



## **PERFORMANCE AGREEMENT**

**Made and entered into by and between:**

**Elundini Local Municipality**

**[AS REPRESENTED BY THE MUNICIPAL MANAGER]**

**Khayaletu Gashi**

**AND**

**Linda Mqokoyi**

**[COMMUNITY SERVICES MANAGER OF ELUNDINI LOCAL  
MUNICIPALITY]**

**for the**

**FINANCIAL YEAR: 01 JULY 2010 - 30 JUNE 2011**

**ENTERED INTO BY AND BETWEEN:**

The Municipality of **Elundini Local Municipality** herein represented by **Khayaletu Gashi** in his capacity as **Municipal Manager** (hereinafter referred to as the Employer or Supervisor) and **Linda Mqokoyi** (Employee of Elundini Local Municipality) (hereinafter referred to as the **Community Services Manager** )

**WHEREBY IT IS AGREED AS FOLLOWS:**

1. INTRODUCTION

- 1.1 The Employer has entered into a contract of employment with the Employee in terms of Section 57(1)(a) of the Local Government: Municipal Systems Act of 2000 (hereinafter referred to as the “Systems Act”). The Employer and the Employee (are hereinafter referred to as “parties”).
- 1.2 Section 57(1)(b) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance Agreement.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4)(a), 57(4)(b) 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), (4)(a), (4)(b) and (5) of the Systems Act as well the Contract of Employment entered into between the parties;

- 2.2 specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of Employee's performance expectations and accountabilities;
- 2.3 specify accountability as set out in the Performance Plan (Annexure A);
- 2.4 monitor and measure performance against set targeted outputs;
- 2.5 use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and/or to assess whether the Employee has met the performance expectations applicable to his job;
- 2.6 appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and
- 2.7 give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

### 3. COMMENCEMENT AND DURATION

- 3.1 This agreement will commence on **1 of July 2010** and will remain in force until **30 June 2011** whereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof;
- 3.2 The parties will review the provisions of this Agreement at least once a year, during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.
- 3.4 The content of this Agreement may be revised at any time during the 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.

#### 4 PERFORMANCE OBJECTIVES

4.1 The Performance Plan (Annexure A) sets out-

4.1.1 the performance objectives and targets that must be met by the Employee; and

4.1.2 the quality requirements and time frames within which those performance objectives and targets must be met.

4.2 The performance objectives and targets reflected in Annexure A 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, quality requirements and weightings.

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 quality requirements define the quality standards which the indicators must meet. 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, 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 on the specific performance standards that will be included in the performance management system as applicable to the Employee.

## 6 AGREEMENT TO COMPLY WITH EMPLOYER'S SYSTEM

- 6.1 The Employee agrees to participate in the performance management and development system that the Employer adopts.
- 6.2 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.
- 6.3 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.
  - 6.3.1 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.
  - 6.3.2 Each area of assessment will be weighted and will contribute a specific part to the total score.

6.3.3 KPAs covering the main areas of work will account for 80% and Core Managerial Competencies will account for 20% of the final assessment.

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

#	Key Performance Areas (KPA's)	Weighting
1.	Financial Reporting	15%
2.	Budget & Expenditure	15%
3.	Municipal Financial Viability and Management	30%
4.	Good Governance, Leadership and Community/Stakeholder Participation	20%
5.	Municipal Administration	5%
6.	Supply Chain Management	15%
<b>Total</b>		<b>100%</b>

6.5 The Core Managerial Competencies 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 (v) from the list below as agreed to between the Employer and Employee:

#	CORE MANAGERIAL COMPETENCIES	APPLICABILITY
1.	Strategic Capability and leadership	√
2.	Programme and Project Management	√
3.	Financial Management	√ (compulsory)
4.	Change Management	√
5.	Knowledge Management	√
6.	Service Delivery Innovation	√
7.	People and Diversity Management	√ (compulsory)
8.	Client Orientation and Customer Focus	√ (compulsory)
9.	Honesty and integrity	√
10.	Mediation skills	√
11.	Advanced negotiation skills	√
12.	Advanced influencing skills	√
13.	Communication	√
14.	Policy conceptualisation and implementation	√
15.	Partnership and stakeholder relations	√
16.	Supply chain management	√

## 7. EVALUATING PERFORMANCE

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

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

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

7.2 Despite the establishment of the agreed intervals for evaluation, the Employer may in addition review the Employee's performance at any stage (*e.g. quarterly – highly recommended*) while the contract of employment remains in force.

