

Kouga Municipality



PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

**KOUGA MUNICIPALITY
HEREIN REPRESENTED BY**

MR C DU PLESSIS

AND

**MR R LORGAT
EMPLOYED BY KOUGA MUNICIPALITY AS
CHIEF FINANCIAL OFFICER**

FOR THE

FINANCIAL YEAR: 1 JULY 2021 TO 30 JUNE 2022

Performance Agreement CFO (2021/22)

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WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Employer has entered into a contract of employment with the Employee 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 ensure the achievement of local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4) and 57(5) of the Systems Act.

2. PURPOSE OF THIS AGREEMENT

- 2.1 Comply with the provisions of Section 57(1)(b),(4) and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 Specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance and accountabilities.
- 2.3 Specify accountabilities as set out in the Performance Plan.
- 2.4 Monitor and measure performance against set targeted outputs.
- 2.5 Use the Performance Agreement and Performance Plan as the basis for assessing whether the Employee has met the performance expectations applicable to his job.
- 2.6 Appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and

Kouga Municipality

- 2.7 Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

3. DELIVERY

- 3.1 This Agreement will commence on 1 July 2021 and will remain in force until 30 June 2022, where after a new Performance Agreement and Performance Plan shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The parties will review the provisions of this Agreement during June of each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement, at least once a year by not later than 31 July of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment for whatever reason.
- 3.4 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon.
- 3.5 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.

4. PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan attached to this Agreement sets out –
- 4.1.1 The performance objectives and targets that must be met by the Employee; and
- 4.1.2 The time frames within which those performance objectives and targets must be met.
- 4.2 The performance objectives and targets reflected in the Performance Plan are set by the Employer in consultation with the Employee and are based on the Integrated Development Plan,

Performance Agreement CFO (2021/22)

Kouga Municipality

Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Employer and includes key objectives; key performance indicators; target dates and weightings.

- 4.3 The key objectives describe the main tasks that need to be performed. 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 timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.
- 4.4 The Employee's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.
- 4.5 It is specifically agreed that in preparation for the implementation of standardized national key performance indicators for local government institutions, that the Employee, at the indicated intervals, shall provide operational statistical information to be used as performance baselines for the 2022/23 financial year with the submission of performance reports at the agreed submission dates. The performance of the Employee shall not be measured on such information for the 2021/22 year.

5. PERFORMANCE MANAGEMENT SYSTEM

- 5.1 The Employee agrees to participate in the performance management system that the Employer adopts or introduces for the Employer, management and municipal staff of the Employer.
- 5.2 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 Employer, management and municipal staff to perform to the standards required.
- 5.3 The Employer will consult with the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

6. THE EMPLOYEE AGREES TO PARTICIPATE IN THE PERFORMANCE MANAGEMENT SYSTEM THAT THE EMPLOYER ADOPTS.

- 6.1 The Employee undertakes to actively focus towards the promotion and implementation of the Key Performance Areas KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.
- 6.2 The Employee undertakes to submit performance evidence in a format the Employer may require at times and intervals as set out herein to enable the Employer to evaluate the performance of the Employee.
- 6.2.1 The Employee undertakes to consult MFMA Circular 88 in order to ensure that the Circular 88 reporting component of the Performance Plan of the Employee complies with the Technical Indicator Descriptions so as to ensure that performance evidence supplied in this regard shall in future withstand audit scrutiny.
- 6.3 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.
- 6.3.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Core Competencies Requirements (CCR's) respectively.
- 6.3.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 6.3.3 KPA's covering the main areas of work will account for 80% and CCR's will account for 20% of the final assessment.
- 6.4 The Employee's assessment will be based on his/her performance in terms of the outputs/outcomes (performance indicators) identified as per attached Performance Plan (Annexure A), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

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Kouga Municipality

| Kpa No | Key Performance Area | Weight |
|--------|------------------------------------|--------|
| 2 | Financial Viability and Management | 100 |
| Total | | 100 |

- 6.4.1 The Core Competency Requirements provided for in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, R805 dated 1 August 2006 as listed hereunder will make up the other 20% of the Employee's assessment score:

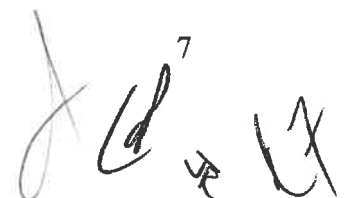
| CCR No | Core Competency Requirement | Weight |
|-------------------------------------|---------------------------------------|--------|
| Core Managerial Competencies | | |
| 1 | Strategic Capability and Leadership | 25% |
| 3 | Financial Management | 25% |
| 8 | People Management and Empowerment | 25% |
| 9 | Client Orientation and Customer Focus | 25% |
| Total | | 100% |

7. PERFORMANCE EVALUATIONS

- 7.1 The Performance Plan annexed to this Agreement sets out –
- 7.1.1 The standards and procedures for evaluating the Employee's performance; and
- 7.1.2 The intervals for the evaluation of 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 set time frames.

