

**PERFORMANCE AGREEMENT
FOR
YEAR 2012/2013**

MADE AND ENTERED INTO BY AND BETWEEN

**THE COUNCIL OF THE iLEMBE DISTRICT
MUNICIPALITY**

Herein represented by **S W MDABE**, in his duly authorised capacity as the
Mayor of iLembe District Municipality

AND

M D NEWTON

as the **Acting Municipal Manager** of the
iLembe District Municipality
(Employee)

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1. INTRODUCTION

(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".

(2) Section 57(1)(b) of the Systems Act, read with the Memorandum of Agreement of Employment concluded between the parties, requires the parties to conclude an annual Performance Agreement. The employer must conclude a Performance Agreement within 90 days of assumption of duty and renew it annually within one month of the commencement of the beginning of the financial year.

(3) The parties will ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will secure local government policy goals as defined in the municipal IDP.

(4) The parties will 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),(4B) and (5) of the Systems Act as well as the Memorandum of Agreement of Employment entered into between the parties;

2.2 Communicate to the Employee the Employer's performance expectations and accountabilities by specifying objectives and targets as defined in the IDP;

2.3 Specify accountabilities as set out in the Performance Plan marked Annexure "A" (Capital Budget) and (Operating Budget)

2.4 Monitor and measure performance against set targeted outputs; in terms of the said Performance Plan.

2.5 Use the Performance Agreement and Performance Plan 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 or institute sanctions for consistent under-performance.

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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 COMMENCEMENT AND DURATION

3.1 This Agreement will commence on the 1 July 2012 and will remain in force until 30 June 2013 whereafter a new Performance Agreement and new Performance 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 and will conclude a new Performance Agreement (and Performance Plan) that replaces this Agreement at least once a year but not later than one month after the commencement of the new 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 abovementioned period to determine the applicability of the matters agreed upon.

3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

3.6 Any significant amendments/ deviations referred to in 3.4 and 3.5 above must take cognisance of, where relevant, the requirements of sections 34 and 42 of the Systems Act, and must be done in terms of regulation 4 (5) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006 ("the Regulations").


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 Annexure "A" (**Capital Budget**) and (**Operating Budget**) are set by the Employer in consultation with the Employee and based on the Integrated Development Plan and the Budget of the Employer, and shall include key objectives; key performance indicators; target dates and weightings.

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4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.4 The Employee's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

5 PERFORMANCE APPRAISAL FRAMEWORK

5.1 The Employee agrees to participate in the performance management system that the Employer adopts or introduces for the Employer itself, 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 required.

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.

5.4 The Employee undertakes to actively focus towards the promotion and implementation of the KPAs (including special projects relevant to the employee's responsibilities) within the local government framework.

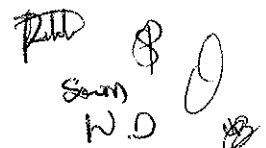
5.5 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which are contained in the Performance Agreement.

5.6 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Managerial Competencies (CMCs) respectively.

5.7 KPAs covering the main areas of work will account for 80% and CMCs will account for 20% of the final assessment.

5.8 Each area of assessment will be weighted and will contribute a specific part to the total score.

5.9 The Employee's assessment will be based on his performance in terms of the outputs/ outcomes (performance indicators) identified as per attached Performance Plan (Annexure "A") 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:


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National Performance (KPA's)	Key Areas	IDM Priorities as per the NKPA	Weighting	Weighting
1. Basic Service Delivery		Water Sanitation	H	30%
2. Socio-Economic Development		Ilembe Enterprise (LED; Job creation) Health & Safety Disaster Management	H	30%
3. Financial Viability and Management		Expenditure of grants Revenue generation Budget control Supply Chain Management	H	20%
4. Municipal Development & Institutional Transformation		HR Management Training Policies Legal Matters Coaching sessions	M	10%
5. Good Governance and Democracy		Public Participation Communication IGR PMS Internal Auditing	H	10%
Total				100%

5.10 The CMCs will make up the other 20% of the Employee's assessment score. 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.

Annexure "B" provides the scoring template for the Core Competency requirements identified in the Table hereunder.

