

BM



**O.R. TAMBO
DISTRICT MUNICIPALITY**

ANNUAL PERFORMANCE AGREEMENT

Prepared for and entered into by:

Mr M. Ngqondwana

the Executive Mayor of the

O.R. TAMBO DISTRICT MUNICIPALITY

("the Executive Mayor")

and

Mr. P.B. Mase

the Municipal Manager of the

O.R. TAMBO DISTRICT MUNICIPALITY

("the Municipal Manager")

for the financial year:

1 July 2023 to 30 June 2024

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 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 Municipal Manager for a period of **5 years**, commencing on **20 June 2023**.
- 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 Municipal Manager to a set of outcomes that will secure local government policy goals.
- 1.4 The Parties wish to ensure that there is compliance with Sections 57(4A), (4B) and (5) of the Systems Act.
- 1.5 In this Agreement the following words will have the meaning ascribed thereto:

"This Agreement" - means the performance agreement between the Municipality and the Municipal Manager and the annexures thereto.

"The Executive Authority" - means the Mayoral Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act as represented by its chairperson, the Executive Mayor.

"The Executive Mayor" – means an Executive Mayor elected in terms of Section 55 of the Local Government: Municipal Structures Act. No. 117 of 1998

"The Municipal Manager" – means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.

"The employee" - means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998

"The Municipality" – means the O.R. TAMBO DISTRICT MUNICIPALITY.

"The employer" - means the O.R. TAMBO DISTRICT MUNICIPALITY

"The Parties" - means the Executive Mayor and the Municipal Manager



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 Municipal Manager and to communicate to the Municipal Manager the Municipality's expectations of the Municipal Manager's performance and accountability;
 - 2.1.3. Specify accountabilities as set out in Annexure A;
 - 2.1.4. Monitor and measure performance against targeted outputs and outcomes;
 - 2.1.5. Use Annexures A, B and C, as a basis for assessing the Municipal Manager for employment and/or to assess whether the Municipal Manager has met the performance expectations applicable to his job;
 - 2.1.6. Appropriately reward the Municipal Manager in accordance with the Municipality's performance management policy in the event of outstanding performance;
 - 2.1.7. Establish a transparent and accountable working relationship; and
 - 2.1.8. Give effect to the Municipality's commitment to a performance-orientated relationship with its Municipal Manager in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1 Notwithstanding the date of signature this Agreement will commence on **1 July 2023** and will 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
- 3.2 The Parties will review the provisions of this Agreement during June each year. The Parties will conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement at least once a year by not later than the 31 July each year.
- 3.3 The payment of the performance bonus is determined by the performance score obtained during the 4th quarter annual performance assessment as informed by the quarterly performance assessments. Should the Municipal Manager be entitled to a bonus, this will be paid out after approval by Council and not later than sixty (60) days thereafter in the Municipal Manager's salary for a month that shall be applicable.
- 3.4 The payment of a performance bonus for the year in which the Municipal Manager's contract of employment expires will be done as set out in clause 3.3 and the bonus so determined will be paid to the Municipal Manager on the last day of his employment or not later than 30 days thereafter.

MN

BM

- 3.5 In the event of the Municipal Manager commencing or terminating his services with the Municipality during the validity period of this Agreement, the Municipal Manager's performance for the portion of the period referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.
- 3.6 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon by the Parties.
- 3.7 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.
- 3.8 This Agreement will terminate on the termination of the Municipal Manager'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 Municipal Manager; and
- 4.2 The Personal Development Plan in **Annexure B** sets out the Municipal Manager's personal developmental requirements in line with the objectives and targets of the Municipality.
- 4.3 The Core Management Competencies reflected in **Annexure C** set out those management skills regarded as critical to the position held by the Municipal Manager.
- 4.4 The Statement on Purpose of Position has been included as **Annexure D**.
- 4.5 The Assessment sheets to be utilised during quarterly and annual assessments have been included in **Annexure E**.
- 4.6 The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the Municipal Manager and based on the Integrated Development Plan and the budget of the Municipality, and include key objectives, key performance areas, target dates and weightings.
- 4.7 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.

