

**PERFORMANCE AGREEMENT  
FOR  
YEAR 2015/2016**

**MADE AND ENTERED INTO BY AND BETWEEN**

**THE COUNCIL OF THE ILEMBE DISTRICT  
MUNICIPALITY**

Herein represented by B N Linda, in his duly authorised  
capacity as the  
Chairman of Board of Enterprise iLembe

AND

Mr T Mkhwanazi  
as the Chief Executive Officer of the  
iLembe District Municipality  
(Employee)

*BNL*  
*T Mkhwanazi*

## **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 Annexure "B" (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.



**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<sup>st</sup> July 2015 and will remain in force until 30<sup>th</sup> June 2016 where after 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.

*Bone*  


**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 MANAGEMENT SYSTEM**

**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.

**5.5.1** The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the leading and core competencies respectively.

**5.5.2** KPAs covering the main areas of work will account for 80% and the leading and core competencies will account for 20% of the final assessment.

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

**5.6** 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:



<b>National Performance (KPA's)</b>	<b>Key Areas</b>	<b>IDM Priorities as per the NKPA</b>	<b>Weighting</b>	<b>Weighting</b>
<b>1.Socio-Economic Development</b>		<b>Local Economic Development Job creation</b>	<b>H</b>	<b>60%</b>
<b>2. Financial Viability and Management</b>		<b>Budget control Supply Chain Management</b>	<b>H</b>	<b>20%</b>
<b>3. Municipal Development &amp; Institutional Transformation</b>		<b>HR Management Training</b>	<b>M</b>	<b>10%</b>
<b>4. Good Governance and Democracy</b>		<b>PMS Auditing</b>	<b>H</b>	<b>10%</b>
<b>Total</b>				<b>100%</b>

**5.7** The leading and core competencies will make up the other 20% of the Employee's assessment score. The leading and core competencies 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 achievement levels and description for the leading and core competencies requirements identified in the Table hereunder.

The leading and core competencies Assessments shall be conducted by the Mayor for the Municipal Manager and the Municipal Manager for Section 56 Managers on an Annual Basis. 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 leading and core competencies.

*Bee*  


<b>LEADING COMPETENCIES</b>		<b>WEIGHT</b>
Strategic Direction and Leadership	<ul style="list-style-type: none"> <li>• Impact and Influence</li> <li>• Institutional Performance Management</li> <li>• Strategic Planning and Management</li> <li>• Organisational Awareness</li> </ul>	20
People Management	<ul style="list-style-type: none"> <li>• Human Capital Planning and Development</li> <li>• Diversity Management</li> <li>• Employee Relations Management</li> <li>• Negotiation and Dispute Management</li> </ul>	10
Program and Project Management	<ul style="list-style-type: none"> <li>• Program and Project Planning and Implementation</li> <li>• Service Delivery Management</li> <li>• Program and Project Monitoring and Evaluation</li> </ul>	20
Financial Management	<ul style="list-style-type: none"> <li>• Budget Planning and Execution</li> <li>• Financial Strategy and Delivery</li> <li>• Financial Reporting and Monitoring</li> </ul>	25
Change Leadership	<ul style="list-style-type: none"> <li>• Change Vision and Strategy</li> <li>• Process Design and Improvement</li> <li>• Change Impact Monitoring and Evaluation</li> </ul>	0
Governance Leadership	<ul style="list-style-type: none"> <li>• Policy Formulation</li> <li>• Risk and Compliance Management</li> <li>• Cooperative Governance</li> </ul>	15
<b>CORE COMPETENCIES</b>		
Moral Competence		10
Planning and Organising		0
Analysis and Innovation		0
Knowledge and Information Management		0
Communication		0
Results and Quality Focus		0
		<b>100%</b>

## 6. EVALUATING PERFORMANCE

6.1 The organisation's PMS Policy and User Manual 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 leading and core competencies

(a) Each leading and core competency 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 leading and core competency.

(c) The applicable assessment rating calculator (refer to paragraph 6.5.3) must then be used to add the scores and calculate a final aggregate score.

*file*



### 6.5.3 Overall rating

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

6.6 The assessment of the performance of the Employee will be based on the rating scale for KPA's and Competencies as reflected in the attached Performance Plan (Annexure A, Paragraph 3 and 4).

6.7 The annual performance evaluation of the Employee will be performed by the evaluation panel constituted by the following persons:

- Municipal Manager;
- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- Member of the executive committee;
- Municipal Manager from another municipality.

6.8 A secretariat service will be delivered to the evaluation panel by the Committee Section for administration and recordkeeping of evaluation results.

## 7. SCHEDULE FOR PERFORMANCE REVIEWS

The performance of the Employee in relation to his performance agreement will be reviewed quarterly with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

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

Performance feedback will be based on the Employer's assessment of the Employee's performance.

