AMATHOLE
DISTRICT MUNICIPALITY

PERFORMANCE AGREEMENT

entered into by and between

Amathole District Municipality, as represented by the Executive Mayor

ANELE NTSANGANI
('the employer')

and

BHEKISISA JACOB MTHEMBU
(`the employee')

For the financial year:
01 July 2026 – 30 June 2027

NATIONAL DEVELOPMENT PLAN 2030

ACRONYMS

SDBIP	-	Service Delivery and Budget Implementation Plan
BEE	-	Black Economic Empowerment
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
PDP	-	Personal Development Plan
PA	-	Performance Agreement
CCR	-	Core Competency Requirements
PMS	-	Performance Management System
PAC	-	Performance Audit Committee

DEFINITIONS

Official Language	-	Refers to the language parties to the contract choose to use as medium for formal communication between themselves.
Financial Year	-	Refers to the 12-month period which the organisation determines as its budget year.
Employee	-	means a person employed by a municipality as a municipal manager or as a manager directly accountable to a municipal manager.
Employer	-	means the municipality employing a person as a municipal manager or as a manager directly accountable to a municipal manager and as represented by the mayor, executive mayor or municipal manger as the case may be;
Employment contract	-	means a contract as contemplated in Section 57 of the Act;
Performance agreement	-	means an agreement as contemplated in Section 57 of the Act; and
the Act	-	means the Local Government: Municipal Systems Act, 2000.

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN

Amathole District Municipality, herein represented by Anele Ntsangani (**ID No**: **710324 5084 087**) in his capacity as Executive Mayor (hereinafter referred to as 'the Employer')

And

Bhekisisa Jacob Mthembu, (ID No. 7503175455084) being a manager accountable to the Executive Mayor in terms of section 57 of the Local Government: Municipal Systems Act No. 32 of 2000, in his capacity as duly appointed Municipal Manager (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 Act 32 of 2000 ('the Municipal Systems Act'). The Employer and the Employee are hereinafter referred to as 'the parties'.

1.2. Section 57(1)(b) of the Municipal Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual Performance Agreement. That the parties hereby agree to have this contract developed in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

1.3. The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Director to a set of outcomes that will secure local government policy goals.

1.4. The parties wish to ensure that there is compliance with Section 57(4), 57(4B) and 57(5) of the Municipal Systems Act.

2. Purpose of this Agreement

The purpose of this Performance Agreement is to –

2.1. comply with the provisions of Section 57(1)(b), (4B) and (5) of the Municipal Systems Act 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 Plans, Service Delivery and Budget Implementation Plan ('SDBIP') and the Budget of the Employer;

2.3. specify accountabilities as set out in the Performance Plan as set out under paragraph 4;

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 job;

2.6. appropriately reward the Employee 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 1 July 2026 and will remain in force until 30 June 2027, at the end of which the parties shall negotiate a new Performance Agreement in terms of the Provisions of Section 57(2)(a) of the Act.

3.2. The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement that replaces the previous Agreement at least once a year within one month after the commencement of the new financial year.

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3.3. This Agreement will terminate on the termination of the Employee's Contract of Employment for any reason.

3.4. If at any time during the validity of this Agreement the work environment alters to the extent that the contents of this Agreement are no longer appropriate, the contents must, by mutual agreement between the parties, immediately be revised.

4. Performance Plan

4.1. By their signatures hereunder, the Parties hereby accept the Performance Plan as documented below, as the basis upon which performance will be monitored and measured.

4.2 The performance Plan consists of the following areas, forming separate Paragraphs to this Agreement:

4.2.1 Performance objectives – set out under paragraph 5;

4.2.2 Performance management systems – set out under paragraph 6;

4.2.3 Evaluation of performance – set out paragraph 7;

4.2.4 Annual performance appraisal – set out under paragraph 8;

4.2.5 Schedule of performance reviews – set out under paragraph 9;

4.2.6 Personal development requirements – set out under paragraph 10.

5. Performance objectives

5.1. The Parties hereto agree to set the performance objectives and targets, as reflected in the following attachments.

5.1.1 The Service Delivery and Budget Implementation Plan (SDBIP) (Performance Plan) – **ANNEXURE A;**

And

5.1.2 The Personal Development Plan (PDP) – **ANNEXURE B.**

5.2. The performance objectives and targets agreed to are to be achieved within the specified time frames as set out in Annexure A.