Core Competency Assessments will be conducted during quarterly face-to-face Performance Assessments. The Mayor shall conduct Core Competency Assessments for the Municipal Manager. The Municipal Manager shall conduct Core Competency Assessments for Section 56 Managers. Where agreement on the allocation of a score (on the range 1 – 5) cannot be reached, the onus rests with the Employee to provide evidence of their claim to possession of the disputed Core Competency.

Core Competency Requirements for Managers		
Core Managerial Competencies (CMC)	Brief Description	WEIGHT
Programme and Project Management	To be inserted in the customisation of individuals' Performance Agreements	20
Financial Management – COMPULSORY	Compiles and manages budgets, controls cash flow, institutes risk management and administers tender procurement processes – See Additional Notes below	10

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Service Delivery Innovation	To be inserted in the customisation of individuals' Performance Agreements – if applicable / optional	20
People Management and Empowerment - COMPULSORY	Manages and encourages people, optimises their outputs and effectively manages relationships to achieve organisational goals – See Additional Notes	10
Client Orientation and Customer Focus - COMPULSORY	Willing and able to deliver services effectively and efficiently in order to put the spirit of customer service (Batho Pele) into practice – See Additional Notes	15
Accountability and Ethical Conduct	To be inserted in the customisation of individuals' Performance Agreements – if applicable / optional See Additional Notes	10
Supply Chain Management	To be inserted in the customisation of individuals' Performance Agreements – if applicable / optional See Additional Notes	15
		100%

Additional Notes:

Compulsory

The compulsory Core Competencies above (Financial Management, People Management and Customer Focus) will all routinely be scored according to Annexure B of this agreement.

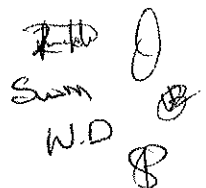
Financial Management is further measured in all managers' performance plans against a performance target.

In addition to the guidelines in Annexure B, People Management as a core competency is expected to contribute to the reduction of the costs associated with a failure to contain overtime, telephone/cell phone & internet usage as well as subsistence and travel.

Optional

With the Accountability core competence, the ability to meet all reporting timeframes / deadlines will be considered additionally. Monitoring of the manager's ability to provide the relevant information required in the provincially prescribed COGTA Datasheets, on a quarterly basis. – will be a final consideration when awarding a score at assessment time.

Supply Chain Management is also selected for additional attention, if deemed applicable to the individual manager. Over and above Annexure B, the manager's competence will be assessed against his/her ability to generate appropriate Key Performance Indicators and Timeframes for external Service Providers. These must be captured in SLAs per Service Provider.



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6. EVALUATING PERFORMANCE

6.1 The organisation's PMS Framework to be read together with this Agreement sets out:

6.1.1 the standards and procedures for evaluating the Employee's performance; and

6.1.2 the intervals for the evaluation of the Employee's performance.

6.2 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.

6.3 Personal growth and development needs shall be documented up-front in this Performance Agreement and additional needs may be identified during any performance review discussion. Annexure "C" documents is a Personal Development Plan, the Employee's personal growth and development needs at the beginning of the financial year as well as the actions agreed to. Implementation must take place within set time frames, including attendance at, at least 1 week-long training workshop per year to allow the Employee to remain abreast of the latest developments in his/her field of work for the Employer.

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

6.5 The annual performance appraisal will involve:

6.5.1 Assessment of the achievement of results as outlined in the SDBIP/Performance Scorecard:

(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 for each KPA.

(c) The applicable assessment rating calculator must then be used to add the scores and calculate a final aggregate score.

6.5.2 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 7.5.1 above) must then be used to add the scores and calculate a final aggregate score.

6.5.3 Overall rating

An overall rating is calculated by the PMS Unit; however, the municipality will be procuring an electronic system for managing performance which will also cater for making these calculations.

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7. Management of Performance Outcomes

Detail regarding the recognition and commensurate rewards for performance exceeding stipulated targets in the SDBIP are documented in the municipality's PMS Framework and in-line with the August 2006 PMS Regulations.

Annexure "D" provides the process to be followed in the event the Employer fails to meet his/her performance objectives. Poor performance shall be deemed consistent once two consecutive quarterly performance face-to face appraisals reveal declining achievements against set targets.

