

MBIZANA LOCAL MUNICIPALITY



PERFORMANCE AGREEMENT: 2020/2021

Entered into by and between

MBIZANA LOCAL MUNICIPALITY

(“the Employer “)

Represented by the Honourable Mayor: Cllr T. D. Mafumbatha

**Duly authorized in terms of Section 57 (2) (c) of the Local
Government: Municipal Systems Act, No. 32 of 2000**

AND

Mr. Luvuyo Mahlaka

[“the Employee”]

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ACRONYMS

| | | |
|---------------|---|--|
| SDBIP | - | Service Delivery and Budget Implementation Plan |
| BEE | - | Black Economic Empowerment |
| BIGM | - | Building Inclusive Green Municipalities |
| EXCO | - | Executive Committee |
| SM | - | Senior Manager |
| HoD | - | Head of Department |
| IDP | - | Integrated Development Plan |
| LED | - | Local Economic Development |
| MFMA | - | Municipal Finance Management Act, No. 56 of 2003 |
| KPA | - | Key Performance Area |
| KPI | - | Key Performance Indicators |
| CCR | - | Core Competency Requirements |
| RSA | - | Republic of South Africa |
| SCM | - | Supply Chain Management |
| NEDLAC | - | National Economic Development and Labour Council |
| PDP | - | Personal Development Plan |
| PA | - | Performance Agreement |
| PP | - | Performance Plan |
| OPMS | - | Organisational Performance Management System |

DEFINITIONS

- Ruling Language** - Refers to the language parties to the contract choose to use as a medium for formal communication between themselves.
- Financial Year** - Refers to the 12 month period which the organization determines as its budget year.

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GENERAL PROVISIONS

1. INTRODUCTION

- 1.1 The Council has entered into a contract of employment with the Municipal Manager for a period of five (5) years, ending on **09 August 2022**, in terms of section 57(1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act").
- 1.2 Section 57(1) (b) of the Municipal Systems Act, read with the contract of employment concluded between the parties, requires the parties to conclude an annual performance agreement. That the parties hereby agree to have this contract developed in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Municipal Manager reporting to the Council represented by the Mayor, to a set of actions that will secure local government policy goals.
- 1.4 This performance contract is between **Luvuyo Mahlaka**, the Municipal Manager, and **Mbizana Local Municipality**, represented by **Councillor T. D. Mafumbatha**, the Mayor. It is for the 2020/2021 financial year only. The expected performance reflected in this contract is based on the Council approved Integrated Development Plan 2017/2021 as revised and approved in 2020 and the 2020/2021 Service Delivery and Budget Implementation Plan. The two afore-mentioned documents have been adopted as the working documents of Mbizana Local Municipality and therefore, shall be the basis of performance assessment.

2. STRATEGIC OBJECTIVE

Over the period of his employment, the Municipal Manager shall bear the overall responsibility of driving Integrated Development Plan, making an assurance that its strategic objectives are achieved. As the accounting officer of the municipality, the municipal manager has a responsibility to ensure that the municipal Organisational Performance Management System is driving the municipality towards the creation of the community portrayed by the vision of the municipality.

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3. PERFORMANCE BONUS & ANNUAL SALARY ADJUSTMENT

If the Municipal Manager achieves outstanding performance, he shall qualify for the annual performance bonus in accordance with the provisions of the contract of employment, as entered into between the Mayor (for the Employer) and the Municipal Manager on 09 August 2017, as well as the results of the performance evaluation results agreed to in this contract. The acceptability of the level of performance or otherwise shall be determined and declared by the performance evaluation team in accordance with the provision of this agreement, following the receipt of a report on the Municipal Manager's achievement or otherwise of the KPIs as reflected in clause 3 of this contract..

Annexure "A" as attached with listed Key Performance Areas (KPIs) and Core Competency Requirements (CCRs) that are collectively worth 100 points. Each KPIs and CCRs consists of Key Performance Indicators that have different weightings. The achievement score of above 160 percent shall be regarded as 100% performance bonus warranting, above 130 percent to 160 percent, as average and warranting a proportional percentage of performance bonus, above 80 percent to 130 percent shall warrant some form of in-kind recognition, and below 50 percent, shall require the employer to effect remedial measures that may include incapacity disciplinary enquiry.

