

**PERFORMANCE AGREEMENT**

MADE AND ENTERED INTO BY AND BETWEEN:  
THE MUNICIPALITY OF INGQUZA HILL AS REPRESENTED BY THE MAYOR

**WILLIAM NGOZI**

.....

FULL NAMES

AND

**MLULEKI FIHLANI**

.....

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE

**FINANCIAL YEAR: 1 JULY 2008 – 30 JUNE 2009**

## PERFORMANCE AGREEMENT

### ENTERED INTO BY AND BETWEEN:

The Municipality of Ingquza Hill herein represented by William Ngozi in his capacity as the Mayor (hereinafter referred to as the Employer)

And

Mluleki Fihlani: Employee of the Municipality of Ingquza Hill (hereinafter referred to as the Employee).

### WHEREBY IT IS AGREED AS FOLLOWS:

#### 1. INTRODUCTION

- 1.1 The employer has entered into a contract of employment with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). The Employer and the Employee are hereinafter referred to as "the Parties".
- 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 goals to be achieved, and secure the commitment of the Employee to set of outcomes that will secure local government goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57 (4A), 57 (4B) and 57 (5) of the Systems Act.

#### 2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to:

- 2.1 comply with the provisions of Section 57 (1) (b), (4A) 57 (4B) and 57 (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;
- 2.3 specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4 monitor and measure performance against set targeted outputs;

- 2.5 use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and/or to assess whether the Employee has met the performance expectations applicable to his/her job;
- 2.6 appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding; and
- 2.7 give effect to the Employer's commitment to a performance –orientated relationship with the Employee in attaining equitable and improved service delivery.

### **3. COMMENCEMENT AND DURATION**

- 3.1 This agreement will commence on the 1 July 2007 and will remain in force until 30 June 2007 whether 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 replaces this Agreement at least once a year by not later than the beginning of each successive 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 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 the Performance Plan are set by the Employer in consultation with the Employee and based on the IDP and the Budget of the Employer, and shall include key objectives; KPIs; target dates and weightings.
- 4.3 The key objectives describe the main tasks that need to be done. The KPIs provide the details of the evidence that must be provided to show that a key objective has been achieved. The weightings show the relative importance of the key objectives to each other.
- 4.4 The Employee's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.

**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.
- 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.
- 6. The Employee agrees to participate in the performance management and development system that Employer adopts.
  - 6.1 The employee undertakes to actively focus towards the implementation of the KPAs (including special projects relevant to the employee’s responsibility responsibilities) within the local government framework.
  - 6.2 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
    - 6.2.1 The Employee must be assessed against both components with a weighting of 80:20 allocated to the KPAs and Core Managerial Competencies (CMCs) respectively.
    - 6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score
    - 6.2.3 KPAs covering the main areas of work will account for 80% and CMCs will account for 20% of the final assessment.
  - 6.3 The Employee’s assessment will be based on his/her performance in terms of the outputs/outcomes (performance indicators) identified as per attached Performance Plan 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:
  - 6.4 The CMCs will make up the other 20% of the Employee’s assessment score. The CMCs that are deemed to be most critical for the Employee’s specific job should be selected ( ) from the list below as agreed to between the Employer and Employee:

**TABLE 1 CORE MANAGERIAL COMPETENCIES (CMC)**

<b>CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES</b>		
<b>CORE MANAGERIAL COMPETENCIES (CMC)</b>	<b>BATHO PELE PRINCIPLES</b>	<b>WEIGHT</b>
Strategic Capability, Leadership and Financial Management		<b>2</b>
Problem solving and analytical thinking		<b>1</b>
Financial Management		<b>2</b>
Change Management		<b>2</b>

Client Orientation and Customer Focus		<b>2</b>
Service Delivery		<b>2</b>
Communication		<b>2</b>
Accountability and Ethical Conduct		<b>2</b>
Policy conceptualisation and implementation		<b>2</b>
Partnership and Stakeholder Relations		<b>2</b>
People management and Empowerment		<b>1</b>
<b>TOTAL</b>		<b>20</b>

## **7. EVALUATING PERFORMANCE**

7.1 The Performance Plan (Annexure A) to this Agreement sets out:

- 7.1.1 The standards and procedures for evaluating the Employee's performance; and
- 7.1.2 The intervals for the evaluation of the Employee's performance.

7.2 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.

7.3 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.

7.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.

7.5 The annual performance appraisal will involve:

- 7.5.1 Assessment of the achievement of results as outlined in the performance plan:
  - (a) Each KPA should 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 should be provided each KPA.
  - (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used add the scores and calculate a final KPA score.

7.5.2 Assessment of the CMCs

- (a) Each CMC should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CMC
- (c) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CMC score.

