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PERFORMANCE AGREEMENT

Made and entered into by and between

THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY

("the City")

(Represented by Herman Mashaba, Executive Mayor, duly authorised
by Municipal Council Resolution)

and

Ndivhoniswani Lukhwareni

("the City Manager ")

for the period: 1 January 2017 to 30 June 2017

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1. INTRODUCTION

- 1.1 The City has entered into a contract of employment with the City Manager for a period of 5 years in terms of Section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act").
- 1.2 Section 57(1)(b) 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 City Manager reporting to the Executive Mayor, to a set of actions that will secure local government policy goals.

2. PURPOSE OF THIS AGREEMENT

- 2.1 The parties agree that the purpose of this Agreement is to:
- 2.1.1 comply with the provisions of Section 57(1)(b), 4(A), (4B) and (5) of the Systems act; and the employment contract entered into between the parties;
- 2.1.2 specify objectives and targets established for the City Manager;
- 2.1.3 specify accountabilities as set out in the performance plan (scorecard) attached as Annexure 'A';
- 2.1.4 monitor and measure performance against set targeted outputs;
- 2.1.5 use the performance agreement and scorecard as the basis for assessing whether the employee has met the performance expectations applicable to his job;
- 2.1.6 in the event of outstanding performance, to appropriately reward the employee in accordance with the City's performance management policy; and
- 2.1.7 give effect to the City's commitment to a performance-orientated relationship with the City Manager in attaining equitable and improved service delivery.

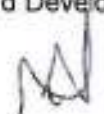
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3. COMMENCEMENT AND DURATION

- 3.1 Notwithstanding the date of signature hereof, this Agreement will commence on the date of appointment of the City Manager, and, subject to paragraph 3.3, will continue in force until a new performance agreement is concluded between the parties as contemplated in paragraph 3.2.
- 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 this Agreement at least once a year by not later than July each year.
- 3.3 This Agreement will terminate on the termination of the City Manager's contract of employment regardless of the reason for such termination.
- 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 be revised.

4. PERFORMANCE OBJECTIVES

- 4.1 The scorecard in Annexure "A" sets out:
- 4.1.1 the performance objectives and targets that must be met by the City Manager; 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" (scorecard) are set by the Executive Mayor and the Group Performance Audit Committee after consultation with the City Manager and are based on the Growth and Development

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Strategy, Integrated Development Plan, Mayoral Priorities Service Delivery and Budget Implementation Plan (SDBIP) and Budget of the City, and include key objectives; key performance indicators; target dates and weightings.

- 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 City Manager's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the City's Integrated Development Plan.

5. PERFORMANCE MANAGEMENT POLICY

- 5.1 The Parties record that the City has a Performance Management Policy, which may be amended from time to time. It describes the systems and procedures of performance management in the City in which the City Manager will be required to engage in performing his job.
- 5.2 The City Manager agrees to participate in the performance management system that the City adopts or introduces.
- 5.3 The City Manager accepts that the purpose of the performance management policy and system is to provide a comprehensive system with specific performance standards to assist the City, Executive Mayor and City Manager to perform to the standards required.
- 5.4 The City Manager 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.

5.5 The City Manager's assessment will be based on his or her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPAs.

6. EVALUATING PERFORMANCE

6.1 It is recorded that in terms of the City's performance management policy and system, for purposes of evaluation of the performance of the City Manager, a Group Performance Audit Committee / Performance Evaluation Panel has been established to assist the Executive Mayor and in the process of evaluating the Performance of the City Manager.

6.2 The performance of the City Manager in relation to his or her performance agreement shall be reviewed on a quarterly basis as follows:

First quarter : July – September

Second quarter : October – December

Third quarter : January – March

Fourth quarter : April - June

6.3 The Executive Mayor shall ensure that the Group Performance Audit Committee be convened to conduct review sessions on the performance of the City Manager at least twice a year.

6.4 The Executive Mayor shall ensure that a record is kept of the mid-year review and final review sessions.

6.5 Performance feedback shall be based on the assessment of the City Manager's performance by the Executive Mayor and Group Performance Audit Committee / Performance Evaluation Panel and may include recommendations for corrective steps to be taken to improve performance.

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SIGNED at Braamfontein on this the 27 day of January 2017.

