



## **PERFORMANCE AGREEMENT**

For Section 56 Employees

MADE AND ENTERED INTO BY AND BETWEEN:

**SEDIBENG DISTRICT MUNICIPALITY**

MR. JOHANIS KASVOSVE

(CHIEF FINANCIAL OFFICER)

AND

MR. STANLEY KHANYILE

(MUNICIPAL MANAGER)

**FOR THE PERIOD: 11 FEBRUARY 2019 TO 30 JUNE 2019**

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## PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Sedibeng District Municipality herein represented by **Stanley Khanyile** in his capacity as Municipal Manager (hereinafter referred to as the **Employer**)

and

**Johanis Kasvosve**, an employee of the Municipality (hereinafter 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 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), 57(4A), 57 (4B) and 57(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;

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- 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; In the event of outstanding performance, to appropriately reward the employee; and
- 2.6 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

- a) This Agreement will commence on the 11<sup>th</sup> February 2019 and will remain in force until 30<sup>th</sup> June 2019 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.
- b) 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.
- c) This Agreement will terminate on the termination of the **Employee's** contract of employment.
- d) 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.
- e) 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 the Performance Plan (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.
- 4.2.5 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.

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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 (2) components, both of which shall be contained in the Performance Agreement.
- 5.5.1 The **Employee** must be assessed against all three components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCR) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 Main areas of work will account for 60%, Risk Management will account for 10%, Implementation of Audit Recommendations and / or Management Audit Action Plans will account for 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). and the weightings agreed to between the **Employer** and **Employee**:
- 5.7 In the case of managers directly accountable to the Municipal Manager, the weighting of 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**.
- 5.9 Performance Weighting:

| KEY PERFORMANCE AREAS WEIGHTING                        | ABSOLUTUE WEIGHTING | WEIGHTED AVERAGE |
|--|---------------------|------------------|
| Basic Service Delivery                                 | 20%                 | 80%              |
| Municipal Transformation and Institutional Development | 10%                 |                  |
| Good Governance and Public Participation               | 20%                 |                  |
| Municipal Financial Viability and Management           | 30%                 |                  |
| Local Economic Development                             | 20%                 |                  |
| TOTAL  | 100%                |                  |

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| CORE COMPETENCY REQUIREMENTS WEIGHTING |   |               |      |
|--|---|---------------|------|
|  |   | Split per CCR | 20%  |
| Financial Management                   | √ | 20%           |      |
| Strategic Capability and Leadership    | √ | 20%           |      |
| People Management and Empowerment      | √ | 20%           |      |
| Client Orientation and Customer Focus  | √ | 10%           |      |
| Service Delivery Innovations           | √ | 20%           |      |
| Communications                         | √ | 10%           |      |
| <b>TOTAL</b>                           |   | <b>100%</b>   |      |
| <b>OVERALL WEIGHTINGS</b>              |   |               | 100% |

## 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 discussions should be documented in a Personal Development Plan as well as the actions agreed to and implementation should take place within the set timeframes.

6.4 The Employee's performance will be measured in terms of contributions to the goals, strategies and performance indicators 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 (SDBIP):

- (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 as described in 6.10 below.
- (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.

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## 8. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing developmental gaps is attached as in the Performance Plan (Annexure A)

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

## 10. CONSULTATION

- 10.1 The Employer agree 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 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.

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11.2 A performance bonus of from 5% to 14% of the all-inclusive annual remuneration package maybe paid to the Employee in recognition of outstanding performance to calculated as follows:

| Score | Performance Rating     |  | Bonus %                               |
|-------|------------------------|--|---------------------------------------|
| 5     | Score above 90%        | Outstanding Performance                  | 10% - 14% of total package            |
| 4     | Score from 80% and 90% | Significantly above expectation          | 5%-9% of total package                |
| 3     | Score from 70% - 80%   | Fully Effective                          | 0%                                    |
| 2     | Score below 70%        | Ineffective and Unacceptable Performance | 0% bonus and remedial action required |

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

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 20.3 of the Contract of Employment shall apply.

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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.