A performance bonus for outstanding performance or an in-kind recognition of effective performance shall only be effected after,

- I. The annual report for the financial year under review has been tabled and adopted by the Municipal Council;
- II. An evaluation of performance in accordance with the provisions of regulation 23, and this contract; and
- III. Approval of such evaluation by the Municipal Council or delegated structure as a reward for outstanding performance or effective performance.

The salary increase for 2020/21 shall be based on the provisions of the Local Government: Municipal Performance Regulations for Municipal Managers directly accountable to Municipal Managers, 2006 and any other relevant law. The employer shall grant an annual

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salary adjustment linked to a cost-of-living adjustment based on market indicators, which is not performance based.

4. EVALUATING PERFORMANCE

The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

The annual performance appraisal will involve:

- I. Assessment of the achievement of results as outlined in the performance plan;
- II. Assessing the extent to which the specified standards or KPIs have been met with due regard to ad-hoc tasks that had to be performed under the KPAs and CCRs.

The criteria upon which the performance of the employee shall be assessed consist of two components, both of which shall be contained in the performance plan:-

- I. The employee must be assessed against both components, with a weighting of 80:20 allocated to the KPAs and the CCRs respectively;
- II. Each area of assessment will be weighted and will contribute a specific part to the total score.

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A five-point rating scale to be used for both KPAs and CCRs is as depicted hereunder:

| 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 key 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 | 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 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. | | | | | |

The performance bonus payment shall be categorised in two bands with some ranges per band.

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The first performance bonus (cash rewards) payment band ranges between 5% and 9% of the all-inclusive remuneration package, as follows:

- I. A score of 130% to 136%, to qualify for a 5% bonus;
- II. A score of above 136% to 142%, to qualify for a 7% bonus;
- III. A score of above 142% to 149%, to qualify for a 9% bonus.

The second performance bonus (cash rewards) payment band ranges between 10% and 14% of the all-inclusive remuneration package, as follows:

- I. A score of 150% to 155%, to qualify for a 10% bonus;
- II. A score of above 155% to 160%, to qualify for a 13% bonus;
- III. A score of above 160%, to qualify for a 14% bonus.

A performance bonus may not be paid on a pro rata basis when the performance contract was terminated before the end financial year. A cash bonus is paid annually after complying with the legal requirements captured in this contract and the applicable laws.

The performance achievement ranging from 80% to 129% shall be regarded as fully effective and therefore warranting the employer to acknowledge and or recognize the employee, whichever is necessary. This category of performance acknowledgement and recognition is a non-financial rewards system. It will apply as follows:

- i. A score of 80% to 100%, to receive a letter of acknowledgement and recognition issued by the Mayor;
- ii. A score of above 100% to 120%, to receive a recognition certificate from the Mayor;
- iii. A score of above 120% to 129%, to receive an academic/skills development programme grant to a maximum of R25 000.00 only; this to be paid directly to a learning institution of choice. The selected programme must be linked to the personal development plan (Annexure B).

A level of performance achievement of 50% and below shall warrant the employer to execute corrective measures that may include disciplinary measures due to incapacity.

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5. DEVELOPMENTAL REQUIREMENTS

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

6. CONSEQUENCE OF SUB-STANDARD PERFORMANCE

Where the Mayor, at any time during the Municipal Manager's employment, is not satisfied with the Municipal Manager's performance with respect to any matter dealt with in this Agreement, the employer will give notice to the Municipal Manager to attend a monitoring and review meeting.

The Municipal Manager will have the opportunity at the meeting to satisfy the Mayor or the monitoring and evaluation team of the measures being taken to ensure that his performance becomes satisfactory and any program, including any dates, for implementing these measures.

7. RULING LANGUAGE

The contract is made out in the English language, which shall be the ruling language. All correspondence between the parties to this contract and all reports and documents pertaining to this contract shall be in the English language.

8. TERM OF CONTRACT

This contract shall be deemed to have been entered into on the 1st of July 2020 and will expire on the 30th of June 2021. The parties will conclude a new performance agreement that replaces this Agreement by not later than 31 July 2021. This Agreement will terminate on the termination of the Municipal Manager's contract of employment for any reason.

