

Performance Agreement

Made by and entered into between

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

Represented by the Acting Director Corporate, Mawaka Mfingwana

and

**Fezile Msumza
Manager: Human Resources**

2024/2025 FINANCIAL YEAR

ACRONYMS

SDBIP	-	Service Delivery and Budget Implementation Plan
BEE	-	Black Economic Empowerment
EXCO	-	Executive Committee
HOD	-	Head of Department
IDP	-	Integrated Development Plan
LED	-	Local Economic Development
MFMA	-	Municipal Finance Management Act, No. 56 of 2003
KPA	-	Key Performance Area
KPI	-	Key Performance Indicators
CCR	-	Core Competency Requirements
RSA	-	Republic of South Africa
SCM	-	Supply Chain Management
PDP	-	Personal Development Plan
PA	-	Performance Agreement
PP	-	Performance Plan
OPMS	-	Organizational 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 contract employment with the Manager: Human Resources, starting from the 1st of July 2024, ending on 30 June 2025.
- 1.2 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 Director Corporate Services representing the municipality, to a set of actions that will secure local government policy goals.
- 1.3 This performance contract is between **Fezile Msumza**, the Manager: Human Resources, and IHLM represented by **Mawaka Mfingwana**, the Acting Director Corporate Services. It is for the 2024/2025 financial year only. The expected performance reflected in this contract is based on the Integrated Development Plan 2024/2025 reviewed, and the 2024/2025 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: Human Resources is accountable for the Human Resources Admin Function, Labour Relations, Occupational Health And Safety, Employee Wellness, Organisational Development and Individual Performance and Training & Employee Equity function that are performed namely by:

Human Resources & Admin Officers : Thembisa Jakavu & Unathu Nopakela

Employee Wellness : Yandiswa Bam
 HRD & EEA Officer : Mkhusele Ntotho
 Occupational Health & Safety Officer : Andile Mtshengu
 Acting Labour Relations Officer : Thulisile Mpateni
 Acting OD & IPMS Officer : Cawekazi Madyaka

3. SCHEDULE FOR PERFORMANCE REVIEWS

3.1 The performance of the Employee in relation to his or her performance agreement must be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

Quarter	Review Period	Review to be completed by
1	July- Sep	October (informal)
2	Oct- Dec	January- February (Formal)
3	Jan- March	April (informal)
4	April- June	July- August (formal)

3.2 Provided that reviews in the first and third quarter may be verbal if performance is satisfactory.

3.2.1 The Employer must keep a record of the mid-year review and annual assessment meetings, and feedback must be based on the Employer's assessment of the Employee's performance.

3.2.2 The Employer may amend the provisions of the Performance Plan whenever the performance management system is adopted, implemented or amended, provided that the Employee must be consulted before any such change is made.

3.2.3 The work performance and performance review will not be confined and limited to the performance plan, any incidental work outside the performance plan shall be performed and evaluated accordingly.

4. PERFORMANCE BONUS & ANNUAL SALARY ADJUSTMENT

If the Manager Human Resources achieves outstanding performance, he shall qualify for the annual performance bonus in accordance with the performance management policy, budget availability and formulae, as well as results of the performance evaluation agreed in this agreement. 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 Human resources 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 200 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 a 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.

5. 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.

6. DEVELOPMENTAL REQUIREMENTS

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

7. 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 Director Corporate Services 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.

8. 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.

9. TERM OF CONTRACT

This contract shall be deemed to have been entered into on the 1st of July 2024 and will expire on the 30th of June 2025. The parties will conclude a new performance agreement that replaces this Agreement by not later than 31 July 2025. This Agreement will terminate on the termination of the Manager's employment for any reason.

10. 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 Managers 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.

11. MONITORING AND EVALUATION

The monitoring and performance reviews for each quarter as determined in the Local Government: Municipal Performance Regulations for Municipal Managers and Directors 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. Director Corporate Services ,
- II. Member of the portfolio Committee,

The Manager Human Resources shall provide secretariat services to the assessment team referred to above.

12. 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 Municipal Manager who must settle the case within thirty (30) days of receipt of a formal written dispute. The decision of the Municipal Manager shall be deemed final and binding on both parties.

13. 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.


14. 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 2024.

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

WITNESSES

1. Signature:  Name Printed: BONISWA MTSHULANA

2. Signature:  Name Printed: MZIWMADODA SISHWALA

ANNEXURE "A"

PERFORMANCE PLAN

KEY PERFORMANCE AREAS (KPAS) FOR 2024/2025

KEY PERFORMANCE AREA	WEIGHTING
Municipal Institution Development and Transformation	100%
Total	100%

15. KEY PERFORMANCE AREAS (KPAS) FOR 2023/2024

1. MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT									
OBJECTIVE	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	ANNUAL BUDGET	Q1 JULY -SEPT	Q2 OCT-DEC	Q3 JAN -MARCH	Q4 APRIL-JUNE	PORTFOLIO OF EVIDENCE	WEIGHTING
	2.2.1. Number of policies to be developed, reviewed, and adopted	100%	R54 337,50	N/A	N/A	N/A	16	Attendance registers and report for employee consultations, Council Resolutions, policies, and proof of upload onto municipal website	5
	2.2.2. Number of times organizational structure is reviewed, adopted and signed	1	R0.00	N/A	N/A	N/A	1	Council Resolution and copy of the signed taff establishment	10
	2.2.3. Percentage reduction of municipal vacancy rate	30%	R0.00	5%	10%	15%	30%	Issued Vacancy Bulletin	10
	2.2.4. Number of employees offered bursaries	30 Employees	R1 200 000	17	N/A	13	N/A	Report, agreements, and copy of the advert	10
	2.2.5. Number of students awarded with bursaries for scarce skills	4 Students	R525 000	N/A	N/A	N/A	4	1. Copy of issued advert 2. Proof of Payment 3. Signed bursary agreements	10
	2.2.7. Number of events and workshops to be organized	8 workshops and 2 events	317 954,31	2 workshops	2workshops	2 workshops	2 workshops	1. Attendance Register 2. Workshop and Event Reports	10
	2.2.8. Number of Health and Safety	R40 800.00	4	1	11	1	1	1. Attendance Register 2.	5

