



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

ANNUAL PERFORMANCE AGREEMENT

Prepared for and entered into by:

Mr Bheki, J. Mthembu
the Acting Municipal Manager of the
CHRIS HANI DISTRICT MUNICIPALITY
("the Acting Municipal Manager")

and

Mrs Nomfundo Fetsha
the Chief Financial Officer at the
CHRIS HANI DISTRICT MUNICIPALITY
("the CFO")

for the financial year:
1 July 2018 to 30 June 2019

PROLOGUE

- 1.1. The Municipality has, in terms of Section 57(1)(a) of the Local Government: Municipal Systems Act, No. 32 of 2000 ("the Systems Act") entered into a contract of employment with the CFO for a period of 5 years, commencing on 1st November 2014
- 1.2. Section 57(1)(b) of the Systems Act, read with the contract of employment concluded between the Parties, require 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 CFO to a set of outcomes that shall secure local government policy goals.
- 1.4. The Parties wish to ensure that there is compliance with Sections 57(4A), (4B) and (5) of the Systems Act.

1. INTERPRETATION

- 1.5. In this Agreement the following words shall have the meaning ascribed thereto:
 - 1.5.1. "this Agreement" – means the performance agreement between the Municipality and the CFO and the annexures thereto.
 - 1.5.2. "the Executive Authority" – means the Council of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act as represented by its chairperson, the Executive Mayor.
 - 1.5.3. "the CFO" – means the Chief Financial Officer who is directly accountable to the Municipal Manager in terms of Section 56(a) of the Systems Act.
 - 1.5.4. "the Municipal Manager" – means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.
 - 1.5.5. "the Municipality" – means the CHRIS HANI DISTRICT MUNICIPALITY.
 - 1.5.6. "the Parties" – means the Municipal Manager and the CFO.

2. PURPOSE OF THIS AGREEMENT

2.1. The Parties agree that the purposes of this Agreement are to:

- 2.1.1. comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Systems Act as well as the contract of employment entered into between the Parties;
- 2.1.2. specify objectives and targets established for the CFO and to communicate to the CFO the Municipality's expectations of the CFO's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.1.3. specify accountabilities as set out in Performance Plan which forms Annexure A in the performance agreement;
- 2.1.4. monitor and measure performance against targeted outputs;
- 2.1.5. use Annexures A, B and C, use Annexures A, B and C, as a basis for assessing whether the CFO has met the performance expectations applicable to her job;
- 2.1.6. In the event of outstanding performance, to appropriately reward the CFO and
- 2.1.7. give effect to the Municipality's commitment to a performance-orientated relationship with its CFO in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1. Notwithstanding the date of signature this Agreement shall commence on the **1st of July 2018** and shall remain in force until a new performance agreement including a Performance Plan and Personal Development Plan is concluded between the Parties as contemplated in Clause 3.2 The performance agreement shall be entered into for each financial year of the municipality ;
- 3.2. The Parties shall review the provisions of this Agreement during June each year and shall conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement at least once a year within



one month after commencement of the new financial year (by not later than the 31st of July each year).

3.3. The payment of the performance bonus is determined in accordance with the regulation 32 states that a performance bonus shall be paid based on the affordability to the CFO and after

- The annual report for the financial year under review has been tabled and adopted by council;
- An evaluation of performance in accordance with the provision of regulation 23 and
- Approval of such evaluation by the municipal council as a reward for outstanding performance.

3.4. 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 must by mutual agreement between the parties. immediately be revised.

3.5. This Agreement shall terminate on the termination of the CFO's contract of employment for any reason.

4. PERFORMANCE OBJECTIVES

4.1. The Performance Plan in **Annexure A** sets out:

4.1.1. the performance objectives and targets which must be met by the CFO; and

4.1.2. the timeframes within which those performance objectives and targets must be met.

4.2. The Personal Development Plan in **Annexure B** sets out the CFO's personal developmental requirements in line with the objectives and targets of the Municipality.

4.3. The Core Management Competencies reflected herein set out those management skills regarded as critical to the position held by the CFO.

4.4. The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the CFO and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan the Budget of the

Municipality, and include key objectives, key performance areas, target dates and weightings.

4.5. The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the time frame in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.6. The CFO's performance shall, in addition, be measured in terms of contributions to the development objectives and strategies set out in the Municipality's Integrated Development Plan.