7.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implemented within the agreed upon time frames.

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

7.5 The annual performance appraisal will involve the following:

7.5.1 Assessment of the achievement of results as outlined in the performance plan:

(a) Each KPA shall be assessed according to the extent to which the specified standards or performance indicators have been met or exceeded 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 (refer to paragraph 7.5.3 below) must then be used to add the scores and calculate a final KPA score.

7.5.2 Assessment of the Core Managerial Competencies:

(a) Each Assessment of the Core Managerial Competencies 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 Assessment of the Core Managerial Competencies.

(c) The applicable assessment rating calculator (refer to paragraph 7.5.1) must then be used to add the scores and calculate a final Assessment of the Core Managerial Competencies score.

7.5.3 Overall rating



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

#### 7.6 Assessment of the performance of the employee

The assessment of the performance of the Employee will be based on the following rating scale for KPA's and CMCs:

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 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	Full effective	Fully effective Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Not fully effective	Performance is below the standard required for the job in key areas.					

LEVEL	TERMINOLOGY	DESCRIPTION	RATING				
			1	2	3	4	5
		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.					

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

7.7.1 Executive Mayor/ Mayor;

7.7.2 Chairperson of the Audit Committee;

7.7.3 Ward committee member (on a rotational basis), where applicable;

7.7.4 Member of the Mayoral Committee; and

7.7.5 Mayor and/ or Municipal Manager from another Municipality (Optional).

8. SCHEDULE FOR PERFORMANCE REVIEWS

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

INTERVAL	PERIOD	EVALUATION DEADLINE
First quarter (July	(July – September)	2 <sup>nd</sup> week of October
*Second quarter	(October – December)	2 <sup>nd</sup> week of January
Third quarter	(January – March)	2 <sup>nd</sup> week of April
*Fourth (last) quarter	(April – June)	2 <sup>nd</sup> week of July

\* These performance reviews **must** be formal and documented

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

8.3 Performance feedback shall be based on the Employer’s assessment of the Employee’s performance.

8.4 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure “A” from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

8.5 The Employer may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and/or amended as the case may be.

In that case the Employee will be fully consulted before any such change is made.

9. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing developmental gaps is included in Annexure A.

## 10. OBLIGATIONS OF THE EMPLOYER

### 10.1 The Employer shall:

10.1.1 create an enabling environment to facilitate effective performance by the employee;

10.1.2 provide access to skills development and capacity building opportunities;

10.1.3 work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;

10.1.4 on the request of the Employee delegate such powers reasonably required by the Employee to enable him/her to meet the performance objectives and targets established in terms of this Agreement; and

10.1.5 make available to the Employee such resources as the Employee may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement.

## 11. CONSULTATION

11.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others:

- a) a direct effect on the performance of any of the Employee's functions;
- b) commit the Employee to implement or to give effect to a decision made by the Employer; and
- c) a substantial financial effect on the Employer.

11.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

## 12. MANAGEMENT OF EVALUATION OUTCOMES

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

12.2 A **discretionary** performance bonus of up to 14% of the inclusive annual remuneration package **may** be paid to the Employee in recognition of outstanding performance.

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

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

- a) provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
- b) after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer **may** consider steps to terminate the contract of employment of the Employee on grounds of unfitness or incapacity to carry out his or her duties.

## 13. DISPUTE RESOLUTION

13.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter provided for, shall be mediated by:

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

13.1.2 any other person appointed by the MEC.

13.1.3 the Executive Mayor within thirty (30) days of receipt of a formal dispute from the Employee, in the case of the Section 57 Managers

13.2 In the event that the mediation process contemplated above fails, the dispute resolution mechanism as enshrined in the Labour Relations Act shall apply.

14. CONFIDENTIALITY

In carrying out his duties, the Corporate Services Manager undertakes to refrain from revealing any information which she has at his/her disposal by virtue of her office and concerning which she knows or could reasonably be expected to know that the security or other interests of the Local Municipality require that it be kept secret from any person other than a person to whom she may lawfully reveal it, or to whom it is her duty to reveal it in the interest of the Local Municipality or to whom she is authorized by Council or by an officer authorized by Council to reveal it and she realizes that she will be guilty of an offence if such information is unlawfully revealed.

