

WINNIE MADIKIZELA-MANDELA LOCAL MUNICIPALITY



PERFORMANCE AGREEMENT: 2021/2022

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 2021/2022 financial year only. The expected performance reflected in this contract is based on the Council approved Integrated Development Plan 2021/2022 as revised and approved in 2021 and the 2021/2022 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

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Management System is driving the municipality towards the creation of the community portrayed by the vision of the municipality.

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 (KPAs) and Core Competency Requirements (CCRs) that are collectively worth 100 points. Each KPAs 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.

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The salary increase for 2021/22 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 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 2021 and will expire on the 30th of June 2022. The parties will conclude a new performance agreement that replaces this Agreement by not later than 31 July 2022. 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 2021.

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 BIZANA this 28 day of July 2021

MUNICIPAL MANAGER

Signature: _____

Name Printed: Luvuyo Mahlaka

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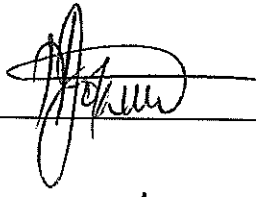
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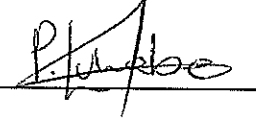
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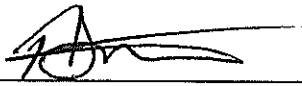
WITNESSES

1. Signature:  Name Printed: MWABISA TOKWESI

2. Signature:  Name Printed: PINDEKA LUHABE


FOR AND ON BEHALF OF MBIZANA LOCAL MUNICIPALITY

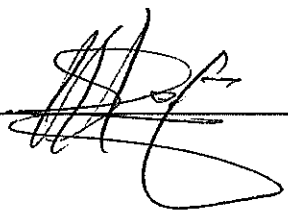
MAYOR

Signature: 

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

WITNESSES

1. Signature:  Name Printed: ZITHOBILE MHLWAZI

2. Signature:  Name Printed: M.S. MAMPETSHANWA

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ANNEXURE "A"

PERFORMANCE PLAN

14. KEY PERFORMANCE AREAS (KPIs) FOR 2021/2022

14.1 BASIC SERVICE DELIVERY

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	ANNUAL TARGETS				MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	FINANCIAL IMPLICATIONS	
To reduce access roads backlog by constructing KMs by end June 2022	6	7,5	Completed construction of 13.2 KMs of roads	30 June 2021	Approved design and completed roads	Completed 13.2 KMs.	R 13 764 828.00	Practical completion certificates for each road.
To routinely rehabilitate gravel access roads by June 2022	7	8,75	Completed maintenance of 50 KMs of gravel access roads.	30 June 2021	Completed road maintenance according to the maintenance plan and standards.	50 KMs maintained	R 16 700 000	Practical Completion Certificates signed by Senior Manager
To ensure subsidization of poor households in order to receive basic services by June 2022	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 G%	KPI's	ANNUAL TARGETS				FINANCIAL IMPLICATIONS	MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY			
			b) Reviewed and adopted indigent credible register	30 June 2021		claimed solar electricity. 1 reviewed credible indigent register.		Beneficiary lists and Invoices	
			c) Number of indigent awareness campaigns conducted.	Quarterly		4 Indigent awareness households that campaign conducted.		Adopted credible indigent register & Council resolution.	
To ensure reliable provision of electricity to the rural community of Winnie Madikizela-Mandela by June 2022	5	6,25	Number of households connected to grid electricity system.	30 June 2022	Eskom Energised households as per applicable standards	731 HHS connected	R 28 450 000	Practical completion certificate/s and closeout report	

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14.2 MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI'S	ANNUAL 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 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	4	5	<ul style="list-style-type: none"> Number of Councillors trained Number of officials 	30/06/2021	Municipal Systems Act Skills Development	Training conducted for 10 Councillors by June 2021	R 1 556 784	Copy of the Annual training report.

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4.3 LOCAL ECONOMIC DEVELOPMENT (LED)

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	ANNUAL TARGETS				MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	FINANCIAL IMPLICATIONS	
14.2.2 To facilitate acquisition of well located state land and disposal of council land by June 2022	6	7,5%	Signed agreements lease	30 June 2022	Facilitation of lease agreements	Disposal of available municipal land means of leases	R 473 760,00	Signed Lease agreements and purchase agreements where applicable
14.2.3 To grow and strengthen the agricultural sector by supporting	4	5%	Council adopted Agricultural Plan	30 June 2022	Agricultural development plan review.	One review and approved Agricultural development plan.	R 1 624 726,00	Approved Reviewed Agricultural plan

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local farmers	5	6.25	Local Farmers supported	30 June 2022	Facilitation of Agri-parks program and Implementation of Farmers support	Facilitation of Agri-Parks program & Implementation of Farmers support program	Call for proposals and delivery notes
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	30 June 2022	Conduct capacity building for SMME's & Support 3 Anchor Projects Implementation of BIGM Work plan	Capacitate 10 SMME's & Support 3 Anchor projects 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	ANNUAL 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 2022	4	5%	Number of consumer accounts billed for property rates, refuse and electricity.	30 June 2022	Improved Collection Rate. Installed automated meter reading system.	95% Collection Rate	R 700 000.00	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 2020/21 financial year Compiled financial statements	Annually	Unqualified audit opinion with no findings for the 2020/21 financial year	1 set of AFS 1 Audit report	R 5 043 803,90	Proof of submission to AGSA. CoAF register and Audit report for 2020/21.
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. Council resolution adopting the budget	29 February 2022 and 31 May 2022	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	ANNUAL TARGETS				MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	Financial Implications	
14.5.1 To ensure development of a credible IDP - aligned with PMS & Budget by May 2022	4	5%	Council approved IDP review for 2020/21 by May 2022	31 May 2022	A credible IDP that meets the requirements of COGTA and achieves high marks at assessment	One IDP Document	N/A	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 2022.	4	5%	All quarterly performance reports done and communicated to the Council structures. Implementation of corrective measures on the audit findings	30 June 2022	In terms of PMS and approved Audit Action Plan.	100%	Nil	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	ANNUAL 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 2022.	4	20%	A training schedule of Top Management staff to meet the minimum competencies prescribed by National Treasury.	30/06/2022	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 2022	4	20%	Implementation of the Institutionalizing the implementation of Operation	30/06/2022	N/A	100%	Back to Basics monthly reports sent to Implementation report of Operation Masiphathisane.

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ANNEXURE "B"

PERSONAL DEVELOPMENT PLAN

NAME: LUVUYO MAHLAKA
JOB TITLE: MUNICIPAL MANAGER
EMPLOYER: MBIZANA LOCAL MUNICIPALITY
FINANCIAL YEAR: 2021/2022

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 30/06/2022	Achieving the minimum knowledge and understanding of Corporate Governance principles as promoted by the MFMA, No. 56 of 2003. Understand the King IV report implications on the LG sector through the relevant supplement.

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