5.3. The performance objectives and targets as reflected in Annexure A, are based on the Integrated Development Plan and the Budget of the Employer and include:

5.3.1 *Key objectives* – which describe the main tasks that need to be done;

5.3.2 *Key performance indicators* – which provide the details of the evidence that must be provided to show that a key objective has been met;

5.3.3 *Target dates* – within which the objective and targets must be et; and

5.3.4 *Weightings* – which show the relative importance of the key objectives to each other.

5.4 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.

6. Performance Management System

6.1 The Employee agrees to participate in the performance management system that the Employer adopts or introduces for the Employer.

6.2 The Employee accepts that the purpose of the performance management system is to provide a comprehensive system with specific performance standards to assist the Employer, management and municipal staff to perform to the standard required.

6.3 The Employer will consult the Employee in respect of any specific performance standards that will be included in the performance management system that are applicable to the Employee.

6.4 The Employee undertakes to actively focus towards the promotion and Implementation of the Key Performance Areas (KPAs) (including special projects relevant to the Employee's responsibilities) within the local government framework.

6.5 The criteria upon which the performance of the Employee is to be assessed consist of two components, namely KPAs and Core Competency Requirement (CCRs), with a weighting of 80:20 allocated to the KPAs and the CCRs respectively.

6.6 Each area of assessment will be weighted and will contribute a specific part to the total score.

6.7 KPAs covering the main areas of work will account for 80% and CCRs will account for 20% of the final assessment.

6.8 The Employee's assessment will be based on performance in terms of the outputs/outcomes (performance indicators), identified as per Annexure A, which are linked to the KPAs and which constitutes 80% of the overall assessment result as per the weightings agreed to be between the Employer and Employee as follows:

Key Performance Areas (KPA's)	**Weighting**
Basic Service Delivery	**30%**
Municipal Institutional Development and Transformation	**20%**
Local Economic Development (LED)	**10%**
Municipal Financial Viability and Management	**30%**
Good Governance and Public Participation	**10%**
Total	**100%**

6.9 The CCRs will make up the other 20% of the Employee's √assessment score. CCRs which are competencies that cuts across all levels of work in a municipality are agreed to between the Employer and Employee.

Below is a list of Leading and Core competencies as stipulated in the Local Government: Regulations on appointment and conditions of Employment of Senior Managers:

COMPETENCY FRAMEWORK FOR SENIOR MANAGERS		
Leading Competencies:		Weight
Strategic Direction and Leadership	• Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness	8.4
People Management	• Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management	8.4
Programme and Project Management	• Program and Project Planning and Implementation • Service Delivery Management • Program ad Project Monitoring and Evaluation	8.4
Financial Management	• Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring	8.3
Change Leadership	• Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation	8.3
Governance Leadership	• Policy Formulation • Risk and Compliance Management • Cooperative Governance	8.4
Core Competencies:		
Moral Competence		8.3
Planning and Organising		8.3
Analysis and Innovation		8.3
Knowledge and Information Management		8.3
Communication		8.3
Results and Quality focus		8.3
Total		100%

7. Evaluating performance

7.1. The following standards and procedures shall apply in the evaluation of performance of the Employee:

7.1.1. The Employer shall, for every quarter of the financial year, on the basis of a self evaluation written report from the Employee, and his own assessment evaluate the Employee's performance. The reports may be subjected to further review by the Performance Audit Committee of Amathole District Municipality.

7.1.2. The said report from the Employee must be made available to the Employer within (5) five working days after the last day of the quarter (three month period).

7.1.3 The said report shall indicate any problems or impediments encountered by the Employee in meeting the targets provided for within the timeframes of the KPA and CCR's scorecards.

7.1.4 Should the problems or impediments not be the fault of the Employee, the report should propose new timeframes for the achievement of the said objectives.

7.1.5 The Employer shall within fourteen (14) days upon the receipt of a report indicating such impediments as described in paragraph 7.1.3. above, respond in writing to the Employee either the acceptance or rejection of the revised target timeframes.