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9. LIMITATIONS OF THE CONTRACT

This contract is an agreement between the employer and the Municipal Manager about the expected performance of the latter during the specified term. This contract is subject to the employment contract which the Municipal Manager entered into on accepting his position and to the relevant South African legislation. In the case of any ambiguity, the employment contract shall prevail over this performance contract. Nothing contained in this Agreement in any way limits the right of the employer to terminate the Municipal Manager's contract of employment with or without notice for any other breach by the Municipal Manager of his obligations to the Municipality or for any other valid reason in law.

10. MONITORING AND EVALUATION

The monitoring and performance reviews for each quarter as determined in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 shall be comprised of the Mayor, and his brief will be to assess the performance of the Municipal Manager in line with the performance requirements as outlined in Annexure A of this contract. Despite the in-year reviews, the employer shall establish an assessment team to conduct an annual performance review; the team shall be composed as follows:

- I. Mayor,
- II. Chairperson of the audit committee,
- III. A member of the Executive Committee,
- IV. Municipal Manager from another municipality, and
- V. Member of the ward committee as nominated by the Mayor.

The Senior Manager: Corporate Services must provide secretariat services to the evaluation panel referred to in this clause 10 above.

11. DISPUTE RESOLUTION

In case of disputes, which cannot be resolved through negotiations and mediation, the employee has a right to refer the case to the MEC for Local Government who must settle

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the case within thirty (30) days of receipt of a formal written dispute. The decision of the MEC shall be deemed final and binding on both parties.

12. **JURISDICTION**

Regardless of the place of execution, performance or domicile of the parties, this contract and all modifications and amendments hereof shall be governed by and construed under and in accordance with the laws of the Republic of South Africa.

13. **WHOLE AGREEMENT**

The parties to this contract agree that this contract constitutes the whole agreement and arrangement for the performance of the Municipal Manager with effect from 01 July 2020.

No agreement, varying, adding to, deleting from or canceling this contract, shall be effective unless reduced to writing and signed by both parties. The following annexures and appendices attached to this contract will have the same force and effect as if they were written in this section of the contract:

ANNEXURE A: PERFORMANCE PLAN

ANNEXURE B: PERSONAL DEVELOPMENT PLAN

APPENDIX 1: COMMITMENT OF MANAGEMENT TEAM

APPENDIX 2: OBLIGATIONS OF THE EMPLOYER

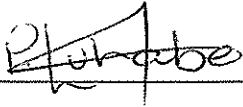
SIGNED at MBIRANA this 30 day of July 2020

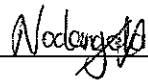
MUNICIPAL MANAGER

Signature: _____

Name Printed: Luvuyo Mahlaka

WITNESSES

1. Signature:  Name Printed: PINDEKA LUTHABE

2. Signature:  Name Printed: DIAMA NODANGALA

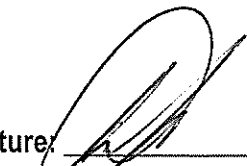
FOR AND ON BEHALF OF MBIZANA LOCAL MUNICIPALITY

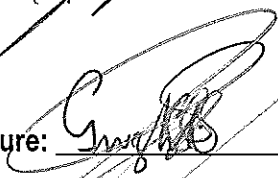
MAYOR

Signature: 

Name Printed: Cllr T. D Mafumbatha (Hon. Mayor)

WITNESSES

1. Signature:  Name Printed: LINDUMUSA GWALA

2. Signature:  Name Printed: GWALA ZIHLE

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ANNEXURE "A"