5. PERFORMANCE MANAGEMENT SYSTEM

5.1. The CFO agrees to participate in the performance management system that the Municipality adopts.

5.2. The CFO accepts that the purpose of the performance management system shall be to provide a comprehensive system with specific performance standards to assist the municipal management and municipal staff to perform to the standards required.

5.3. The Council and/or Municipal Manager shall consult the CFO about the specific performance standards that shall be included in the performance management system as applicable to the CFO.

5.4. The CFO undertakes to actively focus towards the promotion and implementation of his/her Key Performance Areas as set out in **Annexure A** including special projects relevant to the CFO's responsibilities within the local government framework.

6. PERFORMANCE ASSESSMENT

6.1. The performance of the CFO shall be assessed against the outputs and outcomes achieved in terms of his/her Key Performance Areas (KPAs) as fully described in **Annexure A** and his/her Core Management Competencies (CMCs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPAs and CMCs respectively. Therefore the KPAs that refer to the main tasks of the CFO account for 80% of his/her assessment while the CMCs make up the other 20% of the CFO's assessment score.

6.2. The weightings agreed to in respect of the CFO's KPAs attached as **Annexure A** are set out in the table below:

KEY PERFORMANCE AREA	DESCRIPTION	WEIGHT
KPA 1	Municipal Transformation and Organisational Development.	5%
KPA 2	Basic Service delivery and Infrastructure Development	5%
KPA 3	Local Economic Development	5%
KPA 4	Financial Management and Viability	80%
KPA 5	Good Governance and Public Participation	5%
TOTAL		100%

6.3. The weightings agreed to in respect of the CMCs considered most critical for the CFO's position and further defined in Annexure C are set out in the table below:

LEADING COMPETENCIES

NO	COMPETENCY AREA	DEFINITION	ACHIEVEMENT LEVEL	WEIGHT
1	Strategic Leadership and Management	Provide and direct a vision for the institution, and inspire and deploy others to deliver on the strategic institutional mandate	Superior	10%
2	People Management	Effectively manage, inspire and encourage people, respect diversity, optimise talent and build and nurture relationships in order to achieve institutional objectives	Advanced	5%
3	Programme and Project Management	Able to understand program and project management methodology; plan, manage, monitor and evaluate specific activities in order to deliver on set objectives	Advanced	5%
4	Financial Management	Able to compile, plan and manage budgets, control cash flow, institute financial risk management and administer procurement processes in accordance with recognised financial practices. Further to ensure that all financial transactions are managed in an ethical manner	Superior	20%
5	Change Leadership	Able to direct and initiate institutional transformation on all levels in order to successfully drive and implement new initiatives and deliver professional and quality services to the community	Advanced	5%
6	Governance Leadership	Able to promote, direct and apply professionalism in managing risk and compliance requirements and apply a thorough understanding of governance practices and obligations. Further, able to direct the conceptualisation of relevant policies and enhance cooperative governance relationships	Superior	10%

CORE COMPETENCIES

NO	COMPETENCY AREA	DEFINITION	ACHIEVEMENT LEVEL	WEIGHT
1	Morale Competence	Able to identify moral triggers, apply reasoning that promotes honesty and integrity and consistently display behaviour that reflects moral competence	Advanced	5%
2	Planning and Organising	Able to plan, prioritise and organise information and resources effectively to ensure the quality of service delivery and build efficient contingency plans to manage risk	Advanced	10%
3	Analysis and Innovation	Able to critically analyse information, challenges and trends to establish and implement fact-based solutions that are innovative to improve institutional processes in order to achieve key strategic objectives	Advanced	10%
4	Knowledge and Information Management	Able to promote the generation and sharing of knowledge and information through various processes and media, in order to enhance the collective knowledge base of local government	Advanced	5%
5	Communication	Able to share information, knowledge and ideas in a clear, focused and concise manner appropriate for the audience in order to effectively convey, persuade and influence stakeholders to achieve the desired outcome	Advanced	10%
6	Results and Quality Focus	Able to maintain high quality standards, focus on achieving results and objectives while consistently striving to exceed expectations and encourage others to meet quality standards. Further, to actively monitor and measure results and quality against identified objectives	Advanced	5%

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TOTALS

100%

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6.4. The assessment of the performance of the CFO shall be based on the following rating scales for KPAs and CMCs:

