior written consent of the council of the municipality.

8. Rewards, gifts and favour

- (1) A staff member of a municipality may not request, solicit or accept any reward, gift or favour for
 - a) Persuading the council of the municipality, or any structure or functionary of the council, with regard to the exercise of any power or the performance of any duty;
 - b) Making a representation to the council, or any structure or functionary of the council;
 - c) Be involved in a business venture with a councilor without the prior written consent of the council of the municipality.
- (2) A staff member must without delay report to a superior official or to the speaker of the council any offer which, if accepted by the staff member, would constitute a breach of sub item (1)

9. Council property

A staff member or a municipality may not use, take, acquire, or benefit from any property or asset owned, controlled or managed by the municipality to which that staff member has no right.

10. Payment of arrears

A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amount from a staff member's salary after this period.

11. Participation in Elections

A staff member of a municipality may not participate in an election of the council of the municipality, other than in an official capacity or pursuant to any constitutional right.

12. Sexual harassment

A staff member of a municipality may not embark on any action amounting to sexual harassment.

13. Reporting duty of staff member

Whenever a staff member or a municipality has reasonable grounds for believing that there has been a breach of this Code, the staff member must without delay report the matter to a superior officer or to the speaker of the council

14. Breach of Code

Breach of this Code must be dealt with in terms of the disciplinary procedures of the municipality envisaged in section 67 (1) (h) of this Act.

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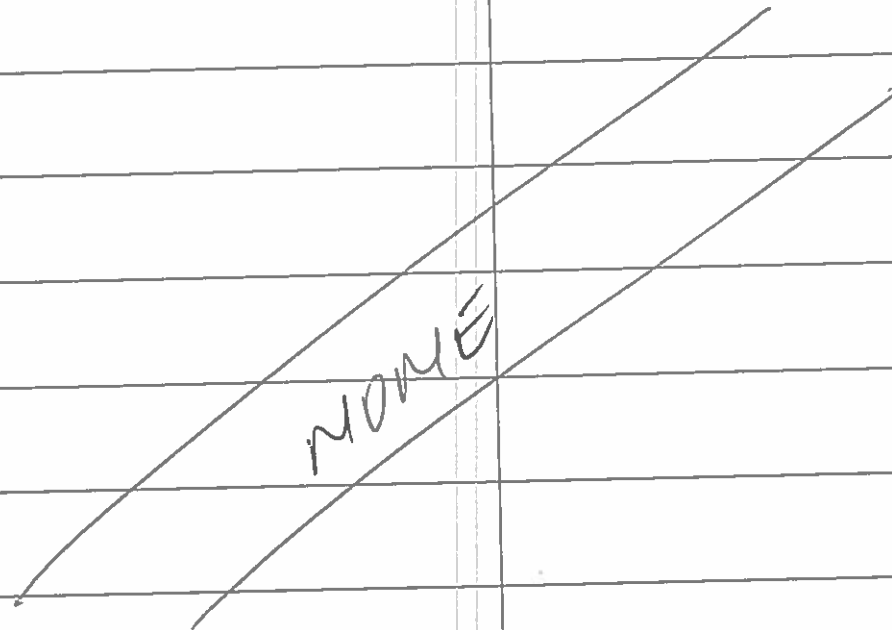


DATE: 10/05/2017

ANNEXURE : D

DECLARATION OF INTERESTS

I, SIPHO MABAMABA declare that neither I nor my close family * have any personal or business interest in, or potential for personal gain from any of the organisations or projects on the list on this page of this form, with the exception of the following

Organisation/ Project	Nature of personal interest
 NONE	

* Personal interests include membership of the organisation's board of directors/ trustees or senior management, held either by yourself or a member of your close family. Close family is defined as family members (including siblings) or those of the same households (including spouse, partners, children and parents).

Signed: 

Date: 10/05/2017