PERFORMANCE PLAN

14. KEY PERFORMANCE AREAS (KPIs) FOR 2020/2021

14.1 BASIC SERVICE DELIVERY

| OBJECTIVES | WEIGHTING | RATING CALCULATOR WEIGHTING % | KPI's | TARGETS | | | | FINANCIAL IMPLICATIONS | MEANS OF VERIFICATION |
|--|-----------|-------------------------------|---|-----------------------|---|--|----------------|--|-----------------------|
| | | | | TIME | QUALITY | QUANTITY | | | |
| To reduce access roads backlog by constructing KMs by end June 2021 | 8 | 10 | Completed construction of 27 KMs of roads | 30 June 2021 | Approved design and completed roads | Completed 27 km. | R 27 474 996 | Practical completion certificates for each road. | |
| To routinely rehabilitate gravel access roads by June 2021 | 10 | 12,5 | Completed maintenance of 50km of gravel access roads. | 30 June 2021 | Completed road maintenance according to the maintenance plan and standards. | 50km maintained | R 14 700 000 | Practical Completion Certificates signed by Senior Manager | |
| To ensure subsidization of poor households in order to receive basic services by June 2021 | 7 | 8,75 | a. Number of beneficiaries receiving free grid subsidy & FBAE | Monthly and Quarterly | Compliance with Indigent policy | 2000 households that claimed grid electricity subsidy. 4150 of | R 3 104 158.00 | Beneficiary lists and Invoices | |

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| OBJECTIVES | WEIGHTING | RATING CALCULATOR WEIGHTING % | KPI's | TARGETS | | | FINANCIAL IMPLICATIONS | MEANS OF VERIFICATION |
|------------|-----------|-------------------------------|--|--------------|---------|--|------------------------|--|
| | | | | TIME | QUALITY | QUANTITY | | |
| | | | b) Reviewed and adopted credible indigent register | 30 June 2021 | | claimed solar electricity. 1 reviewed credible indigent register. | R1 304 630.00 | Beneficiary lists and Invoices |
| | | | c) Number of indigent awareness campaigns conducted. | Quarterly | | 4 Indigent awareness households that campaign conducted. | R379 987.00 | Adopted credible indigent register & Council resolution. |

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14.2 MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

| OBJECTIVES | WEIGHTING | RATING CALCULATOR WEIGHTING % | KPI's | TARGETS | | | FINANCIAL IMPLICATION | MEANS OF VERIFICATION |
|---|-----------|-------------------------------|---|------------|---|--|-----------------------|---|
| | | | | TIME | QUALITY | QUANTITY | | |
| 3.1 To ensure that Employee Wellness is effective by 30 June 2021 | 5 | 6.25 | Number of Employee Wellness Awareness Campaigns conducted | 30/06/2021 | Occupational Health and Safety Act , OHS Policy | One (1) Wellness Employee Awareness Campaign by June 2021 | R 169 824.00 | Signed concept document, Attendance register and Campaign Report signed by Senior Manager |
| 3.2. To implement and sustain a functional and effective Performance Management System (PMS) by June 2021 | 5 | 6.25 | Number of PMS agreements signed and work plans formulated for employees below senior managers | 30/06/2021 | Municipal Systems Act | 55 PMS agreements signed, and work plans formulated for employees below senior managers, 1 Mid-Year Assessment by June 2021. | N/A | Signed Performance Agreements and Work plans Assessment Reports |
| 3.3 To Providing comprehensive education, training and human resource development by June 2021 | 4 | 5 | <ul style="list-style-type: none"> Number of Councillors trained Number of officials provided with study assistance. Number of | 30/06/2021 | Municipal Systems Act Skills Development Act | <ul style="list-style-type: none"> Training conducted for 10 Councillors by June 2021 07 officials provided with study | R 1 556 784 | Copy of the Annual training report. |

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| OBJECTIVES | WEIGHTING | RATING CALCULATOR WEIGHTING % | KPI's | TARGETS | | | FINANCIAL IMPLICATION | MEANS OF VERIFICATION |
|------------|-----------|-------------------------------|---|---------|---------|---|-----------------------|-----------------------|
| | | | | TIME | QUALITY | QUANTITY | | |
| | | | students offered experiential training. | | | assistance by June 2021 15 students provided with experiential training by June 2021 | | |

