



PERFORMANCE AGREEMENT

Made and entered into by and between:
CENTLEC (SOC) LTD ("the employer")

As represented by the Chairperson of the Board, N MOKHESI, duly authorized by the Board of Directors ("the Board')

and

MALEFANE SEKOBOTO ("the employee")
In his capacity as the Acting Chief Executive Officer of Centlec (SOC) Ltd

For The Financial Year:
1 July 2020 – 30 June 2021

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PREAMBLE

This performance Agreement is entered into by and between:

CENTLEC (SOC) LTD, herein represented by **N MOKHESI** in his capacity as the Chairperson of the Board, and **MALEFANE SEKOBOTO**, the Acting Chief Executive Officer of Centlec (SOC) Ltd (hereafter 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 appointed as the Acting Chief Executive Officer for a period of three (3 months), commencing from 1 October 2020 – 31 December 2020, in terms of Article 90 of the Articles of Association of the Company.
- 1.2 The contract of employment concluded between the parties requires the parties to conclude an annual performance agreement. The parties hereby agree to have this contract developed by the application of the principles of Section 57 (2) (a) of the Municipal Systems Act 32 of 2000 ("the Systems Act") as amended, and the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Managers, 2006, as well as Local Government: Regulations of Appointment and Conditions of Employment of Senior Managers, 2014.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Acting Chief Executive Officer, reporting to the Board representing the company, to a set of actions that will secure performance goals.
- 1.4 This performance contract is between **MALEFANE SEKOBOTO**, the Acting Chief Executive Officer and Board of Directors of CENTLEC (SOC) LTD. It is for the 2021/21 financial year only. The expected performance reflected in this contract is based on the Service Delivery Agreement between the company and the parent municipality, the employer's Multi-Year Business Plan and the Service Delivery and Budget Implementation Plan for 2020/21. These documents have been approved by the Board of Directors of Centlec (SOC) Ltd and adopted by the Council of Mangaung Metro Municipality, and therefore shall be the basis of performance assessment.

  
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2. PURPOSE OF THIS AGREEMENT

The parties agree that the purpose of this Agreement is to:

- 2.1 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 Service Delivery Agreement, the Multi-Year Business Plan and the Service Delivery and Budget Implementation Plan and the employer's Budget for 2020/21;
- 2.2 Specify the accountabilities as set out in the Performance Plan, which forms an annexure to this performance agreement;
- 2.3 Monitor and measure performance against set targeted outputs;
- 2.4 Use the performance agreement as a barometer to assess the employee's performance;
- 2.5 In the event of outstanding performance, to reward performance appropriately; and
- 2.6 Give effect to the employer's commitment to a performance-oriented relationship with its employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on **1 October 2020** and will remain in force **31 December 2020**; 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 replace this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 Should the employee terminate or her employment be terminated for any reason as may be agreed between the parties prior to **31 December 2020**, this Agreement will therefore automatically terminate on such a date as agreed by the parties.
- 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.

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- 3.5 If at any time during the validity of this Agreement, the work environment alters (whether resulting from the Board of Directors' decision, the Council of the parent municipality's resolution or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall be revised immediately.

4. PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan (**Annexure "A"**) sets out:
- a) The performance objectives and targets that must be met by the employee; and
 - b) The timeframes 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 Multi-Year Business 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:
- a) The Key Performance Objectives describe the main tasks that need to be done.
 - b) The Key Performance Indicators provide the details of the evidence that must be provided to show that a Key Performance Objective has been achieved.
 - c) The Target Date describes the timeframe in which the work must be achieved.
 - d) The Weightings show the relative importance of the Key Performance Objectives to each other.

5. PERFORMANCE MANAGEMENT SYSTEM

- 5.1 The employee agrees to participate in the Performance Management System that the Board of Directors approved and introduced for the employer to manage the performance of its staff.
- 5.2 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, its management and 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 focus actively on the promotion and implementation of the Key Performance Areas (KPAs) (including special projects relevant to the employee's responsibilities) within the Service Delivery and Budget Implementation Plan.

