

Office of the Municipal Manager
Annex Building
Municipal Building
27 Voortrekker Street
Ficksburg
9730

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO AND BETWEEN:

SETSOTO LOCAL MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER

NOMVULA MALATJIE
MUNICIPAL MANAGER

AND

THEMBA MAROTHOLI
DIRECTOR TECHNICAL SERVICES

FOR THE FINANCIAL YEAR 01 JULY 2023-30 JUNE 2024

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PERFORMANCE AGREEMENT

ENTERED INTO BETWEEN:

SETSOTO LOCAL MUNICIPALITY
(FS191)

Herein represented by councillor **Nomvula Malatjie** in her capacity as the **Municipal Manager** herein after referred to as the Employer or Supervisor

and

THEMBA MAROTHOLI
DIRECTOR TECHNICAL SERVICES

Employee of the Setsoto Local Municipality-herein referred to as the Employee

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 System Act, 32 of 2000-“the Systems Act”. The Employer and the Employee are herein referred to as the “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 Section 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 provision of Section 57(1)(b), (4A), (4B), and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 specify objectives and targets established for Employee and communicate to the Employee the Employer’s expectations of the Employee’s performance expectations and accountabilities;
- 2.3 specify accountabilities as set out in the Performance Agreement-Annexure A;
- 2.4 monitor and measure performance against set targeted outputs;
- 2.5 use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and/or to assess whether the Employee has met the performance expectations applicable to her job; and
- 2.6 give effect to the Employer’s commitment to a performance-oriented relationship with the Employee in attaining equitable and improved service delivery.

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3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the 01 July 2023 and will remain in force until 30 June 2024 whereafter 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 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-as set 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 and the Budget of the Employer and shall include:
1. Key Performance Objectives;
 2. Predetermined Objectives;
 3. Key Performance Indicators
 4. Focus Area
 5. Targets;
 6. Target Dates; and
 7. Weightings.
- 4.3 They key performance areas describe the main tasks to be done, the predetermined objectives describe the standard to be achieved, the key performance indicators provide the details of the evidence that must be provided to show that the predetermined objective has been achieved. The focus area describes the type of services provided, the target describes the qualitative and quantitative measure of the service provided and the target dates describe the timeframes in which the work must be achieved. The weightings show the relative importance of the predetermined objectives to each other.
- 4.4 the Employee's performance will in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan

5. PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM

- 5.1 The Employee agrees to participate in the Performance Management and Development System that the Employer adopts or introduce for the Employer, management and municipal staff of the Employer.
- 5.2 The Employee accepts that the purpose of the Performance Management and Development System will be to provide a comprehensive system with specific 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 standards that will be included in the Performance Management and Development Systems as applicable to the Employee.
- 5.4 The Employee undertakes to actively focus towards the promotion and implementation of the Key Performance Areas-including special projects relevant to the employee's responsibilities-within the local government

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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 and Core Managerial Competencies respectively.

5.5.2 Each area of assessment will be weighted and will contribute a specific part of the total score.

5.5.3 Key Performance Areas covering the main areas of work will account to 80% and the Core Managerial Competencies will account for 20% of the final assessment.

5.6 The Employee's assessment will be based on her performance in terms of outcomes and performance indicators as identified as per attached Performance Plan-Annexure A, which are linked to the Key Performance Areas, and will constitute 80% of the overall assessment results as per weightings agreed to between the Employer and Employee.

KEY PERFORMANCE AREA	WEIGHTING
Basic Services	40%
Local Economic Development	20%
Institutional Capacity	10%
Financial Management	20%
Good Governance, Transparency and Accountability	5%
Public Participation	5%
Total Percentage	100%

5.7 The Core Managerial Competencies will make up the other 20% of the Employee's assessment score. The Core Managerial Competencies that are deemed to be the most critical for the Employee's specific job should be selected from the list below as agree between the Employer and Employee.

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES			
CORE MANAGERIAL COMPETENCIES		REQUIREMENT	WEIGHT
1. Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and influence • Institutional Performance Management and Development System • Strategic Planning and Management • Organisational Awareness 	Compulsory	15%
2. People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management 	Compulsory	15%
3. Programme and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation 	Compulsory	10%
4. Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring 	Compulsory	5%
5. Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement 	Compulsory	5%

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	<ul style="list-style-type: none"> • Change Impact Monitoring and Evaluation 		
6. Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Co-operative Governance 	Compulsory	5%
CORE OCCUPATIONAL COMPETENCIES			
7. Moral Competence			5%
8. Planning and Organising			5%
9. Analysis and Innovation			10%
10. Knowledge and Information Management			10%
11. Communication			10%
12. Results and Quality Focus			5%
Total Percentage			100%

6. EVALUATING PERFORMANCE

6.1 The Performance Plan-Annexure A-to this Agreement set out:

- 6.1.1 the standards and procedures for evaluating the Employee's performance; and
- 6.1.2 the intervals for 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 the 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 Integrated Development Plan.

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 Key Performance Area should be assessed according to the extent to which the specific standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the Key Performance Area.
- (b) An indicative rating on the five-point scale should be provided for each Key Performance Area.
- (c) The applicable assessment rating calculator-refer to paragraph 6.5.3 below-must be used to add the scores and calculate a final Key Performance Area score.

6.5.2 ASSESSMENT OF THE CORE MANAGERIAL COMPETENCIES

(a) Each Core Managerial Competency should be assessed according to the extent the specified standards have been met.

