



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

**Performance Agreement
for the financial year 1 November 2024 – 28
February 2025**

ACTING DIRECTOR: FINANCIAL SERVICES
CHIEF FINANCIAL OFFICER


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PERFORMANCE AGREEMENT


MADE AND ENTERED INTO BY AND BETWEEN KANNALAND MUNICIPALITY
HEREBY REPRESENTED BY:

THE MUNICIPAL MANAGER


.....
(herein and after referred as Employer)

AND

ACTING CHIEF FINANCIAL OFFICER


.....
(herein and after referred as Employee)

FOR THE FINANCIAL YEAR:
01 NOVEMBER 2024 – 28
FEBRUARY 2025

1. INTRODUCTION

- 1.1 The Employer, duly represented by ADV. Dillo Sereo, in his capacity as the Municipal Manager, has entered into a contract of employment with the Employee, Mr. Lucky Steenkamp, in the capacity as Acting Chief Financial Officer, 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 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 promote local government goals; and
- 1.4 The Parties wish to ensure that there is compliance with Sections 57(4B) and 57(5) of the Systems Act.

2. INTERPRETATION

- 2.1 In this Agreement the followings terms will have the meaning ascribed thereto:
- 2.1.1 "this Agreement" – means the performance agreement between the Employer and the Employee and the Annexures thereto;
- 2.1.2 "the Municipal Manager" – means the municipal manager is the head of administration of the Municipality constituted in terms of Section 54 of the Local Government: Municipal Systems Act 32 of 2000 ("amendment");
- 2.1.3 "the Employee" means the Director appointed in terms of Section 56 of the Municipal Systems Act;
- 2.1.4 "the Employer" means the Kannaland Municipality; and
- 2.1.5 "the Parties" means the Employer and Employee.

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3. PURPOSE OF THIS AGREEMENT

- 3.1 To comply with the provisions of Section 57(1)(b),(4B) and (5) of the Systems Act as well as the Contract of Employment entered into between the Parties;
- 3.2 To specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance targets and accountabilities;
- 3.3 To specify accountabilities as set out in the Performance Plan (Annexure A);
- 3.4 To monitor and measure performance against set targeted outputs and outcomes;
- 3.5 To establish a transparent and accountable working relationship;
- 3.6 To appropriately reward the employee in accordance with section 12 of this agreement; and
- 3.7 To give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining improved service delivery.

4. COMMENCEMENT AND DURATION

- 4.1 Irrespective the date of signature of this agreement, it will be effective and commence on and from 1 November 2024 and will remain in force until 28 February 2025 whereafter a new Performance Agreement shall be concluded between the parties for the next financial year or any portion thereof;
- 4.2 The Parties shall conclude a new Performance Agreement that replaces this Agreement at least once a year by not later than 30th of September of the succeeding financial year;
- 4.3 This Agreement shall terminate on the termination of the Employee's contract of employment for any reason;
- 4.4 If at any time during the validity of the agreement the work environment alters to the extent that the contents of the agreement are no longer appropriate, the contents must by mutual agreement between the parties, immediately be revised; and
- 4.5 Any significant amendments or deviations must take cognizance of the requirements of sections 34 and 42 of the Municipal Systems Act and Regulation 4(5) of the Regulations.

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5. PERFORMANCE OBJECTIVES

5.1 The Performance Plan (Annexure A) sets out –

- 5.1.1 The performance objectives and targets that must be met by the Employee;
- 5.1.2 The timeframes within which those performance objectives and targets must be met; and
- 5.1.3 The competencies (Annexure B – definitions in terms of Regulation 21 of 17 January 2014) required to operate effectively as senior managers in the local government environment.

5.2 The performance objectives and targets reflected in Annexure A are set by the Employer in consultation with the Employee and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Employer, and shall include:

- 5.2.1 Key objectives that describe the main tasks that need to be done;
- 5.2.2 Key performance indicators that provide the details of the evidence that must be provided to show that a key objective has been achieved by the employee;
- 5.2.3 Target dates that describe the timeframe in which the targets must be achieved; and
- 5.2.4 Weightings showing the relative importance of the key objectives to each other.

5.3 The Personal Development Plan (Annexure C) sets out the Employee's personal development requirements in line with the objectives and targets of the Employer; and

5.4 The Employee's performance shall, in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

6. PERFORMANCE MANAGEMENT SYSTEM

6.1 The Employee agrees to participate in the performance management system that the Employer adopted for the employees of the Employer;

6.2 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 employees and service providers to perform to the standards required;