RATING SCALES		
LEVEL	TERMONOLOGY	DESCRIPTION
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 Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance Significantly Above Expectations	Performance is significantly higher 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 Performance Agreement and Performance Plan
2	Performance Not Fully Effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half of the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
1	Unacceptable Performance	Performance does not meet the standard expected for the job. The 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 Performance Agreement and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

6.5. To determine which rating on the five-point rating scale did the CFO achieve for each KPA, the following criteria should be used:

Description	Definition
Duration of task	Was the target achieved within the projected timeframe
Level of complexity	Did the task require problem solving; reconciling different perceptions and the use of innovative alternatives?
Cost	Was the target delivered within budget? Was there saving or was there over expenditure?
Constraints	Did the envisaged constraints materialise? If so, were steps taken to manage/reduce the effects of the constraint? If not, was it beneficial to the completion of the target? Were there any innovative/pro-active steps taken to manage the constraint

6.6. Annexure "B" may be used as the basis for progress discussions by the municipality.

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7. PANEL AND SCHEDULE FOR ASSESSMENTS

7.1. An assessment panel consisting of the following persons shall be established when assessing the annual performance of the CFO:

7.1.1. The Municipal Manager

7.1.2. Chairperson of the Performance Audit Committee or Audit committee in the absence of a performance committee

7.1.3. Member of the Mayoral Committee

7.1.4. Municipal Manager from another Municipality

7.2. The manager responsible for human resources of the Municipality must provide a secretarial services to the evaluation panels refer to in 7.1

7.3. In addition, a pre-assessment shall be done by:

7.3.1. The Municipal Manager

7.3.2. The CFO (own assessment)

7.4. The performance of the CFO shall be assessed in relation to his/her achievement of:

7.4.1. The targets indicated for each KPA in Annexure A;

7.4.2. The CCRs as defined in clause 6.3 of this agreement on a date to be determined for each of the following quarterly periods:

Quarter	Months	Review Date
1	July – September	October
2	October – December	January
3	January – March	April
4	April – June	July

7.5. Assessments in the first and third quarter may be verbal if the CFO's performance is satisfactory

7.6. The Municipality shall keep a record of the mid-year and annual assessment meetings.

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8. EVALUATING PERFORMANCE AND THE MANAGEMENT OF EVALUATION OUTCOMES

- 8.1. The CFO shall submit quarterly performance reports and a comprehensive annual performance report with the self-assessment to the Municipal Manager before the performance assessment meeting.
- 8.2. The Municipal Manager shall give performance feedback to the CFO after each quarterly and the annual assessment meetings.
- 8.3. The CFO shall be subjected to the performance evaluation panel at the end of the financial year for assessing the performance during the year
- 8.4. The evaluation report of the CFO's performance shall form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 8.5. The results of the annual assessment and the scoring report of the CFO for the purposes of bonus allocation, if applicable, shall be submitted to the council for approval.
- 8.6. Personal growth and development needs identified during any performance assessment discussion, must be documented in the CFO's Personal Development Plan as well as the action steps and set time frames agreed to.
- 8.7. Despite the establishment of agreed intervals for assessment, the Municipal Manager may, in addition, review the CFO's performance at any stage while his/her contract of employment remains in force.
- 8.8. Parties may agree to review and make reasonable changes to the provisions of **Annexure "A"** from time to time for operational reasons. The CFO shall be fully consulted before any such change is made.
- 8.9. The provisions of **Annexure "A"** may be amended by the council when the Municipality's performance management system is adopted, implemented and/or amended as the case may be subject to clause 5.3.
- 8.10. 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:

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

8.10.2. a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

9. OBLIGATIONS OF THE MUNICIPALITY

9.1. The Municipality shall create an enabling environment to facilitate effective performance by the CFO.

9.2. The CFO shall be provided with access to skills development and capacity building opportunities.

9.3. The Municipality shall work collaboratively with the CFO to solve problems and generate solutions to common problems that may impact on the performance of the CFO.

9.4. The Municipality shall make available to the CFO such resources including employees as the CFO may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement; provided that it shall at all times remain the responsibility of the CFO to ensure that he/she complies with those performance obligations and targets.

