



**DRAKENSTEIN**

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# Performance Agreement 2019-2020

**CHIEF FINANCIAL OFFICER**



A city of excellence

**PERFORMANCE AGREEMENT**

**MADE AND ENTERED INTO BY AND BETWEEN  
DRAKENSTEIN MUNICIPALITY HEREBY REPRESENTED BY:**

**THE CITY MANAGER**

**DR J LEIBBRANDT**

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

**AND**

**CHIEF FINANCIAL OFFICER**

**MR J CARSTENS**

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

**FOR THE FINANCIAL YEAR:**

**01 JULY 2019 - 30 JUNE 2020**

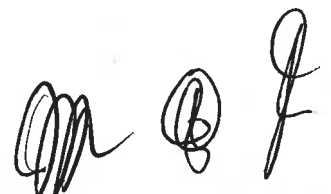
Handwritten signatures of the City Manager (Dr J Leibbrandt) and the Chief Financial Officer (Mr J Carstens).

**1. INTRODUCTION**

- 1.1 The Employer, duly represented by **Dr Johan Leibbrandt**, in his capacity as the City Manager has entered into a contract of employment with the Employee, **Mr Jacques Carstens**, in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). The Employer and the Employee are hereinafter referred as "the Parties";
- 1.2 Section 57(1)(b) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the Parties to conclude an annual performance agreement;
- 1.3 The Parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will promote local government policy goals;
- 1.4 The Parties wish to ensure that there is compliance with Sections 57(4B) and 57(5) of the Systems Act;
- 1.5 In this Agreement, the followings terms will have the meaning ascribed thereto:
- 1.5.1 "this Agreement" – means the performance agreement between the Employer and the employee and the Annexures thereto;
- 1.5.2 "the City Manager" – means the Municipal Manager of the Municipality appointed in terms of Section 54(A) of the Systems Act
- 1.5.3 "the Employee" means the **Chief Financial Officer** appointed in terms of Section 56 of the Systems Act;
- 1.5.4 "the Employer" means **Drakenstein Municipality**; and
- 1.5.5 "the Parties" means the Employer and Employee.

**2. PURPOSE OF THIS AGREEMENT**

- 2.1 To comply with the provisions of Section 57(1)(b), (4B) and (5) of the Systems Act as well as the Contract of Employment entered into between the Parties;
- 2.2 To specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance targets and accountabilities;
- 2.3 To specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4 To monitor and measure performance against set targeted outputs and outcomes;
- 2.5 To establish a transparent and accountable working relationship;



- 2.6 To appropriately reward the employee in accordance with section 11 of this agreement; and
- 2.7 To give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining improved service delivery.

**3. COMMENCEMENT AND DURATION**

- 3.1 This Agreement will commence on **01 July 2019** and will remain in force until **30 June 2020** where-after a new Performance Agreement will be concluded between the parties for the next financial year or any portion thereof;
- 3.2 The Parties will conclude a new Performance Agreement that replaces this Agreement at least once a year by not later than 31<sup>st</sup> of July of the succeeding financial year;
- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason; and
- 3.4 The content of this Agreement may be revised at any time during the abovementioned period to determine the current applicability of the matters previously agreed upon.

**4. PERFORMANCE OBJECTIVES**

- 4.1 The Performance Plan (Annexure A) sets out:
  - 4.1.1 The performance objectives and targets that must be met by the Employee;
  - 4.1.2 The time frames within which those performance objectives and targets must be met; and
  - 4.1.3 The core competency requirements (Annexure B – definitions) as the management skills regarded as critical to the position held by the Employee.
- 4.2 The performance objectives and targets reflected in Annexure A are set by the Employer in consultation with the Employee and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Employer, and will include:
  - 4.2.1 Key objectives that describe the main tasks that need to be done;
  - 4.2.2 Key performance indicators (KPIs) that provide the details of the evidence that must be provided to show that a key objective has been achieved;
  - 4.2.3 Target dates that describe the timeframe in which the targets must be achieved; and



4.2.4 Weightings showing the relative importance of the key objectives to each other.

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

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.

**5. PERFORMANCE MANAGEMENT SYSTEM**

5.1 The Employee agrees to participate in the performance management system that the Employer adopted for the employees 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 employees and service providers to perform to the standards required;

5.3 The Employer will consult the Employee about the specific performance standards and targets that will be included in the performance management system applicable to the Employee;

5.4 The Employee undertakes to actively focus on the promotion and implementation of the Key Performance Areas (KPAs) (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 will be assessed will consist of two components, KPA’s and Competency Framework requirements as per the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, both of which will be contained in the Performance Agreement;

5.6 The Employee’s assessment will be based on his performance in terms of the outputs/outcomes (KPIs) identified as per attached Performance Plan (Annexure A), which are linked to the KPAs applicable to the Employee, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee.

