

## **Performance Agreement**

**Made by and entered into between**

**INGQUZA HILL LOCAL MUNICIPALITY  
("the employer")**

**Represented by the Municipal Manager, Mluleki Fihlani, duly authorized in  
terms of Section 57 (2) (c) of the Local Government: Municipal Systems Act  
No. 32 of 2000**

**and**

**SIMPHIWE THOBELA  
("Manager")**

**In his capacity as the Manager: Strategic Development & Planning**

**2011/2012 FINANCIAL YEAR**

## **ACRONYMS**

<b>SDBIP</b>	-	Service Delivery and Budget Implementation Plan
<b>BEE</b>	-	Black Economic Empowerment
<b>EXCO</b>	-	Executive Committee
<b>HOD</b>	-	Head of Department
<b>IDP</b>	-	Integrated Development Plan
<b>LED</b>	-	Local Economic Development
<b>MFMA</b>	-	Municipal Finance Management Act, No. 56 of 2003
<b>KPA</b>	-	Key Performance Area
<b>KPI</b>	-	Key Performance Indicators
<b>CCR</b>	-	Core Competency Requirements
<b>RSA</b>	-	Republic of South Africa
<b>SCM</b>	-	Supply Chain Management
<b>PDP</b>	-	Personal Development Plan
<b>PA</b>	-	Performance Agreement
<b>PP</b>	-	Performance Plan
<b>OPMS</b>	-	Organisational Performance Management System

## DEFINITIONS

- Ruling Language** - Refers to the language parties to the contract choose to use as a medium for formal communication between themselves.
- Financial Year** - Refers to the 12 months period which the organization determines as its budget year.

## GENERAL PROVISIONS

### 1. INTRODUCTION

- 1.1 The Employer has entered into a contract of employment with the Manager: Strategic Development & Planning for a period of five (5) years, ending on XXXXXXXXXX, 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 Municipal Systems Act, read with the contract of employment concluded between the parties, requires the parties to conclude an annual performance agreement. That the parties hereby agree to have this contract developed in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Manager reporting to the Municipal Manager representing the municipality, to a set of actions that will secure local government policy goals.
- 1.4 This performance contract is between **Simphiwe Thobela**, the Manager: Strategic Development & Planning, and **Mluleki Fihlani**, the Municipal Manager. It is for the 2011/2012 financial year only. The expected performance reflected in this contract is based on the Integrated Development Plan 2011/2012 reviewed, and the 2011/2012 Service Delivery and Budget Implementation Plan. The two afore-mentioned documents have been

adopted as the working documents of Ingquza Hill Local Municipality and therefore, shall be the basis of performance assessment.

**2. STRATEGIC OBJECTIVE**

The Manager has the overall responsibility of ensuring that he shall be, subject to the policy directions of the Executive Committee of the Municipality, responsible and accountable for administratively being in charge of the Strategic Development & Planning Office, performing such town planning, Local Economic Development, housing, IDP development and any other functions as may be delegated to him by the Municipal Manager.

**3. PERFORMANCE BONUS & ANNUAL SALARY ADJUSTMENT**

If the Manager achieves outstanding performance, he shall qualify for the annual performance bonus in accordance with clause XXXX of the contract of employment, entered into between the Municipal Manager and the Manager on XXXXX, as well as the results of the performance evaluation agreed to in this contract. The acceptability of the level of his performance or otherwise shall be determined and declared by the performance evaluation team in accordance with the provision of this agreement, following the receipt of a report on the Manager's achievement or otherwise of the KPIs as reflected in clause 4 of this contract..

Annexure A attached has listed Key Performance Areas (KPAs) and Core Competency Requirements (CCRs) that are worth 100 points in total. Each KPA and CCR consists of Key Performance Indicators that have different weightings; which weightings are then converted by the adopted rating calculator into the final weightings; which final weightings are to be assessed. The achievement of above 160 percent shall be regarded as 100% bonus warranting, above 130 percent to 160 percent, as average and warranting a proportional percentage of performance bonus, above 80 percent to 130 percent shall warrant some form of in-kind recognition, and below 50 percent, shall require the employer to effect remedial measures that may include incapacity disciplinary enquiry.

A performance bonus for outstanding performance or an in-kind recognition of effective performance shall only be effected after,

- I. The annual report for the financial year under review has been tabled and adopted by the Municipal Council;
- II. An evaluation of performance in accordance with the provisions of regulation 23, and this contract; and
- III. Approval of such evaluation by the Municipal Council as a reward for outstanding performance or effective performance.