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4.3 LOCAL ECONOMIC DEVELOPMENT (LED)

| OBJECTIVES | WEIGHTING | RATING CALCULATOR WEIGHTING % | KPI's | TARGETS | | | | FINANCIAL IMPLICATIONS | MEANS OF VERIFICATION |
|---|-----------|-------------------------------|-----------------------------------|--------------|---------------------------------------|---|----------------|-------------------------------------|-----------------------|
| | | | | TIME | QUALITY | QUANTITY | | | |
| 14.2.2 To facilitate acquisition of well located state land and disposal of council land by June 2021 | 6 | 7,5% | Signed agreements | 30 June 2021 | Facilitation of lease agreements | Disposal of available municipal land means leases | R 473 760,00 | Signed Lease agreements | |
| 14.2.3 To grow and strengthen the agricultural sector by | 4 | 5% | Council adopted Agricultural Plan | 30 June 2021 | Agricultural development plan review. | Review Agricultural development plan. | R 1 134 588,00 | Approved Reviewed Agricultural plan | |

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| supporting local farmers | | | | Local Farmers supported | Facilitation of Agri-parks program and Implementation of Farmers support | Facilitation of Agri-Parks program & Implementation of Farmers support program | |
| 14.2.4. To promote enterprise development to contribute 10% to the local economy by 2022 | 5 | 6.25 | Capacitated building conducted & Supported 3 Anchor Projects | Business incubator implemented | Conduct capacity building for SMME's & Support 3 Anchor Projects | Capacitate 10 SMME's & Support 3 Anchor projects | R 2 644 689,00 |
| | | | | | Implementation of BIGM Work plan | Facilitation of BIGM Annual work plan | Attendance Register; Delivery Note |
| | | | | | | | Terms of reference ; Advert and Mentorship Report and Registers |

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14.4 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

| IDP Objective | Weighting | Rating Calculator or weighting % | KPI | TARGETS | | | MEANS OF VERIFICATION | |
|--|-----------|----------------------------------|---|----------------------------------|---|--|-----------------------|---|
| | | | | TIME | QUALITY | QUANTITY | | Financial Implications |
| 14.4.1 To achieve 100% billing for all services that are to be billed by June 2021 | 4 | 5% | Number of consumer accounts billed for property rates, refuse and electricity. | 30 June 2020 | Improved Collection Rate | 95% Collection Rate | N/A | Billing Reports, Disconnection listings and revenue collected. |
| 14.4.2 To compile Annual Financial statements that comply with all requirements | 8 | 10 % | Unqualified audit opinion with no findings for the 2019/20 financial year (4) Compiled financial statements (4) | Annually | Unqualified audit opinion with no findings for the 2019/20 financial year | 1 set of AFS | R 5 043 803,90 | Proof of submission to AGSA. CoAF register and Audit report for 2019/20. |
| 14.4.3 To timely produce budgets in line with the National Treasury Guidelines | 6 | 7.5% | Approved annual and adjustments budgets within the stipulated timeframes. (4) Council resolution adopting the budget (2) | 29 February 2021 and 31 May 2021 | MFMA compliant Budgets | 1 Approved Budget, 1 approved adjustments budget | N/A | Council Resolution approving the budgets |

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14.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| OBJECTIVES | WEIGHTING | RATING CALCULATOR WEIGHTING % | KPI's | TARGETS | | | MEANS OF VERIFICATION |
|---|-----------|-------------------------------|--|--------------|---|------------------|---|
| | | | | TIME | QUALITY | QUANTITY | |
| 14.5.1 To ensure development of a credible IDP - aligned with PMS & Budget by May 2021 | 4 | 5% | Council approved IDP review for 2020/21 by May 2021 | May 2021 | A credible IDP that meets the requirements of COGTA and achieves high marks at assessment | One IDP Document | MEC's comments on the IDP Assessments performed. |
| 14.5.2 To ensure compliance with laws and regulations and ensure a culture of accountability, performance excellence and monitoring by June 2021. | 4 | 5% | All quarterly performance reports done and communicated to the Audit Committee. (2) Implementation of corrective measures on the audit findings (2) | 30 June 2021 | In terms of PMS and approved Action Plan. | 100% | Quarterly performance reports submitted to the Audit Committee and Council. Report on the implementation of the corrective measures on Audit Findings. |
| KPAs' Total | 80 | 100% | | | | | |

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CORE COMPETENCIES REQUIREMENTS (CCRs)