- 4.8 The Municipal Manager's performance will, 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 Municipal Manager agrees to participate in the performance management system that the Municipality adopts or introduces for the municipal management and municipal staff of the Municipality.
- 5.2 The Municipal Manager accepts that the purpose of the performance management system will 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 Executive Mayor will consult the Municipal Manager about the specific performance standards that will be included in the performance management system as applicable to the Municipal Manager.
- 5.4 The Municipal Manager undertakes to actively focus towards the promotion and implementation of his Key Performance Areas as set out in **Annexure A** including special projects relevant to the Municipal Manager's responsibilities within the local government framework.

6. EVALUATING PERFORMANCE

- 6.1 The performance of the Municipal Manager will be assessed against the outputs and outcomes achieved in terms of his Key Performance Areas (KPA's) as fully described in Annexure A and his Core Management Competencies (CMCs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPA's and CMCs respectively. Therefore the KPA's that refer to the main tasks of the Municipal Manager accounts for 80% of his assessment while the CMCs make up the other 20% of the Municipal Manager's assessment score.
- 6.2 The weightings agreed to in respect of the Municipal Manager's KPA's attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPA'S)	WEIGHT
Key Performance Area (KPA) 1: Basic Service Delivery & Infrastructure (BSDI)	40%
Key Performance Area (KPA) 2: Local Economic Development (LED)	20%
Key Performance Area (KPA) 3: Financial Viability and Management (FVM)	15%
Key Performance Area (KPA) 4: Good Governance and Public Participation (GGPP)	15%
Key Performance Area (KPA) 5: Municipal Transformation and Institutional Development (MTID)	10%
Total	100%

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

LEADING COMPETENCIES	
SECTION	COMPETENCIES
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute management
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance
CORE COMPETENCIES	
Moral Competencies	
Planning and Organising	
Analysis and Innovation	
Knowledge and Information Management	
Communication	
Results and Quality Focus	



6.4 The assessment of the performance of the Municipal Manager will be based on the following rating scale for KPAs and CMCs::

LEVEL	TERMINOLOGY	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 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	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.

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

Duration of task	- Was the target achieved within the projected time frame?
Level of Complexity	- Required problem solving - Reconciling different perceptions - Innovative alternatives used

MN

BM

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

7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

7.1 An assessment panel consisting of the following persons will be established:

- 7.1.1 The Executive Mayor or Mayor;
- 7.1.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 7.1.3 Member of the mayoral or executive committee;
- 7.1.4 Mayor and/or municipal manager from another municipality; and
- 7.1.5 Member of a ward committee as nominated by the Executive Mayor or Mayor

7.2 In addition an assessment may also be done by:

- 7.2.1 The Municipal Manager (own assessment)

7.3 The performance of the Municipal Manager will be assessed in relation to his achievement of:

- 7.3.1 The targets indicated for each KPA in Annexure A;
- 7.3.2 The CCRs as defined in clause 6.3 of this agreement on a date to be determined for each of the following quarterly periods:

- 1st Quarter - July to September
- 2nd Quarter - October to December
- 3rd Quarter - January to March
- 4th Quarter - April to June

7.4 Assessments in the first and third quarter may be verbal if the Municipal Manager's performance is satisfactory. Should the performance be not satisfactory, the assessment will be recorded.

7.5 The Municipality will keep a record of the mid-year and annual assessment meetings.

7.6 The Municipality may appoint an external facilitator to assist with the annual assessment.



8. EVALUATING PERFORMANCE AND THE MANAGEMENT OF EVALUATION OUTCOMES

- 8.1 The Municipal Manager will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Executive Mayor.
- 8.2 The Executive Mayor will give performance feedback to the Municipal Manager after each quarterly and the annual assessment meetings.
- 8.3 The evaluation of the Municipal Manager's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 8.4 At the end of the 4th quarter, the Executive Mayor will determine if the Municipal Manager is eligible for a performance bonus as envisaged in his contract of employment based on the bonus allocation set out in clause 8.11 of this agreement.
- 8.5 The results of the annual assessment and the scoring report of the Municipal Manager for the purposes of bonus allocation, if applicable, will be submitted to the Executive Mayor for a recommendation to the full Council.
- 8.6 Personal growth and development needs identified during any performance assessment discussion, must be documented in the Municipal Manager'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 Executive Mayor may, in addition, review the Municipal Manager's performance at any stage while his contract of employment remains in force.
- 8.8 The Executive Mayor will be entitled to review and make reasonable changes to the provisions of **Annexure "A"** from time to time for operational reasons. The Municipal Manager will be fully consulted before any such change is made.
- 8.9 The provisions of **Annexure "A"** may be amended by the Executive Mayor 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 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 8.11 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:

