

SENIOR MANAGEMENT SERVICES PERFORMANCE AGREEMENT

COUNCILLOR V.Z. KAMAGWAZA-MSIBI


The Mayor of the Zululand District Municipality
("The Mayor")

AND

Mr. J.H de Klerk

The Municipal Manager reporting to the Mayor
("The Municipal Manager")

Financial year: 01 July 2013 - 30 June 2014


V.Z.
F.M.H. N.L. W.A. 2013

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Zululand District Municipality herein represented by Councillor V.Z. kaMagwaza-Msibi in her capacity as Mayor (hereinafter referred to as the Employer or Supervisor)

And

Mr. J.H de Klerk, Employee of the Municipality (hereinafter referred to as the Employee or Municipal Manager).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Municipality has entered into a contract of employment with the Municipal Manager for a period of five (5) years, ending on 31 July 2016 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 Municipal Manager reporting to the Mayor to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that the Mayor will be responsible for facilitating the setting and evaluation of performance objectives and targets on behalf of the Municipality. The Mayor 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, reflected as Annexure A to the performance agreement;
- 2.4 monitor and measure performance against set targeted outputs;
- 2.5 monitor and measure the core competencies against competency behavioural standards;
- 2.6 use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.7 in the event of outstanding performance, to appropriately reward the employee;
- 2.8 proactively focus on the development of the Municipal Manager (Personal Development Plan – Annexure B);
- 2.9 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 1st of July 2013 and will be applicable until the 30th of June 2014. This agreement will remain until a new Performance Agreement is concluded between the parties, if required during the performance cycle.
- 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 no later than the beginning of each successive financial year.
- 3.3 This Agreement should be read in conjunction with the Contract of Employment and this agreement will terminate on the termination of the Municipal Manager's Contract of Employment.
- 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 Municipal Manager ; 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 Mayor in consultation with the Municipal Manager, and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP), and shall include key objectives, key performance indicators, target dates and weights.

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

4.4 The key performance indicators provide a means to measure the extent to which a key objective has been achieved.

5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The Municipal Manager 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 Mayor will consult the Municipal Manager about the specific performance standards that will be included in the Performance Management System as applicable to the Municipal Manager.

5.3 The Mayor 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 Municipal Manager shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5 The Municipal Manager 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.
- 5.6 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.7 KPAs covering the main areas of work will account for 80% and CCRs will account for 20% of the final assessment.
- 5.8 The Municipal Manager's assessment will be based on his performance in terms of the 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 the Municipal Manager.

| Key Performance Areas (KPA's) | Weighting |
|---|-------------|
| Basic Service Delivery | 10% |
| Municipal financial Viability and Management | 20% |
| Local and Economic development, Agriculture and Business. | 12% |
| Good governance and public participation | 25% |
| Municipal Transformation and Institutional Development | 33% |
| Total | 100% |


- 5.9 The CCRs will make up the other 20% of the Municipal Manager's assessment score. Three of the CCRs are compulsory. CCR's that are deemed to be most critical for the Municipal Manager's specific job, as agreed to between the Mayor and the Municipal Manager are as follow:

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| COMPETENCY REQUIREMENTS | Tick if applicable | WEIGHT |
|--|--------------------|-------------|
| Strategic Capability | x | 10% |
| Financial Management (Compulsory) | x | 10% |
| Change Management | | |
| Knowledge Management | | |
| Problem solving and analyses | x | 5% |
| Programme and project management | x | 20% |
| Service Delivery Innovation | | 5% |
| People Management and Employment (Compulsory) | x | 20% |
| Client orientation and customer focus (Compulsory) | x | 5% |
| Communication | | |
| Accountability and ethical conduct | | |
| Policy conceptualisation and implementation | x | 10% |
| Mediation skills | | |
| Advanced negotiation skills | | |
| Advanced influencing skills | | 10% |
| Partnership and Stakeholder Relations | | |
| Supply Chain Management | x | 5% |
| Total percentage | | 100% |

6. EVALUATING PERFORMANCE

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


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- 6.1.1 the standards and procedures for evaluating the Municipal Manager performance; and
- 6.1.2 the intervals for the evaluation of the Municipal Manager's performance.
- 6.2 Despite the establishment of agreed intervals for evaluation, the Mayor may, in addition, review the Municipal Manager's 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 Mayor was satisfied that the submission/achievement was of sufficient quality.
- 6.5 The annual performance appraisal will 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 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 must then be used to add the scores and calculate a final CCR score.

6.5.3 Overall rating

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

6.5.4 The assessment of the performance of the Municipal Manager will be based on the following rating scale for KPA's and CCRs:

| Level | Terminology | Description |
|-------|--|--|
| 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. |

6.6 For purpose of evaluating the annual performance of the Municipal Manager an evaluation panel constituted of the following persons must be established –

- a) Mayor;
- b) Chairperson of performance audit committee
- c) Member of the executive committee
- d) Mayor from another district municipality

6.7 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) of the Municipals Systems Act (Act no 32 of 2000).