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- 5.5 The employee's assessment will be based on her performance in terms of the outputs/outcomes specified in the attached Performance Plan.
- 5.6 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 implemented that must take place within set timeframes.
- 5.7 The criteria upon which the performance of the employee shall be assessed consist of the following components, all of which shall be contained in the performance plan:
- i) The employee must be assessed against both components with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Leading and Core Competencies respectively. Both the Leading Competencies and Core Competencies consist of competencies each, with the Leading Competencies having twenty driving competencies that communicate what is expected for effective performance in the municipality; on the other hand, the Core Competencies act as drivers to ensure that the leading competencies are executed at an optimal level. There is no hierarchical connotation to the KPA's and Competencies and all KPA's and Competencies are essential to the role of the employee to influence high performance. All KPA's and Competencies are therefore considered as measurable and critical in assessing the level of the employee's performance.
 - ii) Each area of assessment will be weighted and will contribute a specific part to the total score.
 - iii) KPA's covering the main areas of work will account for 80% and Competencies will account for 20% of the final assessment.
- 5.8 Despite the establishment of agreed intervals of evaluation, the employer may in addition review the employee's performance at any stage while the contract of employment remains in force.

6. EVALUATING PERFORMANCE

- 6.1 The employee shall submit the quarterly performance report within thirty (30) working days after the end of the quarter, which will be supported by relevant and sufficient documentary evidence.
- 6.2 The quarterly performance reports, including the supporting evidence, shall be subject to both internal and external audit.
- 6.3 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 6.4 The annual performance appraisal will involve:

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

- a) Each KPA shall 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 shall 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.

6.4.2 Assessment of the Leading and Core Competencies Requirements (L&CCR)

- a) Each Leading and Core Competency Requirement shall be assessed according to the extent to which the specified standards have been met.
- b) An indicative rating on the five-point scale shall be provided for each Leading and Core Competency Requirement.
- c) This rating shall be multiplied by the weighting given to each Leading and Core Competency Requirement during the contracting process, to provide a score.
- d) The applicable assessment-rating calculator must then be used to add the scores and calculate a final Leading and Core Competencies Requirements score.

6.4.3 Overall rating

- a) An overall rating shall be calculated using the applicable assessment-rating calculator. Such overall rating shall represent the outcome of the performance appraisal.

6.5 The assessment of the performance of the employee will be based on the following five-point rating scale for both KPAs and Leading and Core Competencies Requirements:

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 key appraisal indicates that the employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement (PA) and Performance Plan and maintained this in all areas of responsibility throughout the year.					

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Level	Terminology	Description	Rating				
			1	2	3	4	5
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 PA and Performance Plan.					
2	Performance 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 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.					

6.6 An evaluation panel comprising the following persons must be established for the purpose of evaluating the annual performance of the Acting Chief Executive Officer:

- i) The Chairperson of Board from another Municipal Entity or State Owned Entity
- ii) Chairperson of the Performance Audit Committee or the Chairperson of the Audit and Risk Committee, in the absence of a Performance Audit Committee; and
- iii) Appointed representative(s) of the parent municipality (i.e. Mangaung Metropolitan Municipality).
- iv) Chairperson of HR Board Committee

6.6 The Executive Manager responsible for Human Resources function of the entity must provide secretarial services to the evaluation panel.



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7. SCHEDULE OF PERFORMANCE REVIEWS

The performance of the employee shall be reviewed on the following dates, with the understanding that the reviews in the **first and third quarter may be verbal** if the performance is satisfactory:

First Quarter: 1 July 2020 to 30 September 2020 - Review in the second quarter 2020/21.

Second Quarter: 1 October 2020 – 31 December 2020 - Review in the third quarter 2020/21.

Third Quarter: 1 January 2021 – 31 March 2021 - Review in the fourth quarter 2020/21.

Fourth Quarter: 1 April 2021 – 30 June 2021 - Review in the first quarter 2020/21.

