

" The City of Heritage "



ULUNDI MUNICIPALITY PERFORMANCE AGREEMENT

2026/2027

ENTERED INTO AND BETWEEN

Mr S. M. KHOMO

MUNICIPAL MANAGER (hereinafter referred to as the EMPLOYER)

AND

Mr. J. H. Mhlango

DIRECTOR: FINANCIAL SERVICES

(hereinafter referred to as the EMPLOYEE)

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1. INTRODUCTION

- 1.1 The Municipal Manager of the Ulundi Local Municipality (the Employer) has purposed to enter into a contract of employment with the (the Employee) in terms of Section 57(1)(a) of the Municipal Systems Act, Act 32 of 2000, as amended (hereinafter referred to as the Systems Act).
- 1.2 Section 57(1)(b) of the Systems Act, read with the contract of employment between the two 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 (the Employee), reporting to the Municipal Manager of the Municipality (the Employer), to a set of actions that will secure local government policy goals.
- 1.4 This performance agreement is concluded between the Employee, and the Municipal Manager of the Ulundi Local Municipality (the Employer).

2. PURPOSE OF THIS AGREEMENT

The purpose of this agreement is to:

- 2.1 Comply with the provisions of Section 57 of the Systems Act and the Municipal Performance Regulations published in the *Government Gazette* dated 1 August 2006;
- 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, the Service Delivery and Budget Implementation Plan and the Budget of the Municipality;
- 2.3 Specify accountabilities as set out in the Departmental Performance Plan for the 2026/2027 financial year, 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 job;
- 2.6 In the event of outstanding performance, to appropriately reward the Employee; and

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- 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. PERFORMANCE MANAGEMENT SYSTEM

- 3.1 The Employee agrees to participate in the performance management system adopted by the Municipality.
- 3.2 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.
- 3.3 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.
- 3.4 The Employee undertakes to actively focus towards the promotion and implementation of the Key Performance Areas reflected in the Departmental Performance Plan for the 2026/2027 financial year within the local government framework.

4. EMPLOYER OBLIGATIONS

- 4.1 The Employer shall endeavour to create a working environment that is conducive to the Employee being able to attain the standards of performance expected of him.
- 4.2 The Employer shall provide the Employee with such physical, financial and human resources as are reasonably required for him to perform his functions.
- 4.3 The Employer shall provide access to skills development and capacity building opportunities.
- 4.4 The Employer shall empower the Employee by way of a set of appropriate delegations to act and make relevant decisions in the course of his employment.
- 4.5 The Employer shall work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.
- 4.6 The Employer shall conduct the performance review in a fair and transparent manner.

5. EMPLOYEE OBLIGATIONS

- 5.1 The Employee is obliged to perform his functions to the best of his abilities and shall as far as practically possible endeavour to meet the standards of performance as set out in the attached Departmental Performance Plan for the 2026/2027 financial year.
- 5.2 The Employee shall under all circumstances act in the best interests of the Ulundi Local Municipality.
- 5.3 The Employee shall co-operate with the Employer in conducting performance reviews.

6. CONSULTATION

- 6.1 The Employer agrees to consult the Employee timeously where the exercising of her powers will have amongst others:
 - 6.1.1 A direct effect on the performance of any of the Employee's functions;
 - 6.1.2 A commitment by the Employee to implement or to give effect to a decision made by the Employer: and
 - 6.1.3 A substantial financial effect on the Employee.
- 6.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in sub-item 6.1 as soon as is practicable to enable the Employee to take the necessary action without delay.

7. COMMENCEMENT AND DURATION

- 7.1 Irrespective of the date of the signature of the agreement, this performance agreement and its annexure (the Departmental Performance Plan for the 2026/2027 financial year) will commence on 1 July 2026 and will remain in force until 30 June 2027. Thereafter a new annexure to this agreement will be concluded between the two parties for the following financial year.
- 7.2 The parties will review the provisions of this agreement during June each year. The parties will then conclude a new performance agreement that replaces the previous agreement by no later than 31 July of that year.
- 7.3 The agreement will terminate on the termination of the Employee's contract of employment for any reason.

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- 7.4 Nothing contained in this performance agreement in any way limits the right of the Employer to terminate the Employee's contract of employment with or without notice for any other breach by the Employee of his obligations to the Employer or for any other valid reason in law.
- 7.5 The content of the agreement may be revised at any time during the abovementioned period to determine the appropriateness of the matters agreed upon.
- 7.6 If at any time during the validity of the performance agreement the work environment alters (whether as a result of government or Council decisions or otherwise) to the extent that the contents of the agreement are no longer appropriate, the content shall immediately be revised and then mutually agreed upon by the two parties.

