



PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

SENQU MUNICIPALITY

**“(Hereinafter referred to as the employer)”
Represented by**

**The Municipal Manager
Mr Thembinkosi Mawonga**

and

**Mr. KENNITH FOURIE
Chief Financial Officer
“(Hereinafter referred to as the employee)”**

2026/2027

PERFORMANCE AGREEMENT: PART A

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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 to as "the Parties".
- 1.2 Section 57(1) (b) (ii) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance agreement within one (1) month after the beginning of each financial year of the Municipality.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved and secure the commitment of **both the Employer the Employee** to a set of outcomes that will secure Local Government policy goals.
- 1.4 Section 57(1) (a) (b), (4A), (4B), (4C) and (5) of the Systems Act; No 32 of 2000 and subsequent amendments (the Systems Act, No Act 7 of 2011) , read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance agreement within 60 days after the beginning of the financial year. The updated Performance review of the previous year will occur no later than July each year.
- 1.5 In its comprehensive version, this Performance Agreement is made up of five components, namely.
- 1.5.1 **PART A:** The generic contextualizing agreement, which is not to be measured / assessed for performance but rather sets the legal and relationship context and stage for all other subsequent assessable sections / parts of this performance agreement.
- 1.5.2 **PART B** (Approximate weighting = 80%): **Employee's Core Contributory Performance – Top Layer SDBIP-Based Scorecard Issues.** It is the **Performance Plan** for which this executive employee alone leads and is accountable for achieving the specific and unique outcomes set out for his / her department across the whole municipality in the Top Layer SDBIP. Part B does not focus on outcomes that a generic for all executives performed within and for their departments. It is the first measurable Part, wherein measurable targets in all unique **Strategic (from the TL SDBIP)** and **Functional (From Job Profiles)** outcomes and objectives have been set. For brevity, these outcomes and objectives must come from all only those KPAs wherein the executive employee's work cannot be generalized with that of her / his other executive peers **(in Part C below)**. The individual executive employee targets are based on the (i) Top Layer (Institutional) and (ii) Departmental /Directorate SDBIPs objectives and targets wherein the

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section 57 Manager plays a unique significant leadership contribution (iii) whatever strategic targets set in the Executive's Employment Contract Performance Clause.

- 1.5.3 **PART C** (approximate weighting = 0%): This is a crucial part of the executive employee's scorecard. It measures those aspects of work that all executives at this level are expected to perform on and achieve working as Heads for their departments. Since all executive directors do most of their work through other employees below them (subordinate / divisional managers), at this executive level, this Part C carries the greatest weighting of all the other scorecards in the Performance Agreement. It plans out and measures all departmental level strategic (in the departmental SDBIP) and generic / core managerial competence areas largely found in the functional list of the **executive's COGTA Job Profile list of activities and outputs**. Though most important, these core managerial competences (CMC and Critical Competence Requirements (CCRs), these are not unique. They are generic competences and performances that every section 57 executive employee must perform and be assessed on. These cover all 6 KPAs though mostly weighted heaviest on KPAs 3 (Financial Management & Viability); KPA 4: Institutional Transformation and Municipal Development) and KPA 5: Good Governance & Public Participation). These come from annually selected and prioritized Core Managerial Competences (CMCs) and Core Competency Requirements (CCRs). This selection process in this year has been streamlined to pick and use only those aspects which are already listed in the various Directors & MM's Job Profiles combined with those leadership roles implied in achieving each of the Top Layer SDBIP objectives and targets unique to the department that the executive leads.

- 1.5.4 **PART D (0%): Antecedent Input Behaviours. These are strategically winning behaviours that define what an individual must do in order that they succeed in leading strategic - performance in the municipality and in their department.** These have been given a weighting of zero – meaning they will be understood to be applicable in future but are not measured this Financial Year as a way of not slowing down the overwhelming parts of change management. In the years when these will be measured, their weighting will be borrowed from Parts B and C above so that this Part D weighs a maximum of 15% and still retain the overall weighting of Parts B, C & D at 80. The logic of including Part D Scorecard in the Performance Agreement is that, any manager or any employee's performance is enhanced or reduced by certain behavioral habits / practices that they adopt and display, for example, how they manage time, how they make decisions, how they build, lead or work in teams to mention a few. To ensure that these winning antecedent behaviours are always at their most positive to impact performance, KPIs and Targets are set in this Part to measure the institutionally selected behaviours. The selection of the top five or so can be agreed at executive management level or assigned to the MM and her / his delegated director (like Corporate Services Director where Individual Performance resides).

