

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

THE MUNICIPALITY OF NDWEDWE,

AS REPRESENTED BY THE MUNICIPAL MANAGER S (56)

MR M.F. HADEBE

NAME OF MUNICIPAL MANAGER

AND

MR D.S.G. KHUZWAYO

NAME OF DIRECTOR

(EMPLOYEE)

FOR THE FINANCIAL YEAR:

1 JULY 2021 - 30 JUNE 2022

1557

PERFORMANCE AGREEMENT

ENTERED INTO AND BETWEEN:

The Municipality of Ndwedwe herein represented by Musawenkosi Hadebe in his capacity as Municipal Manager and Disco Khuzwayo Employee of the Municipality of Ndwedwe.

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 Acts 32 of 2000 ("the System Act"). The Employer and the Employee are hereinafter referred to as "the Parties".

1.2 Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between 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(4A), 57(4B) and 57(5) of the Systems Act.

2. PURPOSE OF THIS AGREEMENT

The Purpose of this Agreement is to -

- 2.1 Comply with the provisions of Section 57(1)(b), 4(A), (4B) and (5) of the Systems Acts as well as 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 the Employee's performance expectations and accountabilities;
- 2.3 Specify accountabilities as set out in the Performance Plan;

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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/her 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 the 1 July 2021 and will remain in force until 30 June 2022 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 anytime 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 Employee Performance Plan (Annexure A) sets out-
- 4.1.1 The performance objectives and targets that must be met the Employee; and
 - 4.1.2 The time frames within which those performance objectives and targets must be met.
- 4.2 The performance objectives and targets reflected in the performance plan (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; and the attainment of the Municipality of an Unqualified Audit Opinion.
- 4.5 In instances where the Municipality attains a negative audit outcome and the Employee is responsible for unauthorised, irregular, fruitless or wasteful expenditure, a performance bonus will not be paid to the Employee.

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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.

- 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) and the Competency Framework (CF) 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 the Competency Framework (CF) 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 10), 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
Basic Service Delivery		100%
Municipal Institutional Development and Transformation		100%
Local Economic Development (LED)		100%
Municipal Financial Viability and Management		60%
Good Governance and Public Participation		100%
Total		100%

6.4 The Competency Framework (CF) will make the other 20% of the Employee's assessment score. The Competency Framework as contained in the Local Government Regulations on Appointment and Conditions of Employment of Senior Managers, 2014 must be used for this purpose. The Regulations state there is no hierarchical connotation to the structure and all competencies are essential to the role of a Senior Manager to influence high performance. All competencies must therefore be considered as measurable and critical in assessing the level of a Senior Manager's performance.

6.5 Competency framework structure

The competencies that appear in the competency framework are detailed below:

COMPETENCY FRAMEWORK FOR EMPLOYEE		
LEADING COMPETENCIES	DESCRIPTION	WEIGHT %
1. Strategic direction and Leadership	<ul style="list-style-type: none"> Impact and influence Institutional Performance Management Strategic Planning and Management Organisational Awareness 	100%
2. People Management	<ul style="list-style-type: none"> Human Capital Planning and Development Diversity Management Employee Relations Management Negotiation and Dispute Management 	100%
3. Financial Management	<ul style="list-style-type: none"> Budget Planning and Execution Financial Strategy and Delivery Financial Reporting and Monitoring 	100%
4. Change Leadership	<ul style="list-style-type: none"> Change vision and strategy Process Design and Improvement Change impact monitoring and evaluation 	100%

17.11 D.S.G.K

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.

- 7.5 The annual performance appraisal will involve:
- 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.
- 7.3 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.
- 7.2 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.
- 7.1.1 The standards and procedures for evaluating Employee's performance; and
- 7.1.2 The intervals for the evaluation of the Employee's performance.
- 7.1 The Performance Plan (Annexure 10) to this Agreement sets out-

7. EVALUATING PERFORMANCE

CORE COMPETENCIES		WEIGHT
5. Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance 	10%
1. Moral competencies		10%
2. Planning and organising		10%
3. Analysis and innovation		10%
4. Knowledge and Information Management		10%
5. Communication		10%
TOTAL		100%

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

7.5.2 Assessment of the Competency Framework

(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 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 KPAs and the Competency Framework:

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement 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	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 Performance Agreement and Performance Plan.	
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against	

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
		more than half the key performance criteria and indicators as specified in the Performance Agreement 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 Performance Agreement 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 purpose of evaluating the performance of the Municipal Manager (Section 54 employees), an evaluation panel constituted by the following persons will be established-

- 7.7.1 Executive Mayor or Mayor;
- 7.7.2 Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
- 7.7.3 Member of the Mayoral or Executive Committee or, in respect of a plenary type Municipality, another member of a Council
- 7.7.4 Mayor and/ or Municipal Manager from another Municipality and Member of a ward committee as nominated by the Executive Mayor or Mayor

7.8 For purposes of evaluating the annual performance of Managers directly accountable to the the Municipal Manager (Section 56 employees), an evaluation panel constituted by the following persons will be established-

- 7.8.1 Municipal Manager;
- 7.7.2 Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
- 7.7.3 Member of the Mayoral or Executive Committee or, in respect of a plenary type Municipality, another member of Council
- 7.7.4 Municipal Manager from another Municipality and

The Manager responsible for Human Resources of the Municipality must provide secretariat services to the Evaluation Panels referred to above.