Kouga Municipality

- 7.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan (IDP).
- 7.5 The annual performance appraisal will involve:
- 7.5.1 Assessment of the achievement of results as outlined in the performance plan:
- 7.5.1.1. Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
- 7.5.1.2. An indicative rating on the five-point scale should be provided for each KPA.
- 7.5.1.3. The applicable assessment rating calculator (refer to paragraph 7.5.3 below) must then be used to add the scores and calculate a final KPA score.
- 7.5.2 Assessment of the CCR's
- 7.5.2.1. Each CCR should be assessed according to the extent to which the specified standards have been met.
- 7.5.2.2. An indicative rating on the five-point scale should be provided for each CCR.
- 7.5.2.3. The applicable assessment rating calculator (refer to paragraph 7.5.3) must then be used to add the score and calculate a final CCR score.
- 7.5.3 Overall rating
An overall rating is calculated by using the applicable assessment-rating calculator which could also be incorporated in the performance management system utilized by the Employer. Such overall rating represents the outcome of the performance appraisal. The assessment of the performance of the Employee will be based on the following rating scale for KPA's and CCR's:

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Kouga Municipality

| 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 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. | | | | | |

Kouga Municipality

| | | | |
|----------|---------------------------------|---|--|
| 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. | |
|----------|---------------------------------|---|--|

7.6 For purposes of evaluating the annual performance of the Employee, an evaluation panel constituted of the following persons will be established –

7.6.1 Municipal Manager.

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

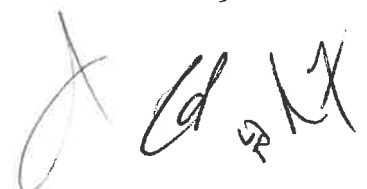
7.6.3 Member of the Mayoral Committee or Executive Committee or in respect of a plenary-type municipality, another member of council; and

7.6.4 Municipal Manager from another Municipality.

8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1 The performance of the Employee in relation to his performance agreement shall be reviewed on the following dates:

| | | |
|------------------------|---|--------------------------------|
| First Quarter | : | July- September 2021 |
| Submission of evidence | : | 15 October 2021 |
| Review | : | 29 October 2021 |
| Second Quarter | : | October – December 2021 |
| Submission of evidence | : | 14 January 2021 |
| Review | : | 28 January 2021 |
| Third quarter | : | January-March 2022 |
| Submission of evidence | : | 15 April 2022 |



Kouga Municipality

| | | |
|------------------------|---|------------------------|
| Review | : | 29 April 2022 |
| Fourth quarter | : | April-June 2022 |
| Submission of evidence | : | 22 July 2022 |
| Review | : | 23 September 2022 |

- 8.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.
- 8.3 Performance feedback shall 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 the Performance Plan from time to time for operational reasons. The Employee will be fully consulted before any such change is made.
- 8.5 The Employer may amend the provisions of the Performance Plan 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. OBLIGATIONS OF THE EMPLOYER

- 9.1 The Employer shall-
- 9.1.1 Create an enabling environment to facilitate effective performance by the employee.
- 9.1.2 Provide access to skills development and capacity building opportunities.
- 9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.
- 9.1.4 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
- 9.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time,

Kouga Municipality

assisting him to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

- 10.1 The Employer agrees to consult the Employee timeously where the exercising of the powers of the Employer will have amongst others-
 - 10.1.1 A direct effect on the performance of any of the Employee's functions.
 - 10.1.2 Commit the Employee to implement or to give effect to a legitimate decision made by the Employer; and
- 10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in clause 10.1 as soon as is practically possible to enable the Employee to take any necessary action without delay.

11. MANAGEMENT OF EVALUATION OUTCOMES

- 11.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 11.2 A performance bonus between 5% to 14% of the Employee's inclusive annual remuneration package as detailed in the relevant policy, may be paid to the Employee in recognition of outstanding performance subject to the provisions of applicable legislation in this regard.
- 11.3 Whereas the Employee's contract of employment provides in clause 2.4 that the appointment is subject to the conclusion of a performance agreement annually within one (1) month after the commencement of the new financial year and whereas parties to this agreement agrees that performance reporting by Directorates is an indispensable component of the management of Kouga Municipality.
 - 11.3.1 It is herewith specifically agreed that the Employee shall utilize the performance management system of the Municipality on a continuous basis and the Employee shall



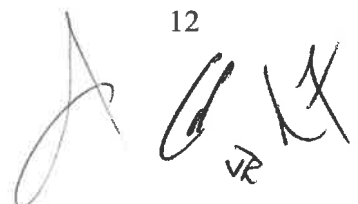
Kouga Municipality

ensure that performance reporting is completed within a period of eleven (11) working days immediately following any performance reporting period, unless otherwise stated herein, with the provision that where any performance information is subject to Audit, provisional performance reporting and the submission of performance evidence shall be completed within the stipulated reporting period.

- 11.3.2 The Employee herewith acknowledge and agree that failure to comply with performance reporting periods, time frames and the submission of performance evidence shall impact on the ability of the Employer to comply with legislated and stipulated performance reporting and as such may non-compliance with completion of performance reports by the Employee or the submission of performance evidence result in any performance reward that may be due or may become due may be forfeited in part or in full at the discretion of the Employer.

12. DISPUTE RESOLUTION

- 12.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter provided for, shall be mediated by –
- 12.1.1 The Mayor of the Employer within thirty (30) days of receipt of a formal written dispute from the Employee provided that where the dispute relates to the outcome of the performance evaluation, the Mayor shall appoint a member of Council to consider submissions on performance whose decision shall be final and binding.
- 12.2 Any disputes about the outcome of the Performance Evaluations shall within thirty (30) days of receipt of a formal written dispute from the Employee be mediated by a member of the Kouga Municipal Council, provided that such Councillor was not part of the evaluation panel contemplated in paragraph 7 herein, whose decision shall be final and binding on both parties.
- 12.3 In the event that the mediation process contemplated above fails, clause 16 of the Contract of Employment shall apply.

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13. GENERAL

- 13.1 The contents of this agreement and the outcome of any review conducted in terms of this agreement may be made available to the public by the Employer.
- 13.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

14. PERSONAL DEVELOPMENT PLAN

- 14.1 The personal development plan of the Employee is attached hereto.

Thus done and signed at SEFKENI BAY on this the 22ND day JULY of 2021.

AS WITNESSES:

1. [Signature]
2. [Signature]

[Signature]
EMPLOYEE

[Signature]
MUNICIPAL MANAGER