



UMZUMBE
M U N I C I P A L I T Y

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

THE MUNICIPALITY OF UMZUMBE AS REPRESENTED BY MUNICIPAL MANAGER

SHAKA CELE

AND

THOLAKELE NOTHILE HLENGWA

CHIEF FINANCIAL OFFICER

EMPLOYEE FOR THE FINANCIAL YEAR

01 October 2025 – 30 JUNE 2026

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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 Acts 32 of 2000 ("the System Act"). The Employer and the Employee are hereinafter referred to as "the Parties".
- 1.2. Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between 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 secure local government policy goals.
- 1.4. The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.
- 1.5. In terms of Section 53 (1)(c)(iii)(cc) of the Municipal Finance Management Act 56 of 2003 (MFMA) the Mayor of a municipality must take all reasonable steps to ensure that: the annual performance agreements are concluded in accordance with section 57(2)(a) & (b) of the Municipal Systems Act No. 3 of 2022, which states that: "*(a)(i) be concluded within 60 days after commencement of service, failing which the appointment lapses: Provided that, upon good cause shown by such person to the satisfaction of the municipal council, the appointment shall not lapse; and (a)(ii) be concluded annually, thereafter, within one month after the beginning of each financial year of the municipality*"
- 1.6. Attention is also drawn to section 53(3)(b) of the MFMA which directs that: the performance agreements of the Municipal Manager and Senior Managers are made public no later than 14 days after the approval of the municipality's Service Delivery and Budget Implementation Plan (SDBIP). Copies of such performance agreements must be submitted to the council and the MEC for Local Government in the Province.

2. PURPOSE OF THIS AGREEMENT

The Purpose of this Agreement is to:

- 2.1. Comply with the provisions of Section 57(1)(b), 4(A), (4B) and (5) of the Systems Acts 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 expectations and accountabilities;
- 2.3. Specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4. Monitor and measure performance against set targeted outputs;

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- 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/her job;
- 2.6. Appropriately reward the Employee in accordance with the Employer's Performance Management policy in the event of outstanding performance; and
- 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. COMMENCEMENT AND DURATION

- 3.1. This Agreement will commence on the 01 October 2025 and will remain in force until 30 June 2026 where after a new Performance Agreement, Performance Plan and Personal Development 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 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 the beginning 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 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 (Annexure A) 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 Annexure A are set by the Employer in consultation with the Employee and based on the Integrated Development Plan and the Budget of the Employer, and shall include key objectives; key performance indicators; target dates and weighting.
- 4.3. 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 timeframe in which

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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.

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 the Employee about the specific performance standard that will be included in the Performance Management System as applicable to the Employee.

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

- 6.1. The Employee undertakes to actively focus towards the promotion and implementation of KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.
- 6.2. 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.
 - 6.2.1. 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 Managerial Competencies (CMC's) respectively.
 - 6.2.2. Each area of assessment will be weighted and will contribute a specific part to the total score.
 - 6.2.3. KPA's covering the main areas of work will account for 80% and CMC's will account 20% of the final assessment.
- 6.3. The Employee's assessment will be based on his 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.
- 6.4. The Employee should seek to meet the objectives and regulative standards set out in the District Development Model

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KEY PERFORMANCE AREAS (KPA'S)	WEIGHTING
Basic Service Delivery & Infrastructure Development	100
Municipal Transformation and Institutional Development	
Local Economic Development (LED)	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
Cross Cutting	
Total	100

The CMCs will make the other 20% of the Employee's assessment score.

CMC's 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:

LEADING COMPETENCIES		
		WEIGHT %
Strategic Direction and Leadership	Impact and Influence	
	Impact and Influence Institutional Performance	
	Management Strategic Planning and Management	
	Organisational Awareness	
People Management	Human Capital Planning and Development	
	Diversity Management	
	Employee Relations Management	
	Negotiation and Dispute Management	
Program and Project Management	Program and Project Planning and Implementation	
	Service Delivery Management	
	Program and Project Monitoring and Evaluation	
Financial Management	Budget Planning and Execution	
	Financial Strategy and Delivery	
	Financial Reporting and Monitoring	
Change Leadership	Change Vision and Strategy	
	Process Design and Improvement	
	Change Impact Monitoring and Evaluation	
Governance Leadership	Policy Formulation	
	Risk and Compliance Management	
	Cooperative Governance	
TOTAL		10%
CORE COMPETENCIES		
		WEIGHT%
Moral Competence		
Planning and Organising		
Analysis and Innovation		
Knowledge and Information Management		
Communication		
Results and Quality Focus		
TOTAL		10%

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EVALUATING PERFORMANCE

- 7.1. The Performance Plan (Annexure A) to this Agreement sets out:
 - 7.1.1. The standards and procedures for evaluating Employee's performance; and
 - 7.1.2. The intervals for the evaluation of the Employee's performance.
- 7.2. Despite the establishment of 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.
- 7.4. The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.
- 7.5. As per the Provincial Cabinet Lekgotla resolution:
 - 7.5.1. Senior Management of municipalities that incurred Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure, do not receive performance bonuses for that particular financial year.
 - 7.5.2. Mayors of all Municipalities are to ensure the inclusion of the attainment of unqualified audit opinion (as a minimum), anything below should result in the Employee not receiving their performance bonuses for that particular year.
- 7.6. It was resolved at the Technical MuniMEC meeting held on 21 May 2020, as well as the Joint PCF that "S56 and S54" Managers to include DDM as part of their Performance Agreements. This resolution was also communicated at all 11 District Technical Hub meetings
- 7.7. The annual performance appraisal will involve:
 - 7.7.1. 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 indicators 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 KPA.