MN

BM

Performance Calculator Score	Bonus %
166% and above	14%
162% - 165%	13%
158% - 161%	12%
154% - 157%	11%
150% - 153%	10%
146% - 149%	9%
142% - 145%	8%
138% - 141%	7%
134% - 137%	6%
130% - 133%	5%
129% and below	None

9. OBLIGATIONS OF THE MUNICIPALITY

- 9.1 The Municipality will create an enabling environment to facilitate effective performance by the Municipal Manager.
- 9.2 The Municipal Manager will be provided with access to skills development and capacity building opportunities.
- 9.3 The Municipality will work collaboratively with the Municipal Manager to solve problems and generate solutions to common problems that may impact on the performance of the Municipal Manager.
- 9.4 The Municipality will make available to the Municipal Manager such resources including employees as the Municipal Manager 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 will at all times remain the responsibility of the Municipal Manager to ensure that he/she complies with those performance obligations and targets.
- 9.5 The Municipal Manager will 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 Executive Mayor agrees to consult the Municipal Manager within a reasonable time where the exercising of the Executive Mayor's powers will –
- 10.1.1 Have a direct effect on the performance of any of the Municipal Manager's functions;
 - 10.1.2 Commit the Municipal Manager to implement or to give effect to a decision made by the Executive Mayor; and
 - 10.1.3 Have a substantial financial effect on the Municipality.
- 10.2 The Executive Mayor agrees to inform the Municipal Manager 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 Municipal Manager to take any necessary action without delay.

11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE

- 11.1 Where the Executive Mayor is, at any time during the Municipal Manager's employment, not satisfied with the Municipal Manager's performance with respect to any matter dealt with in this Agreement, the Executive Mayor will give notice to the Municipal Manager to attend a meeting with the Executive Mayor.
- 11.2 The Municipal Manager will have the opportunity at the meeting to satisfy the Executive Mayor of the measures being taken to ensure that the Municipal Manager's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.
- 11.3 The Municipality will provide systematic remedial or developmental support to assist the Municipal Manager to improve his 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 Executive Mayor holds the view that the performance of the Municipal Manager is not satisfactory, the Municipal Council will, as per the advice of the Executive Mayor and subject to compliance with applicable labour legislation, be entitled to, by notice in writing to the Municipal Manager, take steps to terminate the Municipal Manager's employment in accordance with the notice period set out in the Municipal Manager's contract of employment.
- 11.5 Where there is a dispute or difference as to the performance of the Municipal Manager under this Agreement, the Parties will 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 Municipal Manager's contract of employment with or without notice for

MM

BUM

12. DISPUTES

- 12.1 In the event that the Municipal Manager is dissatisfied with any decision or action of the Executive Mayor or difference arises as to the extent to which the Municipal Manager has achieved the performance objectives and targets established in terms of this Agreement, the Municipal Manager may meet with the Executive Mayor with a view to resolving the issue. At the Municipal Manager's request the Executive Mayor will record the outcome of the meeting in writing.
- 12.2 In the event that the Municipal Manager remains dissatisfied with the outcome of that meeting, he/she may raise the issue in writing with the Council. The Council will determine a process within 4 (four) weeks for resolving the issue, which will involve at least providing the Municipal Manager with an opportunity to state his case orally or in writing before the Council. At the Municipal Manager's request, the Council will record the outcome of the meeting in writing. The final decision of the Council on the issue will be made within 6 (six) weeks of the issue being raised with the latter and will, subject to common law and applicable labour law, be final.
- 12.3 If any dispute about the nature of the Municipal Manager's performance agreement whether it relates to key responsibilities, priorities, methods of assessment or any other matter provided for cannot be resolved through an internal mechanism as contemplated above, the dispute will be mediated by the MEC for local government in the province or any other person appointed by the MEC within 30 days of receipt of a formal dispute from the Municipal Manager.
- 12.4 In the event that the mediation process contemplated above fails, the relevant arbitration clause of the contract of employment will apply.