For: **THE CITY OF JOHANNESBURG**
METROPOLITAN MUNICIPALITY

prfu,

Councillor Herman Mashaba
Executive Mayor

Witness:

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Witness:

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SIGNED at Braamfontein on this the 27th day of January 2017

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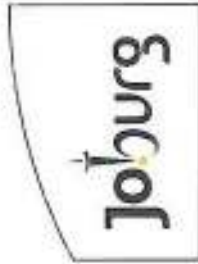
Dr Ndivhoniswari Lukhwareni
City Manager

Witness:

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ANNEXURE "A"

CITY PERFORMANCE SCORECARD	
Employee Name:	Dr Ndivhonswani Lukhwareni
Job Title:	City Manager
Manager:	Councillor Herman Mashaba: Executive Mayor
Position Purpose	The City Manager is the Head of Administration and the Accounting Officer of the City of Johannesburg as provided for in section 55 of the Municipal Systems Act 32 of 2000 and section 60 of the Municipal Finance Management Act 56 of 2003.
Key Performance Areas (KPA's)	As per the provisions of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager of 2006; Regulations 25 and 26, the following Key Performance Areas (KPA's) will inform the City Manager's performance: <ul style="list-style-type: none">• Basic Service Delivery;• Municipal Institutional Development and Transformation;• Local Economic Development;• Municipal Financial Viability and Management; and• Good Governance and Public Participation.
The period of this Performance Plan is from 1 January 2017 to 30 June 2017	

Performance Scorecard of the City Manager: Financial Year 01 January 2017 to 30 June 2017

 H.M. Mashaba
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SECTION 1: STRATEGIC PERFORMANCE OBJECTIVES (SPO)

KPA No	Key Performance Area	Weighting	No.	Key Performance Indicator	Baseline	Target	Means of Verification
1	Basic Service Delivery	65	1.1	Percentage Achievement of 2016/17 SDBIP Pre-determined Objectives	67%	1 = <60% of Institutional SDBIP set performance measures achieved. 2 = 60 - 69% of Institutional SDBIP set performance measures achieved. 3 = 70 - 85% of Institutional SDBIP set performance measures achieved. 4 = 86 - 90% of Institutional SDBIP set performance measures achieved. 5 = >90% of Institutional SDBIP set performance measures achieved.	Audited Annual Report / DLG Performance Letter
			1.2	Average Number of Rea Vaya BRT trips per day	48 270	1 = <48 000 2 = 48 000 – 49 999 3 = 50 000 4 = 50 001 – 52 999 5 = >53 000	Auditor General's Report
2	Local Economic Development		1.3	Average percentage attainment of Service Level Standards ¹	70%	1 = <75% 2 = 76 - 80% 3 = 81 - 85% 4 = 86 - 90% 5 = >90%	Entity Performance Reports
			2.1	% increase in the City's GDP growth	2%	1 = <0.5% growth 2 = 0.6 – 0.9% growth 3 = 1 – 1.4% growth 4 = 1.5 – 1.6% growth 5 = >1.7% growth	Stats SA Report on economic growth

¹ This performance measure tracks attainment of service level standards by the City's service delivery entities City Power; Pikitup; Joburg Water; Parks; Johannesburg Roads Agency


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KPA No	Key Performance Area	Weighting	No.	Key Performance Indicator	Baseline	Target	Means of Verification
			2.3	Job opportunities created citywide ²	24 802	1 = <20 000 2 = 20 000 – 24 999 3 = 25 000 – 30 999 4 = 31 000 - 36 999 5 = >36 999	Audited Annual Report / employment contracts
			2.4	Number of smart programmes implemented towards the creation of smart Johannesburg ³	75%	1 = <Three smart programmes fully implemented 2 = Three smart programmes fully implemented 3 = Five smart programmes fully implemented 4 = Evidence of improved access to connectivity 5 = Positive impact of the implemented programmes	Audited Annual Report / Project Implementation Reports
			2.5	Rand value of new investment attracted into the City.	R4.538 billion	1 = <R3 billion 2 = R3 – 3.9 billion 3 = R4 – 4.4 billion 4 = R4.5 – 4.7 billion 5 = >R4.7 billion	Letters of commitment from investors / Audited Annual Report
			2.6	Percentage review of inner city road map	TBD	1 = <60% completion of review of Inner City Road Map 2 = 60 – 69% completion of review of Inner City Road Map 3 = 70 – 79% completion of review of Inner City Road Map 4 = 80 – 100% completion of review of Inner City Road Map 5 = Finalised Implementation plan	Complete reviewed inner City Road Map

² Includes all job creation intervention in the City e.g. EPWP, Jazi@Work, Harambee Vukindela, SMME support etc

³ This KPI covers: Access programme, Smart Institution programme, Intelligence Operation Centre, Smart Technology programme, Smart Citizen programme

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KPA No	Key Performance Area	Weighting	No.	Key Performance Indicator	Baseline	Target	Means of Verification
3	Municipal Institutional development and transformation		3.1	% Of Section 57 Managers compliant with Basic National Treasury Competency requirements		1 = <60% 2 = 60 – 70% 3 = 70 – 80% 4 = 80 – 90% 5 = 100%	Certificates of Completion / SALGA / national Treasury database
4	Municipal Financial Viability and Management		4.1	% Reduction in debtors book	1.5%	1 = increase in debtors book 2 = 0.1 – 0.5% decrease 3 = 0.6 – 0.9% decrease 4 = 1% - 1.5% decrease 5 = >1.54% decrease	Audited Financial Statements / GCFO Report
			4.2	% Attainment of selected profitability and liquidity ratios ⁴	75%	1 = 60 – 65% 2 = 66 – 70% 3 = 71 – 80% 4 = 80 – 90% 5 = >90%	Audited Financial Statements / GCFO Report
			4.2	% Collection of debtors in respect of service billings	91.7%	1 = <91% collected 2 = 91 – 92% collected 3 = 93 – 94% collected ⁵ 4 = 94 - 95% collected 5 = >95% collected	Audited Financial Statements / GCFO Report