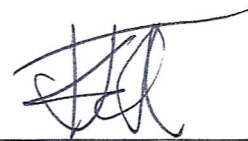
13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment and to the Mayoral Committee of Sedibeng District Municipality within thirty (30) days after the conclusion of the assessment.

This done and signed at SEDIBENS DM on the 11 day of MARCH 2019

AS WITNESSES:

1.  \_\_\_\_\_

2.  \_\_\_\_\_

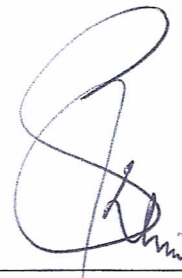


CHIEF FINANCIAL OFFICER

AS WITNESSES:

1.  \_\_\_\_\_

2.  \_\_\_\_\_



MUNICIPAL MANAGER

**ANNEXURE A**



**PERFORMANCE PLAN**

**MR. J. KASVOSVE**

**CHIEF FINANCIAL OFFICER**

**AS FROM 11 FEBRUARY TO 30 JUNE 2019 FINANCIAL YEAR**

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## 1. PURPOSE

The Performance Plan defines the council's expectation of the Executive Director: Strategic Planning and Economic Development's performance agreement to which this document is attached and of the Municipal Systems Act (MSA) which provides that the performance objectives and targets must be based on the Integrated Development Plan of the municipality.

## 2. KEY RESPONSIBILITIES OF CHIEF FINANCIAL OFFICER

- a) Be administratively in charge of the budget and treasury office in terms of section 81 of the MFMA
- b) Ensure sound governance arrangements are integral to municipal finance management.
- c) Effectively manage municipal finances (budgeting, income, expenditure, activity-based costing, supply chain management, and payroll).
- d) Ensure that professional standards and best practices are implemented and complied with throughout the municipality.
- e) Ensure that the timelines and deliverables in respect of the municipal budget schedule as tabled by the mayor are achieved.
- f) Ensure that the necessary systems, processes and policies are in place to assist senior managers with their contributions to the budget compilation process.
- g) Ensure to have complete knowledge of the legislative requirements and supporting regulations, guidelines and budget formats in order to compile an accurate and credible budget, and financial reports within the legislative timeframes.
- h) Assist and support the Accounting Officer with the roles and responsibilities delegated to the Chief Financial Officer.
- i) Ensure municipal financial viability through management and monitoring of all income and expenditure of the Municipality, safeguarding all assets, discharging liabilities of the Municipality and proper and diligent compliance with Municipal Financial Management Act and other relevant prescripts

Furthermore, each Executive Director is further expected to monitor the implementation of the IDP projects as outlined in Chapter 4 of the Sedibeng District Municipality Integrated Development Plan 2018/2019. (*Financial management of these projects in the case of the CFO, unless funds are not managed within the municipality*)

## 3. THE SCORECARD OF THE EXECUTIVE DIRECTOR: STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT

The scorecard is made up of the following:

| Scorecard item   | Weighting |
|--|-----------|
| i) The Service Delivery and Budget Implementation Plan (SDBIP) of the cluster  | 60%       |
| ii) Implementation of Audit Recommendations and/ or Management audit action plans for both internal audit and External Audit (relevant to the cluster) | 10%       |

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|      |                                |             |
|------|--------------------------------|-------------|
| iii) | Risk Management of the cluster | 10%         |
| iv)  | Core Managerial Competencies   | 20%         |
|      | <b>TOTAL</b>                   | <b>100%</b> |