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- (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 KPA score.

7.7.2. Assessment of the CMC's

- (a). Each CMC should be assessed according to the extent to which the specified standards have been met.
- (b). An indicative rating on the five-point scale should be provided for each CMC.
- (c). The applicable assessment rating calculator (refer to Paragraph 6.5.1) must then be used to add the scores and calculate a final CMC score.

7.7.3. Overall Rating

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

- 7.8. The assessment of the performance of the Employee will be based on the following rating scale :

7.8.1. KPA's:

Level	Terminology	Description	Rating
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.	
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.	
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	

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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 indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	
1	Unacceptable Performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan .The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.	

7.8.2. LEADING COMPETENCIES

Level	Terminology	Description	Rating
4	SUPERIOR	Structure and position the institution to local government priorities Actively use in-depth knowledge and understanding to develop and implement a comprehensive institutional framework Hold self accountable for strategy execution and results Provide impact and influence through building and maintaining strategic relationships Create an environment that facilitates loyalty and innovation Display a superior level of self- discipline and integrity in actions Integrate various systems into a collective whole to optimise institutional performance management Uses understanding of competing interests to manoeuvre successfully to a win/win outcome	
3	ADVANCED	Evaluate all activities to determine value and alignment to strategic intent Display in-depth knowledge and understanding of strategic planning Align strategy and goals across all functional areas Actively	

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		define performance measures to monitor the progress and effectiveness of the institution Consistently challenge strategic plans to ensure relevance Understand institutional structures and political factors, and the consequences of actions Empower others to follow strategic direction and deal with complex situations Guide the institution through complex and ambiguous concern Use understanding of power relationships and dynamic tensions among key players to frame communications and develop strategies, positions and alliances	
2	COMPETENT	Give direction to a team in realising the institution's strategic mandate and set objectives Has a positive impact and influence on the morale, engagement and participation of team members Develop actions plans to execute and guide strategy implementation Assist in defining performance measures to monitor the progress and effectiveness of the institution Displays an awareness of institutional structures and political factors Effectively communicate barriers to execution to relevant parties Provide guidance to all stakeholders in the achievement of the strategic mandate Understand the aim and objectives of the institution and relate it to own work	
1	BASIC	Understand institutional and departmental strategic objectives, but lacks the ability to inspire others to achieve set mandate Describe how specific tasks link to institutional strategies but has limited influence in directing strategy Has a basic understanding of institutional performance management, but lacks the ability to integrate systems into a collective whole Demonstrate a basic understanding of key decision- makers	

7.9. For purpose of evaluating the performance of the Employee, an evaluation panel constituted by the following persons will be established in assessing the Managers reporting directly to the Municipal Manager:

- 7.9.1. Municipal Manager;
- 7.9.2. Chairperson of the Audit Committee;
- 7.9.3. Manager: Human Resources

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7.9.4. Member of the Executive Committee

7.9.5. Municipal Manager from another Municipality; and

8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1. 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 (2025)

Second quarter :October – December (2025)

Third quarter :January – March (2026)

Fourth quarter :April – June (2026)

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 Employee's performance.

8.4. 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.

8.5. 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.

9. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing development gaps forms part of CMC's and COC's.

10. OBLIGATIONS OF THE EMPLOYER

10.1. The Employer shall:

10.1.1. Create an enabling environment to facilitate effective performance by the Employee;

10.1.2. Provide access to skills development and capacity building opportunities;

10.1.3. Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;

10.1.4. On the request of the Employee delegates such powers reasonably required by the Employee to enable him to meet the performance objectives and targets established in term of this Agreement; and

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- 10.1.5. Make available to the Employee such resources as the Employee may reasonably require from time to time to assist him to meet the performance objectives and targets established in terms of this Agreement.

11. CONSULTATION

- 11.1. The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others:
- 11.1.1. A direct effect on the performance of any of the Employee's functions;
- 11.1.2. Commit the Employee to implement or to give effect to a decision made by the Employer; and
- 11.1.3. A substantial financial effect on the Employer.
- 11.2. The employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

12. MANAGEMENT OF EVALUATION OUTCOMES

- 12.1. The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 12.2. A performance bonus of 5% to 14% of inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance.
- 12.3. The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of least twelve months (12) service at current remuneration package 30 June (end of financial year) subject to a fully effective assessment.
- 12.4. In the case of unacceptable performance, the Employer shall:
- 12.4.1. Provide systematic remedial or development support to assist the Employee to improve his or her performance; and
- 12.4.2. After appropriate performance and 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. 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:
- 13.1.1. The MEC for Local Government and the Province within thirty (30) days of receipt of a formal dispute from the Employee; or
- 13.1.2. Any other person appointed by the MEC.

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13.1.3. In the event that the mediation process contemplated above fails, clause 19.3 of the Contract of Employment shall apply.

14. GENERAL

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

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 Umzumbe on this the 10 day of October

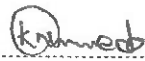
(Month) _____ (Year) 2025

AS WITNESSES:

1. 



EMPLOYEE

2. 

AS WITNESSES:

1. 



EMPLOYER

2. 