13. GENERAL

- 13.1 The contents of this Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Municipality, where appropriate.




13.2 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.

Signed at Mthatha on this 31 day of July

2023.


.....
Municipal Manager of the O.R
TAMBO DISTRICT MUNICIPALITY

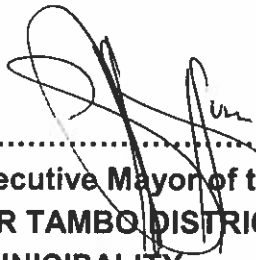
As Witnesses:

1. 

2.

Signed at Mthatha on this 31 day of July

2023.


.....
Executive Mayor of the
O.R TAMBO DISTRICT
MUNICIPALITY

As Witnesses:

1.

2.

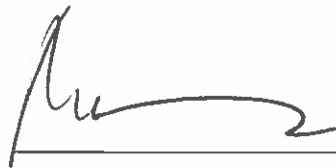
ANNEXURE A: PERFORMANCE PLAN

NAME	Phumlani Basil	SURNAME	Mase
POST NAME	Municipal Manager		
DEPARTMENT	N/A	SECTION	N/A

INDIVIDUAL KEY PERFORMANCE AREAS [80%]

KPA NUMBER	KEY PERFORMANCE AREA	WEIGHTING
KPA 1	Basic Service Delivery and Infrastructure Development	40%
KPA 2	Local Economic Development	20%
KPA 3	Financial Viability & Management	15%
KPA 4	Good Governance & Public Participation	15%
KPA 5	Municipal Transformation & Institutional Development	10%

**Municipal
Manager's
Signature:**



**Executive
Mayor's
Signature:**



Date:

31/07/2023

Date:

31/07/2023

ANNEXURE B: PERSONAL DEVELOPMENT PLAN

1) What are the competencies required for this job

- NQF Level 7 Qualification
- Minimum of 10 years' relevant experience with at least 5 years at senior management level
- Strategic Direction and Leadership
- People Management
- Program and Project Management
- Financial Management
- Change Leadership
- Governance Leadership
- Moral Competencies
- Planning and Organising
- Analysis and Innovation
- Knowledge and Information Management
- Communication
- Results and Quality Focus

2) What competencies, from the above list, does the job holder already possess?

- NQF Level 9
- All of the above competencies
-

3) What, then, are the competency gaps? (If the job holder possesses all the necessary competencies, complete No's 5 and 6)

- N/A
-
-

4) Actions/Training interventions to address the gaps/needs

- N/A
-
-

5) Indicate the competencies required for future career progression/development

- Programme Evaluation
- Executive Management Program
- Planning Facilitation

BM

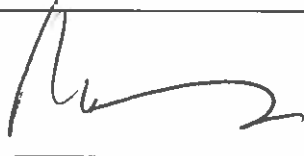
6) Actions/Training interventions to address future progression

- Enrol with the institution of Higher Learning
-
-

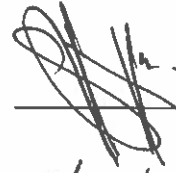
7) Comments/Remarks of the Incumbent

8) Comments/Remarks of the Supervisor

**Municipal
Manager's
Signature:**



**Executive
Mayor's
Signature:**



Date:

31/07/2023

Date:

31/07/2025

ANNEXURE C: CORE MANAGEMENT COMPETENCIES

CORE COMPETENCY REQUIREMENTS [20%]

LEADING COMPETENCIES		
SECTION	COMPETENCIES	WEIGHTING
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness 	20
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute management 	10
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation 	10
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring 	10
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation 	10
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance 	10
CORE COMPETENCIES		
	Moral Competencies	5
	Planning and Organising	5
	Analysis and Innovation	5
	Knowledge and Information Management	5
	Communication	5
	Results and Quality Focus	5

**Municipal
Manager's
Signature:**



**Executive
Mayor's
Signature:**



Date:

31/07/2023

Date:

31/07/2023