7.5.3 Overall rating

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

7.6 The assessment of the performance of the Employee will be based on the following rating scale for KPAs and CMCs:

Level	Terminology	Description	Rating
5	Outstanding Performance	Performance far exceeds the standard expected of and employee at this level. The appraisal indicates the Employee has achieved above fully effective	
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	Not fully effective	Performance is below the standard required 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 PP. 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	

7.7 For purposes of evaluating the performance of the Employee, and evaluation panel constituted by the following persons will be established:

- 7.7.1 Executive Mayor/Mayor
- 7.7.2 Chairperson of the Audit Committee
- 7.7.3 Ward committee member (on a rotational basis), where applicable;
- 7.7.4 Member of the Mayoral Committee; and
- 7.7.5 Mayor and/or Municipal Manager from another Municipality.

## 8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1 The performance of each Employee in relation to his/her performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory

First quarter	:	July – September
Second quarter	:	October – December
Third quarter	:	January – March
Fourth quarter	:	April – June

- 8.2 The employer shall keep a record of the mid-year review and annual assessment meetings.
- 8.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.
- 8.4 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.
- 8.5 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.

## **9. DEVELOPMENTAL REQUIREMENTS**

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

## **10. OBLIGATIONS OF THE EMPLOYER**

- 10.1 The Employer shall:
  - 10.1.1 Create an enabling environment to facilitate effective performance by the employee;
  - 10.1.2 Provide access to skills development and capacity building opportunities;
  - 10.1.3 Work collaboratively with the Employee delegate such powers reasonably required by the Employee to enable him/her to meet the performance objectives and targets established in terms of this agreement.

## **11. CONSULTATION**

- 11.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others:
  - 11.1.1 A direct effect on the performance of any of the Employee's functions;
  - 11.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
  - 11.1.3 A substantial financial effect on the Employer
- 11.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

## **12. MANAGEMENT OF EVALUATION OUTCOMES**

- 12.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 12.2 A performance bonus of 5% to 14 % of the inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance.

12.3 The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of at least twelve months (12) service at the current remuneration package on 30 June (end of financial year) subject to a fully effective assessment.

12.4 In the case of unacceptable performance, the Employer shall:

12.4.1 Provide systematic remedial or developmental support to assist the Employee to improve his/ her performance; and

12.4.2 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/her duties.

### 13. DISPUTE RESOLUTION

13.1 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, shall be mediated by:

13.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Employee; or

13.1.2 Any other person appointed by the MEC

13.2 In the event that the mediation process contemplated above fails, clause 19.3 of the Contract of Employment shall apply.

### 14. GENERAL

14.1 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

14.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

This done and signed at Flagstaff on this 1<sup>st</sup> day of July 2007.

#### AS WITNESSES:

1. \_\_\_\_\_

\_\_\_\_\_  
EMPLOYEE

2. \_\_\_\_\_

AS WITNESSES:

1. \_\_\_\_\_

\_\_\_\_\_

Mayor

2 \_\_\_\_\_

**Annexure A**

**PERFORMANCE PLAN**

**Entered into by and between**

**WILLIAM NGOZI**

**["the Employer"]**

**And**

**MLULEKI FIHLANI**

**["the Employee"]**

## 1. Purpose

The performance plan defines the Council's expectations of the Municipal Manager's performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and as reviewed annually.

## 2. Key responsibilities

The following objects of local government will inform the Municipal Manager's performance against set performance indicators:

2.1 Provide democratic and accountable government for local communities.

2.2 Ensure the provision of services to communities in a sustainable manner.

2.3 Promote social and economic development.

2.4 Promote a safe and healthy environment.

2.5 Encourage the involvement of communities and community organisations in the matters of local government.

## 3. Key Performance Areas

The following Key Performance Areas (KPAs) as outlined in the Local Government: Municipal Planning and Performance Management Regulations (2001) inform the strategic objectives listed in the table below:

3.1 Municipal Transformation and Organisational Development.

3.2 Infrastructure Development and Service Delivery.

3.3 Local Economic Development (LED).

3.4 Municipal Financial Viability and Management.

3.5 Good Governance and Public Participation.

### KPA 1. INSTITUTIONAL (MUNICIPAL) TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Main Objective: To

Key Focus Area	Weighting	Performance Indicator	Baseline information	Target			Progress on date of review
				Time frame	Quality	Quantity	
1. IDP and Performance Management Systems Organogram	04	<ul style="list-style-type: none"> <li>Performance Management System (PMS) aligned to the IDP, developed and implemented</li> </ul>		12 months	Credible IDP and Performance Agreements	6 Performance Agreements	

