



**2025/2026  
PERFORMANCE AGREEMENT**

Made and entered into by and between

**UMHLABUYALINGANA LOCAL MUNICIPALITY**

(Herein represented by **MR N.P.E MYENI** in his capacity as)

**“The Municipal Manager”**

[Redacted signature]

and

**N.P MKHABELA**

[Redacted signature]

(Hereinafter referred as the)

**“CHIEF FINANCIAL OFFICER”**

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# PERFORMANCE AGREEMENT

## ENTERED INTO AND BETWEEN:

The Municipality of uMhlabuyalingana herein represent by **Mr. Nkosinathi Phumulani Emmanuel Myeni** (full name) in his capacity as The Municipal Manager hereinafter referred to as the Employer or Reporting Officer) and **Mrs. Nozipho Princess Mkhabela** (full name) Employee of the Municipality of uMhlabuyalingana (hereinafter referred to as the Employee).

## 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 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 and the Performance Regulations gazetted in Notice No 805, published on 1 August 2006.
- 1.5 The parties wish to ensure that there is compliance with Sections 60 and 61 of the MFMA.

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## 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 defined and agreed with the employee and to communicate to the employee 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 the Performance Plan (Annexure A);
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and /or to assess 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<sup>st</sup> of July 2025** and will remain in force until **30 June 2026** thereafter 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 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 (Annexure A) sets out-
- 4.1.1 The performance objectives and targets that must be met 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 which amongst other things include targets on the following:
- 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 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 (KPAs) and the Leading Competencies (LCs) and Core Competencies.
- 6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 6.2.3 KPAs covering the main areas of work will account for 80% and LCs and CCs will account 20% of the final assessment.
- 6.3 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),

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which are linked to the KPAs, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee.

| KEY PERFORMANCE AREAS (KPA'S)                             | WEIGHTING   |
|---|-------------|
| 1. Municipal Transformation and Institutional Development | 5%          |
| 2. Good Governance and Public Participation               | 10%         |
| 3. Municipal Financial Viability and Management           | 85%         |
| <b>Total</b>  | <b>100%</b> |

6.4 The LCs will make the other 20% of the Employee's assessment score. In terms of Local Government: Regulations on appointment and conditions of employment of Senior Managers, Reg. 21 of 17 January 2014, the "Core Competencies" are competencies that cut across all levels of work in a municipality and enhance contextualized leadership that guarantees service delivery impact; and "Leading competencies" means competencies that are required to develop clear institutional strategy, initiate, drive and implement programs to achieve long-term sustainable and measurable service delivery performance results. There is no hierarchal connotation to the structure and all competencies are essential to the role of a senior manager to influence high performance.

All competencies must therefore be considered as measurable and critical in assessing the level of a senior manager's performance and is listed as follows.

| LEADING COMPETENCIES               |   |           |
|------------------------------------|---|-----------|
| COMPETENCY                         |   | Weighting |
| 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> </ul> | 9         |
| People Management                  | <ul style="list-style-type: none"> <li>Human Capital Planning and Development</li> <li>Diversity Management</li> <li>Employee Relations Management</li> </ul>   | 9         |
| Program and Project Management     | <ul style="list-style-type: none"> <li>Program and Project Planning and Implementation</li> <li>Service Delivery Management</li> </ul>                          | 9         |
| Financial Management               | <ul style="list-style-type: none"> <li>Budget Planning and Execution</li> <li>Financial Strategy and Delivery</li> </ul>  | 9         |

|                                       |   |                  |
|---------------------------------------|---|------------------|
| 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> | 8                |
| Governance Leadership                 | <ul style="list-style-type: none"> <li>Policy Formulation</li> <li>Risk and Compliance Management</li> <li>Cooperative Governance</li> </ul>                          | 8                |
| <b>WEIGHTING LEADING COMPETENCIES</b> |   | <b>52</b>        |
| <b>CORE COMPETENCIES</b>              |   |                  |
| <b>COMPETENCY</b>                     |   | <b>Weighting</b> |
| Moral Competence                      |   | 8                |
| Planning and Organising               |   | 8                |
| Analysis and Innovation               |   | 8                |
| Knowledge and Information Management  |   | 8                |
| Communication                         |   | 8                |
| Results and Quality Focus             |   | 8                |
| <b>WEIGHTING CORE COMPETENCIES</b>    |   | <b>48</b>        |
| <b>Total Percentage Weighting</b>     |   | <b>100 %</b>     |

## 7. 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.

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 B.B.M

7.5 The annual performance appraisal will involve:

7.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) Each KPA will 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.
- (c) The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.