8. PERFORMANCE OBJECTIVES

- 8.1 The **Departmental Performance Plan** for the 2026/2027 financial year sets out:
- 8.1.1 The key performance areas for which the Employee is responsible.
- 8.1.2 The performance objectives and targets that must be met by the Employee.
- 8.1.3 The timeframes within which those performance objectives and targets must be met.
- 8.1.4 The performance objectives and targets reflected in the Performance Plan are set by the Employer in consultation with the Employee in compliance with legislative requirements and based on the Integrated Development Plan and the Budget of the Municipality and include key performance areas, objectives, targets, key performance indicators and weightings.
- 8.1.5 The key performance areas describe the main tasks to be done. The key performance indicators consist of the details of the evidence that must be provided to show that an objective has been achieved. The targets describe the timeframe in which the work must be achieved. The weightings reflect the relative importance of the objectives to each other.
- 8.2 The **Employee's** assessment will be based on his/her performance in terms of the output/outcomes (performance indicators) identified as the performance plan annexed into this agreement, which are linked to the Key Performance Areas, and will constitute 80% of the overall assessment results as per the weightings agreed into between the **Employer** and the **Employee**:

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Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	15
Local Economic Development (LED)	15
Good Governance and Public Participation	20
Financial Viability and Management	50
TOTAL	100%

- 8.3 The **Core 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 2016, 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 as listed as follows:

LEADING COMPETENCIES		
COMPETENCY		Weighting
Strategic Direction and Leadership	• Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness	10
People Management	• Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management	10
Programme and Project Management	• Programme and Project Planning and Implementation • Service Delivery Management	10

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	• Programme and Project Monitoring and Evaluation	
Financial Management	• Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring	20
Change Leadership	• Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation	10
Governance Leadership	• Policy Formulation • Risk and Compliance Management • Co-operative Governance	10
Total Weighting Leading Competencies		
CORE COMPETENCIES		
COMPETENCY		Weighting
Moral Competence		5
Planning and Organising		5
Analysis and Innovation		5
Knowledge and Information Management		5
Communication		5
Results and Quality Focus		5
TOTAL PERCENTAGE WEIGHTING		100%

9. ASSESSMENT OF PERFORMANCE

9.1 Performance Reviews

The performance of the Employee in relation to his performance agreement shall be reviewed on the following basis:

First Quarter	July to September
Second Quarter	October to December
Third Quarter	January to March
Fourth Quarter	April to June

9.1.1 The quarterly reviews for the first and third quarter may be undertaken verbally between the Employer representative and the Employee if performance is satisfactory.

9.1.2 The fourth quarter (annual) review will be undertaken by an evaluation panel. The evaluation panel will consist of the following persons:

Municipal Manager of the Ulundi Municipality (Chairperson)
Chairperson of the Audit Committee
Member of the Executive Committee of the Ulundi Municipality
Municipal Manager from another Municipality
Performance Management Specialist

9.1.3 The Employer shall keep a record of the mid-year review and the annual assessment meetings.

9.1.4 Performance feedback will be based on both the Employer's and the Employee's assessment of the Employee's performance. Part of the review process is the development of an agreed assessment of the Employee's performance.

9.1.5 The Employer will be entitled to review and make reasonable changes to the provisions on the performance plan from time to time for operational reasons. The Employee will be fully consulted before any such change.

9.1.6 The Employer may amend the provisions on the performance plan whenever the performance management system is adopted, implemented and/or amended as the case may be. In that case the Employee will be fully consulted before any such change is made.

9.2 Performance Rating Scale

Level	Terminology	Description	Rating
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 Performance Agreement and the Performance Plan and maintained this in all areas of responsibility throughout the year	130% - 150%+
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. This 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.	100% - 129%

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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 Performance Agreement and Performance Plan.	90% - 100%
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 Performance Agreement and the Performance Plan	60% - 89%
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 Performance Agreement and the 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	Below 60%

9.3 Evaluation of Performance

The evaluation of performance consists of the following:

- 9.3.1 An assessment of the achievement of results as outlined in the Departmental Performance Plan (80%); and an assessment of the Leading and Core Competencies is (20%).
- 9.3.2 Each objective in the Departmental Performance Plan will be assessed according to the extent to which the specified standards or performance indicators have been met.
- 9.3.3 Each of the elements of the Core Management Criteria, which have been weighted equally, will be assessed according to the extent to which the strategic alignment standards have been met.
- 9.3.4 An indicative rating on the five point rating scale will be provided for each performance objective and / or managerial competency.
- 9.3.5 The applicable assessment rating calculator will then be used to add the scores and calculate a final KPA score.
- 9.3.6 An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

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10. MANAGEMENT OF EVALUATION OUTCOMES

- 10.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 10.2 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package will be paid to the Employee in recognition of outstanding performance to be constituted as follows:
- 10.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9% and a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.
 - 10.2.2 Should an employee incur unauthorised, irregular, fruitless and wasteful expenditure he/she will not receive a performance bonus for that particular financial year.
- 10.3 In the case of unacceptable performance, the Employer shall:
- 10.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his performance; and
 - 10.3.2 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 on the grounds of unfitness or incapacity to carry out his duties.