The increment for 2011/2012 shall be based on the provisions of the Local Government: Municipal Performance Regulations for Municipal Managers directly accountable to Municipal Managers, 2006. The employer shall grant an annual salary adjustment linked to a cost-of-living adjustment based on market indicators, which is not performance based.

#### **4. EVALUATING PERFORMANCE**

The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

The annual performance appraisal will involve:

- I. Assessment of the achievement of results as outlined in the performance plan;
- II. Assessing the extent to which the specified standards or KPIs have been met with due regard to ad-hoc tasks that had to be performed under the KPAs and CCRs.

The criteria upon which the performance of the employee shall be assessed consists of two components, both 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 KPAs and the CCRs respectively;
- II. Each area of assessment will be weighted and will contribute a specific part to the total score.

A five-point rating scale to be used for both KPAs and CCRs, is as depicted hereunder:

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 PA and Performance plan and maintained this in all areas of responsibility throughout the year.					
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.					

The performance bonus payment shall be categorised in 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 above 130% to 136%, to qualify for a 5% bonus;
- II. A score of above 136% to 142%, to qualify for a 7% bonus;
- III. A score of above 142% to 149%, to qualify for a 9% bonus.

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% to 155%, to qualify for a 10% bonus;
- II. A score of above 155% to 160%, to qualify for a 13% bonus;
- III. A score of above 160%, to qualify for a 14% bonus.

A performance bonus may not be paid on a pro-rata basis as the bonus is paid annually after complying with the legal requirements captured in this contract and the applicable laws.

The performance achievement ranging from 80% to 130% shall be regarded as fully effective and therefore warranting the employer to acknowledge and or recognize the employee, whichever is necessary. This category of performance acknowledgement and recognition is a non-financial rewards system. It will apply as follows:

- i. A score of 80% to 100%, to receive a letter of acknowledgement and recognition issued by the Municipal Manager;
- ii. A score of above 100% to 120%, to receive a recognition certificate from the Mayor;
- iii. A score of above 120% to 130%, to receive an academic/skills development programme grant to a maximum of R20 000.00 only; this to be paid directly to a learning institution of choice. The selected programme must be linked to the personal development plan (Annexure B).

A level of performance achievement of below 50% shall warrant the employer to execute corrective measures that may include disciplinary measures due to incapacity.

## **5. DEVELOPMENTAL REQUIREMENTS**

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

**6. CONSEQUENCE OF SUBSTANDARD PERFORMANCE**

Where the employer, at any time during the Manager's employment, is not satisfied with the Manager's performance with respect to any matter dealt with in this Agreement, the employer will give notice to the Manager to attend a monitoring and review meeting.

The Manager will have the opportunity at the meeting to satisfy the Municipal Manager or the monitoring and evaluation team of the measures being taken to ensure that his performance becomes satisfactory and any program, including any dates, for implementing these measures.

**7. RULING LANGUAGE**

The contract is made out in the English language, which shall be the ruling language. All correspondence between the parties to this contract and all reports and documents pertaining to this contract shall be in English language.

**8. TERM OF CONTRACT**

This contract shall be deemed to have been entered into on the 1<sup>st</sup> of July 2011 and will expire on the 30<sup>th</sup> of June 2012. The parties will conclude a new performance agreement that replaces this Agreement by not later than 31 July 2012. This Agreement will terminate on the termination of the Manager's contract of employment for any reason.

**9. LIMITATIONS OF THE CONTRACT**

This contract is an agreement between the employer and the Manager about the expected performance of the latter during the specified term. This contract is subject to the employment contract which the Manager entered into on accepting his position and to South African legislation. In the case of any ambiguity, the employment contract shall prevail over this performance contract. Nothing contained in this Agreement in any way limits the right of the employer to terminate the Manager's contract of employment with or

without notice for any other breach by the Manager of his obligations to the Municipality or for any other valid reason in law.

**10. MONITORING AND EVALUATION**

The monitoring and performance reviews for each quarter as determined in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006, shall be comprised of the Municipal Manager, and his brief will be to assess the performance of the Manager in line with the performance requirements as outlined in Annexure A of this contract. Despite the in-year reviews, the employer shall establish an assessment team to conduct an annual performance review; the team shall be composed as follows:

- I. Municipal Manager,
- II. Chairperson of the Audit Committee,
- III. A member of the Executive Committee, and
- IV. Municipal Manager from another municipality.

