



PERFORMANCE AGREEMENT

Made and entered into by and between

eDUMBE LOCAL MUNICIPALITY

Herein represented by **MR MP KHATHIDE** in his duly authorised capacity as the
Municipal Manager of the eDumbe Local Municipality

and

MISS NN MNGOMEZULU, Chief Financial Officer of the eDumbe Local Municipality

2018/2019 FINANCIAL YEAR
(01 JULY 2018 - 30 JUNE 2019)

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PERFORMANCE AGREEMENT

ENTERED INTO AND BETWEEN:

The eDumbe Local Municipality herein represent by Mr Madoda Phumula Khathide in his capacity as the Municipal Manager hereinafter referred to as the Employer or Reporting Officer) and Nonkululeko Nozipho Mngomezulu Employee of the eDumbe Local Municipality (hereinafter referred to as the Employee).

WHEREBY IT IS AGREED AS FOLLOWS:

- A. 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 Acts 32 of 2000 ("the System Act"). The Employer and the Employee are hereinafter referred to as "the Parties".
- B. Section 57(1) (a) (i) of the Local Government Municipal Systems Act No.32 of 2000 as amended, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance Agreement within sixty (60) days of assumption of duty, and renew it annually within one month of the commencement of the beginning of the Financial Year.
- C. 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.
- D. The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

1. INTERPRETATION AND DEFINITIONS

In this Agreement, unless the context indicates otherwise—

- a) an expression, which denotes any gender, includes the other genders, a natural person Includes an judicial person and vice versa, and the singular includes the plural and vice versa;
- b) Clause headings are for convenience only and will not be used in its interpretation, and the following expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings—

"Agreement" means this Performance Agreement and all the Appendices hereto;

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"Employee" means Miss Nonkululeko Nozipho Mngomezulu

"MEC" means the Member of the KwaZulu-Natal Executive Council responsible for Local Government;

"MFMA" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"Municipality" means the eDumbe Local Municipality, established in terms of Structures Act, 1998 (Act No. 117 of 1998);

"parties" means the Municipality and the Employee;

"Regulations" means the Local Government: Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, promulgated in the Government Gazette as Regulation Notice 805 on 1 August 2006;

"Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998); and

"Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Regulations promulgated in terms of the Act;

- c) words and expressions defined in any sub-clause, for the purpose of the clause of which that sub-clause forms part, bear the meaning assigned to such words and expressions in that sub-clause; and
- d) this agreement is governed by and construed in accordance with the laws of the Republic of South Africa.

2. PURPOSE OF THIS AGREEMENT

The Purpose of this Agreement is to -

- a. Comply with the provisions of Section 57(1)(b),4(A),(4B) and (5)of the Systems Acts as well as the Contract of Employment entered into between the parties;
- b. Specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;
- c. Specify accountabilities as set out in the Performance Plan (Annexure A);
- d. Monitor and measure performance against set targeted outputs;
- e. 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/her job;

- f. Appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and
- g. 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 12 November 2018 and will remain in force until 30 June 2019 where after 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 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.
- 3.6 Any significant amendments or deviations must take cognisance of the requirements of section 34 and 42 of the Systems Act, and regulations 4(5) of the Regulations.

4. PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan (Annexure A) sets out-
 - 4.1.1 The performance objectives and targets that must be met the Employee;and

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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 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 weighting.

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, 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 standard that will be included in the Performance Management System as applicable to the Employee.

6 THE EMPLOYEE AGREES TO PARTICIPATE IN THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM THAT THE EMPLOYER ADOPTS

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

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- 6.2 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.
- 6.2.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) Leading Competencies and Core Competencies respectively.
- 6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 6.2.3 KPA's covering the main areas of work will account for 80% and Competencies will account 20% of the final assessment.
- 6.3 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
Municipal Transformation and institutional development	0%
Basic Service Delivery	10%
Local Economic Development (LED) and Social Services	0%
Municipal Financial Viability and Management	80%
Good governance and public participation	10%
Cross Cutting Issues	0%
Total	100%

- 6.4 The Core Management Criteria will make the other 20% of the Employee's assessment score, and deemed to be most critical for Employee's specific job should be selected from the list below as agreed to between the Employer and Employee.