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1.5.5 PART E (20%): Competence – based Individual Development or Learning Plan (CBIDP).

These are commonly called Personal Development Plans (PDPs) or Individual Development Plans (IDPs). Different from previous practices in many organisations, in this Part E, these competence development areas will be planned and measured against (i) competence gaps in fulfilling current job requirements and performances **(roughly 40% of this Part E)** (ii) generic individual managerial or developmental competence / performance gaps **(roughly 40% weighting of this Part E)** (iii) life development goals **(at 20% weighting at own cost but leave time allowed for examinations)**. Unlike in Senqu's previous practices on the PDPs, and unlike what many other municipalities where PDPs are just a "wish list", whose actual achievement does not impact the employee's performance, in this case these Competence-Based Individual Development Plans CBIDPs have set targets and will constitute 20% of the overall performance of that employee in line with the provisions of the Skills Dev Act.

1.5.6 This Performance Agreement cannot be interpreted as if it is replaceable by the Performance Clause in the Executive's 5 Year Contract of Employment as some do at times. This agreement is an annualized sub-set through whose cumulative performance measurement and tracking, whatever the executive would have committed to deliver in 5 years gets achieved.

2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement, as agreed by both parties, is to, inter alia.

- 2.1 comply with the provisions of Section 57(1)(b), (4A),(4B) and (5) of the Act as well as the employment contract entered into between the parties;
- 2.2 specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Municipality.
- 2.3 specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement.
- 2.4 monitor and measure performance against set targeted outputs.
- 2.5 use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job.

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- 2.6 in the event of outstanding performance, to appropriately reward the employee; and
- 2.7 give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 Notwithstanding the date of signature hereto, this Agreement will commence on the **1st July 2026** and will remain in force until **30th June 2027**. Thereafter, a new Performance Agreement, made up of the Performance Plan (the four parts B, C, & D Scorecards) and Personal Development Plan (CBIDP) shall be concluded between the parties for the next financial year or any portion thereof along the lines explained above.
- 3.2 The parties will review all the provisions of this Performance Agreement against its own efficaciousness as well as against existing and / or new local government policy changes in June of each year as part of the Performance Management System Annual Review. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than 31st July of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the **Employee's** contract of employment for any reason.
- 3.4 The content of this Agreement may be revised at any time during the above-mentioned period to re-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.
- 3.6 All revisions and amendments of this Agreement must be **immediately** noted and **immediately** counter-signed by the two agreeing parties, namely, the Employer and the Employee.

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4 PERFORMANCE OBJECTIVES, KEY PERFORMANCE INDICATORS (KPIs), BASELINES AND TARGETS

- 4.1 Mutually aligned performance objectives, related KPIs, their KPI related baselines and targets form the basis and value chain of any strategic – performance management system of any organisation like the municipality.
- 4.2 They are kept in proper alignment through a Performance Plan as described below.
- 4.3 The full Performance Plan or Scorecard (**Parts B, C, D & E**) 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.
- 4.4 The performance objectives and targets reflected in (**Parts B, C and D**) as well as the Part E: (Competence Based Individual Development Plan (CBIDP) are set by the **Employer** in consultative agreement (hence the term Performance Agreement) with the **Employee** and are all based on or clearly aligned to the approved Integrated Development Plan, Top Layer Service Delivery and Budget Implementation Plan (TL SDBIP) and the Budget of the **Employer** and shall include key strategic and functional objectives; key performance indicators; target dates, weightings to reflect urgency and prioritisation, resource requirements, Means of Evidence Verification (MOVs).
- 4.2.1 The key objectives describe the main intended achievements that need to be accomplished as derived from the Institutional (Top Layer) and Departmental SDBIPs wherein the Director makes their contribution in the Municipality.
 - 4.2.2 The **key performance indicators** provide the details of the evidence that must be provided to show that a key objective has been achieved. **Key** here means that there are many indicators from where one can chose, so the choice must prioritise only the few that will move forward the strategic objectives the most.
 - 4.2.3 The **baselines** are very important and must be decided consistent with language and units implied in the performance indicator when measurement of the indicator starts at the beginning of the year.