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| FINANCE CLUSTER - CUSTODIAN: CHIEF FINANCIAL OFFICER   |  |   |                |  |         |  |               |                |  |   |   |   |   |   |
|--|--|---|----------------|--|---------|--|---------------|----------------|--|---|---|---|---|---|
| GOOD AND FINANCIALLY SUSTAINABLE GOVERNANCE  |  |   |                |  |         |  |               |                |  |   |   |   |   |   |
| REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR THE YEAR ENDING 30 JUNE 2019 |  |   |                |  |         |  |               |                |  |   |   |   |   |   |
| Priority Area  | IDP Strategy   | IDP Objective   | IDP Objectives | Key Performance Indicators   | KPI No: | Baseline   | Budget Amount | Funding Source | Annual Target  | Quarter One(1)  | Quarter two (2)   | Quarter Three (3)   | Quarter Four (4)  | POE Required  |
| <b>KPA 2: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>                                       |  |   |                |  |         |  |               |                |  |   |   |   |   |   |
| <b>OFFICE OF THE CHIEF FINANCIAL OFFICER</b>   |  |   |                |  |         |  |               |                |  |   |   |   |   |   |
| Implementation of MSCOA reforms  | Progressive Compliance with MSCOA regulations                        | To ensure successful implementation of the MSCOA              | F1             | Percentage of transacting on MSCOA posting accounts                | F1.1    | New Target   | 1,500,000     | OPEX           | Implement 100% of MSCOA Regulations on account posting of transactions                                   | Implement 100% of MSCOA Regulations on account posting of transactions                                      | Implement 100% of MSCOA Regulations on account posting of transactions                                      | Implement 100% of MSCOA Regulations on account posting of transactions                                      | Implement 100% of MSCOA Regulations on account posting of transactions                                      | Report on Implementation of MSCOA, General Ledger   |
| <b>FINANCIAL MANAGEMENT AND BUDGETS</b>  |  |   |                |  |         |  |               |                |  |   |   |   |   |   |
| Municipal budget   | Compile a realistic and funded budget                                | To provide a realistic financial planning of the municipality | F2             | Number of municipal budgets approved                               | F2.1    | One (1) annual municipal budget in the previous                              | 28,982,018    | OPEX           | Compile one (01) annual budget and submit to Council for approval  | -   | -   | Compile one (1) mid-year adjustment budget and submit to council for approval                               | Compile one (01) annual budget and submit to Council for approval   | Council Resolution on approval of Budget  |
| Procurement Plan   | Development of an annual Procurement Plan                            | To determine procurement requirements and timeframes          | F3             | Number of Procurement plans and submitted to National Treasury     | F3.1    | One (01) annual Capex Procurement plan submitted to National Treasury in the |               |                | Submit one (01) annual Capex Procurement plan to National Treasury                                       | Submit one (01) annual Capex Procurement plan to National Treasury and monitor implementation plan.         | -   | -   | -   | Procurement Plan and Proof of submission to National Treasury   |
| Cost Containment   | Implement Cost Containment Strategy                                  | To promote sound financial administration practices           | F4             | Percentage of cost saving realised                                 | F4.1    | 5% cost saving realized in the previous financial year                       |               |                | Realise 1% of total annual saving on operating budget within general expenses and produce four reports   | Realise 1% of total Q1 saving on operating budget within general expenses and produce four reports          | Realise 1% of total saving Q2 on operating budget within general expenses and produce four reports          | Realise 1% of total Q3 saving on operating budget within general expenses and produce four reports          | Realise 1% of total Q4 saving on operating budget within general expenses and produce four reports          | Cost saving Report, Statement of Comparison of Budget and Actual Amounts (controllable items / non-controllable expenses) |
| Municipal Tariffs  | Review tariff structure and income generating tariffs                | To review the effectiveness of the existing tariff structures | F5             | Number of municipal tariff reviews conducted                       | F5.1    | One (1) Review of tariff structures conducted in the previous                |               |                | Review tariffs for the 2019/20 financial year and submit to Council for approval                         | -   | -   | -   | Review tariffs for the 2018/19 financial year and submit to Council for approval                            | Council Resolution on approval of municipal tariffs   |
| <b>SUPPLY CHAIN MANAGEMENT</b>   |  |   |                |  |         |  |               |                |  |   |   |   |   |   |
| GEYODI Compliance  | Monitor adherence to GEYODI  | To adhere to GEYODI requirements                              | F6             | Percentage of jobs awarded to people with disability               | F6.1    | 2% jobs awarded to people with disabilities on the previous financial year   | 3,360,588     | OPEX           | 1% of total annual jobs awarded and services rendered by people with disabilities and produce one report | 1% of total quarterly jobs awarded and services rendered by people with disabilities and produce one report | 1% of total quarterly jobs awarded and services rendered by people with disabilities and produce one report | 1% of total quarterly jobs awarded and services rendered by people with disabilities and produce one report | 1% of total quarterly jobs awarded and services rendered by people with disabilities and produce one report | GEYODI Report   |
|  |  |   |                | Percentage (%) of jobs awarded to Women owned businesses to date   | F6.2    | 20% jobs awarded to women owned businesses in the previous financial year    |               |                | 20% of total annual jobs awarded and services rendered by women and produce one report                   | 20% of total quarterly jobs awarded and services rendered by women and produce one report                   | 20% of total quarterly jobs awarded and services rendered by women and produce one report                   | 20% of total quarterly jobs awarded and services rendered by women and produce one report                   | 20% of total quarterly jobs awarded and services rendered by women and produce one report                   | GEYODI Report   |
|  |  |   |                | Percentage of jobs awarded to Youth owned businesses to date       | F6.3    | 4% jobs awarded to youth owned businesses in the previous                    |               |                | 4% of total annual jobs awarded and services rendered by youth and produce one report                    | 4% of total quarter 1 jobs awarded and services rendered by youth and produce one report                    | 4% of total quarter 2 jobs awarded and services rendered by youth and produce one report                    | 4% of total quarter 3 jobs awarded and services rendered by youth and produce one report                    | 4% of total quarter 4 jobs awarded and services rendered by youth and produce one report                    | GEYODI Report   |
| Local Business Support   | To prioritise procurement of goods and services from local suppliers | To provide support and develop local businesses               | F7             | Percentage of jobs awarded to local SMMEs and Cooperatives to date | F6.4    | 30% jobs awarded to SMME's and Cooperatives in the previous financial year   |               |                | 30% of total annual jobs awarded and services rendered by SMMEs and Cooperatives and produce one report  | 30% of total quarterly jobs awarded and services rendered by SMMEs and Cooperatives and produce one report  | 30% of total quarterly jobs awarded and services rendered by SMMEs and Cooperatives and produce one report  | 30% of total quarterly jobs awarded and services rendered by SMMEs and Cooperatives and produce one report  | 30% of total quarterly jobs awarded and services rendered by SMMEs and Cooperatives and produce one report  | Report on quarterly awards  |