Key Performance Areas
KPA 01. Good Governance
KPA 02. Financial Sustainability
KPA 03. Institutional Transformation
KPA 04. Physical Infrastructure and Services
KPA 05. Planning and Economic Development
KPA 06. Safety and Environmental Management
KPA 07. Social and Community Development

- 5.7 The competency requirements for senior managers as per Regulation 9 of Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers will make up the other 20% of the Employee's assessment score. The competencies will be assessed every six (6) months (January and July).

LEADING AND CORE COMPETENCIES		
1.	Strategic direction and leadership	<ul style="list-style-type: none"> <li>• Impact and influence</li> <li>• Institutional performance management</li> <li>• Strategic planning and management</li> <li>• Organisational awareness</li> </ul>
2.	People management	<ul style="list-style-type: none"> <li>• Human capital planning and development</li> <li>• Diversity management</li> <li>• Employee relations management</li> <li>• Negotiation and dispute management</li> </ul>
3.	Programme and project management	<ul style="list-style-type: none"> <li>• Programme and project planning and implementation</li> <li>• Service delivery management</li> <li>• Program and project monitoring and evaluation</li> </ul>
4.	Financial management	<ul style="list-style-type: none"> <li>• Budget planning and execution</li> <li>• Financial strategy and delivery</li> <li>• Financial reporting and delivery</li> </ul>
5.	Change leadership	<ul style="list-style-type: none"> <li>• Change vision and strategy</li> <li>• Process design and improvement</li> <li>• Change impact monitoring and evaluation</li> </ul>
6.	Governance leadership	<ul style="list-style-type: none"> <li>• Policy formulation</li> <li>• Risk and compliance management</li> <li>• Cooperative governance</li> </ul>
7.	Moral competence	<ul style="list-style-type: none"> <li>• Core Competency</li> </ul>
8.	Planning and organising	<ul style="list-style-type: none"> <li>• Core Competency</li> </ul>
9.	Analysis and innovation	<ul style="list-style-type: none"> <li>• Core Competency</li> </ul>
10.	Knowledge and information management	<ul style="list-style-type: none"> <li>• Core Competency</li> </ul>
11.	Communication	<ul style="list-style-type: none"> <li>• Core Competency</li> </ul>
12.	Results and quality focus	<ul style="list-style-type: none"> <li>• Core Competency</li> </ul>

## 6. PERFORMANCE ASSESSMENT

- 6.1 The Performance Plan (Annexure A) to this Agreement sets 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;

- 6.3 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;

- 6.4 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) as described in 6.6 – 6.12 below;
- 6.5 The Employee must upload all relevant portfolio of evidence onto the Ignite System at least one (1) week prior to the quarterly evaluation;
- 6.6 Assessment of the achievement of results as outlined in the performance plan:
- 6.6.1 Each KPI or group of KPIs will be assessed according to the extent to which the specified standards or performance targets have been met and with due regard to ad-hoc tasks that had to be performed under the KPI;
- 6.6.2 A rating on the five-point scale will be provided for each KPI or group of KPIs which will then be multiplied by the weighting to calculate the final score;
- 6.6.3 The Employee will submit his self-evaluation to the Employer prior to the formal assessment;
- 6.6.4 In the instance where the employee could not perform due to reasons outside the control of the employer and employee, the KPI will not be considered during the evaluation. The employee should provide sufficient evidence in such instances; and
- 6.6.5 An overall score will be calculated based on the total of the scores calculated above.
- 6.7 Assessment of the Competencies:
- 6.7.1 Each Competency will be assessed in terms of the description provided in (Annexure B);
- 6.7.2 A rating will be provided for each Competency which will then be multiplied by the weighting to calculate the final score; and
- 6.7.3 An overall score will be calculated based on the total of the scores calculated above.
- 6.8 Overall rating
- 6.8.1 An overall rating is calculated by adding the overall scores as calculated in 6.6.5 and 6.7.3 above; and
- 6.8.2 Such overall rating represents the outcome of the performance appraisal.
- 6.9 The assessment of the performance of the Employee will be based on the following rating scales for KPAs and Competencies respectively:
- 6.9.1 Rating scale for KPAs - as mentioned in paragraph 5.6:

Level	Terminology	Description
5	<b>Outstanding performance</b>	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	<b>Performance significantly above expectations</b>	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	<b>Fully effective</b>	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	<b>Not fully effective</b>	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	<b>Unacceptable performance</b>	Performance does not meet the standard expected for the job. The review/assessment indicates that they employee has achieved below fully effective results against almost all 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.