## 8. 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.

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



8.2 A performance bonus may be paid to the Employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator and based on the pro-rata all-inclusive annual remuneration package as follows:

8.2.1 a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9% of the total remuneration due to the Employee in terms of the employment contract between the Employer and the Employee.

8.2.2 a score of 150% and above is awarded a performance bonus ranging from 10% to 14% of the total remuneration due to the Employee in terms of the employment contract between the Employer and the Employee.

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

8.3.1 provide systematic remedial or developmental support to assist the Employee to improve his performance; and

8.3.2 after providing 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 duties.

## **9. 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.

## **10. 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.

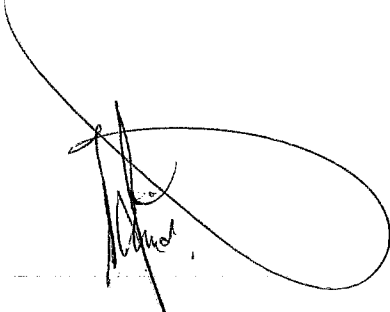
## **11. DEVELOPMENTAL REQUIREMENTS**

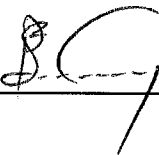
The Personal Development Plan (PDP) for addressing developmental gaps is as Annexure C.

SIGNED AT Ballito ON THIS THE 06 DAY OF July 2016

**AS WITNESSES:**

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

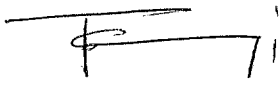
  
\_\_\_\_\_  
**CHAIRMAN OF THE BOARD**  
**(B N LINDA)**


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

SIGNED AT Ballito ON THIS THE 06 DAY OF July 2016

**AS WITNESSES:**

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

  
\_\_\_\_\_  
**THE EMPLOYEE**  
**(T.S MKWANAZI)**

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

**ANNEXURE A:**

SDBIP (compulsory)  
**(Attached)**

2

**ANNEXURE B:****Achievement Levels**

The achievement levels indicated in the table below serve as a benchmark for appointments, succession planning and development interventions.

- Individuals falling within the Basic range are deemed unsuitable for the role of senior manager, and caution should be applied in promoting and appointing such persons.
- Individuals that operate in the Superior range are deemed highly competent and demonstrate an exceptional level of practical knowledge, attitude and quality. These individuals should be considered for higher positions, and should be earmarked for leadership programs and succession planning.

<b>Achievement Levels</b>	<b>Description</b>
Basic	Applies basic concepts, methods and understanding of local government operations, but requires supervision and development intervention
Competent	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses.
Advanced	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in-depth analyses.
Superior	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods.

*Bul*

*SP*

**ANNEXURE C:****PERSONAL DEVELOPMENT PLAN (PDP)**

<b>Competency to be Addressed</b>	<b>Proposed Actions</b>	<b>Responsibility</b>	<b>Time-frame</b>	<b>Expected Outcome</b>

**ANNEXURE D:****PROCESS TO MANAGE POOR PERFORMANCE**

In the event that the employee consistently fails to meet his/her performance targets, over a minimum of two consecutive face-to-face quarterly performance appraisals, Schedule 8, Section 9 – of the Labour Relations Act: Code of Good Practice: Dismissal - shall be followed, together with the following guidelines.

**1. Prerequisites to Starting the Poor Performance and Incapacity Process**

- i. The onus lies with the Municipal Manager in the case of Section 56 Managers to ensure that the subordinate knows what is required.
- ii. Objectives/targets, Key performance Indicators and deadlines should be agreed with the Employer
- iii. The employee should be given appropriate training, coaching and instructions in order to be able to meet the required objectives
- iv. The employee must have the means/equipment to perform the required objectives and
- v. The employee must be given regular feedback on his/her performance.

**2. Formal Counselling Session**

- i. The employee's direct Manager/Senior is responsible for conducting any formal counselling sessions on poor performance. The counselling session is an opportunity to formally plan and agree on corrective action, to:
  - ii. Identify why the employee is failing to meet the required performance standards/objectives
  - iii. Agree on a plan to assist the employee in achieving the required standards/objectives and give the employee a fair opportunity to improve his/her performance
  - iv. Make the employee aware of the potential consequences of not complying with performance requirements and
  - v. Ensure that these meetings are documented (and co-signed off by both parties) so that procedural fairness can be proved in the event of any future disputes and/or additional disciplinary action being taken.

**3. Formal Disciplinary Process/Corrective Action**

- i. Should the employee, after a reasonable period for improvement, which shall not be less than three months nor more than six months, continue to perform unsatisfactorily, notwithstanding appropriate evaluation, instruction, guidance and/or counselling – formal disciplinary steps shall be implemented
- ii. A formal disciplinary committee hearing shall be held in accordance with the provisions in the Labour Relations Act , Number 42 Of 1996 (as amended) – the outcome of which may include a final written warning and finally dismissal as a last resort.