



UMHLATHUZE LOCAL MUNICIPALITY

PERFORMANCE AGREEMENT
CHIEF FINANCIAL OFFICER – CFO
(DEPUTY CITY MANAGER: FINANCIAL SERVICES)

Made and entered into by and between:

THE UMHLATHUZE LOCAL MUNICIPALITY
Represented by the Acting City Manager

PHAKAMA NOBLE MHLONGO

IDENTITY NO: [REDACTED]

and

MXOLISI KUNENE
IDENTITY NUMBER : [REDACTED]

THE EMPLOYEE OF THE MUNICIPALITY
CHIEF FINANCIAL OFFICER

for the

FINANCIAL YEAR: 01 JULY 2025 - 30 JUNE 2026

N.N.
J.M.
L.M.
B.S.
P.N.
2025/2026

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The **uMhlathuze Local Municipality** herein represented by **Mr Phakama Noble Mhlongo** in his capacity as **Acting City Manager** (hereinafter referred to as the **Employer** or Supervisor)

and

Mr **Mxolisi Kunene**, Employee of the Municipality (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 of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). The **Employer** and the **Employee** are hereinafter referred to as "the Parties".
- 1.2 Section 57 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 secure local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57 of the Systems Act.; the Performance Regulations gazetted in Notice No 805, published on 1 August 2006 and Local Government: Regulations on appointment and conditions of employment of Senior Managers, Reg. 21 of 17 January 2014.

Handwritten signatures and initials:
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2025/2026

2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to -

- 2.1 comply with the relevant provisions of the Act as well as the employment contract entered into between the parties and applicable Regulations promulgate under the Act;
- 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 a performance plan, which forms an annexure to the performance agreement;
- 2.4 monitor and measure performance against set targeted outputs;
- 2.5 use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 in the event of outstanding performance, to appropriately reward the employee; and
- 2.7 give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.13.1 This Agreement will commence on the 1 July 2025 and will remain in force until 30 June 2026 thereafter a new Performance Agreement, Performance

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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 one month after the beginning of the next 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, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.

- 4.2.1 The key objectives describe the main tasks that need to be done.
- 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
- 4.2.3 The target dates describe the timeframe in which the work must be achieved.
- 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 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 standards that will be included in the performance management system as applicable to the **Employee**.
- 5.4 The **Employee** undertakes to actively focus towards the promotion and implementation of the KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.
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5.5 The criteria upon which the performance of the **Employee** shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

5.5.1 The **Employee** will be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Competency Framework respectively.

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

5.5.3 KPA's covering the main areas of work will account for 80% and Competencies will account for 20% of the final assessment.

5.6 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**:

Key Performance Areas (KPA's)	Weighting
Good governance and public participation	16
Municipal institutional development and transformation	6
Municipal Financial Viability And Management	78
Total	100%

5.7 The Competencies will make up 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 contextualised 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 hierarchical 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"> Impact and Influence Institutional Performance Management Strategic Planning and Management Organisational Awareness 	9
People Management	<ul style="list-style-type: none"> Human Capital Planning and Development Diversity Management Employee Relations Management Negotiation and Dispute Management 	9
Program and Project Management	<ul style="list-style-type: none"> Program and Project Planning and Implementation Service Delivery Management Program and Project Monitoring and Evaluation 	9
Financial Management	<ul style="list-style-type: none"> Budget Planning and Execution Financial Strategy and Delivery Financial Reporting and Monitoring 	9
Change Leadership	<ul style="list-style-type: none"> Change Vision and Strategy Process Design and Improvement Change Impact Monitoring and Evaluation 	8
Governance Leadership	<ul style="list-style-type: none"> Policy Formulation Risk and Compliance Management Cooperative Governance 	8
Weighting leading competencies		52
CORE COMPETENCIES		
COMPETENCY		Weighting
Moral Competence		8
Planning and Organising		8
Analysis and Innovation		8
Knowledge and Information Management		8
Communication		8
Results and Quality Focus		8
Weighting core competencies		48
Total Percentage Weighting		100 %

6. EVALUATING PERFORMANCE

- 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** IDP.
- 6.5 The annual performance appraisal will involve:
- 6.5.1 **Assessment of the achievement of results as outlined in the performance plan:**
 - (a) Each KPA 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 will be provided for each KPA.

- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) will then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the Competencies

- (a) Each Competency will be assessed according to the extent to which the expected standards have been met.
- (b) An indicative rating on the five-point scale will be provided for each Competency.
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3) will then be used to add the scores and calculate a final Competency score.

6.5.3 Overall rating

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

6.6 The assessment of the performance of the **Employee** will be based on the rating scale for KPA's and Competencies as reflected in the attached Performance Plan (**Annexure A**, Paragraph 3 and 4).

6.7 The annual performance evaluation of the **Employee** will be performed by the evaluation panel constituted by the following persons:

- City Manager;
- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- Member of the executive committee;
- Municipal Manager from another municipality.

- 6.8 A secretariat service will be delivered to the evaluation panel by the Committee section for administration and recordkeeping of evaluation results.

7. SCHEDULE FOR PERFORMANCE REVIEWS

- 7.1 The performance of the **Employee** in relation to his performance agreement will be reviewed quarterly with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:
- 7.2 The **Employer** will keep a record of the mid-year review and annual 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.
- 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

The Personal Development Plan (PDP) for addressing developmental gaps is as Annexure B.

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 to assist 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 the 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 10.1 as soon as is practicable to enable the **Employee** to take any necessary action without delay.

11. MANAGEMENT OF EVALUATION OUTCOMES

- 11.1 The evaluation of the **Employee's** performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 11.2 A performance bonus 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 and based on the pro-rata all-inclusive annual remuneration package as follows:
- 11.2.1 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 5.1 of the employment contract between the municipality and the City Manager; and
- 11.2.2 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 5.1 of the employment contract between the municipality and the City Manager.
- 11.3 In the case of unacceptable performance, the **Employer** shall –
- 11.3.1 provide systematic remedial or developmental support to assist the **Employee** to improve his performance; and
- 11.3.2 after appropriate performance counselling and having provided the necessary guidance and/ or support as well as reasonable time for improvement in performance, the **Employer** may consider steps to terminate the contract of employment of the **Employee** on grounds of unfitness or incapacity to carry out his duties.

12. DISPUTE RESOLUTION

Handwritten signatures and initials:
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JM.
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[Signature]

12.1 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, will be mediated by –

12.1.1 The mayor within thirty (30) days of receipt of a formal dispute from the employee,

whose decision shall be final and binding on both parties

12.2 Any disputes about the outcome of the **Employee's** performance evaluation, will be mediated by –

12.2.1 a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e) of the Municipal Performance Regulations, 2006, within thirty (30) days of receipt of a formal dispute from the employee

whose decision shall be final and binding on both parties.

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

13. GENERAL

13.1 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**.



13.2 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.


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- 13.3 The performance assessment results will be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.
- 13.4 No performance bonus will be paid in terms of this agreement, irrespective of the outcome of the performance evaluation results, if Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure has been incurred in the financial year.
- 13.5 No performance bonus will be paid in terms of this agreement, irrespective of the outcome of the performance evaluation results, in the event that the municipality does not obtain at least an unqualified audit opinion from the Auditor General in respect of the relevant financial year.
- 13.6 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 opinion.

Thus **done** and **signed** at **Richards Bay** on this 25 day of July..... 2025.

AS WITNESSES:

1. 
2. 



**EMPLOYEE
DEPUTY CITY MANAGER :
FINANCIAL SERVICES**

AS WITNESSES:

1. 
2. 



CITY MANAGER