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- 4.2.4 The **targets** describe the quantity or quality of the performance achieved in that objective and key performance indicator. In most cases, because the timeframe for achieving such a target is understood to be quarterly, semi-annually or annually, timeframes are not mentioned beyond these terms or columns.
- 4.2.5 The **weightings in %** show the importance of the key performance indicators and their targets relative to each other. They are crucial in computing the weighted average ratings at the end of period (quarterly, semi-annually, or annually). It is prudent to always work with an internal total weighting of 100% for each Scorecard (be it Part B, C, D or E).
- 4.5 The **Employee's** performance will, always, be measured in terms of contributions to the goals and strategies set out in the **Employer's** Integrated Development Plan and other sub-ordinate plans and projects that support the achievement of this IDP.

5 THE MUNICIPALITY'S PERFORMANCE MANAGEMENT SYSTEM

- 5.1 At a sitting between the employer and the employee, held onto discuss and agree on this year's performance, the Employee herewith agrees to participate in the performance management system that the Employer has adopted as reflected in this entire Performance Agreement document and its annexures (Parts B, C, D and E) s, as applicable for the Employer, management, and all other municipal staff of the Employer.
- 5.2 The Employee accepts that the purpose of the performance management system is to provide a comprehensive system with specific performance standards and targets to assist the Employer, Management and Municipal staff to perform to reach the standards required for each local government KPA.
- 5.3 The Employer will consult and support the Employee about all aspects required to achieve the specific performance standards that will be included in the performance management system as applicable to the Employee.
- 5.4 The Employee undertakes to actively focus towards the promotion and implementation of all the KPAs, objectives and KPIs (including special projects relevant to the employee's responsibilities) within the Local Government framework.
- 5.5 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.

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- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas, Objectives and Targets set in PARTS B, C, & D (when Part D is being measured) and the Competence Based Individual Development Plans (CBIDP in lieu of the usual PDP) based on prioritized Learning & Development Requirements (CCRs) respectively.
- 5.5.2 Each area of assessment (as per the four Parts described above) will be weighted and will contribute a specific part to the total score accordingly.
- 5.5.3 KPAs covering the main areas of work (PARTS B, C & D) will account for 80% and selected Developmental CRs (in the PART E – CBIDP) will account for 20% of the final assessment.
- 5.5.4 The total score must be determined using the rating calculator which will always be appropriately calibrated to accommodate all the three or four measurable scorecards and the weighting given to each KPI and target within each KPA as found in the four measurable scorecards, namely, Parts B, C, D and E. (This year Part D has been left out for introduction next year).
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (measured through the performance indicators and their related targets) identified as per attached Performance Plan (**PARTS B, C & D**), which are collectively and distributively linked to all the 6 KPA's, and will constitute **80%** of the overall assessment result as per the weightings agreed to between the Employer and Employee. The weightings are set based, firstly, on this director's key job profiles which specify key activities / roles assigned to the incumbent as the director (HOD) of the department in their pursuit of each their own core KPAs, notwithstanding that this director, like all others must play supportive roles in the work done in other KPAs (signified by varying weighting each year).
- 5.7 The weightings shown below, while changeable to align with both the prevailing strategic and functional thrusts that this director must pursue, they must align with the average weighting per KPA assigned to each of the 80% Scorecards (Parts B and C combined). The Table below shows the weightings agreed for this current year for this director.

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery and Infrastructure Development	5%
Good Governance and Public Participation	25%
Municipal Financial Management and Viability	55%

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Key Performance Areas (KPA's)	Weighting
Municipal Transformation and Institutional Development	15%
Total	100%

- 5.7 In the case of managers / directors directly accountable to the Municipal Manager, the weighting of the key performance areas related to the strategic and functional area of the relevant Manager, will always be subject to negotiation between the Municipal Manager and the relevant manager / director. These agreed weightings must be translated to the top of each KPA in the actual Plan templates (PARTS B, C & D).
- 5.8 The developmental Competency Requirements (CR) (learning requirements in the CBIDP) will make up part of the other 20% of the Employee's assessment score. CRs 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 Employee. Three of the CRs are compulsory for Municipal Managers. These Leading CRs make PART C – Generic / Core Managerial Competences (which are common to every Director / Senior Manager as agreed. A selection of Optional Core Competencies is selected each year and will form part of the Antecedent Input Behaviours (as explained earlier).
- 5.9 In this year's Performance Agreement, all of the critical and desired competency requirements have mostly been taken care of through Part C built largely on the directors' Job Profiles, which, coming from COGTA have already selected which of the CRs are important. So the table below is only a guide not a prescription for the KPIs and targets set out in Part C.