The Corporate Services Manager shall provide secretariat services to the assessment team referred to above.

**11. DISPUTE RESOLUTION**

In case of disputes, which cannot be resolved through negotiations and mediation, the employee has a right to refer the case to the Mayor who must settle the case within thirty (30) days of receipt of a formal written dispute. The decision of the Mayor shall be deemed final and binding on both parties.

**12. JURISDICTION**

Regardless of the place of execution, performance or domicile of the parties, this contract and all modifications and amendments hereof shall be governed by and construed under and in accordance with the laws of the Republic of South Africa.

**13. WHOLE AGREEMENT**

The parties to this contract agree that this contract constitutes the whole agreement and arrangement for the performance of the Manager with effect from 01 July 2011.

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

**ANNEXURE A: PERFORMANCE PLAN**

**ANNEXURE B: PERSONAL DEVELOPMENT PLAN**

**APPENDIX 1: COMMITMENT OF MANAGEMENT TEAM**

**APPENDIX 2: OBLIGATIONS OF THE EMPLOYER**

SIGNED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

**MANAGER**

Signature: \_\_\_\_\_

Name Printed: \_\_\_\_\_

**WITNESSES**

1. Signature: \_\_\_\_\_ Name Printed: \_\_\_\_\_

2. Signature: \_\_\_\_\_ Name Printed: \_\_\_\_\_

**FOR AND ON BEHALF OF INGQUZA HILL LOCAL MUNICIPALITY**

**MUNICIPAL MANAGER**

**Signature:** \_\_\_\_\_

**Name Printed:** \_\_\_\_\_

**WITNESSES**

1. **Signature:** \_\_\_\_\_ **Name Printed:** \_\_\_\_\_

2. **Signature:** \_\_\_\_\_ **Name Printed:** \_\_\_\_\_

# **ANNEXURE “A”**

## **PERFORMANCE PLAN**

### **14. KEY PERFORMANCE AREAS (KPAS) FOR 2011/2012**

#### **14.1 BASIC SERVICE DELIVERY**

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	
14.1.1 Provision and guidelines for land use management	2	2.500%	Approved land rights	30/06/2012		100%	List of Registered and approved diagrams
	2	2.500%	Security of tenure	30/06/2012		100%	List of registered settlements
	1	1.250%	Identified land reform programs	30/06/2012		100%	Agreements concluded between community
	4	5.00%	Approved Supplementary Valuation roll	30/06/2012	MFMA	100%	Adopted document

#### 14.2 MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	
14.2.1 To create an environment that is suitable and conducive to training	3	3.750%	a. A trained workforce, in terms of the Municipal Skills Plan.	Up to 30/06/2012	S83, 107 & 119 of the MFMA	All staff and experiential trainees	Annual training report of staff with improved NQF levels in their chosen or related field of work, as reported by the Municipal Manager.

#### 14.3 LOCAL ECONOMIC DEVELOPMENT (LED)

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	
14.3.1 To ensure that the enhancement of preferential procurement system to ensure compliance with legislation and regulations	4	5.000%	Procurement of goods and services from black emerging entities.	30/06/2012	As per adopted SCM Policy.	75% of annual municipal spend.	Report from SCM Unit and Internal Audit Report, adopted by Top Management confirming meeting of affirmable SCM targets.
14.3.2 To develop innovative ways that will make IHLM a popular tourist destination thus stimulating local economic development	5	6.250%	Adopted tourism sector plan document	28 February 2012		Legally complaint	Sector plan document
14.3.3 Promotion of forestry development	2	2.500%	Communities, project members, traditional leaders, Daff and Councilors engaged	31 December 2011			Agreements being signed between different stakeholders
14.3.4 Agriculture development	5	6.250%	Implementation of projects				Report on progress of projects in various areas
14.3.5 SMME development	5	6.250%	Implementation of projects				Report on progress of projects in various areas