SELECTED CORE COMPETENCIES REQUIREMENTS

- 1) Financial Management (Objective 15.1)
- 2) People Management and Empowerment (Objective 15.2)
- 3) Client Orientation and Customer Focus (Objective 15.3)
- 4) Supply Chain Management (Objective 15.4)
- 5) Accountability and Ethical Conduct (Objective 15.5)

| OBJECTIVES | WEIGHTING | WEIGHTING % | KPI's | TARGETS | | | MEANS OF VERIFICATION |
|--|-----------|-------------|---|------------|--------------------------------|----------|---|
| | | | | TIME | QUALITY | QUANTITY | |
| 15.1 To ensure spending is in line with the approved budget. | 8 | 40% | Implemented cost-cutting initiatives to control expenditure. No unauthorized expenditure other than an unforeseen expenditure that has been reported to Council. | Quarterly | Spending as per MFMA standards | 100% | Quarterly financial performance reports submitted to the Executive Committee. Audit report with no findings of unauthorized expenditure and Fruitless & Wasteful expenditures. |
| 15.2 To ensure suitably qualified staff complement by June 2021. | 4 | 20% | A training schedule of Top Management staff to meet the minimum competencies prescribed by National Treasury. | 30/06/2021 | MFMA regulations | 100% | List of prescribed management members already completed the Minimum competency course as offered by Wits Business School, University of Pretoria or any other accredited institution. |
| 15.3 To minimize customer care related complaints by June 2021 | 4 | 20% | Implementation of the Institutionalizing the implementation of Operation | 30/06/2021 | N/A | 100% | Back to Basics monthly reports sent to Implementation report of Operation Masiphathisane. |

Z. Sibisi L.G. on 20/06/2021

| OBJECTIVES | WEIGHTING | WEIGHTING % | KPI's | TARGETS | | | MEANS OF VERIFICATION |
|--|-----------|-------------|--|------------|--------------------------------------|----------|--|
| | | | | TIME | QUALITY | QUANTITY | |
| | | | Masiphathisane. (2) | | | | |
| 15.4 To have an effective Demand Management by June 2021. | 2 | 10% | Implementation of the Procurement Plan and the reduction of irregular, fruitless and wasteful expenditure. | 30/06/2021 | N/A | 100% | Implementation reports and minutes of the Standing Committee on Finance or Exco meetings confirming existence of the procurement plan and the reduced irregular, fruitless and wasteful expenditure. |
| 15.5 To ensure adherence to Municipal Code of conduct in the institution by June 2021. | 2 | 10% | Orientation of all employees on the adherence to the Code of Conduct and Disciplinary Procedures collective agreement. | 30/06/2021 | Code of Conduct for municipal staff. | 100% | Minutes of Induction and Staff Orientation programmes. |
| | 20 | 100% | | | | | |

NB: All performance requirements have a deadline of 30 June 2021, unless stated otherwise in the requirements.

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ANNEXURE "B"

PERSONAL DEVELOPMENT PLAN

NAME: LUVUYO MAHLAKA
JOB TITLE: MUNICIPAL MANAGER
EMPLOYER: MBIZANA LOCAL MUNICIPALITY
FINANCIAL YEAR: 2020/2021

| Competency area to be enhanced | Proposed actions | Responsibility | Time-frame | Expected outcome |
|---|---|---|---------------|--|
| 1. Strategic leadership and management. | Receive the appropriate knowledge and training on Corporate Governance on the King IV report and ICT Governance through an accredited Sector Education Training Authority (LGSETA) in terms of the SAQA guidelines and NQF registered unit standards and criteria. Get the fundamental knowledge on the Corporate Governance. | Skills Development Facilitator and SM: Corporate Services | By 30/06/2021 | <p>Achieving the minimum knowledge and understanding of Corporate Governance principles as promoted by the MFMA, No. 56 of 2003.</p> <p>Understand the King IV report implications on the LG sector through the relevant supplement.</p> |

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APPENDIX 1

Commitment of Management Team reporting directly to the Municipal Manager

We, the Senior Managers and the Managers in the Office of the Municipal Manager hereby make this commitment to support the Municipal Manager, Luvuyo Mahlaka, to achieve targets as set in this performance contract between him and the employer. As support managers, we understand that his targets are impossible to achieve without our full support and co-operation. We, therefore, accept both our individual and collective responsibilities towards the attainment of the set targets.

