

# **PERFORMANCE AGREEMENT**

**MADE AND ENTERED INTO BY AND BETWEEN:**

**Mr. JH DE KLERK**

---

**The Municipal Manager of the Zululand District Municipality  
("The Municipal Manager")**

**AND**

**MR. MN SHANDU**

---

**The Head of Department reporting to the Municipal Manager  
("The Head of Department")**

**FOR THE**

**FINANCIAL YEAR: 01 JULY 2009 - 30 JUNE 2010**

A handwritten signature in black ink, consisting of a stylized 'F' followed by a large, looped 'Q'.

# PERFORMANCE AGREEMENT

## ENTERED INTO BY AND BETWEEN:

The Zululand District Municipality herein represented by **J.H. de KLERK** (full names), in his capacity as Municipal Manager (hereinafter as the **Employer** or Supervisor)

And

**MICHAEL NKOSINATHI SHANDU** (full names), Employee of the Municipality (hereinafter to as the **Employee**).

## WHEREBY IT IS AGREED AS FOLLOWS:

### 1. INTRODUCTION

- 1.1 The Municipality has entered into a contract of employment with the Head of Department: Corporate Services for a period of five (5) years, ending on **31 July 2011** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act").
- 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 Head of Department: Corporate Services reporting to the Municipal Manager, to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that the Municipal Manager will be responsible for facilitating the setting and evaluation of performance objectives and targets on behalf of the Council. The Municipal Manager shall report to the Council in regard to the above.

## **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 employment contract entered into between the parties;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality.
- 2.3 Specify accountability as set out in a performance plan, which forms an annexure to the performance agreement;
- 2.4 monitor and measure performance against set targeted outputs;
- 2.5 use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 in the event of outstanding performance, to appropriately reward the employee; and
- 2.7 give effect to the employer's commitment to a performance-orientated relationship with its 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 2009, and subject to paragraph 3.3 and 11.3.3, will continue in force until a new Performance Agreement is concluded between the parties as contemplated in paragraph 3.2, hereafter a new 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 Head of Department: Corporate Services Contract of Employment for any reason.
- 3.4 The content of this Agreement may be revised at any time during the above-mentioned 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 Head of Department: Corporate Services; 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" are set by the Municipal Manager in consultation with the Head of Department: Corporate Services, and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget, and shall include key objectives, key performance indicators, target dates and weightings.

4.2.1 The key objectives describe the main tasks that need to be done.

4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.

## **5. PERFORMANCE MANAGEMENT SYSTEM**

5.1 The Head of Department: Corporate Services accepts that the purpose of the Performance Management System will be to provide a comprehensive system with specific performance standards to assist the Municipality, management and municipal staff to perform to the standards required.

5.2 The Municipal Manager will consult the Head of Department: Corporate Services about the specific performance standards that will be included in the Performance Management System as applicable to the Head of Department: Corporate Services.

5.3 The Municipal Manager 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.

5.4 The criteria upon which the performance of the Head of Department: Corporate Services shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

5.4.1 The HEAD OF DEPARTMENT: CORPORATE SERVICES must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCRs) respectively.

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

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

5.5 The HEAD OF DEPARTMENT: CORPORATE SERVICES 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 Mayor and Municipal Manager.

<b>Key Performance Areas (KPA's)</b>	<b>Weighting</b>
Basic Service Delivery	10%
Social Development	25%
Good Governance and Clean & Sound Administration	30%
Institutional Development	35%
<b>Total</b>	<b>100%</b>

5.6 In the case of managers directly accountable to the municipal manager, key performance areas related to the functional area of the relevant manager, must be subject to negotiation between the municipal manager and the relevant manager.

5.7 The CCRs will make up the other 20% of the Head of Department: Corporate Services assessment score. CCR's that are deemed to be most critical for the Head of Department: Corporate Services's specific job should be selected (✓) from the list below as agreed to between the

Municipal Manager and Head of Department: Corporate Services. Three of the CCRs are compulsory for the HEAD OF DEPARTMENT: CORPORATE SERVICES

<b>CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES</b>		
<b>CORE MANAGERIAL COMPETENCIES (CMC)</b>		<b>WEIGHT</b>
Financial Management	x	20
Strategic Capacity and Leadership		10
Client Orientation and customer focus	x	20
Problem Solving and Analysis	x	10
People Management and Employment	x	10
<b>CORE OCCUPATIONAL COMPETENCIES (CC)</b>		
Competence in Self Management	x	10
Knowledge of Performance Management and Reporting	x	10
Exceptional and dynamic creativity to improve the functioning of the municipality	x	10
<b>Total percentage</b>		<b>100%</b>

K

Q

## **6. EVALUATING PERFORMANCE**

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

6.1.1 the standards and procedures for evaluating the Head of Department: Corporate Services ; and

6.1.2 the intervals for the evaluation of the Head of Department: Corporate Services performance.