⁴ Selected ratios – Profitability (Remuneration and maintenance ratio and Liquidity Current ratio and cash coverage ratio)
⁵ Calculations excluding LTA, ESP Deceased Estates and estimations longer than 6 months



KPA No	Key Performance Area	Weighting	No.	Key Performance Indicator	Baseline	Target	Means of Verification
5	Public Participation		4.3	Maintenance of the City's Credit Rating	Moody's Baa2; Fitch BBB;	1= Downgrade 2= Current rating with negative outlook 3= Maintain current rating with Stable outlook 4= Upgrade by one notch 5= Upgrade by 2 notches	Rating Reports by Rating Agencies
			5.1	Citizen Satisfaction Levels	62%	1 = decrease in satisfaction levels 2 =0.5% increase in satisfaction levels 3 = 0.5 - 1% increase in satisfaction levels 4 = 1% - 1.5% increase in satisfaction levels 5 = >2% increase in satisfaction levels	Customer Satisfaction Survey Report / Audited Annual Report
6	Good Governance		6.1	Percentage development of strategy to prevent, combat, investigate and resolve fraud corruption, theft and issues of maladministration	New indicator	1= <80% of strategy developed 2= 81% - 99% of strategy developed 3= 100% of strategy developed 4 = Number of investigations completed 5 = recovery of losses and reduction in number of hijacked building	Anti-corruption Strategy / Evidence of investigations, arrests and convictions / Database of hijacked buildings
			6.2	% completion of entities re-absorption study	New indicator	1= <80% completion of study 2= 81 – 90% completion of study 3= 100% completion of study 4= 25% of report recommendations implemented 5= 30% of report recommendations implemented	Reabsorption study report with recommendations

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KPA No	Key Performance Area	Weighting	No.	Key Performance Indicator	Baseline	Target	Means of Verification
			6.3	% completion of skills audit	New indicator	1= <80% completion of skills audit 2= 81% - 90% completion of skills audit 3= 100% completion of skills audit 4= 25% of skills audit report recommendations implemented 5= 30% of skills audit report recommendations implemented	Skills audit report / Mayoral Committee decision

SECTION 2: FUNCTIONAL PERFORMANCE OBJECTIVES (FPO)

KPA No	Key Performance Area	Weighting	No.	Key Performance Indicators (KPIs)	Baseline	Target	Means of Verification
7	Municipal Financial Viability and Management	15	7.1	Clean Governance	Unqualified Audit Opinion	1= Adverse Audit Opinion ⁵ 2= Qualified Audit Opinion ⁷ 3= Unqualified Audit Opinion with material matters ⁸ 4= Unqualified Audit Opinion without other matters ⁹ 5= Clean Audit opinion	Auditor General Report / Final Management Letter / GRAS Report

⁵ This is where AGSA is unable to and does not express an audit opinion due to uncertainty.

⁷ This is where there is a disagreement between AGSA and COJ on fair presentation & disclosure.

⁸ This is where fair presentation is achieved but there are matters that require highlighting although these do not have impact on the auditor's opinion.

⁹ This is where fair presentation is achieved. There are no further significant matters that require disclosure by the auditors


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SECTION 3: CORE COMPETENCY REQUIREMENTS

No	Core Competence	Weight	No	Competency Indicator's	Baseline	Target	Means of Verification
8	Ensuring sound Financial Management and control	20	8.1	% Spent of allocated Capex citywide	87.96%	1 = Overspending 2 = 50% Capex 3 = 95% Capex Expenditure ¹⁰ 4 = 96% Capex 5 = >97% Capex	Audited Annual Report
			8.2	% Spent of allocated Opex citywide	93.42%	1 = <10 % Opex 2 = 50% Opex 3 = 95% Opex Expenditure ¹¹ 4 = 97% Opex 5 = 100% Opex	Audited Annual Report
<p>By signing this performance scorecard the manager and employee hereby indicate their full understanding of, and agreement with the contents of the scorecard. The manager and the employee both acknowledge that this is in full compliance with the City's Performance Management Policy.</p>							
<p>Signed : Dr Ndivhoniswani Lukhwareni City Manager</p>		<p> 24/01/17.</p>		<p>Signed: Herman Mashaba Executive Mayor</p>		<p> Date: 27 January 2017</p>	

¹⁰ The Capital expenditure will be implemented in line with the SDBIP budget expenditure projections

¹¹ The Operational expenditure will be implemented in line with the SDBIP budget expenditure projections