7.1.6. The Employee must ensure any new time-frames or variances and corrective measures agreed to in terms of this paragraph, are where appropriate, correctly reflected in the monthly reports submitted to the Employer so as to allow the Municipal Manager to comply with the reporting requirements under section 71(1) of the Municipal Finance Management Act 56 of 2003.

7.1.7 The Employer shall, in the event of substandard performance by the Employee convene a meeting with the Employee where he will:

(a) give feedback in respect of the substandard performance;
(b) Explain the requirements, levels, skills and nature of the posts;
(c) Evaluate the Employees performance in relation to this Agreement;
(d) Afford the Employee an opportunity to respond to the substandard performance outcomes.

7.1.8 After considering the submissions made by the Employee in terms of subparagraph 7.1.7(e) above the Employee may, if necessary –

Initiate a formal programme of counselling and training to enable the Employee to reach the required standard of performance, which must include –

i. Assessing the time that it will take for the Employee to deal with the substandard performance;

ii. Establish realistic timeframes within which the municipality will expect the Employee to meet the required performance standard; and

iii. Identify and providing appropriate training for the Employee to reach the required standard of performance.

(a) Establish ways to address any factors that affected the Employee's performance that lay beyond the Employee's control.

7.1.9 If, after the application of corrective measures as set out in paragraph 7.1.8 above, and after a reasonable time has been given for the Employee to improve his performance, the Employee continues to fail to meet the required performance standard for the post, or refuses to take part in any programme intended to correct the substandard performance, the Employer shall report the allegation of substandard performance of the Employee, to Council to commence formal disciplinary proceedings as stipulated in terms of the Local Government: Disciplinary Regulations for Senior Managers 2010, with a view of terminating the employment of the Employee in accordance with the provisions of the written Contract of Employment

7.2. The Employer may penalize the Employee by withholding any recognition of performance in the following circumstances:

7.2.1. The Employee fails to comply with this Agreement;

7.2.2. The Employee's leave record in respect of absenteeism and leave without pay shows lack of commitment to his work.

7.2.3 The Employee has been found guilty of misconduct in a disciplinary hearing during the period of this Agreement.

7.3 Should the Employee fail to submit his self-assessment for each or any quarter within the prescribed period as set out in paragraph 7.1 above, the Employer may disregard the self-assessment for that quarter and give a score of zero to the Employee

7.4 The Employer shall not be entitled to give a score of zero where the Employee has failed to submit a self-assessment report, as provided for under paragraph 7.3 above, where the Employee's failure to submit the self-assessment is a result of any of the following events which are beyond the control of the employee:

(a) the Employee is on sick leave, as per the conditions outlined in the applicable municipal policy, thus losing essential time that would allow the Employee to complete and submit the self-assessment timeously;

(b) the Employee is away from the office on official Council business for any period of time within which the self-assessment is due;

(c) the Employee is on approved annual or any other leave at the time which the self-assessment is due.

7.5 In the event of any of the occurrences listed under paragraph 7.4 above, the Employee must advise the Employer in writing to the effect that the self-assessment cannot be submitted timeously.

7.6 The Employer must immediately acknowledge receipt of the Employee's submission under paragraph 7.5 above and indicate his agreement that the self-assessment cannot be submitted timeously, and to then provide the Employee with an alternative date on which the self-assessment report may be submitted.

7.7 The Employer must give the Employee notice in writing that he is contemplating not evaluating the Employees quarterly performance for reasons listed under paragraphs 7.2 and 7.4, to allow the Employee to provide further submission in this regard.

8. Annual performance appraisals

8.1. The annual performance appraisal will involve:

8.1.1 Assessment of the achievement of results as outlined in the Annexure A, as follows:

8.1.1.1 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;

8.1.1.2 An indicative rating on the five –point scale will be provided for each KPA;

8.1.1.3 The applicable assessment rating calculator will then be used to add the scores and calculate the final KPA score.

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year					
4	Performance significantly above expectation	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 achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.					
2	Performance not fully effective	Performance is below the standard required for the job to 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.					

8.1.2 Assessment of the CCR as follows:

8.1.2.1. Each CCR will be assessed according to the extent to which the specified standards have been met;

8.1.2.2 An indicative rating on the five-point scale will be provided for each CCR;

8.1.2.3 This rating will be multiplied by the weighting given to each CCR agreed to in this Agreement to provide a score;

8.1.2.4 The applicable assessment rating calculator must then be used to add the scores and calculate the final CCR score.