8. PERFORMANCE REVIEW PROCEDURES

- 8.1 The evaluation of the employee's quarterly performance must be undertaken by the employer in consultation with the employee.
- 8.2 The onus is on the employee to provide proof that she has met the key performance targets and standards, within the set timeframes.
- 8.3 The employer and the employee must meet to conduct a formal performance rating and agree to the final scores. It may be necessary to have two meetings before a final agreement. In the event of a disagreement, the employer has the final say with regard to the final score that is given.
- 8.4 Initially the scoring should be recorded on the scorecard, then transferred onto the consolidated score sheet:
 - a) Deadline dates that have been met should be marked alongside with a **X**.
 - b) Deadline dates that have not been met should be marked alongside with a **=**.
 - c) Performance Indicators that have been provided as evidence of achieving an objective should be marked alongside with a **X**.
 - d) Performance Indicators that have not been provided as evidence of achieving an objective should be marked alongside with a **=**.
 - e) Any reasons for non-compliance should be recorded during the review session in the column marked "reason for deviation".
- 8.5 Members of the review panel should make their own notes during the formal review meeting and should assign a rating in relation to the weighting assigned to a specific objective.
- 8.6 Only those items relevant to the review period in question should be scored.

- 8.7 The employer and the employee are to prepare and agree an individual learning plan and to set new objectives, targets, performance indicators, weightings and dates, etc. for the following financial year.
- 8.8 Poor work performance will be dealt with in terms of the incapacity procedure as outlined in the applicable Labour Legislation.
- 8.9 The employer shall keep a record of the review and assessment meetings.
- 8.10 Performance feedback shall be based on the employer's assessment of the employee's performance;
- 8.11 The employer will be entitled to review and make reasonable changes to the provisions of the Performance Plan, from time to time, for operational reasons. The employee will be fully consulted before any such changes are made.
- 8.12 The performance assessment results of the employee must be submitted to the Board of Directors as well as the Accounting Officer of the parent municipality within fourteen (14) days after conclusion of the assessment.

9. MANAGEMENT OF EVALUATION OUTCOMES

- 9.1 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 9.2 A performance bonus of between 5% and 14% of the all-inclusive annual remuneration package may be paid to the employee in recognition of outstanding performance, to be constituted as follows:
- 9.2.1 The performance bonus payment shall be categorised into two bands with some ranges per band. The first performance bonus (cash rewards) payment band ranges between 5% and 9% of the all-inclusive remuneration package, as follows:**
- i) A score of 130% - 138% to qualify for a 5% bonus;
 - ii) A score of above 138% - 148% to qualify for a 7% bonus;
 - iii) A score of above 148% - 149% to qualify for a 9% bonus.
- 9.2.2 The second performance bonus (cash rewards) payment band ranges between 10% and 14% of the all-inclusive remuneration package, as follows:**
- i) A score of 150% - 155% to qualify for a 10% bonus;
 - ii) A score of above 155% - 160% to qualify for a 13% bonus;
 - iii) A score of above 160% to qualify for a 14% bonus.

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9.3. The performance achievement ranging between 100% and 129% shall be regarded as performance that 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. This will imply that 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. **This category of performance shall not be rewarded.**

10. CONSEQUENCES OF SUB-STANDARD PERFORMANCE

- 10.1 A level of performance achievement of below 130% shall warrant the employer to execute corrective measures that may include disciplinary measures due to incapacity.
- 10.2 Should the employee score below 130%, the employer, together with the employee, shall develop a Remedial and Developmental Support Plan within 30 days of the Mid-Year Performance Review to assist the employee to improve her performance. The design of the plan will be such that there should be performance improvement within 6 months of its implementation.
- 10.3 The plan will clearly specify that there should be performance improvement within 6 months of its implementation, and will also outline the responsibilities of the employer as well as the responsibilities of the employee with regard to its implementation.
- 10.4 If after 6 months, during the end-year performance review, the employee concerned still achieves a score of less than 130% and the employer has evidence or proof that it has met its responsibilities in terms of implementing the remedial and developmental support plan, the employer will consider steps to terminate the contract of the employee on the grounds of poor performance or operational incapacity.

11. OBLIGATIONS OF THE EMPLOYER

- 11.1 The employer shall:
- a) Create an enabling environment to facilitate effective performance by the employee;
 - b) Provide access to skills development and capacity building opportunities;
 - c) Work collectively with the employee to solve problems and generate solutions to common problems that may have an impact on the performance of the employee;
 - d) On request of the employee, delegate such powers as may reasonably be requested by the employee to enable her to meet the performance objectives and targets established in terms of this agreement; and

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- e) Make available to the employee such resources as the employee may reasonably require from time to time to assist her to meet the performance objectives and targets established in terms of this agreement.