1. Signed by

(Name)

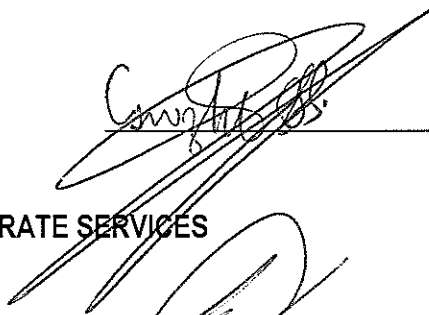
CHIEF FINANCIAL OFFICER



2. Signed by

(Name)

SENIOR MANAGER: CORPORATE SERVICES



3. Signed by

(Name)

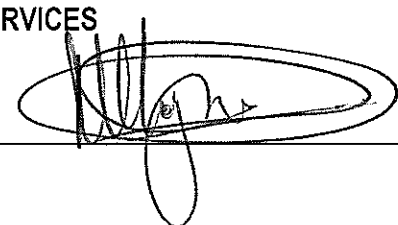
SENIOR MANAGER: ENGINEERING SERVICES



4. Signed by

(Name)

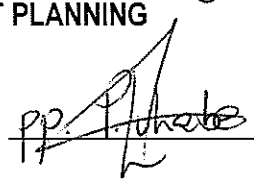
SENIOR MANAGER: DEVELOPMENT PLANNING



5. Signed by

(Name)

SENIOR MANAGER: COMMUNITY SERVICES



6. Signed by


(Name)

MANAGER: MUNICIPAL OPERATIONS



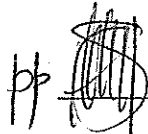
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(Name)



MANAGER: COMMUNICATIONS AND IGR

8. Signed by
(Name)



MANAGER: COUNCIL SUPPORT & PUBLIC PARTICIPATION

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MANAGER: LEGAL SERVICES

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APPENDIX 2

1. OBLIGATIONS OF THE EMPLOYER (KEY ASSUMPTIONS)

1.1 Office Accommodation

During the full period of the performance agreement the employer shall provide adequate office accommodation for the Municipal Manager. The occupational cost including the attendant ground rent obligations will be borne by the Employer.

1.2 Personnel

The employer shall be required to hire managers reporting directly to the Municipal Manager.

1.3 Facilities and Equipment

1.3.1 During the full period of the performance contract, the employer shall avail to the Municipal Manager all existing facilities and equipment which he will need in executing his duties.

1.4 Other provisions

1.4.1 Approvals

The Employer shall make a decision/comment on items submitted for approval/comment within two (2) weeks of receipt of the items.

1.4.2 Tasks to the Employer

The employer undertakes to execute all crucial activities that fall under his responsibility as required by this contract in order not to derail the continuity of department operations. If there is failure on the employer's part and the Municipal Manager feels that the attainment of targets of this contract is at stake, the two parties will meet and agree on the way forward.

1.4.3 Substitution of the Municipal Manager

The employer reserves the right to take appropriate action to replace the Municipal Manager as per employment contract of the Municipal Manager.

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2 OBLIGATIONS OF THE MUNICIPAL MANAGER

2.1 Conditions of service

2.1.1 The Municipal Manager shall be the Head of the Administration, subject to the conditions of service as stipulated by the employer. The conditions of service of the Municipal Manager shall include but not restricted to:

2.1.1.1 Setting of specific of targets for managers reporting to him.

2.1.1.2 Advise Mayor on all matters including progress made in the implementation of the SDBIP.

2.1.1.3 Setting and monitoring of performance indicators for the municipality and execute corrective measures as and when necessary.

2.1.1.4 Ensuring that organisational assets are in a good working condition.

2.1.1.5 Provision of high quality service within all the departments in a cost effective manner within agreed time frames.

2.1.1.6 Completing and submitting performance reports for the municipality, to the Mayor or Executive Committee on a quarterly basis for information purposes.