8.1.3 Overall rating as follows:

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

8.1.3.2 The assessment of the performance of the Employee will be based on the following rating scale for KPA's and CCR's

8.2 The evaluation of the annual performance of the Employee, shall be conducted by a panel consisting of the following:

- Executive Mayor or Mayor;
- Chairperson of the Performance Audit Committee or Audit committee in the absence of a Performance Audit Committee;
- Member of the Mayoral Committee;
- Mayor and/or municipal manager from another Municipality; and
- Member of a ward committee as nominated by the Executive Mayor.

9. Schedule for performance reviews

9.1. The performance of the Employee in relation to his Performance Agreement shall be reviewed on the following dates:

First quarter: July – September 2026 **(Reviews will be conducted between 01 – 15 October 2026)**
Second quarter: October – December 2026 **(Reviews will be conducted on the 01 – 15 January 2027)**
Third quarter: January - March 2027 **(Reviews will be conducted on the 01 – 15 April 2027)**
Fourth quarter: April – June 2027 **(Reviews will be conducted on the 01 – 15 July 2027)**

9.2. The performance panels will sit bi-annually as in line with the Performance Management Framework.

9.3. The Employer must keep a record of the mid-year review and quarterly assessment meetings.

9.4. Performance feedback must be based on the Employer's assessment of the Employee's performance.

9.5. The Employee will be entitled to review and make reasonable changes to the provisions of the Performance Plan from time to time for operational reasons on agreement between both parties.

9.6. The Employer may amend the provisions of the Performance Plan whenever the performance management system is adopted, implemented and/or amended as the case may be on agreement between both parties.

9.7. 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.

10. Developmental requirements

10.1 A Personal Development Plan (PDP) (Annexure B) for addressing developmental gaps must form part of the Performance Agreement

10.2 Personal growth and development needs identified during any performance review discussion must be

documented in the PDP as well as the actions agreed to as well as implementation time frames.

11. Obligations of the Employer

11.1. The Employer must –

11.1.1. create an enabling environment to facilitate effective performance by the Employee;

11.1.2. provide access to skills development and capacity building opportunities;

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

11.1.4. 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

11.1.5. 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.

12. Consultation

12.1. The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others -

12.1.1. a direct effect on the performance of any of the Employee's functions;

12.1.2. commit the Employee to implement or to give effect to a decision made by the Employer; and

11.1.3 have a substantial financial effect on the Employer.

12.2. 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.

13. Management of evaluation outcomes

13.1. The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

13.2. A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to the Employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that –

13.2.1. a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

13.2.2. a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

13.3. Should the awarding of performance bonus be appropriate as provided for under paragraph 13.2 above, such performance bonus will be subject to the following conditions:

13.3.1. The Employee having completed 2 consecutive quarters in full for the applicable performance year.

13.3.2. Should the Employee have been appointed for less than 12 months, a pro rata performance bonus will apply.

13.4. In the case of unacceptable performance, the Employer shall:

13.4.1 provide systematic remedial or developmental support to assist the Employee to improve his/her performance in line with the provision of paragraph 7.1.8; and,

13.4.2 after appropriate performance counselling and having provided the necessary guidance or support and reasonable time for improvement in performance, ad performance does not improve, the Employer may consider steps as provided for this agreement to terminate the Contract of Employment of the Employee on ground of unfitness or incapacity to carry out his duties.

14. Dispute resolution

14.1. Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or salary increment in the Agreement, must be mediated by the Executive Mayor within thirty (30) days of receipt of a formal dispute from the Employee, whose decision shall be final and binding on both parties.

14.2. Any disputes about the outcome of the Employee's performance evaluation, must be mediated by a member of the Municipal Council, provided that such member was not part of the evaluation panel provided for in 7.5, within thirty (30) days of receipt of a formal dispute from the Employee, whose decision shall be final and binding on both parties.

15. General

15.1. The contents of the Performance Agreement will be made available to the public by the Employer in accordance with the Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act.

15.2. 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 EAST LONDON on this **31st day of July 2026**.

AS WITNESSES:

1. _____

2. _____

EXECUTIVE MAYOR

AS WITNESSES:

1. _____

2. _____

MUNICIPAL MANAGER