CORE COMPETENCY REQUIREMENTS (CCRs) FOR EMPLOYEES – Same Weighting for executives and managers at the same level!		
LEADING COMPETENCIES	✓	WEIGHT
Leadership and Accountability	✓	20%
Results and Quality Focus	✓	20%
CORE COMPETENCIES		
Analysis and Innovation	✓	15%
Communication and People Management	✓	15%
Governance and Compliance	✓	15%
Knowledge and Information Management	✓	15%
Total percentage	-	100%

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6. EVALUATING PERFORMANCE

- 6.1 The Performance Plan Scorecards (Parts B, C and D) to this Agreement each set out -
- 6.1.1 the standards and procedures for evaluating the Employee's performance; and
 - 6.1.2 the intervals for the evaluation of the Employee's performance.
- 6.2 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, subject to sufficient notice and reasons for justifying the variation being given to the employee.
- 6.3 Personal growth and development needs identified during any performance review discussion must be documented in a Competence-Based Individual Development Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.
- 6.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP and subordinate TL SDBIP and Departmental SDBIP and operational plans.
- 6.5 The annual performance appraisal will involve:
- 6.5.1 **Assessment of the achievement of results as outlined in the performance plan:**
 - (a) Each KPA should be assessed according to the extent to which the specified standards or performance targets set for each key performance indicator (KPI) have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
 - (b) An indicative rating on the five-point scale should be provided for each target first and then aggregated for each KPA.
 - (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final weighted average rating for each KPA score.

6.5.2 Assessment of the Competency Requirements

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- (a) Each Competency Requirement should be assessed according to the extent to which the specified standards (based on the standard being treated as a KPI and calibrated targets set, agreed and subsequently met).
- (b) An indicative rating on the five-point scale should be provided for each selected CR based on set KPIs and related targets.
- (c) This rating should be multiplied by the weighting given to each selected CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 Overall rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

- 6.6 The calibration of all set targets in each section / PART of the Performance agreement as well as the subsequent assessment of the performance attained by the Employee for each target will be based on the following rating scale for KPA's and the selected Competence Requirements (CRs) as reflected Part C taking from the Directors' Job Profiles which in turn have drawn them from the following CRs.

- 6.7 Below is the local government municipal regulations rating scale that each municipality has adopted.

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.					

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Level	Terminology	Description	Rating				
			1	2	3	4	5
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.					

6.7 For purposes of evaluating the annual performance of the Municipal Manager, an evaluation panel constituted of the following persons must be established moderate the ratings first agreed between the Employee – i.e. the MM and their supervisor (Executive Mayor)-

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- 6.7.1 Executive Mayor or Mayor.
 - 6.7.2 Chairperson of the performance audit Committee or the Audit Committee in the absence of a performance audit committee.
 - 6.7.3 Member of the Mayoral or Executive Committee or in respect of a plenary type of Municipality, another member of Council.
 - 6.7.4 Mayor and/or Municipal Manager from another Municipality; and
 - 6.7.5 Member of a Ward Committee as nominated by the Executive Mayor or Mayor.
- 6.8 For purposes of evaluating the annual performance of Managers directly accountable to the Municipal Managers, an evaluation panel constituted of the following persons must be established;
- 6.8.1 The Municipal Manager.
 - 6.8.2 Chairperson of the performance Audit Committee or the Audit Committee in the absence of a performance Audit Committee.
 - 6.8.3 Member of the Mayoral or Executive Committee or in respect of a plenary type of Municipality, another member of Council; and
 - 6.8.4 another Municipal Manager from another Municipality.
- 6.9 The Manager responsible for Human Resources of the Municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (6.7) and (6.8).

7. SCHEDULE FOR PERFORMANCE REVIEWS

- 7.1 Before the on-set of the Performance Management Cycle, all targets in PARTS B, C, and D must be calibrated against the rating scale of 1 – 5 in order to minimize common subjectivity that occurs when assessments are done during appraisal time.
- 7.2 The performance of each **Employee** in relation to his / her performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

First quarter: July – September.....Period Review Report Concluded on.....

Second quarter : October – DecemberPeriod Review Report Concluded on.....

Third quarter: January – March..... Period Review Report Concluded on.....

Fourth quarter: April – June..... Period Review Report Concluded on.....

- 7.2 During these review sessions, targets are scored or rated, the targets may also be renegotiated and adjusted in re-alignment to the available budgets and other prevailing environmental conditions as

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necessary. The Employer shall keep a record of the mid-year review and annual assessment meetings and scores for cumulative averaging at the end of each year as provided by the policy.