8. Recognition for Performance of Additional Tasks

Over and above KPA's where performance will be measured against SDBIP entries, recognition may be given for the performance of additional tasks. Rewards will be at the discretion of the iLembe District Municipality's Executive Committee.

9. Performance Reporting Deadlines

Departmental performance reports are due monthly, for the previous month – 14 days after the end of the previous month.

Quarterly, Half-Year and Annual Departmental Performance Reports are subject to this deadline and must include by the same deadline – Portfolios of Evidence in support of performance information submitted.

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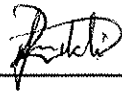
SIGNED AT KwADukuza ON THIS THE 9th DAY OF July 2012

AS WITNESSES:

1. 




THE MUNICIPALITY
(The Mayor)

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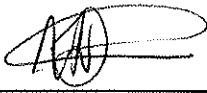
SIGNED AT KwADukuza ON THIS THE 9th DAY OF July 2012

AS WITNESSES:

1. 



THE EMPLOYEE
(M D NEWTON)

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ANNEXURE A:

CAPITAL & OPERATIONAL BUDGET PERFORMANCE PLAN (compulsory)

(Attached)

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DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER
 ACTING MUNICIPAL MANAGER : M D NEWTON

NATIONAL KPA'S	IDP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET	BUDGET	1st QUARTER TARGET End Sept 2012	2nd QUARTER TARGET End Dec 2012	3RD QUARTER TARGET End March 2013	4TH QUARTER TARGET End June 2013	RESPONSIBLE DEPARTMENT
NEW WATER & SANITATION INFRASTRUCTURE													
Service Delivery & Infrastructure	To provide sustainable infrastructure that will render water and sanitation services	To deliver water infrastructure to deliver effective services & reduce the backlog	New water Access	Number of households with access to new water	Number	116246	8673hh	R 208,605,350.00	747hh	858hh	N/A	8673hh	Technical Services
	Improve access to basic sanitation services	To deliver infrastructure: Basic sanitation (VIP's)	New sanitation Access	Number of households with access to new sanitation - VIP'S	Number	111713	3800hh	R 33,662,650.00	850	1700	2600	3800	Technical Services
	To provide sustainable infrastructure that will render water and sanitation services	To deliver water infrastructure to deliver effective services & reduce the backlog	Expenditure - Water Projects	Rand value of expenditure	Rand Value	??	R 208,605,350.00	R 51,162,826.00	R 208,605,350.00	R 109,859,487.00	R 153,404,114.00	R 208,605,350.00	Technical Services/Finance
	Improve access to basic sanitation services	To deliver infrastructure: Basic sanitation (VIP's)	Expenditure - Sanitation Projects	Rand value of expenditure	Rand Value	??	R 33,662,650.00	R 6,211,340.00	R 33,662,650.00	R 17,915,060.00	R 26,163,560.00	R 33,662,650.00	Technical Services/Finance
	REFURBISHMENT												
Improve access to basic water & sanitation services	To ensure sustainable provision of water & sanitation services	Repairs & Maintenance	a) Percentage Progress in the implementation of repairs & maintenance plan b) Expenditure	a) Percentage b) R Value	Percentage & New Indicator R Value	a) 100% b) R19,983,000	a) 25% b) R4,995,750	a) 50% b) R9,991,500	a) 75% b) R14,987,250	a) 100% b) R19,983,000			Technical Services
TOTAL HOUSEHOLD BENEFICIARIES TARGETED FOR NEW WATER PROVISION: 8673													
TOTAL HOUSEHOLD BENEFICIARIES FOR NEW SANITATION PROVISION: 3800													

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DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER

MUNICIPAL MANAGER : M D NEWTON

NATIONAL KPAs	IDP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET	BUDGET	1st QUARTER TARGET End Sept 2012	2nd QUARTER TARGET End Dec 2012	3rd QUARTER TARGET End March 2013	4th QUARTER TARGET End June 2013	RESPONSIBLE DEPARTMENT	
Service Delivery & Infrastructure	To provide excellent water quality that will meet or exceed the National Standards	To provide excellent water quality that will meet or exceed the National Standards	Blue drop status	a) % improvement on the overall assessments in blue drop status	Percentage and number	a) 95%	a) 95%	?	N/A	N/A	a) 96%	N/A	Technical Services	
	To provide excellent water quality that will meet or exceed the National Standards	To provide excellent water quality that will meet or exceed the National Standards	Green drop status	% improvement on the overall assessments in green drop status	Percentage	80%	85%	Salaries	N/A	N/A	85%	N/A	Technical Services	
	To improve the level of financial utilisation non-wasteful but for specified projects	Repairs & Maintenance	Repairs & Maintenance	% operational budget spent on repairs and Maintenance	Percentage	?	10%	R 19,983,000.00	3%	5%	7%	10%	Technical Services Department	
	To provide sustainable infrastructure that will render water and sanitation services	Water backlog eradication	Water backlog eradication	Water Backlog eradication	Percentage backlog by June 2013	Percentage	27%	R 208,605,350.00	N/A	N/A	N/A	22%	Technical Services	
	To provide sustainable infrastructure that will render water and sanitation services	Water backlog eradication	Water backlog eradication	Water Backlog eradication	Percentage backlog by June 2013	Percentage	30%	R 33,622,350.00	N/A	N/A	N/A	28%	Technical Services	
	Reduce unaccounted water	To reduce water losses due to ageing infrastructure and leaks	Real Water losses	Real Water losses	Percentage reduction in real water losses	Percentage	25%	R19,983M	24%	23%	22%	20%	Technical Services	
	Improve response time to water and sanitation interruptions	To ensure sustainable provisions of sanitation services	Ilembe DIM specific Sanitation Infrastructure	Ilembe DIM specific Sanitation Infrastructure	Percentage of reported households responded with services reinstated within 24 hours on sanitation	Percentage	100%	Salaries	100% within 24 hours	100% within 24 hours	100% within 24 hours	100% within 24 hours	Technical Services	
	Improve response time to water and sanitation interruptions	To ensure sustainable provisions of water services	Ilembe DIM specific Water Infrastructure	Ilembe DIM specific Water Infrastructure	Percentage of reported households responded with services reinstated within 48 hours on water	Percentage	100%	Salaries	100% within 48 hours	100% within 48 hours	100% within 48 hours	100% within 48 hours	Technical Services	
	Monitor Siza water concession contract	To Plan Siza Waters Activities in services of IDM's WSA responsibilities	Siza Water Plan	Siza Water Plan	Draft 5 year plan by deadline	Date	Siza Water for the previous 5yr contract not signed	June 2013	Salaries	N/A	Begin with interactions with the new SLAs	N/A	Draft 5 year review plan	Technical Services