15. GENERAL

15.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer.

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

Thus done and signed at .....on this the..... day of ..... 2010

Between: ----- (Signature)

----- (Full Name)

(EMPLOYEE)

AND

----- (Signature)

----- (Full Name)

(REPRESENTING EMPLOYER)

AS WITNESSES:

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

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

**PERFORMANCE PLAN**

**Entered into**  
by and between

**Khayaletu Gashi**  
in his capacity as

**Municipal Manager**

of the **Elundini Local Municipality**

(hereinafter referred to as the Representative of the Municipality, the Employer )

and

**Linda Mqokoyi**

in her capacity as

**Community Services Manager**

of

**Elundini Local Municipality**

(hereinafter referred to as the Employee)

**FINANCIAL YEAR: 01 JULY 2010 - 30 JUNE 2011**



## **1. Introduction**

A Performance Plan is a strategic management tool that enables the performance of the employee to be assessed in an objective and fair manner. It defines the Council's expectations of the Community Services Manager's performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and as reviewed annually.

## **2. Anatomy of the Performance Plan**

This Performance Plan is composed of three distinct plans:

### **a. Output Plan**

The output plan is a plan of what outputs the employee is expected to deliver on. The outputs are defined in terms of the tangible deliverables (product or service). The quality requirements include the standard of the product or service and the time frame within which it must be delivered. Finally, the indicator must reflect what evidence must be produced to demonstrate the delivery.

### **b. Competency Plan**

The competency plan is a plan of what competencies (skills, knowledge, and attitude) the employee must acquire to be able to perform and deliver on the set objectives effectively. It entails the determination of the gap between the required level of competence and the employee's actual level of competence.

### **c. Development Plan**

The development plan is a plan of what development interventions will be undertaken to bridge the gap between the required level of competence and the employee's actual level of competence and thus bring the employee to the desired competency level.

### **2.1 Output Plan**

#### **2.1.1 Introduction**

The output plan is a plan of what outputs the employee is expected to deliver on. It consists of the key performance areas (KPA's), weighting, outputs, performance indicator, baseline information and a target. A key performance area is a defined or demarcated area of performance. The outputs are defined in terms of the tangible deliverables (product or service). The quality requirements include the standard of the product or service and the time frame within which it must be delivered. The quality requirements are the standards which measure the quality of the service or product.

The baseline information is the current information which is used as a starting point from which performance will be measured. Finally, the indicator must reflect what evidence must be produced to demonstrate the delivery.

#### **2.1.2 Key Performance Areas**

The following are Key Performance Areas (KPAs) as outlined in the Local Government: Municipal Planning and Performance Management Regulations (2001 & 2006) and the Municipality's IDP:

### 3. OUTPUT PLAN

#	Key Performance Area	Weight	Output	Indicator	Indicator Weighting	Baseline Information	Target	
							Timeframe	Quality Requirement
1.	<b>BASIC SERVICE DELIVERY</b>							
	<b>1.1 Housing</b>	35%	1. Facilitated Housing Delivery	a. Council approval for the housing development project by the Ukhahlamba Development Agency.	10	Land availed by PG Bison for Maclear. -No bulk infrastructure	September 2010	Documented Council resolution
				b. Submitted application to the Ukhahlamba Development agency	10	Land availed by PG Bison for Maclear. -No bulk infrastructure	November 2010	Documentary proof of submitted application
				c. Completion of title deed handing over	5	Not all eligible beneficiaries received their title deeds	November 2010	Signed handover
				d. Three Rural Housing Development Business Plans submitted to the Department of Housing	10	Slow progress in rural housing development	September 2010	Documented business plan
	<b>1.2 Spatial Development Planning</b>	35%	1. Promote Social and Economic Development	a. At least 500 Title Deeds available	5	Formalised Townships of Ntokozweni and Land Camp (Ugie) approx. 1 600 sites	Nov.2010	Documentary proof of Title Deeds