(b) An indicative rating on a five-point scale should be provided for each Core Managerial Competency.

(c) The applicable assessment rating calculator-refer to paragraph 6.5.1 above-must then be used to add the scores and calculate a final Core Managerial Competency score.

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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 as stipulated in the Performance Management and Development Systems Policy Framework.

6.6 The assessment of the performance of the Employee will be based on the following rating scale for Key Performance Areas and Core Managerial Competencies:

Level	Terminology	Description
5	Outstanding performance	Performance far exceeds the standard expected of an employee at the level . the appraisal indicates 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 that 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	Performance fully effective	Performance fully meets the standard expected in all areas of the job. The appraisal results indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
2	Performance 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 appraisal indicates that the Employee has achieved below fully effective results against more than half the key performance criterial 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 appraisal results indicates that the Employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan. The Employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

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6.7 THE EVALUATION PANE FOR REVIEWING PERFORMANCE

According to the Municipal Performance Regulation of 2006, Regulation 27(4)(d) stipulates that:
For the purpose of evaluating the Municipal Manager:

- 6.7.1 The Municipal Manager;
- 6.7.2 Chairperson or delegated Member of the Audit and Performance Audit Committee;
- 6.7.3 Relevant Members of the Mayoral Committee
- 6.7.4 Municipal Manager from another municipality, and/or external specialist nominated by the Executive Mayor and/or Municipal Manager;

7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of Employee in relation to her Performance Agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactorily:

7.2 QUARTERLY PERFORMANCE REVIEWS

Quarter	Period	Date for Performance Review
First Quarter	July-September	3 rd Wednesday of October
Second Quarter	October-December	3 rd Wednesday of January
Third Quarter	January-March	3 rd Wednesday of April
Fourth and Annual	April-June	3 rd Wednesday of July

For purposes of evaluating the quarterly performance of the Employee, an evaluation panel constituted by the following persons will be established-

- 7.2.1 Municipal Manager;
- 7.2.2 Portfolio Member of the Mayoral Committee;

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

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

7.5 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.

7.6 The Employer may amend the provision of Annexure "A" whenever the Performance Management and Development system is adopted, implemented and/or amended as the case may be. In that case the Employee will be fully consulted before such change is made.

7.7 With reference to Section 3.6 of the Employment Contract entered into with the Employee, the particulars of Section 8 and 32 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006, will be applicable as follows:

"32. (1) The evaluation of employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

(2) A performance bonus ranging from 5% to 14% of all inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment calculator; provided that:

(a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

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(b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.”

8. DEVELOPMENTAL REQUIREMENTS

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

9. OBLIGATION 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 collaborately 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 her to meet the performance objectives and targets to established in terms of this Agreement; and
- 9.1.5 Make available to the Employee such resources as Employee may reasonably require from time to time to assist her to meet the performance objectives and targets 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 give effect to a decision 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 decision taken pursuant to the exercise of powers contemplated in 10.1 as soon as practicable to enable the Employee to take the necessary action without delay.

11. MANAGEMENT OF EVALUATION OUTCOMES

11.1 The evaluation of the Employee's performance will form part the basis for rewarding performance or correcting unacceptable performance.

11.2 The Employee will be subject to an annual performance appraisal-quarterly assessments in terms of performance regulations. Provided that the employee shall be entitled to a performance bonus as contemplated in the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006 and particularly Regulation 8 and 32 thereof. The performance contract entered between the Employee and the Employer will serve as a job description for the Employee.

11.3 In case of unacceptable performance. The Employer shall:

- 11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve 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 her duties.

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12 CONSEQUENCE MANAGEMENT FOR NON-PERFORMANCE

Poor work performance must be dealt with accordance with item 9 of Schedule 8 of the Labour Relations Act, 66 of 1995. The guidelines in terms of Item 9 determines cases of dismissal for poor work performance:

Any person determining whether a dismissal for poor work performance is unfair should consider-

- (a) whether or not the Employee failed to meet a performance standard; and
- (b) if the Employee did not meet a required performance standard whether or not-
 - (i) the Employee was aware, or could reasonably be expected to have been aware, of her required performance standard;
 - (ii) the Employee was given a fair opportunity to meet the required performance standard; and
 - (iii) dismissal was an appropriate sanction for not meeting the required performance standard.

13. DISPUTE RESOLUTION

13.1 Any dispute about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter provided for, shall be mediated by:

13.1.1 The Member of the Executive Council for Local Government in Free State Province within thirty days of receipt of a formal dispute from the Employee; or

13.1.2 Any other person appointed by the Member of the Executive Council

13.2 In the event that the mediation process contemplated above fails, Clause 19.3 of the Contract of Employment shall apply.

14. GENERAL

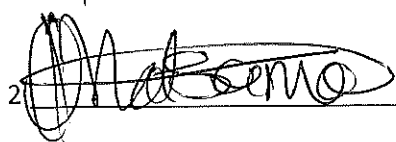
14.1 The contents of this Agreement and the Outcome of any review conducted in terms of Annexure "A" may be made available to public by the Employer.

14.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of her Contract of Employment, or the effects of existing or new regulations, circulars, directives or other instruments.

Thus, done and signed at Ficksburg on this 31st day of July 2023

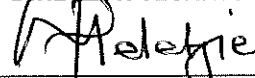
AS WITNESSES:

1.  _____

2.  _____

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THEMBA MAROTHOLI
DIRECTOR TECHNICAL SERVICES

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NOMVULA MALATJIE
MUNICIPAL MANAGER