7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of the employee in relation to his performance agreement shall be reviewed on the dates provided by the Mayor 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 | : | October |
| Second quarter | : | January |
| Third quarter | : | April |
| Fourth quarter | : | July |

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

7.3 Performance feedback shall be based on the Mayor's assessment of the Municipal Manager's performance.

7.4 The Mayor will be entitled to review and make reasonable changes to the provision of Annexure A from time to time for operational reasons. The Municipal Manager will be fully consulted before any such change is made.

7.5 The Mayor 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 Municipal Manager will be fully consulted before any such change is made.

8. DEVELOPMENTAL REQUIREMENTS

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

8.2 The Employer shall –

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

- 8.1.2 provide access to skills development and capacity building opportunities;
- 8.1.3 work collaboratively with the Municipal Manager to solve problems and generate solutions to common problems that may impact on the performance of the Municipal Manager .
- 8.1.4 on request of the Municipal Manager delegate such powers reasonably required by the Municipal Manager to enable him to meet the performance objectives and targets established in terms of this Agreement; and
- 8.1.5 make available to the Municipal Manager such resources as the Municipal Manager may reasonably require from time to time to assist him to meet the performance objectives and targets established in terms of this Agreement.

9. CONSULTATION

9.1 The Mayor agrees to consult the Municipal Manager timely where the exercising of the powers will have amongst others:

- 9.1.1 a direct effect on the performance of any of the Municipal Manager's functions;

- 9.1.2 commit the Municipal Manager to implement or to give effect to a decision made by the Mayor; and
- 9.1.3 a substantial financial effect on the Municipality.

9.2 The Mayor agrees to inform the Municipal Manager 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 Municipal Manager to take any necessary action without delay.

10. MANAGEMENT OF EVALUATION OUTCOMES

10.1 The evaluation of the Municipal Managers performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

10.2 A performance bonus for the Municipal Manager in recognition of outstanding performance to be constituted as follows:

- a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
- b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

10.3 In the case of unacceptable performance, the Mayor shall –

- a) provide systematic remedial or developmental support to assist the Municipal Manager 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 Mayor may consider alternative steps as advised through a formal disciplinary hearing.

11. DISPUTES RESOLUTION

- 11.1 In the event that the employee is dissatisfied with any decision or action of the Council in terms of this Agreement, or where a dispute or difference arises as to the extent to which the employee has achieved the performance objectives and targets established in terms of this Agreement, the employee may meet with the employer with a view to resolving the issue.
- 11.2 During the meeting the employer will record the outcome of the meeting in writing.
- 11.3 If the parties could not resolve the issues as mentioned in 11.1 the matter should be referred to the Municipal Council (or any other person appointed by the 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 Municipal Manager
- 11.4 If the parties do not agree, the dispute may be referred to a mediator, mutually agreed upon by both parties whose decision shall be final and binding on matters covered in this agreement.
- 11.5 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

12. GENERAL

- 12.1 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.

12.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of The Municipal Manager in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

12.3 The performance assessment results of the Municipal Manager must be submitted to the MEC for Local Government in the provincial government and the National Minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at Ulundi on this day of July 2013

AS WITNESSES:

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**THE MAYOR
ZULULAND DISTRICT MUNICIPALITY**

Signed at Ulundi on this day of July 2013

AS WITNESSES:

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**MUNICIPAL MANAGER, ZULULAND DISTRICT
MUNICIPALITY**

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ANNEXURE A: PERFORMANCE PLAN FOR THE MUNICIPAL MANAGER 2013/2014

| NO | Objective | Indicator | ZDM SDBIP KPI no | Quarterly targets | | | | Annual target (2013/ 2014) |
|---|---|--|------------------------|-------------------|-------------|-----------|--------------|----------------------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | |
| Basic Service Delivery | | | | | | | | |
| | Review and facilitate the District WSDP | Approved WSDP plan | 1 | - | - | - | 30 June 2014 | 10% |
| | Ensure that legislated water policies are reviewed and updated | Approved identified water policies and bylaws | 7 | - | - | - | 30 June 2014 | 30 June 2014 |
| | Effectively utilise MIG allocation | % of MIG grant funds spent on approved projects | 10 | 6% | 26% | 66% | 100% | 100% |
| | Maximise the implementation of IDP identified projects | Capital budget actually spent on identified projects | 11 | 20% | 40% | 70% | 100% | 100% |
| | Review and facilitate the district Disaster Management plan | Approved DM Plan | 14 | - | - | - | 30 June 2014 | 30 June 2014 |
| Municipal Financial viability and management | | | | | | | | |
| | Complete and submit accurate annual financial statements | Review and submit Financial Statements | 20 | 31 Aug 2013 | - | - | 31-Aug | 31-Aug |
| | Complete and submit accurate annual financial statements within the specified time period | Unqualified audit opinion | 21 | - | Unqualified | - | - | Unqualified |
| | Budget for ZDM annually | Approved final budget | 22 | - | - | - | 30 June 2014 | 30 June 2014 |
| | Report timely and accurately | SDBIP reports approved by specified date | 24 | 30-Sep-13 | 31-Dec-13 | 31-Mar-14 | 30 June 2014 | 30 June 2014 |
| Total weight | | | | | | | | 20% |