8. SCHEDULE FOR PERFORMANCE REVIEWS

- 8.1 The performance of each Employee in relation to his/her 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:

First quarter	: July – September (2021)
Second quarter	: October – December (2021)
Third quarter	: January – March (2022)
Fourth quarter	: April – June (2022)

- 8.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.
- 8.3 Performance feedback must 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 the Performance Plan from time to time for operational reasons on agreement between both parties.

- 8.5 The Employer may amend the provisions of the Performance Plan 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 forms part of the Performance Agreement.

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 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-

- i. A direct effect on the performance of any of the Employee's functions;
- ii. 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. In determining the performance bonus, the relevant percentage is based on the overall rating, calculated by using the applicable assessment – rating calculator, provided that –

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%

12.3 In the case of unacceptable performance, the Employer shall-

12.3.1 Provide systematic remedial of development support to assist the Employee to improve his or her performance; and

12.3.2 After appropriate performance and counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, and performance does not improve, 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 salary increment in the agreement must be mediated by –

(a) In the case of the Municipal Manager, the MEC for Local Government in the Province within thirty (30) days of receipt of a formal dispute from the Employee; or any other person designated by the MEC; and

(b) In the case of the Managers directly accountable to the Municipal Manager, a member of the Municipal Council, provided that such member was not part of the

evaluation panel, within thirty days (30) of receipt of a formal dispute from the

employee.

whose decision shall be final and binding on both parties.

14. GENERAL

14.1 The contents of the performance agreement must be made available to the public by the Employer in accordance with the Municipal Finance Management Act, 2003 and Section 46 of the Act.

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

14.3 The performance assessment results of the Municipal Manager must be submitted to the MEC responsible for Local Government in the Province as well as the National Minister responsible for Local Government within fourteen days (14) after the conclusion of the assessment.

Thus done and signed at Ndungha on this the 09 day of July (Month) (Year) 2021

AS WITNESSES:

1. [Signature]

2. [Signature]

AS WITNESSES:

1. [Signature]

2. [Signature]

EMPLOYEE

[Signature]

EMPLOYER

[Signature]