6.9.2 Rating scale for Competencies -as mentioned in paragraph 5.7:

Level	Achievement Levels	Description
5	<b>Superior</b>	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops, and applies comprehensive concepts and methods
4	<b>Advanced</b>	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in-depth analyses
3	<b>Competent</b>	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses
2	<b>Basic</b>	Applies basic concepts, methods, and understanding of local government operations, but requires supervision and development intervention
1	<b>Sub Standard</b>	Applies little to no basic concepts, methods, and understanding of local government operations.

6.10 For purposes of evaluating the performance of the Employee for the year-end reviews, an evaluation panel constituted of the following persons will be established:

6.10.1 City Manager;

6.10.2 Municipal Manager from another municipality;

6.10.3 Chairperson of the Performance Audit Committee or in his/her absence thereof, the Chairperson of the Audit Committee; and



6.10.4 The Member of the Mayoral Committee (Portfolio Chairperson).

6.11 The City Manager will evaluate the performance of the department/employee (as at the end of the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters; and

6.12 The City Manager will review core competencies at mid-year and annual performance evaluations.

**7. SCHEDULE FOR PERFORMANCE REVIEWS**

7.1 The performance of the Employee in relation to his performance agreement will be reviewed on the following dates.

Quarter	Review Period	Review to be completed by
1	July - September	October 2019
2	October – December	January 2020
3	January – March	April 2020
4	April - June	July 2020
5	Annual Performance Evaluation	November 2020

7.2 The Employer will keep a record of the mid-year and year-end assessment meetings;

7.3 Performance feedback will be based on the Employer’s assessment of the Employee’s performance;

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

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

**8. DEVELOPMENTAL REQUIREMENTS**

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

**9. OBLIGATIONS OF THE EMPLOYER**

9.1 The Employer will:

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 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 its powers 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 decision made by the Employer; and
  - 10.1.3 A substantial financial effect on the Employer.
- 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 12.1 as soon as is practicable to enable the Employee to take any necessary action with delay.

**11. REWARD**

- 11.1 The evaluation of the Employee’s performance will form the basis for rewarding outstanding performance or correcting unacceptable performance;
- 11.2 The payment of the performance bonus is determined by the performance score obtained during the 4<sup>th</sup> quarter and as informed by the quarterly performance assessments;
- 11.3 A performance bonus of between 5% to 14% of the all- inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:

Average Performance Score	Performance Bonus
Between 130% to 149%	Performance bonus range from 5% to 9%
From 150% and above	Performance bonus range from 10% to 14%

- 11.4 In the event of the Employee terminating his services during the validity period of this Agreement, the Employee’s performance will be evaluated for the portion during

which he was employed and he will be entitled to a pro-rata performance bonus based on his evaluated performance for the period of actual service; and

- 11.5 The Employer will submit the total score of the annual assessment and of the Employee, to full Council for purposes of recommending the bonus allocation.

**12. MANAGEMENT OF EVALUATION OUTCOMES**

- 12.1 Where the Employer is, any time during the Employee's employment, not satisfied with the Employee's performance with respect to any matter dealt with in this Agreement, the Employer will give notice to the Employee to attend a meeting;

- 12.2 The Employee will have the opportunity at the meeting to satisfy the Employer of the measures being taken to ensure that his performance becomes satisfactory and any programme, including any dates, for implementing these measures;

- 12.3 Where there is a dispute or difference as to the performance of the Employee under this Agreement, the Parties will confer with a view to resolving the dispute or difference; and

- 12.4 In the case of unacceptable performance, the Employer will:

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

12.4.2 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.

**13. DISPUTE RESOLUTION**

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

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

- 13.3 In the event that the mediation process contemplated above fails, the relevant clause of the Contract of Employment together with the relevant laws and regulations will apply.



14. GENERAL

14.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer; and

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

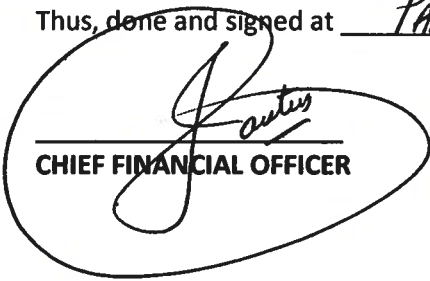
Thus, done and signed at PAARL on the 24<sup>th</sup> day of June 2019.

  
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CITY MANAGER

AS WITNESSES:

1. September
2. Prino

Thus, done and signed at PAARL on the 24<sup>TH</sup> day of June 2019.

  
\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

AS WITNESSES:

1. Prino
2. September

  
\_\_\_\_\_  
MEMBER OF MAYORAL COMMITTEE  
(Portfolio: Financial Services)  
G Combrink