CORE COMPETENCY REQUIREMENT FOR EMPLOYEES (20% OF TOTAL)

CORE MANAGERIAL COMPETENCY

LEADING COMPETENCIES	WEIGHT %
1. Strategic Direction and Leadership	10%
2. People Management	5%
3. Programme and Project Management	5%
4. Financial Management	20%
5. Change Leadership	10%
6. Governance Leadership	5%
CORE COMPETENCIES	WEIGHT %
1. Moral competence	10%
2. Planning and Organising	10%
3. Analysis and Innovation	10%
4. Knowledge and Information Management	5%
5. Communication	5%
6. Result and Quality Focus	5%
TOTAL	100%

7. EVALUATING PERFORMANCE

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

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

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

7.2 Despite the establishment of intervals for evaluation, the Employer may in addition review the Employee's performance at any stage 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 implementation must take place within set 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:

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

- (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 (refer to Paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

7.5.2 Assessment of the Competencies

- (a) Each 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 Competency.

(c) The applicable assessment rating calculator (refer to Paragraph 6.5.1) must then be used to add the scores and calculate a final Competency score.

7.5.3 Overall Rating

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

7.6 The assessment of the performance of the Employee will be based on the following rating scale for KPA's, and Competencies

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
4	Superior	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods	5
3	Advanced	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in-depth analyses	4
2	Competent	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses	3
1	Basic	Applies basic concepts, methods, and understanding of local government operations, but requires supervision and development intervention	1-2

7.7 For purpose of evaluating the performance of the Employee, an evaluation panel constituted [*in terms of regulation (24) (d), (e) and (f) of the Regulations*] by the following persons will be established-

7.7.1 Municipal Manager

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 Portfolio Committee; and

7.7.5 Municipal Manager from another Municipality.

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8. SCHEDULE FOR PERFORMANCE REVIEWS

- 8.1 The performance of each Employee in relation to his/her performance agreement shall be reviewed during the following months, with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

First quarter : July – September

Second quarter : October – December

Third quarter : January – March

Fourth quarter : April – June

- 8.2 The Employer shall keep a record of the mid-year review and annual assessment meetings. Provided the reviews in the first and third quarter may be verbal if performance is satisfactory.
- 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 development gaps is attached as Annexure A.

10. OBLIGATIONS OF THE EMPLOYER

10.1 The Employer must:

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;

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- 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 delegates such powers reasonably required by the Employee to enable him/ her to meet the performance objectives and targets established in term 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-
 - 11.1.1 A direct effect on the performance of any of the Employee's functions;
 - 11.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
 - 11.1.4 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 performance bonus of 5% to 14% of 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 least twelve months (12) service at current remuneration package 30 June (end of financial year) subject to a fully effective assessment.
- 12.4 In the case of unacceptable performance, the Employer shall-

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- a) Provide systematic remedial of development support to assist the Employee to improve his or her performance; and
- b) After appropriate performance and 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 –

- a) the Member of the Executive Council responsible for local government in the province, in the case of the Municipal Manager, or any other person appointed by the said Member of the Executive Council; and
- b) the Mayor, in the case of Managers directly accountable to the Municipal Manager, within thirty days of receipt of a formal dispute from the Employee.

13.2 Any disputes about the outcome of the Employee's performance evaluation, must be mediated by–

- a) the Member of the Executive Council for local government in the province, or any other person appointed by the MEC, in the case of the Municipal Manager; and
- b) a Municipal Councillor, in the case of Managers directly accountable to the Municipal Manager, provided that such a Councillor was not part of the evaluation panel contemplated in regulation 27(4)(e) of the Regulations, within thirty days of receipt of a formal dispute from the Employee.

13.3 The decision of the Mediator contemplated in sub-clauses (1) and (2) will be final and binding on both parties.

14 GENERAL

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

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14.2 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 eDunbe on this 14 day of December (Month) 2018
(Year)

AS WITNESSES:

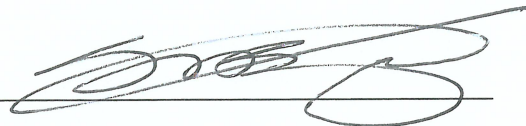
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**THE MUNICIPAL MANAGER
MP KHATHIDE**

AS WITNESSES:

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**(CHIEF FINANCIAL OFFICER)
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