2.1.1.7 Assessing performance reports for departmental staff where necessary.

2.1.1.8 Preparation of the annual budget and once approved, adhering to it.

2.1.1.9 Implementing strategies to improve the morale of staff.

2.1.1.10 Attending meetings and other occasions on behalf of organisation.

2.1.2 The Municipal Manager shall ensure that his staff has access and is well informed about the disciplinary procedure of the municipality

2.1.3 Determining the optimum staff level necessary for the accomplishment of targets and advising the employer on reduction or increase of staff in the department. Staff restructuring or reduction will utilize the existing municipal 'staff pool' as will be mutually agreed between the employer and

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the Municipal Manager in fulfillment of the current staff reduction policy. If such staff is to be laid off due to the staff reduction policy, the cost of severance and other terminal benefits shall be borne by the employer as required by the Labour Laws of RSA.

2.2 Standard of Service

2.2.1 The Municipal Manager shall exercise all his skills, reasonable care, responsibility and diligence in discharge of his duties under this contract. The Municipal Manager shall do so with sound professional conduct in accordance with generally accepted standards.

2.2.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Municipal Manager in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

2.3 Supervision of Personnel in the Municipality

The Municipal Manager undertakes to ensure the supervision of personnel in the organisation. If he is dissatisfied with performance of any staff, provisions of the relevant internal policy and legislative framework of RSA shall apply.

2.4 Targets and Milestones

2.4.1 The Municipal Manager shall do all in his power to achieve the targets and milestones indicated in the municipal IDP and Performance Management System.

2.4.2 The Municipal Manager undertakes to achieve the organisational targets, which shall be directly related to the expected improvement in the level of services and therefore improvement in the quality of life within the municipality. The organisational targets are those defined as performance requirements in the Performance Plan of this contract.

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2.5 Reporting

2.5.1 The Municipal Manager shall submit detailed quarterly reports on the operation of the municipality to the employer. The reports shall include details of achievement of targets and milestones for that quarter for information purposes. The quarterly report should reach the employer within one month after the quarter in question has lapsed.

2.5.2 The Municipal Manager also undertakes to submit any other report/s as required by the employer.

2.6 Expenditure

The Municipal Manager shall be responsible for the implementation of the approved operational and capital budget of the municipality.

2.7 Maintenance of Assets (fixed and movable) in the Municipality

The Municipal Manager shall assist the municipality in the maintenance of assets in the departments having authority to enter into service contracts with service providers to carry out such maintenance.

2.8 Purchases

2.8.1 The Municipal Manager undertakes to utilize the most recently approved Municipal Supply Chain Management Policy (SCM) to handle all procurement within the municipality, according to the provisions of this contract. No procurement shall be allowed to proceed outside of the approved SCM policy.

2.9 Books and Records

The Municipal Manager shall keep accurate books and records of all finance operations and shall permit the employer to inspect them and make copies where necessary.

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2.10 Financial Procedures

2.10.1 Financial year commenced on the 1st July 2020 and end on the 30th June 2021, such period defined as the financial year shall be used for purposes of budgets, expenditures, cash flows and other operational requirements.

2.10.2 The employer reserves the right to ensure that finances are operated in accordance with the government's financial regulations and can utilize the services of an auditor in this regard.

2.10.3 The Municipal Manager must ensure strict adherence of all approved municipal financial policies, including issues of cost effectiveness, cost efficiency and over expenditure.

2.11 Budget

2.11.1 During the budget process the Municipal Manager shall make the necessary submissions to financial services reflecting the projected financial needs of the municipality for the following financial year.

2.11.2 The approval of the municipal budget shall constitute the authority to the Municipal Manager to incur expenditure accordingly and in line with the performance targets indicated in this performance contract.

2.12 Liability

The Municipal Manager shall be responsible towards the municipality for the performance of services in accordance with the provisions of this contract, subject to the following limitation.

2.12.1 The Municipal Manager shall not be liable for any damage or injury caused by or arising out of the act, neglect, default or omission, of any personnel in the organisation in the course of duty or anybody subcontracted by the municipality.

3. OTHER PROVISIONS

3.1 Unforeseen conditions

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There may be some unforeseen conditions necessary for the success of this performance contract. If either party discovers such circumstances, during the course of operation of this performance contract, the matter shall be brought to the attention of the other, in writing. A meeting, whose timing shall be mutually agreed, shall then be convened to discuss the outstanding issues. The minutes of such a meeting shall form an addendum to this contract.

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