DEPARTMENTAL ECONOMIC DEVELOPMENT AND PLANNING

DIRECTOR: MR S.D.G. KHUZWAYO

NATIONAL KPA	OUTCOME 9	KZN PGDS	IDP REF NO.	STRATEGIC OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA (KPA)	KEY PERFORMANCE INDICATOR (KPI)	UNIT OF MEASURE	BASELINE	ANNUAL TARGET	ORIGINAL BUDGET	1ST QUARTER TARGET END SEPT 2021	2ND QUARTER TARGET END DEC 2021	3RD QUARTER TARGET END MARCH 2022	4TH QUARTER TARGET END JUNE 2022	SOURCE OF FUNDING	WARDS	EVIDENCE	WEIGHTING	RESPONSIBLE PERSON
DEPARTMENTAL ECONOMIC DEVELOPMENT AND PLANNING PERFORMANCE PLAN 2021-2022																				
DIRECTOR ECONOMIC DEVELOPMENT AND PLANNING PERFORMANCE PLAN 2021-2022																				
LOCAL ECONOMIC DEVELOPMENT																				
A RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT SYSTEM																				
1: INCLUSIVE ECONOMIC GROWTH; 3: HUMAN & COMMUNITY DEVELOPMENT & 5: SPATIAL EQUITY																				
EDP01	To upscale agriculture development in the municipal area	Co-ordination of LED in the municipal area	Local Agricultural Node	Number of Local Agricultural nodes held by deadline	Number	Project adjusted and removed due to COVID-19 September 2021	1 Local Agricultural Node to be held by end of 30 September 2021	R 50 000.00	1	N/A	N/A	N/A	N/A	N/A	N/A	Equitable share	15	Attendance Registers	M	Manager LED
EDP02	To upscale agriculture development in the municipal area	Co-ordination of LED in the municipal area	Ndabandwe Music Festival	Number of Ndabandwe Music Festival event held by deadline	Number	Project adjusted and removed due to COVID-19 December 2021	1 Ndabandwe Music Festival event to be held by end of 31 December 2021	R 1 500 000.00	N/A	1	N/A	N/A	N/A	N/A	N/A	Equitable share	2	Pictures and Report	M	Director EDP
EDP03	To upscale agriculture development in the municipal area	Co-ordination of Tourism in the municipal area	New markets for farmers	Number of new Farmers market day to be held by deadline	Number	New measure	4 New Farmers market day to be held by end of 30 June 2022	R 250 000.00	1	1	N/A	1	1	1	1	Equitable share	2	Attendance registers	M	Manager LED
EDP04	To upscale on tourism development in the municipal area	Co-ordination of LED in the municipal area	Tourism Marketing & Development	Number of Tourism booklets to be developed by deadline	Number	New measure	100 Tourism booklets to be developed by end of 31 September 2021	R 50 000.00	100	N/A	N/A	N/A	N/A	N/A	N/A	Equitable share	All	Attendance registers	M	Manager LED
EDP05	To ensure job creation	To identify and package new projects	Co-operative Development	Number of support for Cooperatives by deadline	Number	New measure	2 Cooperatives support by end of 30 June 2022	R 250 000.00	N/A	1	N/A	1	1	1	1	Equitable share	18	Pictures and Progress Report and attendance registers	M	Manager LED
EDP06	To ensure job creation	To identify and package new projects	SMMEs Supported	Number of LED (SMME) supported by deadline	Number	Overachieved - 10 SMME's were supported	8 LED (SMME) supported by end of 30 June 2022	R 840 000.00	2	2	2	2	2	2	2	Equitable share	All	Receipt of application to Surveyor General and Beneficiary signatures	M	Manager LED
EDP07	To facilitate co-ordinated planning and development	Develop implement a sustainable and integrated spatial planning system	Ndabandwe Town Development	Submission of the SP/LUMA application for Ndabandwe Town development proclamation by deadline	Date	New measure	Submission of the SP/LUMA application for Ndabandwe Town Development proclamation to Surveyor General completed by end of 30 June 2022	R-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Equitable share	All	Receipt of application to Surveyor General	M	Director EDP
EDP08	To facilitate co-ordinated planning and development	Develop implement a sustainable and integrated spatial planning system	Housing Forum	Number of Housing Forums to be held by deadline	Number	Not achieved. The forum was not convened due to COVID-19 lockdown restrictions.	2 Housing Forums to be held by end of 30 June 2022	R-	N/A	1	N/A	1	1	1	1	Equitable share	All	Minutes of meeting and attendance registers	M	Director EDP
EDP09	To facilitate co-ordinated planning and development	Develop implement a sustainable and integrated spatial planning system	LED Forum	Number of LED Forum meetings held by deadline	Number	Achieved	2 LED Forum meetings held by end of 30 June 2022	R 160 000.00	N/A	1	N/A	1	1	1	1	Equitable share	All	Minutes of meeting and attendance registers	M	Manager LED
EDP10	To facilitate co-ordinated planning and development	Develop implement a sustainable and integrated spatial planning system	Bharutse regeneration study	Develop a Bharutse regeneration study and submit to Council for adoption by deadline	Date	New measure	Develop a Bharutse regeneration study and submit to Council for adoption by end of 30 June 2022	R 200 000.00	N/A	1	N/A	1	1	1	1	Equitable share	All	Council resolution and Bharutse report	M	Director EDP
EDP11	To facilitate co-ordinated planning and development	Develop implement a sustainable and integrated spatial planning system	Review of 2022/23 Spatial Development Framework	Review of Spatial Development Framework in compliance with SP/LUMA and submit to Council by deadline	Date	New measure	Review of Spatial Development Framework and submit to Council for adoption by end of 30 June 2022	R 150 000.00	Appointment of the Service provider	1	1	1	1	1	1	Equitable share	All	Council resolution and Final SDF	M	Director EDP
EDP12	To implement and maintain competent, effective and efficient enterprise risk management systems & processes	To ensure effective Risk management	Monitoring performance of effective enterprise risk management	Number of progress reports on Risk Management by target date	Number	Not achieved	4 Progress Reports on Risk Management by end of 30 June 2022	R-	1	1	1	1	1	1	1	Equitable share	Municipality	Risk registers	H	Director EDP & FINANCIAL MANAGER
EDP13	To manage and enhance the performance of the municipality	Implementation of Performance Management System	People management	Number of quarterly performance reviews of Senior Manager conducted quarterly by deadline	Number	New measure	4 Quarterly Performance reviews of Senior Manager's conducted end of 30 June 2022	R-	1	1	1	1	1	1	1	Equitable share	Municipality	Signed performance reviews	L	Director EDP

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