9.5. The CFO shall be delegated such powers by the Municipality as may in the discretion of the Municipality be reasonably required from time to time to enable him/her to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

10.1. The Municipal Manager agrees to consult the CFO within a reasonable time where the exercising of the Municipal Manager's powers shall:

10.1.1. have a direct effect on the performance of any of the CFO's functions;

10.1.2. commit the CFO to implement or to give effect to a decision made by the Council and/or Municipal Manager;

10.1.3. have a substantial financial effect on the Municipality.

10.2. The Municipal Manager agrees to inform the CFO of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable, to enable the CFO to take any necessary action without delay.

11. CONSEQUENCES OF POOR OR UNACCEPTABLE PERFORMANCE

11.1. Where the Municipal Manager is, at any time during the CFO's employment, not satisfied with the CFO's performance with respect to any matter dealt with in this Agreement, the Municipal Manager shall give notice to the CFO to attend a meeting with the Municipal Manager.

11.2. The CFO shall have the opportunity at the meeting to satisfy the Municipal Manager of the measures being taken to ensure that the CFO's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures

11.3. The Municipality shall provide systematic remedial or developmental support to assist the CFO to improve his/her performance.

11.4. If, after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Municipal Manager holds the view that the performance of the CFO is not satisfactory, the Municipal Council shall, as per the advice of the Municipal Manager and subject to compliance with applicable labour legislation, be entitled to, by notice in writing to the CFO, take steps to terminate the CFO's employment in accordance with the notice period set out in the CFO's contract of employment.

11.5. Where there is a dispute or difference as to the performance of the CFO under this Agreement, the Parties shall confer with a view to resolving the dispute or difference.

11.6. Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the CFO's contract of employment with or without notice for any other breach by the CFO of her obligations to the Municipality or for any other valid reason in law.

12. DISPUTES

12.1. In the event that the CFO is dissatisfied with the nature of this Agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or salary increment in the agreement, must be mediated by the Executive Mayor, who must within 30 days of receipt of a formal dispute from the CFO's, take a decision that shall be formal and binding on both parties.

1.1. In the event that the CFO is dissatisfied with the outcome of the evaluation, must be mediated by 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) within 30 days of receipt of a formal dispute from the CFO's, take a decision that shall be formal and binding on both parties.

2. GENERAL

2.1. The contents of this Agreement must be made available to the public by the Municipal Manager in accordance with the Municipal Finance Management Act, 2003 section 46.

2.2. Nothing in this Agreement diminishes the obligations, duties or accountabilities of the CFO in terms of her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

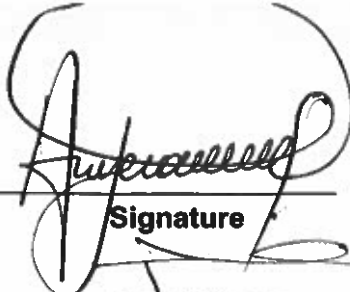
Signed at Ramani on this 01 day of July 2018

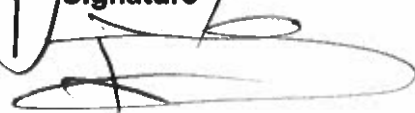


Chief Financial Officer
Chris Hani District Municipality

As witness:

(1) Anita MFEKANE
Full Name and Surname


Signature


Signature

(2) Ipeleg Matsietsa
Full Name and Surname

Signed at Komani on this 1st day of July 2018


Acting Municipal Manager
Chris Hani District Municipality

As witness:

(1) ANDILE Mboneni
Full Name and Surname


Signature

(2) SISIPIHO TANCWENI
Full Name and Surname


Signature

**ANNEXURE B:
PERFORMANCE AGREEMENT FOR MS. N. FETSHA**



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

CHRIS HANI DISTRICT MUNICIPALITY

PERSONAL DEVELOPMENT PLAN OF: Ms N. FETSHA

2018/19 FINANCIAL YEAR

Compiled on 01 July 2018

1. Skills/ Performance Gap (in order of priority)	2. Outcomes Expected (measures indicators: quantity, quality and time frames)	3. Suggested Training and /or development activity	4. Suggested Mode of delivery	5. Suggested Time Frames	6. Work Opportunity created to practise skill / development area	7. Support Person
Contracts Management	Improved implementation of SCM Policy	Course	external service provider	One Year	implementation of SCM	Municipal Manager
Annual Financial Statements	In House preparations for AFS	GRAP standard	External service provider	One Year	Preparation of credible AFS in house	Municipal Manager

Ms N. Fetsha