12. CONSULTATION

- 12.1 The employer agrees to consult with the employee timely where the exercising of the powers will have, amongst others:
 - a) A direct effect on the performance of any of the employee's functions;
 - b) Commit the employee to implement or to give effect to a decision made by the employer; and
 - c) A substantial financial effect on the employer.
- 12.2 The employer agrees to inform the employee of the outcome of any decision taken pursuant to the exercising of powers contemplated in 12.1 as soon as is practicable to enable the employee to take the necessary action without delay.

13. DISPUTE RESOLUTION

- 13.1 Any dispute 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:
 - i) The Board of Directors within thirty (30) days of receipt of a formal dispute from the employee; or
 - ii) Any person appointed by the Board of Directors.
- 13.2 In case of disputes that cannot be resolved through negotiations and mediation as outlined above, the employee has a right to refer the case to the Council of the parent municipality, who must settle the matter within thirty (30) days of receipt of a formal written dispute. The decision of the Council of the parent municipality shall be deemed final and binding on both parties.

14. GENERAL

- 14.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure "A" must be made available to the public in accordance with the Municipal Finance Management Act and Section 46 of the Municipal Systems Act as amended.
- 14.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the employee in terms of her contract of employment, or effects of existing or new regulations, circulars, policies, directives of other instruments.

15. WHOLE AGREEMENT

15.1 The parties to this contract agree that this contract constitutes the whole agreement and arrangement for the performance of the employee with effect from 01 October 2020.

15.2 No agreement, varying, adding to, deleting from or cancelling this contract, shall be effective unless reduced to writing and signed by both parties. The annexure "A" attached to this contract will have the same force and effect as if they were written in this section of the contract:

Thus done and signed at _____ this _____ day of _____ 2020.

EMPLOYEE:

Signature:  _____ Name Print: _____

WITNESSES:

1. Signature: _____ Name Print: _____

2. Signature: _____ Name Print: _____

FOR AND ON BEHALF OF CENTLEC (SOC) LTD (EMPLOYER):

Signature: _____ Name Print: _____

WITNESSES:

1. Signature: _____ Name Print: _____

2. Signature: _____ Name Print: _____



ANNEXURE A:

PERFORMANCE PLAN OF THE ACTING CHIEF EXECUTIVE OFFICER OF CENTLEC (SOC) LTD

This plan defines the employer's expectations of the employee in accordance with her Performance Agreement, to which this document is attached. This Performance Plan must, in terms of the Municipal Performance Regulations, also include timeframes and weightings.

There are 5 parts to this Plan:

1. Key Performance Areas (KPAs) schedule, detailing key objectives and their related performance indicators, weightings and target dates
2. A Schedule of Key Performance Area Requirements
3. A Leading and Core Competences Requirements (L&CCR) Schedule, setting out selected core managerial and occupational competencies
4. Personal Development Plan (PDP), for addressing developmental gaps
5. Record of assessment meetings (Control Sheet)

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1. SCHEDULE OF KEY PERFORMANCE AREAS (KPA's):

Key Performance Area	Weighting	Ref.	Performance Indicator	Baseline Information	Target				Progress on date of review
					Time frames	Quality	Quantity	Measurement	
Municipal Transformation & Organizational Development	25%		Monthly compliance reports on SHEQ on all projects as per legislation	2019/2020	1 July 2020 – 30 June 2021	Quarterly Reports	12 SHEQ Compliance Reports	As per paragraph 6.5 of the Performance Agreement.	
			95% achievement of SDBIP performance measures output	2019/2020 SDBIP Performance outcome	1 July 2020 – 30 June 2021	Quarterly Reports	Annual Report	As per paragraph 6.5 of the Performance Agreement.	
Good Governance & Public Participation	15%		Unqualified audit outcome without other matters	2019/20 Unqualified audit outcome	1 July 2020 – 30 June 2021	Quarterly Reports	Unqualified audit outcome	As per paragraph 6.5 of the Performance Agreement.	
			Zero(0) repeatable internal and external audit findings	2019/20 AGSA and Internal Audit Action Plans	1 July 2020 – 30 June 2021	Quarterly Reports	Unqualified audit outcome	As per paragraph 6.5 of the Performance Agreement.	