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| NO | Objective | Indicator | ZDM SD8IP KPI no | Quarterly targets | | | | Annual target (2013/ 2014) |
|---|--|--|------------------------|---------------------|---------------|-----|--------------|-------------------------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | |
| | Have an effective Auditing Function | % of audit queries addressed from the AG report | 25 | 75% | 75% | 75% | 75% | 75% |
| | Develop a Financial Plan (i.e. Budget Process and Time Table) | Approved financial plan | 26 | - | - | - | 30 June 2014 | 30 June 2014 |
| | Provide sufficient cash resources | % operating budget funded from cash | 29 | 90% | 96% | 96% | 90% | 96% |
| | Report timely and accurately | Approved annual report | 30 | - | 28 March 2014 | - | - | 28 March 2014 |
| Local and Economic Development | | | | | | | | |
| | | | | Total Weight | | | | 12% |
| | Co-Ordinated and Integrated Regional Economic Development | Number of jobs created through LED initiatives and capital projects | 36 | 50 | 100 | 150 | 200 | 300 |
| | Reduce poverty by implementing Community Development Projects | Number of people participating in ZDM Community Capacity Building Programmes | 46 | 125 | 125 | 125 | 125 | 125 |
| Good Governance & Public Participation | | | | | | | | |
| | | | | Total Weight | | | | 25% |
| | Improve community and stakeholder participation | Approved communication strategy | 49 | - | - | - | 30 June 2014 | 30 June 2014 |
| | Speed grant funding | Percentage of allocated grant funds spent | 50 | 20% | 40% | 70% | 100% | 100% |
| | Manage performance effectively | Number of signed Sec 57 performance agreements | 52 | 6 | 6 | - | - | 6 |
| | Maintain Institutional Capacity to render Municipal Services | Number of critical posts filled in relation to organogram | 53 | 60% | 70% | 80% | 100% | 100% |
| Municipal transformation and institutional development | | | | | | | | |
| | | | | Total Weight | | | | 33% |
| | Encourage participation in IDP process, ensure alignment with Local Municipalities | Number of stakeholder alignment meetings | 55 | 2 | 4 | 6 | 8 | 8 |
| | Effective spatial development | Date of submission of reviewed Spatial Development Framework to Council | 57 | - | - | - | 30 June 2014 | 30 June 2014 |
| | Encourage participation in IDP process, ensure alignment with Local | Adopted Integrated Development plan | 58 | - | - | - | 30 June 2014 | 30 June 2014 |

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| NO | Objective | Indicator | ZDM SOBIP KPI no | Quarterly targets | | | | Annual target (2013/ 2014) |
|----|---|--|------------------------|-------------------|-----|-----|------|-------------------------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | |
| | Municipalities | | | | | | | |
| | Implement and Manage Employment Equity | Number of people from employment equity target groups employed in three highest levels of Management | 63 | 20% | 40% | 60% | 100% | 100% |

Municipal Manager's signature: _____

Mayor signature: _____

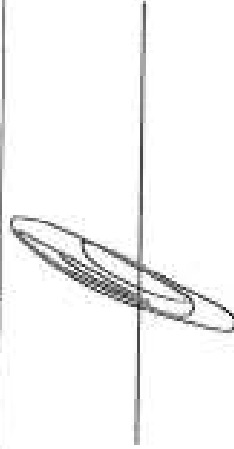
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ANNEXURE B: PERSONAL DEVELOPMENT PLAN

| Competency to be addressed | Proposed actions | Responsibility | Time-frame | Expected outcome |
|-----------------------------|---|-------------------|------------|--|
| Advanced project management | Course at reliable service provider | Municipal Manager | | Capable to strategise and to utilise techniques and processes necessary to manage successful projects. |
| Performance management | Capacity building on Local Government general performance management principles | Municipal Manager | | Capable to implement Local Government performance management effectively |

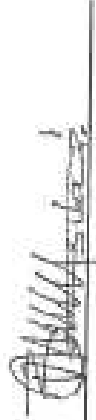
Signed and accepted by Municipal Manager

Date: 24/07/2013



Signed by the Mayor on behalf of the Municipality

Date: 25/07/2013



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