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- 6.3 The Employer must consult the Employee about the specific performance standards and targets that will be included in the performance management system applicable to the Employee;
- 6.4 The Employee undertakes to actively focus on the promotion and implementation of the key performance indicators (including special projects relevant to the employee's responsibilities) within the local government framework;
- 6.5 The criteria upon which the performance of the employee must be assessed consist of two components, both of which must be contained in the performance agreement. The employee must be assessed against both components, with a weighting of 80: 20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCRs), respectively. Each area of assessment will be weighted and will contribute a specific part to the total score. KPAs covering the main areas of work will account for 80 % and CCR s will account for 20 % of the final assessment.
- 6.6 The Employee's assessment will be based on his performance in terms of the outputs/outcomes (performance indicators) identified as per attached Performance Plan, which are linked to the KPAs, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee;

KEY PERFORMANCE AREAS	WEIGHT
KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	
KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	
KPA 3: LOCAL ECONOMIC DEVELOPMENT	
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	

- 6.7 In the case of managers directly accountable to the municipal manager, key performance areas related to the functional area of the relevant manager, must be subject to negotiation between the municipal manager and the relevant manager.
- 6.8 The CCR's will make up the other 20% of the employee's assessment score. CCR,s 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 the employee and must be considered with due regard to the proficiency level agreed to.

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CORE COMPETENCY REQUIREMENT FOR EMPLOYEES (CCR)		
Core Managerial and occupational competencies	Indicate Choice	Weight
Core Managerial competencies:	✓	5 %
Strategic Capability and leadership	✓	5 %
Programme and project management	✓	10 %
Financial management	Compulsory	25 %
Change management	✓	10 %
Knowledge management	✓	
Service delivery innovation		
Problem solving and analysis	✓	
People management and empowerment	Compulsory	10 %
Client orientation and customer focus	Compulsory	5 %
Communication	✓	5 %
Honesty and integrity	✓	5 %
Core Occupational Competencies:		
Competence in self-management	✓	
Interpretation of implementation within the legislative and national policy frameworks	✓	5 %
Knowledge of development local government	✓	5 %
Knowledge of performance management and Reporting	✓	5 %
Knowledge of global and South African specific political, social and economic contexts	✓	
Competence in policy conceptualization, analysis and implementation	✓	
Knowledge of more than one functional municipal field / discipline	✓	
Skills in mediation	✓	
Skills in Governance	✓	5 %
Competence as required by other national line sector departments	✓	
Exceptional and dynamic creativity to improve the functioning of the municipality.	✓	
TOTAL PERCENTAGE		100%

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7. EVALUATION ASSESSMENT

7.1 The Performance Plan (Annexure A) to this Agreement sets out key performance indicators and competencies that needs to be evaluated at set intervals in terms of –

7.1.1 The standards and procedures for evaluating the Employee's performance;

7.2 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;

7.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within a set time frame

7.4 The Employee's performance will also be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan (IDP) as described in 7.6 – 7.13 below;

7.5 The Employee shall submit quarterly performance reports (SDBIP) and a comprehensive annual performance report at least one week prior to the performance assessment meetings to the Evaluation Panel Chairperson for distribution to the panel members for preparation purposes;

7.6 Assessment of the achievement of results as outlined in the performance plan

7.6.1 Each KPI or group of KPIs shall be assessed according to the extent to which the specified standards or performance targets have been met (qualitative and quantitative) and with due regard to ad- hoc tasks that had to be performed under the KPI;

7.6.2 A rating on the five-point scale described in 7.9 below shall be provided for each KPI or group of KPIs which will then be multiplied by the weighting to calculate the final score;

7.6.3 The Employee shall submit his self-evaluation to the Employer prior to the formal assessment;

7.6.4 In the instance where the employee could not perform due to reasons outside the control of the employer and employee, the KPI will not be considered during the evaluation. The employee should provide sufficient evidence in such instances; and

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7.6.5 An overall score will be calculated based on the total of the individual scores calculated above.

7.7 Assessment of the Competencies:

7.7.1 Each Competency shall be assessed in terms of the descriptions provided (Annexure B) during the mid-year and year-end reviews;

7.7.2 A rating on the five-point scale described 7.10 below shall be provided for each Competency which will then be multiplied by the weighting to calculate the final score; and

7.7.3 An overall score shall be calculated based on the total of the individual scores calculated above.

7.8 Overall rating

7.8.1 An overall rating is calculated by adding the overall scores as calculated in 7.6.5 and 7.7.3 above; and

7.8.2 Such an overall rating represents the outcome of the performance appraisal

7.8.3 The assessment of the performance of the Employee will be based on the following rating scale for KPIs:

LEVEL	Terminology	Description	Rating				
			1	2	3	4	5
	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintain this in all areas of responsibility throughout the year.					
	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.					

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	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 PerformancePlan.	
	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.	
	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that they 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.	