6.2 Despite the establishment of agreed intervals for evaluation, the Municipal Manager may, in addition, review the Head of Department: Corporate Services performance at any stage while the Contract of Employment remains in force.

6.3 Personal growth and development needs identified during any performance review discussion must be documented in Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.

6.4 Any submission/achievement required in accordance with a KPI will be deemed to be submitted/achieved, only after the Municipal Manager was satisfied that the submission/achievement was of sufficient quality

6.5 The annual performance appraisal with involve:

6.5.1 **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.

#### **6.5.2 Assessment of the CCRs**

- (a) Each CCR 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 CCR
- (c) This rating should be multiplied by the weighting given to each CCR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CCR score

#### **6.5.3 Overall rating**

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

- 6.6 The assessment of the performance of the Head of Department: Corporate Services will be based on the following rating scale for KPA's and CCRs:



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 other throughout the year.					
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Not fully effective	Performance is below the standards required for the job in key areas. Performance meets some standards expected for the job. The review / assessment indicate 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	Unaccepted performance	Performance does not meet the standards expected for the job. The review / assessment indicate 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.	

6.7 For purpose of evaluating the annual performance of the HEAD OF DEPARTMENT: CORPORATE SERVICES, an evaluation panel constituted of the following persons must be established –

- 6.7.1 Municipal Manager;
- 6.7.2 Chairperson of performance audit committee
- 6.7.3 Member of the executive committee
- 6.7.4 Municipal Manager from another municipality

6.8 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panel referred to in sub-regulations (d) and (e).

## 7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of each **Employees** in relation to his / her performance agreement shall be reviewed on the dates provided by the Municipal Manager and one member of the Executive Committee and in case of managers reporting to the Municipal Manager, the Municipal Manager with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

- First quarter : 30<sup>TH</sup> September
- Second quarter : 31<sup>st</sup> December
- Third quarter : 31<sup>st</sup> March
- Fourth quarter : 30<sup>th</sup> June

7.2 The Municipal Manager shall keep a record of the mid-year review and annual assessment meetings.

- 7.3 Performance feedback shall be based on the Municipal Manager's assessment of the Head of Department: Corporate Services' performance.
- 7.4 The Municipal Manager will be entitled to review and make reasonable changes to the provision of Annexure "A" from time to time for operational reasons. The HEAD OF DEPARTMENT: CORPORATE SERVICES will be fully consulted before any such change is made.
- 7.5 The Municipal Manager 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 Head of Department: Corporate Services will be fully consulted before any such change is made.

## **8. DEVELOPMENTAL REQUIREMENTS**

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

## **9. The Employer shall –**

- 9.1.1 create an enabling environment to facilitate effective performance by the employee;
- 9.1.2 provide access to skills development and capacity building opportunities;
- 9.1.3 work collaboratively with the Head of Department: Corporate Services to solve problems and generate solutions to common problems that may impact on the performance of the Head of Department: Corporate Services.

- 9.1.4 on request of the Head of Department: Corporate Services delegate such powers reasonably required by the Head of Department to enable him / her to meet the performance objectives and targets established in terms of this Agreement; and
- 9.1.5 make available to the Head of Department such resources as the Head of Department may reasonably require from time to time to assist him / her to meet the performance objectives and targets established in terms of this Agreement.

## **10. CONSULTATION**

- 10.1 The Municipal Manager agrees to consult the Head of Department: Corporate Services timely where the exercising of the powers will have amongst others -
- 10.1.1 a direct effect on the performance of any of the Head of Department's functions;
- 10.1.2 commit the Head of Department to implement or to give effect to a decision made by the Municipal Manager; and
- 10.1.3 a substantial financial effect on the Municipality.
- 10.2 The Municipal Manager agrees to inform the Head of Department of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable to enable the Head of Department to take any necessary action without delay.

## **11. MANAGEMENT OF EVALUATION OUTCOMES**

11.1 The evaluation of the Head of Department's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

11.2 A performance bonus of between 5% to 14% of the all inclusive annual remuneration package may be paid to the Head of Department in recognition of outstanding performance to be constituted as follows:

11.2.1 a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

11.2.2 a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

11.3 In the case of unacceptable performance, the Municipal Manager shall –

11.3.1 provide systematic remedial or developmental support to assist the Head of Department to improve his or her performance; and

11.3.2 after appropriate performance counselling and having provided the necessary guidance and / or support as well as reasonable time for improvement in performance, the Municipal Manager may consider steps to terminate the Contract of Employment of the Head of Department on grounds of unfitness or incapacity to carry out his or her duties.