11. CONSTRAINTS

The following constraints that could potentially impact on the performance of the Employee in the 2026/2027 financial year are acknowledged and recorded:

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12. DISPUTE RESOLUTION

- 12.1 In the event that the Employee is dissatisfied with any decision or action of the Employer in terms of this agreement, or where a dispute or difference arises as to the extent to which the Employee has achieved the objectives and performance targets established in terms of this agreement, the Employee may meet with the Employer with a view to resolving the issue. At the Employee's request the Employer will record the outcome of the meeting in writing.
- 12.2 In the event that the Employee remains dissatisfied with the outcome of that meeting, he may refer a formal dispute for mediation to the Mayor of the Ulundi Local Municipality which, rendered within 30 (thirty) days of receipt of the formal dispute, shall be final and binding on both parties.

13. GENERAL

- 13.1 The contents of this performance agreement must be made available to the public by the Employer in accordance with the Municipal Finance Management Act, Act 56 of 2003, and Section 46 of the Systems Act
- 13.2 This performance agreement is written in English; hence English shall be the language of all communication between the two parties. All correspondence between the parties to this agreement and all reports and other documentation shall be submitted in English.
- 13.3 The parties to this agreement record that this agreement constitutes the whole of the agreement and arrangements for the performance of the Employee for the 2026/2027 financial year.
- 13.4 No agreement varying, adding or deleting from or cancelling this agreement shall have any effect unless reduced to writing and signed by both parties.
- 13.5 Nothing in this agreement diminishes the obligations, duties or accountability 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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14. SIGNATURE OF THE PARTIES

Signed at Ulundi on this 08 day of July 2026.

AS WITNESSES

1. [Signature]
2. [Signature]

[Signature]
MR J.H. MHLONGO

Signed at Ulundi on this 08 day of July 2026.

AS WITNESSES

1. [Signature]
2. [Signature]

[Signature]
Mr S. M. Khomo

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DISCLOSURE FORM FOR BENEFITS AND INTERESTS

I, the undersigned (Surname and Initials) MHLONGO JH
 (Postal Address) PO Box 1880
 Residential Address C 552 NOBAMBA CRESENT ULUNDI
 (Position Held) CHIEF FINANCIAL OFFICER
 (Name of Municipality) ULUNDI LOCAL MUNICIPALITY
 Tel: 035 874 5100 Fax N/A

1. Shares, securities and other financial interests (Not bank accounts with financial Institutions.)			
Number of shares/ Extent of financial interest	Nature	Nominal Value	Name of Company/ Entity
	N/A		

2. Interest in a trust	
Name of trust	Amount of Remuneration/ Income
N/A	

3. Membership, directorships and partnerships		
Name of corporate entity, partnership or firm	Type of business	Amount of Remuneration/ Income
N/A		

4. Remunerated work outside the Municipality (Must be sanctioned by Council)		
Name of Employer	Type of work	Amount of remuneration/ Income
	N/A	

CONFIDENTIAL

Council

Signature by ^{apex} Mayor or Designate: [Signature] Date: 08/07/2020

5. Consultancies, Retainerships and Relationships			
Name of Client	Nature	Type of business activity	Value of any benefits received

6. Subsidies, grants and sponsorships by any organisation		
Source of assistance	Descriptions of assistance	Value of assistance
	N/A	

7. Gift and Hospitality from a source rather than a family member		
Description	Value	Member
	N/A	

8. Land and Property			
Description	Extent	Area	Value
FREE STANDING	1700 M ²	URBAN	R3.8 Million
D 656	656 M ²	ULUNDI	R 950 000
C 1308	450 M ²	ULUNDI	R 40 000
B 825	750 M ²	ULUNDI	R 40 000
C 1307	450 M ²	ULUNDI	R 40 000
B 396	1470 M ²	ULUNDI	R 170 000
 SIGNATURE OF SENIOR MANAGER			
B 917	1548 M ²	ULUNDI	R 170 000
B 398	1548 M ²	ULUNDI	R 170 000
DATE: 08/07/2026			
PLACE: Church			
D 657	1200 M ²	ULUNDI	R 650 000

SCHEDULE 2

CODE OF CONDUCT FOR MUNICIPAL STAFF MEMBERS

1. Definitions

In this Schedule "**partner**" means a person who permanently lives with another person in a manner as if married.