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7.9 For the purposes of evaluating the annual performance of the Municipal Manager, an evaluation panel constituted for the following persons must be established-

- i. Executive Mayor or Mayor;
- ii. Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- iii. Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- iv. Mayor and/or municipal manager from another municipality; and
- v. Member of a ward committee as nominated by the executive Mayor or Mayor

7.10 For the purposes of evaluating the annual performance of managers directly accountable to the Municipal manager, an evaluation panel constituted of the following persons must be established –

- i. Municipal Manager
- ii. Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- iii. Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council and;
- iv. Mayor and/or municipal manager from another municipality

7.11 The manager responsible for Human Resources of the municipality must provide Secretariat services to the evaluation panels referred to in sub-regulations (d) and (e)

8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1 The performance of the Employee in relation to his performance agreement shall be reviewed for the following quarters with the understanding that the reviews in the first and the third quarter may be verbal if performance is satisfactory:

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Quarter	Months	Review Completion
1 Performance Agreement	July - September	31 October 2023 (informal)
2	October - December	28 February 2024 (formal)
3	January – March	30 April 2024 (informal)
4	April – June Annual Performance Evaluations	30 September 2024(formal)

8.2 The Employer will keep a record of the mid –year and annual assessment meetings;

8.3 Performance feedback will be based on the Employer's assessment of the Employee's performance;

8.4 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure A from time to time for operational reasons. The Employee will be fully consulted before any such change is made; and

8.5 The Employer may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and/or amended as the case may be. In that case, the Employee will be fully consulted before any such change is made.

9. DEVELOPMENTAL REQUIREMENTS

9.1 The Personal Development Plan (PDP) for addressing developmental gaps is attached as Annexure C. Such Plan may be implemented and/or amended as the case may be after the assessment. In that case, the Employee will be fully consulted before any such change or plan is made.

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10. OBLIGATIONS OF THE EMPLOYER

10.1 The Employer will-

Create an enabling environment to facilitate effective performance by the employee;

10.1.1 Provide access to skills development and capacity building opportunities;

10.1.2 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;

10.1.3 On the request of the Employee delegate such powers reasonably required by the Employee to enable him to meet the performance objectives and targets established in terms of this Agreement; and

10.1.4 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting him to meet the performance objectives and targets established in terms of this Agreement.

11 CONSULTATION

11.1 The Employer agrees to consult the Employee timeously where the exercising of its powers will have amongst others-

11.1.3 A direct effect on the performance of any of the Employee's functions;

11.1.4 Commit the Employee to implement or to give effect to a decision made by the Employer; and

11.1.5 A substantial financial effect on the Employer.

11.1.6 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in clause 13.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

12 REWARD

12.1 The evaluation of the Employee's performance will form the basis for acknowledging outstanding performance or correcting unacceptable performance;

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- 12.2 The payment of the performance bonus is determined by the performance score obtained during the 4th quarter and as informed by the quarterly performance assessments
- 12.3 In the event of the Employee terminating his services during the validity period of this Agreement, but only after three months after the start of this agreement's inception date, the Employee's performance will be evaluated for the period during which he/she was employed and he/she will be entitled to a pro-rata performance bonus based on his/her evaluated performance for the period of actual service; and
- 12.4 The Employer will submit the total score of the annual assessment and of the Employee, to the full Council for purposes of recommending the bonus allocation.

13 MANAGEMENT OF EVALUATION OUTCOMES

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

- 13.1 Evaluation of the employee's performance will form the basis for
rewarding outstanding performance or correcting unacceptable performance

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

- a) a score of 130 % to 149 % is awarded a performance bonus ranging from 5 % to 9%; and
- b) a score of 150 % and above is awarded a performance bonus ranging from 10 % to 14%.

In the case of unacceptable performance, the employer shall –

- c) provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
- d) after appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, 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.

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13.2 In the case of unacceptable performance, the Employer shall –

13.2.3 Provide systematic remedial or developmental support to assist the Employee to improve his performance; and

13.2.4 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.

14 DISPUTE RESOLUTION

14.1 In the event that the Employee is dissatisfied with any decision or action of the Employer in terms of this Agreement, or where a dispute or difference arises as to the extent to which the Employee has achieved the performance objectives and targets established in terms of this Agreement, the Employee may within three (3) business days, meet with the Employer with a view to resolving the issue. The Employer will record the outcome of the meeting in writing.

14.2 If the Parties cannot resolve the issues within ten (10) business days, an independent arbitrator, acceptable to both parties, will be appointed to resolve the matter within thirty (30) business days; and

In the instances where the matters referred to in 14.2 were not successful, the matter should be referred to the MEC for Local Government in the Province within thirty (30) days of receipt of a formal dispute from the Employee or any other person appointed by the MEC; and

14.3 In the event that the mediation process contemplated above fails, the relevant clause of the Contract of Employment shall apply.

15 GENERAL

15.1 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; and

15.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.


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Thus done and signed at _____ on the _____ day of _____ of 2024.

AS WITNESSES:

1.  _____




MUNICIPAL MANAGER

2. _____

Thus done and signed at _____ on the _____ day of _____ of 2024.

AS WITNESSES:

1.  _____



ACTING DIRECTOR:
FINANCIAL SERVICES CFO

2.  _____