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CORE COMEPTENCIES 20%

KPA	Weighting	Strategic Focus Areas	KPI	Baseline	Time frames	Self-Assessment		Panel Assessment		Progress Review
						Weighting	Score	Weighting	Score	
Strategic capability and Leadership	5%	Business Focus and Goal Orientation	Provides a vision, sets the direction for the organization and/or unit and inspires others to deliver on the organizational mandate Gives direction to team in realizing the organization's strategic objectives Impacts positively on team morale, sense of belonging and participation Develops detailed action plans to execute strategic initiative	2019/20	Quarterly					
Financial Management (compulsory)	5%	Financially and administratively sustainable and resilient CENTLEC (SOC) LTD	% Spending allocated departmental budget (OPEX & CAPEX)	2019/20	Quarterly					
Customer Orientation and Customer Focus (compulsory)	3%	Stakeholder Engagement – Batho Pele Principles	% increase in Employee satisfaction reviews within CENTLEC (SOC) LTD.	2019/20	Quarterly					
People Management and Empowerment (compulsory)	2%	Financially and administratively sustainable and resilient CENTLEC (SOC) LTD	% Percentage of disciplinary cases resolved (ensure that step 1 and 2 of grievances are addressed within the policy and regulations and HRM timelines)	2019/20	Quarterly					
Change Management	3%		% implementation of change management action plans	2019/20	Quarterly					

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2. KEY PERFORMANCE AREAS REQUIREMENTS SCHEDULE

The employee's assessment will be based on her performance in terms of the outputs/outcomes (performance indicators) identified as per attached Performance Plan (Annexure "A"), 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:

No.	Key Performance Areas (KPAs) = 80% of the total Score	Weighting
1	Municipal Transformation and Organisational Development	50
2	Basic Service Delivery and Infrastructure Development	0
3	Local Economic Development	0
4	Financial Management & Viability	0
5	Good Governance & Public Participation	30
TOTAL (NB: the sum total of weighted KPAs must always add up to 100)		80

3. LEADING AND CORE COMPETENCIES REQUIREMENTS (L&CCR) SCHEDULE

The Leading & Core Competencies will make up the other 20% of the employee's assessment score. Competencies that are deemed most critical for the employee's specific job should be selected from the following list as agreed to between the employer and employee:

No.	CORE COMPETENCIES REQUIREMENTS = 20% of Total Score	Weighting
1	Strategic leadership	5
2	Financial Management	5
3	Customer Orientation and Customer Focus (compulsory)	3
4	People Management and Empowerment (compulsory)	2
5	Change Management	5
TOTAL (NB: the sum total of weighted Core Competencies must always be equal to 100)		20

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4. PERSONAL DEVELOPMENT PLAN (PDP) [for addressing developmental gaps]

Employee's Name: _____ Employee Number: _____
 Job Title: _____ Department: _____
 Manager: _____ Date: _____

Skills/Performance Gap	Outcomes Expected	Suggested training and/or development activity	Suggested mode of delivery	Suggested Timeframes	Work opportunity created to practise skill/development area	Support Person

Employee's Signature: _____

Signature of the Acting Chief Executive Officer: _____

5. RECORD OF ASSESSMENT MEETINGS (CONTROL SHEET)

Employee's Name: _____ Employee Number: _____
 Job Title: _____ Department: _____
 Manager: _____ Date: _____

Date of assessment meeting	Manager's views on differences of assessment	Comments of the Acting Chief Executive Officer	Action to be taken if any (feedback to be given to the employee)
Q1			
Q2			
Q3			
Q4			
Additional review:			

Thus done and signed at Bloomsbury this 07 day of October 2020

EMPLOYEE:
 Signature: [Signature] Name Print: Malcolm Gibson

WITNESSES:
 1. Signature: [Signature] Name Print: Jared May
 2. Signature: [Signature] Name Print: CAROLINE SHOPAME

FOR AND ON BEHALF OF CENTLEC (SOC) LTD (EMPLOYER):
 Signature: [Signature] Name Print: N Molynes

WITNESSES:
 1. Signature: _____ Name Print: _____
 2. Signature: _____ Name Print: _____