- 7.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance done in mutual agreement with the employee.
- 7.4 The Employer will be entitled to review and make reasonable changes to the provisions of all PARTS "B, C & D & E" from time to time for operational reasons. The Employee will be fully consulted before any such change is made.
- 7.5 The Employer may amend the provisions of PARTS B, C, and D & E 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 and ideally be in agreement before any such change is made. Both parties will sign-off any amendments made as such agreements are legally binding on both parties.

8. DEVELOPMENTAL REQUIREMENTS

The Competence-Based Individual Development Plan (CBIDP) in lieu of the normal Personal Development Plan (PDP) for addressing developmental gaps is attached as Part E as annexed.

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 / her to meet the performance objectives and targets established in terms of this Agreement; and

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- 9.1.5 make available to the Employee such resources as the Employee may reasonably require from time to time to assist him / her 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 Employer and / or Employee's delegated powers will have amongst others, a direct effect on the performance of any of the Employee's key functions, in particular;

10.1.1 at the initial agreement of this document called the Performance Agreement (Parts A, B, C, D and E), it is envisaged that consultative discussions will be held and that the final signed off agreement will be signed for each part to signify that there was discussion and consensus for each part of this agreement. It is envisaged that the employee will prepare and present to the Employer a draft Performance Agreement (in all its agreed Parts showing calibrated targets for each scorecard) for discussion at a timely agreed date and time. Once agreed, dated and signed by both parties, the Performance Agreement is deemed to be legally binding to both parties, such that no party shall vary any part of it without consultation and agreement with the other Party.

10.1.2 at every performance appraisal / review session (quarterly in line with the municipal performance regulations, unless agreed otherwise within the municipality's Performance Management policy), the Employee shall present their own self rating scores and reasons for discussion and comparing notes with the Employer (who will also have already scored the employee independently prior to the meeting). In this meeting notes are being compared, agreements on performance levels to be maintained, or improved agreed with clear additional support for the employee being agreed. Such support will include necessary coaching and mentoring, training and development arrangement. It is at these formal review / appraisal sessions that any targets may be adjusted, in writing and all changes co-signed against this initial agreement by both parties indicating reasons for such a change.

10.1.3 continuously commit the Employee to implement or to give effect to a decision made by the Employer that affect and are affected by this agreement;

10.1.4 continuously commit the Employer to render all necessary support (resources, emotional, intellectual and physical) as may be reasonably needed by the employee to optimally perform what has been agreed in this Performance Agreement; and

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10.1.5 that has a substantial financial effect on the Employer.

10.2 The Employer agrees to inform the Employee of any outcome of any decisions taken outside the consultation with the employee, with regards to the implementation of this Performance Agreement pursuant to the exercise of powers contemplated in 10.1 above as soon as is practicable, as part of the Employer's coaching roles in order to enable the Employee to take any necessary action without delay. It is envisaged that such decisions will be rare and mostly coming from outside the municipal administration sphere like council, COGTA, National Treasury, SALGA etc.

11. MANAGEMENT OF EVALUATION OUTCOMES

11.1 The final evaluation of the Employee's performance will be conclusively pronounced by the selected panel as envisaged in section 27 (d) of the Performance Regulation, also recapped in sub-sections 6.7 and 6.8 in this document above. The panel will perform a moderating role on all signed performance appraisal reports of each review session held and agreed between the Employer and Employee in the course of the year. For administrative fairness, both the Employer and the Employee should always be present or at least represented to clarify any issues that the panel may wish to have clarified.

11.2 Based on the final scores / ratings presented to and confirmed by the panel, a performance bonus of between 5% to 14% of the total remuneration package **may be paid to the Employee (subject to the policy and the resources available to the municipality as stated in the Systems Act)** in recognition of outstanding performance that the municipality wishes to sustain and also in line with the provisions of the municipal performance management regulations. Such reward will be constituted as follows:

11.2.1 a rating of 4 out of the 5 point rating scale is given a score of between 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

11.2.2 a rating of 5 out of the 5 point rating scale is given a score of between 150% and above is awarded a performance bonus ranging from 10% to 14%.

N.B.: It should be noted that the rating process (against the 5 point scale) must always happen first before the use of the percentage equivalents ranging from 70% - 166%+ because not all targets can be calibrated up to 166%+, so it is better to rate first on the numbers and use the % as qualifiers as shown below.

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

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11.3.1 On confirming performance shortfalls, immediately provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and

11.3.2 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.