7.5.2 Assessment of the LC's and CCs

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

7.5.3 Overall Rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcomes of the performance appraisal. 7.6 The assessment of the performance of the Employee will be based on the following rating scale for KPA's, LC's and CC's:

| LEVEL | TERMINOLOGY   | DESCRIPTION  | RATING |
|-------|---|--|--------|
| 5     | <b>Outstanding Performance</b>                      | 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     | <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   |        |

| LEVEL | TERMINOLOGY                     | DESCRIPTION  | RATING |
|-------|---------------------------------|--|--------|
|       |                                 | Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement 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 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     | <b>Unacceptable Performance</b> | 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. |        |

7.7 For purpose of evaluating the performance of the Employee, an evaluation panel constituted by the following persons will be established-

7.7.1 Municipal Manager

7.7.2 Chairperson of the Audit Committee;

7.7.3 Ward Committee Member (on a rotational basis), where applicable;

7.7.4 Municipal Manager from another Municipality.

## 8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1 The performance of the Employee in relation to his performance agreement will 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

**October 2025**

**Second quarter** : October – December

**February 2026**

**Third quarter** : January – March

**April 2026**

**Fourth quarter** : April – June

**July-September 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 the 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 is attached as Annexure B.

**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
- 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-

- 1.1.1 A direct effect on the performance of any of the Employee's functions;

- 1.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
- 11.1.4 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 In instances where there was poor performance resulting in the Municipality incurring unauthorized, irregular, fruitless and wasteful expenditure as per Auditor General's Report, the Employee shall not be eligible to receive performance bonus for that financial year.
- 12.3 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9% of the total remuneration due to the Employee in terms of paragraph 6 of the employment contract between the municipality and the Director.
- 12.4 A score of 150% and above is awarded a performance bonus ranging from 10% to 14% of the total remuneration due to the Employee in terms of paragraph 6 of the employment contract between the municipality and the Director.
- 12.4 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.
- 12.5 In the case of unacceptable performance, the Employer shall-
  - 12.5.1 Provide systematic remedial of development support to assist the Employee to improve his or her performance; and
  - 12.5.2 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 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 mayor within thirty (30) days of receipt of a formal dispute from the Employee; or
  - 13.1.2 Any other person appointed by the MEC.
  - 13.1.3 In the event that the mediation process contemplated above fails, clause 15 of the Contract of Employment shall apply.
  - 13.1.4 Any disputes about the outcome of the Employee's performance evaluation, will be mediated by –
    - 13.1.4.1 A member of the municipal council, provided that such member was not part of evaluation panel provided for in sub-regulation 27(4)(e) of the Municipal Performance Regulations , 2006, within thirty days (30) of receipt of a formal dispute from the employee whose decision shall be final and binding on both parties.
  - 13.1.5 In the event that the mediation process contemplated above fails, the relevant clause 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.
- 14.3 No performance bonus will be paid in terms of this agreement, irrespective of the outcome of the performance evaluation results, if Unauthorized, Irregular, Fruitless and Wasteful (UIFW) expenditure has been incurred in the financial year.
- 14.4 No performance bonus will be paid in terms of this agreement, irrespective of the outcome of the performance evaluation results, in the event that the municipality does not obtain at least an unqualified audit opinion from the Auditor General in respect of the relevant financial year.

14.5 No performance bonus will be paid in terms of this agreement, irrespective of the outcome of the performance evaluation results, in the event that evidence is not provided or errors not corrected or as a result of poor record keeping which may lead to findings (on compliance and/or predetermined objectives) which will prevent the attainment of an unqualified audit opinion.

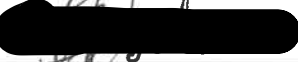
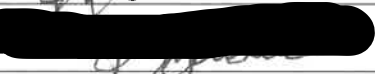
MUNICIPAL OFFICES  
Thus done and signed at MANGALU... on this the 02 day of JULY (Month) 2025 (Year)

AS WITNESSES:

1. 
2. 

  
Employee  
Chief Financial Officer

AS WITNESSES:

1. 
2. 

  
The Municipal Manager