	<b>02</b>	<b>An organisational structure aligned to the IDP established and operationalised.</b>		12 Months	Credible Organogram that talks to the IDP		
HR Management	<b>03</b>	<b>Integrated human resource management systems (including training and Customer Care) introduced and operationalised.</b>		12 Months	Credible Work Place Skills Plan that caters for councillors and officials		
IGR	<b>04</b>	Intergovernmental Relations enhanced		12 Months	Enhanced Intergovernmental Relations	4Clusters and IGR structure	
<b>TOTAL</b>	<b>15</b>						

**KPA 2. Service Delivery**

**Main objective: to ensure service delivery that is responsive to the needs of the communities.**

Key Focus Area	Weighting	Performance Indicator	Baseline information	Target			Progress on date of review
				Time frame	Quality	Quantity	
Construction of social facilities	04	Construction of 3 social facilities		12 months		3 Community Halls	
Acquisition of Plant and Equipment	03	Acquisition of Plant and Equipment	Procurement processes done	12 months			
Construction of Access Roads	10	Construction of 6 Access Roads	Procurement processes done	12 months		6 Access Roads	

Street Lighting maintenance	04	Street Lighting maintenance		12 months			
Maintenance of existing roads	04	Maintenance of existing roads		12 months		Maintenance of 20km of existing access roads	
Solid Waste Management	05	Solid Waste Management		12 months		2 land fill sites registered and fenced	
Free Basic Services	03	Free Basic Services	Wall to wall indigent registration				

Facilitation and Advocacy role	03	Facilitation and Advocacy activities (e.g. Sanitation, Water and Electrification)		12 months			
<b>TOTAL</b>	<b>35</b>						

**KPA 3. Local Economic Development (LED)**

**Main objective: To ensure local economic growth and enhance local entrepreneurship.**

Key Focus Area	Weighting	Performance Indicator	Baseline information	Target			Progress on date of review
				Time frame	Quality	Quantity	
Local Economic Development	04	Tourism Development and Agricultural development		12 months			
Spatial Development and Human Settlement	03	<ul style="list-style-type: none"> <li>• Spatial Development Framework in IDP includes economic development analysis, land-use policies and spatial representation of local economic</li> </ul>	SDF	12 months			

		<b>development vision.</b>					
Co-operatives development	04	<b>Support to local Communities through cooperatives.</b>		12 months			
Coastal management	04	<b>Coastal development and Management</b>		12 Months			
<b>TOTAL</b>	<b>15</b>						

**KPA 4. Municipal Financial Viability and management**

**Main objective: To ensure overall management and accountability of the finances of the institution and to ensure financial resources are utilized efficiently, effectively and economically. To ensure that sound financial management is practiced and implemented in terms of the MFMA priorities and timeframes**

Key Focus Area	Weighting	Performance Indicator	Baseline information	Target			Progress on date of review
				Time frame	Quality	Quantity	
<b>Financial Management Systems</b>	04	<b>Integrated financial management systems introduced and operationalised. (Internal Controls)</b>	Munsoft operational	12 Months	Financial Systems that provides accurate reports		
<b>Financial Policies</b>	04	<b>Financial legislation implemented, and</b>		12 Months	Credible Budget and Financial		

		<b>complied with, including the Property Rates Act and the Division of Revenue Act.</b>			policies		
<b>Financial reporting</b>	04	Financial Reporting and auditing performed	Management Action Plan: response to previous audit findings	12 months			
<b>Budgeting</b>	08	<b>Budgeting in line with the service delivery targets as outlined in the IDP</b>	Adopted Budget and SDBIP	12 months			
<b>TOTAL</b>	<b>20</b>						

**KPA 5. GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

**Main Objective: To have a responsive and transparent institution sensitive to the needs of the community  
To improve coordination and communications internally and across government spheres and departments**

Key Focus Area	Weighting	Performance Indicator	Baseline information	Target			Progress on date of review
				Time frame	Quality	Quantity	
Internal Auditing	04	Internal Audit Unit and Audit Committee	Shared Audit unit and established Audit Committee	12 months			
Reporting	04	▪ <b>Monitoring and Reporting</b>		12 months	Reports that are in line with legislative prescripts	4 Quarterly reports and an Annual report	
Public Participation	04	<b>Functioning of ward Committees and CDW's directly supported where applicable.</b>		12 months			

Communications	03	Public Participation and Communication		12 months			
<b>TOTAL</b>	<b>15</b>						

Signed by Municipal Manager \_\_\_\_\_

**M. Fihlani**

Date:.....

Signed and accepted by the Mayor on behalf of the Council \_\_\_\_\_

**W. Ngozi**

Date:.....