14.4 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	
14.4.1 Prepare realistic and strategic budget and performance management system	2	2.500%	Four quarterly performance reports submitted to the MM no later than three weeks after the end of each quarter.	Quarterly	S52 of MFMA	100%	Four reports together with Council extract.
	8	10.00%	Integrated IDP, PMS and Budget process plan.	31/08/2011	MFMA	100%	Adopted Council Resolution together with the Process Plan.
	5	6.250%	5 year IDP document developed.	30/06/2012	Credible	100%	Comments from MEC
	15	18.750%	Unqualified Audit report for the year ended 30 June 2011.	31/12/2011	MFMA	100%	Auditor-General's report for the year ended 30 June 2011.
14.1.2 To ensure equitable disposal of land	6	7.250%	Sold municipal land	30/06/2011		100%	Sale report from the CFO
14.4.3 To provide suitable and secure housing whilst controlling and complying with building regulations.	7	8.750%	Beneficiaries provided with adequate housing	30/06/2012	In terms of the approved SDBIP for 2011/12.	100%	Houses handover report
			Compliance with building regulations	30/06/2012	In terms of the approved SDBIP for 2011/12.	100%	Land use plan adherence report

14.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	
14.5.1 To ensure a coherent communication programme that intends to improve the image of the Municipality internally and externally through consistent campaigns and information availability	1	1.250%	Established LCF	30/11/2011		100%	Attendance register and minutes of the meeting
	1	1.250%	Communication strategy document.	28/02/2012		100%	Approved strategy document
14.5.2 To deepen democracy and strengthening stakeholder's participation	2	2.500%	Participatory Governance	30/06/2012		100%	Attendance register and minutes of meetings

## 15. CORE COMPETENCIES REQUIREMENTS (CCRs)

### SELECTED CORE COMPETENCIES REQUIREMENTS

- 1) Financial Management (Objective 15.1)
- 2) People Management and Empowerment (Objective 15.2)
- 3) Client Orientation and Customer Focus (Objective 15.3)
- 4) Change Management (Objective 15.4)
- 5) Supply Chain Management (Objective 15.4)
- 6) Accountability and Ethical Conduct (Objective 15.5)

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	
15.1 To ensure efficient, effective, economic financial reporting and management	7	35.000%	a. Continuous sensitization of management and staff on the cost-saving and belt tightening initiatives, and regular report back on progress in this regard.	30/06/2012	N/A	100%	Minutes of management and staff meetings confirming sensitization of management on cost-saving and belt tightening initiatives.
15.2 To create an environment that is suitable and conducive to training	2	10.000%	a. A training schedule of Strategic Development & Planning staff, developed in consultation with the Municipal Manager and staff.	Ongoing	MFMA	80%	List of staff with improved NQF levels in their chosen or related field of work, clearly indicating the closed gap as identified in the Workplace Skills Plan.
15.3 To ensure that the resources required supporting the strategic and operational commitments of the municipality are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs of the municipality	3	15.000%	a. Sensitization of Strategic Development & Planning staff on the implementation of the Batho Pele Strategy and Service Delivery Improvement Plan.	By 31/12/2011	N/A	100%	Minutes of Strategic Development & Planning Department meetings confirming sensitization of staff on the implementation of the Batho Pele Strategy and Service Delivery Improvement Plan.

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING %	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	
15.4 To ensure that the enhancement of preferential procurement system to ensure compliance with legislation and regulations	4	20.000%	a. Sensitization of management on the implementation of the Supply Chain Management Policy of the municipality.	30/06/2012	N/A	100%	Minutes of management meetings confirming sensitization of management on the implementation of the Supply Chain Management Policy of the municipality.
15.5 To promote and uphold principles of good governance.	4	20.000%	a. Sensitization of Strategic Development & Planning staff on the implementation of the Code of Conduct for municipal staff members.	30/06/2012	N/A	100%	Minutes of Strategic Development & Planning Department meetings confirming sensitization of staff on the implementation of the Code of Conduct for municipal staff members, as set out in Schedule 2 of the Local Government: Municipal Systems Act, No. 32 of 2000, as amended.

**NB:** All performance requirements have a deadline of 30 June 2012, unless stated otherwise in the requirements.

## ANNEXURE “B”

### PERSONAL DEVELOPMENT PLAN

**NAME:** SIMPHIWE THOBELA  
**JOB TITLE:** MANAGER: STRATEGIC DEVELOPMENT & PLANNING  
**EMPLOYER:** INGQUZA HILL LOCAL MUNICIPALITY  
**FINANCIAL YEAR:** 2011/2012