12.0 MANAGEMENT OF EVALUATION OUTCOMES

12.1 The evaluation of the Employee's performance shall form the basis for rewarding outstanding and excellent performance only (ratings 4 and 5) or correcting unacceptable performance (Ratings 2 and below) as reflected in the table below –

Rating (out of the 5 point scale)	% Score (for those instances where performance is meaningfully stretchable beyond 100%)	Equivalent on a Usual 100% Maximum (where performance can never be meaningfully calibrated beyond 100%)	% of annual package payable as a performance Bonus
4.00 - 4.19	130.0% - 133.8%	(65.0% - 66.9%)	5%
4.20 - 4.39	134.0% - 137.8%	(67.0% - 68.9%)	6%
4.40 - 4.59	138.0% - 141.8%	(69.0% - 70.9%)	7%
4.60 - 4.79	142.0% - 145.8%	(71.0% - 72.9%)	8%
4.80 - 4.99	146.0% - 149.8%	(73.0% - 74.9%)	9%
5.00 - 5.19	150.0% - 152.8%	(75.0% - 76.4%)	10%
5.20 - 5.39	153.0% - 155.8%	(76.5% - 77.9%)	11%
5.40 - 5.59	156.0% - 158.8%	(78.0% - 79.4%)	12%
5.60 - 5.79	159.0% - 161.8%	(79.5% - 80.9%)	13%
5.80 - 5.99	162% - 164.8% +	(81.0% - 82.4%) +	14%

12.1.1 At the end of the 4th quarter, the Executive Authority will determine, based on the final panel ratings based on the rating / scoring table above, if the s56 / s57 Director / manager is eligible for a performance bonus as envisaged in his/her contract of employment based on the bonus allocations shown in the table above.

12.2 In the case of unacceptable performance, the Employer shall -

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- 12.2.1 Provide systematic remedial or developmental support to assist with **Employee** to improve his or her performance; and
- 12.2.2 After appropriate performance counseling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the **Employer** may consider steps to firstly shift the employee to another position within the municipality (if possible). If that does not help, then and only then will the Employer invoke procedures to terminate the contract of employment of the **Employee** on grounds of unfitness or incapacity to competently perform out his or her duties.
- 12.2.3 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Director's contract of employment with or without notice for any other breach by the Director of his obligations to the Municipality or for any other valid reason in line with fair labour practice and law.

13 MERITS AWARDS

- 13.1.1 Merit awards for Section 56 employees are determined by performance against targets. Once performance criteria have been established, performance targets are reviewed regularly. At the end of the financial year, actual performance is compared against the agreed performance targets to determine the magnitude of the merit increase. The merit increase is calculated as a percentage of the total annual package of the employee, as indicated in the table hereunder.

Score / 200	Merit
130 to 141 (65%-70%)	1% of total package
142 to 149 (71% - 74%)	2% of total package
150 to 161 (75%-80%)	3% of total package
162 to 165 (81 – 82%)	4% of total package
166+ (83% +)	5% of total package

- 13.1.2 Merit awards are subject to policy and Budgetary provisions made on an annual basis the merit bonuses may be paid as a 'once off' payment or at agreed quarterly intervals i.e. over a number of months.

14 DISPUTE RESOLUTION

- 14.1 Any disputes about the nature of the Municipal Manager's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by –

- 14.1.1 The MEC for Local Government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or

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14.1.2 Any other person appointed by the MEC.

14.1.3 In the case of Managers directly accountable to the Municipal Manager, 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) of the Municipal Performance Regulations, 2006, within thirty (30) days of receipt of a formal dispute from the employee.

14.2.1 In the event that the mediation process contemplated above fails, clause 20.3 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.

15.2 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.

15.3 The performance assessment results of the Municipal Manager must be submitted to the MEC responsible for Local Government in the relevant province as well as the National Minister responsible for Local Government, within fourteen (14) days after the conclusion of the assessment.

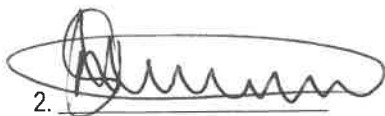
16. The signatures below signify that the Employer and the Employee have discussed and agree on every detail contained and implied in this Part A of the Performance Agreement.

Thus, **done** and **signed** at Lady Grey on this the 31st day of July 2026.

AS WITNESSES:

1. 


EMPLOYEE (DIRECTOR)

2. 

Performance Agreement – Part A: Chief Financial Officer, 2026/27

AS WITNESSES:

1. A. George
2. [Signature]

[Signature]
MUNICIPAL MANAGER