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NATIONAL KPA's	IDP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET	BUDGET	1st QUARTER TARGET End Sept 2012	2nd QUARTER TARGET End Dec 2012	3rd QUARTER TARGET End March 2013	4th QUARTER TARGET End June 2013	RESPONSIBLE DEPARTMENT
	To achieve a clean audit report	Ensure adequate financial management.	Obtain unqualified audit report for 2011/12	a) Unqualified audit report by the AG for 2011/12 b) % decrease in AGs findings c) No repeat findings	a) AG Report b) Percentage c) Number	a) Unqualified audit report 2010/2011 b) ? c) ?	a) Unqualified audit report by the AG for 2011/12 b) 25% c) 0	Salaries	a) Submission of AFS by 31 August 2012 for IDM, Consolidated AFS by 30 Sept 2012 b) ? c) ?	a) Unqualified audit report b) ? c) ?	a) N/A b) ? c) ?	a) N/A b) ? c) ?	Finance
	To ensure long-term financial viability & sustainability of Lembe District Municipality	Ensure adequate financial management.	Compile Budget for 2013/2014	Approved fully funded Operating & Capital Budget for 2013/2014 by deadline	Date	2012/2013 Capital & Operating Budget by June 2012	30 June 2013	Salaries	Submit budget programme to the Mayor	Continue with Budget process	Prepare 2012/2013 adjustment budget 2013/2014 draft budget	Prepare 2013/2014 final budget & submit for approval	Finance
	To raise monthly collection rate on billing	Revenue Enhancement	Collection Rate	a) Percentage collection rate b) Percentage increase in the proportion of consumers paying in full vs the number of consumers billed	Percentage	a) 77 b) 31%	a) 80% b) 40%	Salaries	a) 75% b) 34%	a) 78% b) 36%	a) 79% b) 38%	a) 80% b) 40%	Finance
	To ensure long-term financial viability & sustainability of Lembe District Municipality	Revenue Enhancement	Outstanding debtors	R debtors outstanding as a % of revenue received for services	Percentage	?	200%	Salaries	1200%	600%	400%	200%	Finance
	To ensure long-term financial viability & sustainability of Lembe District Municipality	Revenue Enhancement	Debtors Control	% of debtors handed over for collection	Percentage	?	100%	Salaries	100%	100%	100%	100%	Finance
	To ensure adequate financial management	Revenue Enhancement	Payment of creditors	% of claims submitted to Finance paid within 30 days	Percentage	85%	100%	Salaries	100%	100%	100%	100%	Finance
	To ensure adequate financial management	Revenue Enhancement	Statutory monthly reports to National & Provincial Treasury	Percentage of monthly reports submitted by the 14th of each month	Percentage	100%	100%	Salaries	100% of reports submitted by the 14th of each month	100% of reports submitted by the 14th of each month	100% of reports submitted by the 14th of each month	100% of reports submitted by the 14th of each month	Finance
	To ensure long-term financial viability & sustainability of Lembe District Municipality	Revenue Enhancement	Statutory monthly reports to Municipal Manager to Exco	Report by 15th of every month	Monthly	Reports submitted by 15th of every month	Monthly	Salaries	Reports submitted by 15th of every month	Reports submitted by 15th of every month	Reports submitted by 15th of every month	Reports submitted by 15th of every month	Finance
	To ensure compliance with SCM policy and regulations	Acquisition Management	Compliance with the SCM policy	a) Turnaround time for processing all the bids b) Turnaround time in processing bids for banking services	Number	a) ?? b) ??	a) 63 days b) 5 days	Salaries	a) 63 days b) 5 days	a) 63 days b) 5 days	a) 63 days b) 5 days	a) 63 days b) 5 days	Finance
	To ensure compliance with SCM policy and regulations	Contract Management	Management of service providers	Quarterly reports on external service providers	Number	New indicator	4	Salaries	1	2	3	4	Finance
	To promote an institution that is representative, participative and empowered to improve the institutional capabilities for service delivery	Contract Management	Well resourced management capacity (Organogram)	Percentage of posts filled on the organogram	Percentage	?	90%	Salaries	80%	83%	86%	90%	Corporate Services

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NATIONAL KPAs	IDP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET	BUDGET	1st QUARTER TARGET End Sept 2012	2nd QUARTER TARGET End Dec 2012	3rd QUARTER TARGET End March 2013	4th QUARTER TARGET End June 2013	RESPONSIBLE DEPARTMENT
	To promote an institution that is representative, participative and empowered to improve the institutional capabilities for service delivery	To improve the capacity of staff to deliver services	Implementation of a workplace skills plan	Percentage of employees trained in accordance with the WSP	Percentage	New indicator	80%		20%	40%	60%	80%	Corporate Services
	To promote an institution that is representative, participative and empowered to improve the institutional capabilities for service delivery	To implement employment equity plan	Employment Equity	Number of people from the EE target groups employed in the 3 highest level of management in compliance with the EE plan	Number	New indicator	22	Salaries	N/A	N/A	?	?	Corporate Services
	To promote an institution that is representative, participative and empowered to improve the institutional capabilities for service delivery	To limit losses to the municipality - legal risk mitigation	Legal matters	% increase in the total number of cases that are resolved	Percentage	80%	85%	R1m	85%	85%	85%	85%	Corporate Services
	To improve service delivery through implementation of Organisational performance management	To manage the staff component of the Municipality	Performance Management	Number of coaching sessions of employees' performance conducted timously	Number	2	4	Salaries	1	2	3	4	Performance Management

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