Competency area to be addressed	Proposed actions	Responsibility	Time-frame	Expected outcome
1. Strategic leadership and management.	Receive the appropriate knowledge and training and thereafter be assessed by an Assessor accredited by the Local Government Sector Education Training Authority (LGSETA) in terms of the SAQA guidelines and NQF registered unit standards and criteria.	Municipal Manager.	By 30/06/2012	Achieving the minimum competency requirements, as prescribed in the Municipal Regulations on Minimum Competency Levels, issued in terms of the MFMA, No. 56 of 2003.
2. Strategic financial management for non-financial managers	Receive the appropriate knowledge and training and thereafter be assessed by an Assessor accredited by the Local Government Sector Education Training Authority (LGSETA) in terms of the SAQA guidelines and NQF registered unit standards and criteria.	Municipal Manager.	By 30/06/2012	Achieving the minimum competency requirements, as prescribed in the Municipal Regulations on Minimum Competency Levels, issued in terms of the MFMA, No. 56 of 2003.
3. Risk and change management.	Receive the appropriate knowledge and training and thereafter be assessed by an Assessor accredited by the Local Government Sector Education Training Authority (LGSETA) in terms of the SAQA guidelines and NQF registered unit standards and criteria.	Municipal Manager.	By 30/06/2012	Achieving the minimum competency requirements, as prescribed in the Municipal Regulations on Minimum Competency Levels, issued in terms of the MFMA, No. 56 of 2003.

## **APPENDIX 1**

### **Commitment of Management Team reporting directly to the Manager**

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I, Owethu Pantshwa (Senior Strategic Development and Planning Officer) hereby make this commitment to support the Manager: Strategic Development & Planning, Simphiwe Thobela, to achieve targets as set in this performance contract between him and the employer. As a support manager, I understand that his targets are impossible to achieve without my full support and co-operation. I, therefore, accept both my individual and collective responsibilities towards the attainment of the set targets.

1. **Signed by**

**OWETHU PANTSWA**

**SENIOR ACCOUNTANT**

## **APPENDIX 2**

### **1. OBLIGATIONS OF THE EMPLOYER (KEY ASSUMPTIONS)**

#### **1.1 Office Accommodation**

During the full period of the performance agreement the employer shall provide adequate office accommodation for the Manager. The occupational cost including the attendant ground rent obligations will be borne by the Employer.

#### **1.2 Personnel**

The employer shall be required to hire managers reporting directly to the Manager.

#### **1.3 Facilities and Equipment**

1.3.1 During the full period of the performance contract, the employer shall avail to the Manager all existing facilities and equipment which he will need in executing his duties.

#### **1.4 Other provisions**

##### **1.4.1 Approvals**

The Employer shall make a decision/comment on items submitted for approval/comment within two (2) week of receipt of the items.

##### **1.4.2 Tasks to the Employer**

The employer undertakes to execute all crucial activities that fall under his responsibility as required by this contract in order not to derail the continuity of department operations. If there is failure on the employer's part and the Manager feels that the attainment of targets of this contract is at stake, the two parties will meet and agree on the way forward.

##### **1.4.3 Substitution of the Manager**

The employer reserves the right to take appropriate action to replace the Manager as per employment contract of the Manager.

### **2 OBLIGATIONS OF THE MANAGER**

## 2.1 Conditions of service

- 2.1.1 The Manager shall be the Head of the Strategic Development & Planning Department, subject to the conditions of service as stipulated by the employer. The conditions of service of the Manager shall include but not be restricted to:
  - 2.1.1.1 Setting of specific of targets for managers reporting to him.
  - 2.1.1.2 Advise Municipal Manager on all matters including progress made in the implementation of the SDBIP.
  - 2.1.1.3 Setting and monitoring of performance indicators for the Strategic Development & Planning Department and execute corrective measures as and when necessary.
  - 2.1.1.4 Ensuring that the departmental assets are in a good working condition.
  - 2.1.1.5 Provision of high quality service within the department in a cost effective manner within agreed time frames.
  - 2.1.1.6 Completing and submitting performance reports for the Strategic Development & Planning Department, to the Municipal Manager on a monthly and quarterly basis for information purposes.
  - 2.1.1.7 Assessing performance reports for Strategic Development & Planning staff where necessary.
  - 2.1.1.8 Preparation of the annual budget and once approved, adhering to it.
  - 2.1.1.9 Implementing strategies to improve the morale of staff.
  - 2.1.1.10 Attending meetings and other occasions on behalf of the department.
- 2.1.2 The Manager shall ensure that his staff has access and is well informed about the disciplinary procedure of the municipality.
- 2.1.3 Making recommendations to the Municipal Manager to hire staff in the Strategic Development & Planning Department as the need arises.