#	Key Performance Area	Weight	Output	Indicator	Indicator Weighting	Baseline Information	Target	
							Timeframe	Quality Requirement
				b. 15 sites sold	5	15 middle income sites available in Maclear		Proof of sale
				c. Geotechnical survey report completed	5	Available virgin land in Mount Fletcher	December 2010	Documented survey report
				d. At least 3 job creation projects launched	5	Existing database of jobs created for locals	Quarterly	Compiled Job Statistics Direct Jobs Indirect Jobs/beneficiaries
				e. At least 3% of each Sectoral SMME given support	5	Limited business support SMMEs	March 2011	(Documented evidence)
				f. A comprehensive documentary on Elundini Tourism		Municipality does not have a Tourism documentary and there is no confirmed funding for the project	QUARTERLY	Provided progress report
				i. Develop & submit funding proposal	2		1 <sup>st</sup> Quarter	
				ii. Commence procurement processes	1		2 <sup>nd</sup> Quarter	
				iii. Appoint service provider	1		3 <sup>rd</sup> Quarter	
				iv. Progress implementation report	1		4 <sup>th</sup> Quarter	
2.	<b>Good Governance, Leadership and Community/Stakeholder Participation</b>	30%	1. Developed departmental operational plan (SDBIP) for	a. Documented Departmental Operational Plan (SDBIP)	5	SDBIP in place and documented	30 July 2010	Accurate document reflecting departmental projects, budgetary

#	Key Performance Area	Weight	Output	Indicator	Indicator Weighting	Baseline Information	Target	
							Timeframe	Quality Requirement
			2010/2011	incorporated into Institutional SDBIP				implications, sources of funding and time frames
			2. Identified and motivated Human Resources needs in own department to support the Municipality's IDP and SDBIP	a. Documented human resources needs, motivated and submitted to Corporate Services Manager and Municipal Manager	5	Information available but must still be reduce to writing and submitted to Corporate Services	30 July 2010	Needs to be identified in line with approved organogram
			3. Provide strategic leadership, mentorship and staff development of staff in own department	a. Documented operational objectives and PDP for key staff within own department	5	Currently in place but not in the desired format	30 July 2010	Agreed upon and clearly communicated objectives reflecting responsible persons, time frames and priorities
				b. Identified disciplinary infractions and documented mechanisms on how these have been dealt with	5	Zero Baseline	Information on an ongoing basis	Documented evidence of how identified infractions were dealt with
			4. Maintained good departmental stakeholder relations for own department	a. Identified and satisfied departmental stakeholders	5	No structured method of soliciting stakeholder opinions	30 August 2010	Satisfied stakeholders

#	Key Performance Area	Weight	Output	Indicator	Indicator Weighting	Baseline Information	Target	
							Timeframe	Quality Requirement
			5. Effective participation in municipal committees and management structures relevant to own department	a. Identified and documented roles which are played and satisfactory feedback from committee/forum participants	5	<ul style="list-style-type: none"> <li>o BAC</li> <li>o Management Committee</li> <li>o Elundini/P. G. Bison Forestry Committee</li> <li>o Elundini Round Table</li> </ul>	Per meeting schedule	Attended to all roles where participation is required.
		<b>100</b> <i>(80)</i>						

#### 4. PERSONAL DEVELOPMENT PLAN

The Personal Development Plan that pertains to what development interventions are envisaged and planned to bridge the gap between the required level of competence and the employee's actual (current) level of competence and thus bring the employee to the desired competency level.

#	Identified Competency Gap(s) – Pre-capacitation level of competence	Outcomes Expected (measurable indicators, quantity, quality and timeframes)	Suggested Training/development/capacitation activity	Weighting	Planned timeframes	Work opportunity created to practice skill/development area
1.	Project financial management	Working knowledge of project financial management	Classroom exposure	25	This performance cycle	Own KPAs
2.	Proficiency in Strategic Capability and Leadership	Strategic <i>thinking</i> and leadership	Strategic Planning workshop/s	25	This performance cycle	Own KPAs
3.	Proficiency in Service Delivery Innovation (SDI)	Exposure to service delivery best practices	Service delivery seminars/conferences	25	This performance cycle	Own KPAs
4.	Proficiency in Client orientation and Customer focus	Development of client orientation capabilities	Customer Orientation workshops	25	This performance cycle	Own KPAs
5.						
<b>TOTAL WEIGHTING</b>				<b>100%</b>		
				(20%)		

Thus done and signed at .....on this the..... day of ..... 2010

Between: ----- (Signature)

----- (Full Name)

(EMPLOYEE)

AND

----- (Signature)

----- (Full Name)

(REPRESENTING EMPLOYER)

AS WITNESSES:

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

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