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#### 4. PERSONAL DEVELOPMENT PLAN (PDP)

| Skills Performance Gap<br><i>(in order of priority)</i> | Type of development<br>expected<br><i>(Short Course/ Workshop /<br/>Training /Conference etc.)</i> | Expected Timeframe | Work opportunity /<br>performance area to<br>practise the skill | Further detail<br><i>(Resource requirements, additional<br/>notes)</i> |
|---|--|--------------------|---|--|
| CPMD Course   | Understanding Municipal<br>process and Legislative<br>Requirements                                 | From March 2019    | Budget and Treasury department                                  | Tuition fees (R58 000)   |

#### 5. CORE COMPETENCY REQUIREMENTS WEIGHTING

|                                       |   | Split per CCR |
|---------------------------------------|---|---------------|
| Financial Management                  | √ | 20%           |
| Strategic Capability and Leadership   | √ | 20%           |
| People Management and Empowerment     | √ | 20%           |
| Client Orientation and Customer Focus | √ | 10%           |
| Service Delivery Innovations          | √ | 20%           |
| Communications                        | √ | 10%           |
| <b>TOTAL</b>                          |   | <b>100%</b>   |
| <b>OVERALL WEIGHTINGS</b>             |   |               |



6. ACCEPTANCE OF THE PLAN

This Performance Plan is hereby accepted by;

Mr Johanis Kasvosve  
Chief Financial Officer



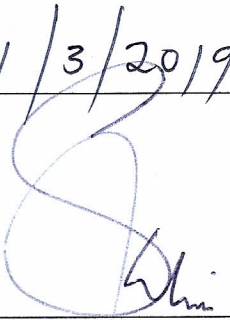
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Date:

11/3/2019

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and Signed by : Mr S. Khanyile  
Municipal Manager



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Date:

12/03/2019

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