2.1.4 Determining the optimum staff level necessary for the accomplishment of targets and advising the employer on reduction or increase of staff in the department. Staff restructuring or reduction will utilize the existing municipal 'staff pool' as will be mutually agreed between the employer and the Manager in fulfillment of the current staff reduction policy. If such staff is to be laid off due to the staff reduction policy, the cost of severance and other terminal benefits shall be borne by the employer as required by the Labour Laws of RSA.

2.1.5 Carrying out all the necessary departmental staff training as shall be mutually agreed with the employer.

## 2.2 Standard of Service

2.2.1 The Manager shall exercise all his skills, reasonable care, responsibility and diligence in discharge of his duties under this contract. The Manager shall do so with sound professional conduct in accordance with generally accepted standards.

2.2.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Manager in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

## 2.3 Supervision of Personnel in the Municipality

The Manager undertakes to supervise personnel in his department. If he is dissatisfied with performance of any staff, provisions of the relevant internal policy and legislative framework of RSA shall apply.

## 2.4 Targets and Milestones

2.4.1 The Manager shall do all in his power to achieve the targets and milestones indicated in the municipal IDP and Performance Management System.

2.4.2 The Manager undertakes to achieve the parent targets, which shall be directly related to the expected improvement in the level of services and

therefore improvement in the quality of life within the municipality. The parent targets are those defined as performance requirements in Section 4 of this contract.

## 2.5 Reporting

2.5.1 The Manager shall submit detailed quarterly reports on the operation of the Strategic Development & Planning Department to the employer. The reports shall include details of achievement of targets and milestones for that quarter for information purposes. The quarterly report should reach the employer within one month after the quarter in question has lapsed.

2.5.2 The Manager also undertakes to submit any other report/s as required by the employer.

## 2.6 Expenditure

The Manager shall be responsible for the implementation of the approved operational and capital budget of the Strategic Development & Planning Department.

## 2.7 Maintenance of Assets (fixed and movable) in the Municipality

The Manager shall assist the Municipal Manager in the maintenance of assets in the department with the Municipal Manager having authority to enter into service contracts with service providers to carry out such maintenance.

## 2.8 Purchases

2.8.1 The Manager undertakes to utilize the most recently approved Municipal Supply Chain Management Policy (SCM) to handle all procurement within the municipality, according to the provisions of this contract. No procurement shall be allowed to proceed outside of the approved SCM policy, and the Municipal Internal Auditor shall ensure that no payments are effected contrary to this arrangement.

## 2.9 Books and Records

The Manager shall keep accurate books and records of all finance operations and shall permit the employer to inspect them and make copies where necessary.

## 2.10 Financial Procedures

2.10.1 Financial year shall commence on the 1<sup>st</sup> July 2011 and end on the 30<sup>th</sup> June 2012, such period defined as the financial year shall be used for purposes of budgets, expenditures, cash flows and other operational requirements.

2.10.2 The employer reserves the right to ensure that finances are operated in accordance with the government's financial regulations and can utilize the services of an Auditor in this regard.

2.10.3 The Manager must ensure strict adherence of all approved municipal financial policies, including issues of cost effectiveness, cost efficiency and over expenditure.

## 2.11 Budget

2.11.1 During the budget process the Manager shall make the necessary submissions to the Strategic Development & Planning Budget Office, reflecting the projected financial needs of his department for the following financial year.

2.11.2 The approval of the departmental budget shall constitute the authority to the Manager to incur expenditure accordingly and in line with the performance targets indicated in this performance contract.

## 2.12 Liability

The Manager shall be responsible towards the municipality for the performance of services in accordance with the provisions of this contract, subject to the following limitation:

2.12.1 The Manager shall not be liable for any damage or injury caused by or arising out of the act, neglect, default or omission, of any personnel in his department in the course of duty or anybody subcontracted by the municipality.

### 3. **OTHER PROVISIONS**

#### 3.1 Unforeseen conditions

There may be some unforeseen conditions necessary for the success of this performance contract. If either party discovers such circumstances, during the course of operation of this performance contract, the matter shall be brought to the attention of the other, in writing. A meeting, whose timing shall be mutually agreed upon, shall then be convened to discuss the outstanding issues. The minutes of such a meeting shall form an addendum to this contract.