2. General conduct

A staff member of a municipality must at all times—

- (a) loyally execute the lawful policies of the municipal council;
- (b) perform the functions of office in good faith, diligently, honestly and in a transparent manner;
- (c) act in such a way that the spirit, purport and objects of section 50 are promoted;
- (d) act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised; and
- (e) act impartially and treat all people, including other staff members, equally without favour or prejudice.

3. Commitment to serving the public interest

A staff member of a municipality is a public servant in a developmental local system, and must accordingly—

- (a) implement the provisions of section 50 (2);
- (b) foster a culture of commitment to serving the public and a collective sense of responsibility for performance in terms of standards and targets;
- (c) promote and seek to implement the basic values and principles of public administration described in section 195 (1) of the Constitution;
- (d) obtain copies of or information about the municipality's integrated development plan, and as far as possible within the ambit of the staff member's job description, seek to implement the objectives set out in the integrated development plan, and achieve the performance targets set for each performance indicator;
- (e) participate in the overall performance management system for the municipality, as well as the staff member's individual performance appraisal and reward system, if such exists, in order to maximise the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents.

4. Personal gain

- (1) A staff member of a municipality may not—

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- (a) use the position or privileges of a staff member, or confidential information obtained as a staff member, for private gain or to improperly benefit another person; or
- (b) take a decision on behalf of the municipality concerning a matter in which that staff member, or that staff member's spouse, partner or business associate, has a direct or indirect personal or private business interest.

(2) Except with the prior consent of the council of a municipality a staff member of the municipality may not—

- (a) be a party to a contract for—
 - (i) the provision of goods or services to the municipality; or
 - (ii) the performance of any work for the municipality otherwise than as a staff member;
- (b) obtain a financial interest in any business of the municipality; or
- (c) be engaged in any business, trade or profession other than the work of the municipality.

5. Disclosure of benefits

(1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.

(2) This item does not apply to a benefit which a staff member, or a spouse, partner, business associate or close family member, has or acquires in common with all other residents of the municipality.

6. Unauthorised disclosure of information

(1) A staff member of a municipality may not without permission disclose any privileged or confidential information obtained as a staff member of the municipality to an unauthorised person.

- (2) For the purpose of this item "privileged or confidential information" includes any information—
- (a) determined by the municipal council or any structure or functionary of the municipality to be privileged or confidential;
 - (b) discussed in closed session by the council or a committee of the council;
 - (c) disclosure of which would violate a person's right to privacy; or
 - (d) declared to be privileged, confidential or secret in terms of any law.

(3) This item does not derogate from a person's right of access to information in terms of national legislation.

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7. Undue influence

A staff member of a municipality may not—

- (a) unduly influence or attempt to influence the council of the municipality, or a structure or functionary of the council, or a councillor, with a view to obtaining any appointment, promotion, privilege, advantage or benefit, or for a family member, friend or associate;
- (b) mislead or attempt to mislead the council, or a structure or functionary of the council, in its consideration of any matter; or
- (c) be involved in a business venture with a councillor without the prior written consent of the council of the municipality.

8. Rewards, gifts and favours

(1) A staff member of a municipality may not request, solicit or accept any reward, gift or favour for—

- (a) persuading the council of the municipality, or any structure or functionary of the council, with regard to the exercise of any power or the performance of any duty;
- (b) making a representation to the council, or any structure or functionary of the council;
- (c) disclosing any privileged or confidential information; or
- (d) doing or not doing anything within that staff member's powers or duties.

(2) A staff member must without delay report to a superior official or to the speaker of the council any offer which, if accepted by the staff member, would constitute a breach of subitem (1).

9. Council property

A staff member of a municipality may not use, take, acquire, or benefit from any property or asset owned, controlled or managed by the municipality to which that staff member has no right.

10. Payment of arrears

A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period.

11. Participation in elections

A staff member of a municipality may not participate in an election of the council of the municipality, other than in an official capacity or pursuant to any constitutional right.

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12. Sexual harassment

A staff member of a municipality may not embark on any action amounting to sexual harassment.

13. Reporting duty of staff members

Whenever a staff member of a municipality has reasonable grounds for believing that there has been a breach of this Code, the staff member must without delay report the matter to a superior officer or to the speaker of the council.

14. Breaches of Code

Breaches of this Code must be dealt with in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of this Act.

14A. Disciplinary steps

(1) A breach of this Code is a ground for dismissal or other disciplinary steps against a staff member who has been found guilty of such a breach.

(2) Such other disciplinary steps may include—

- (a) suspension without pay for no longer than three months;
- (b) demotion;
- (c) transfer to another post;
- (d) reduction in salary, allowances or other benefits; or
- (e) an appropriate fine.

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