- 11.3.3 Notwithstanding clause 3.3, the performance evaluation process will be undertaken and the payment of a performance bonus will be effected in terms of this agreement after the completion of the financial year.

## **12. DISPUTES RESOLUTION**

- 12.1 Any dispute about the nature of the HOD's Performance Agreement, whether it relates to key responsibilities, priorities, methods of assessment and / or any other matter provided for, shall be mediated by –

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the Head of Department; or

12.1.2 Any other person appointed by the MEC.

12.1.3 In the case of managers directly accountable to the Municipal Manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e) of the Municipal Performance Regulations, 2006, within thirty (30) days of receipt of a formal dispute from the employee;

Whose decision shall be final and binding on both parties.

- 12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

## **13. GENERAL**

- 13.1 The contents of the Agreement and the outcome of any review conducted in terms of Annexure "A" may be made available to the public by the Municipality, where appropriate.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Head of Department: Corporate Services in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

13.3 The performance assessment results of the Head of Department: Corporate Services must be submitted to National Minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at ULUNDI on this 31st day of JULY 2009

**AS WITNESSES:**

1. ....

2. ....

.....  
**THE HEAD OF DEPARTMENT:  
CORPORATE SERVICES**

Signed at ULUNDI on this 31st day of JULY 2009

**AS WITNESSES:**

1. ....

2. ....

.....  
**THE MUNICIPAL MANAGER**

.....



Zululand District Municipality 2009/2010  
Council Key Performance Indicators

Key Objective	Objective	Indicator	Key No	Standard	Responsibility	MIM	Baseline MIM	Mun Performance (1)	Mun Performance (2)	Mun Fully effective	Mun performance significantly above expectations (4)	Mun Outstanding (5)	Mun Agreed Evidence
To progressively provide a cost effective, reliable water services at a good quality to all potential consumers in the district	To implement effective Customer Care	Average feedback time to customer query or complaint	9		HOD:CS		24 hrs	4 hrs	12 hrs	24 hrs	48 hrs	72 hrs	Size Report that details first and follow up contact dates and time periods
To deal with Disasters efficiently & effectively in the district	To review and facilitate the district wide Disaster management act 57 of 2002, submitted to council by a specified date	Updated plan that complies with sections 52, 53 of the Disaster management act 57 of 2002, submitted to council by a specified date	23	Disaster Management Act 2002	HOD:CS		30/08/2010	30/07/2010	30/06/2010	30/06/2010	31/05/2010	30/04/2010	Acknowledgement of receipt by MIM, Disaster management Act and the actual plan
To reduce the impact of HIV/AIDS	To create awareness of hazards and disasters	Number of planned awareness campaigns held	23, 3		HOD:CS		2	6	6	8	10	12	planned campaigns, artefacts supporting the occurrence of the campaign
To reduce the impact of HIV/AIDS	To create HIV/AIDS awareness and education	Number of planned awareness campaigns held	36		HOD:CS		5	8	8	10	11	13	planned campaigns, artefacts supporting the occurrence of the campaign
To develop and empower Youth & Gender	To plan and implement institutional measures that would reduce the impact of HIV/AIDS	HIV/AIDS Strategy reviewed and submitted to MIM by planned date	38		HOD:CS		30/08/2010	30/07/2010	30/06/2010	30/06/2010	31/05/2010	30/04/2010	acknowledgement of receipt by MIM
To develop and empower Youth & Gender	To provide access to Council's Youth & Gender programmes	Number of approved programmes held	41		HOD:CS		3	4	4	5	6	7	Approval = Number of Programmes that are budgeted for, artefacts that prove the occurrence of the event. If programmes are funded from Confirmation of submission
To develop and empower Youth & Gender	To access sufficient resources	Number of Youth & Gender related Business Plans submitted for funding	42		HOD:CS		0	1	1	2	3	4	
To develop and empower Youth & Gender	To strategically plan development and empowerment initiatives for youth and gender	Youth & Gender Strategy reviewed and submitted to MIM by specified date	43		HOD:CS		30/08/2010	30/06/2010	30/05/2010	30/04/2010	30/03/2010	28/02/2010	Acknowledgement of receipt by MIM, Signed strategy approved by MIM
The social upliftment of the communities in ZDM	To create a platform for input and comments	Number of District Youth & Gender Councils Meetings	44		HOD:CS		4	5	5	6	7	8	Signed minutes
The social upliftment of the communities in ZDM	To reduce poverty by implementing Community Development Projects	Number of people participating in Councils Capacity Building PROJECTS	45		HOD:CS		300	400	400	500	650	700	Monthly reports by facilitators signed by DD
The social upliftment of the communities in ZDM	To increase available resources for poverty reduction programmes	Number of Capacity Building related Business Plans submitted	46		HOD:CS		2	3	3	4	6	8	Confirmation of submission
To promote good governance, accountability	To collate customer satisfaction data	OTLGA: Date of Annual Customer Satisfaction Survey	64		HOD:CS		2010/05/31	2010/04/01	2010/03/31	2010/03/31	28/02/2010	31/01/2010	Certified EXCO minutes on report submitted