Committee meetings to be held										Minutes of the meeting	
2.2.11. Number of times the WSP and ATR are submitted to LGSETA	1		N/a			1		N/A	N/a	1. IHLM Bank Statement 2. Report from LGSETA	10
2.2.12. Number of Local Labor Forum meetings to be held	R32 602.50		4		1			1	1	1. Attendance Register 2. Report of the meeting	10
2.2.13. Number of senior and middle managers with performance agreements by 31 July each year	R0.00		23	23		N/A		N/A	N/a	Signed Performance agreements	10
2.2.14. Number of performances assessment conducted for senior and middle managers.	R157 500,00 2		2		N/a			N/A	15	Attendance registers and report	10

16. CORE COMPETENCIES REQUIREMENTS (CCRs) SELECTED CORE COMPETENCIES REQUIREMENTS

The CCRs will make up the other 20% of the employee's assessment score. CCR's that are deemed to be most critical for Employee's specific job should be selected from the below as agreed to between the Employer and Employee.

CORE COMPETENCY REQUIREMENTS (CCR FOR EMPLOYEES)		WEIGHT
CORE MANAGERIAL COMPETENCY (CMC)		
Strategic Capability and Leadership	✓	10
People Management	✓	10
Program and Project Management	✓	10
Financial Management	✓	10
Change leadership	✓	10

Governance Leadership	✓	10
CORE OCCUPATIONAL COMPETENCIES (COC)		
Moral competency		5
Planning and Organization	✓	5
Analysis and organization	✓	5
Analysis and Innovation	✓	10
Knowledge and Information Management	✓	10
Communication	✓	5
Total		100%

NB: All performance requirements have a deadline of 30 June 2025, unless stated otherwise in the requirements.

ANNEXURE "B"

PERSONAL DEVELOPMENT PLAN

NAME : FEZILE MSUMZA
JOB TITLE : MANAGER HUMAN RESOURCES
EMPLOYER : INGQUZA HILL LOCAL MUNICIPALITY
FINANCIAL YEAR : 2024 / 2025

Competency area to be addressed	Proposed actions	Responsibility	Time-frame	Expected outcome
Knowledge and Competency	Study towards Practical Labour Law certificate	Fezile Msumza and Director Corporate Services	30/06/2025	Certificate in Practical Labour Law

APPENDIX 1

Commitment of Officers Team reporting directly to the Manage


I, Thembisa Jakavu together with Unathi Nopakela (Human Resources Admin Officers), Yandiswa Bam: EAP Officer, Andile Mtshengu : Occupational Health & safety Officer, Mkhuseli Ntotho : HRD & EEA Officer, Thulisile Mpateni : Acting Labour Relations Officer & Cawekazi Madyaka : Acting Organisational Development & IPMS Officer hereby make this commitment to support the Manager Human Resources, Fezile Msumza, to achieve targets as set in this performance contract between him and the employer. As a support Officer, 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.


Signed By

Thembisa Jakavu

Unathi Nopakela

Human Resources Admin Officers





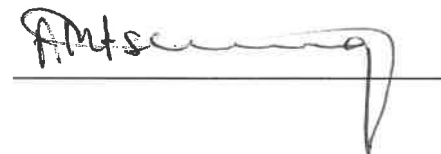
Yandiswa Bam

EAP Officer




Andile Mtshengu

Occupational Health & Safety Officer



Mkhuseli Ntotho

HRD & EEA Officer



Thulisile Mpateni

Acting Labour Relations Officer



Cawekazi Madyaka

Acting Organisational Development & IPMS Officer



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 Officers 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) weeks 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 Human Resources Management division, 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 Officers reporting to him.

2.1.1.2 Advise Director Corporate Services on all matters including progress made in the implementation of the SDBIP.

2.1.1.3 Setting and monitoring of performance indicators for the Human Resources Division and execute corrective measures as and when necessary.

2.1.1.4 Ensuring that the Division assets are in a good working condition.

2.1.1.5 Provision of high quality service within the division in a cost effective manner within agreed time frames.

2.1.1.6 Completing and submitting performance reports for the Human Resources Management to the Director Corporate Services on a monthly and quarterly basis for information purposes.

2.1.1.7 Assessing performance reports for Human Resources Management staff where necessary.

2.1.1.8 Assist in the 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 Director Corporate Services to hire staff in the Human Resources Management division when 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 Division. 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 Human Resources Management 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 Human Resources Management Division.

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

The Manager shall assist the Director Corporate Services 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 1st July 2024 and end on the 30th of June 2025, 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 Corporate Services Department, reflecting the projected financial needs of his division for the following financial year.

2.11.2 The approval of the division/sections 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 division 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.