Zululand District Municipality 2009/2010  
Council Key Performance Indicators

To promote good governance, accountability & transparency	Policies & bylaws	Date of revision of all Policies & Bylaws	65		HOD:CS	MIM	31/05/2009	30/08/2010	1/07/2010	30/06/2010	31/05/2010	30/04/2010	Certified Council resolution
To promote good governance, accountability & transparency	Policies & bylaws	Date of submission for Bylaws for Promulgation	67		HOD:CS		1/20	190	60 days after adoption	2010/06/30	2010/05/31	2010/04/30	Signed receipt by department
To promote good governance, accountability & transparency	Policies & bylaws	Date of submission of reviewed Employee Assistance Programme	68		HOD:CS		30/08/2010	2010/07/01		2010/06/30	2010/05/31	2010/04/30	Approved programme signed by MIM
To be a financially viable municipality	To report timely and accurately	To submit SOBIP reports to CFO	71.1		HOD's		2	3	4	4	8	12	acknowledgement of receipt of cash flow projections by CFO
To promote good governance, accountability & transparency	To communicate in a structured manner	Communication Plan reviewed for the year	74		HOD:CS		01/08/2010	1/07/2010	30/06/2010	31/05/2010	30/04/2010	30/04/2010	Acknowledgement of receipt by MIM
To promote good governance, accountability & transparency	To spend grant funding	Percentage of department allocated grant funds that were received that was spent (prior to approval of adjustment budget)	77		HOD's		<90%	<95%	100%				Ledger expenditure certified by the CFO.
To promote good governance, accountability & transparency	To build capacity	% of staff scheduled for training in Workplace Skills Plan actually trained	78		HOD:CS		80%	90%	100%	100%	105%	110%	WSP report
To promote good governance, accountability & transparency	To build capacity	Sec 43 (Reg 30 (f)): % of Municipal Budget actually spent on Skills Development Plan	79		HOD:CS		80%	90%	100%	105%	110%	110%	Monthly report from Venus

# PERSONAL DEVELOPMENT PLAN

## FOR

### M.N. SHANDU: HOD CORPORATE SERVICES

<b>SKILLS TO BE DEVELOPED</b>	<b>ACTION PLAN</b>	<b>SUPPORT NEEDED</b>	<b>TIME REQUIRED</b>	<b>OUTCOME</b>
Strategic Capacity and Leadership	Attend Leadership Programme approved by Council	Council's approval for attendance and payment of costs involved	As per the programme	Update on Leadership competency
Financial Management	Attendance of various training, workshops, seminars and conferences on financial management	Municipal Management approval and payment costs	Ongoing	Informed and capacitated on requirements and changes to financial requirements and changes
Problem Solving and Analysis	To attend a short relevant certificate course	Include in the wsp, MM's support and payment of costs	Ongoing	To be updated on latest developments in problem solving and analysis
People Management and Empowerment	To attend a short relevant certificate course	Payment of costs involved	Annually	To be updated on latest developments in people management and empowerment
Client Orientation and customer focus	Regular Customer Survey to determine needs and workshop these with council and adopt policies accordingly	Council's support participation of the customers	Annually	A more focused and orientated approach to the needs of community.



Competence in Self Management	Attend Leadership programmes approved by Council	Municipal Manager's approval for attendance and payment of costs involved	As per programme	Updated on self management competency
Competency in policy conceptualization , analysis and implementation	Attendance of workshops specific to the matter	Attendance of workshops specific to the matter, invites	Ongoing	Knowledge & Competency
Exceptional and dynamic creativity to improve the functioning of the municipality	Visit to well functioning municipalities and enter in twining agreements	Agreements with other municipalities	Annually	Assistance in creative thinking

f