

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

**THE KHARIEP DISTRICT MUNICIPALITY
AS REPRESENTED BY THE EXECUTIVE MAYOR**

.....

FULL NAMES

AND

.....

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE

FINANCIAL YEAR: 1 JULY 2010 - 30 JUNE 2011

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Xhariep District Municipality herein represented by
(full name) in his capacity as Mayor (hereinafter referred to as the **Employer** or Supervisor)

and

..... Employee of the Municipality (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems 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, requires the parties to conclude an annual performance agreement.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the **Employee** to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(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),(4A),(4B) and (5) of the 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 accountabilities 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 1st of July 2010 and will remain in force until 30 June 2011 thereafter 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 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 **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 Annexure A are set by the **Employer** in consultation with the **Employee** and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include:-
 - (i) key objectives;

(ii) key performance indicators; and

(iii) 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.

4.2.3 The target dates describe the timeframe in which the work must be achieved.

4.2.4 The weightings show the relative importance of the key objectives to each other.

4.3 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.

4.4 Consistent with section 57(4A) of the Systems Act, the provisions of the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003), including any regulations issued in terms of that Act, conferring responsibilities on the accounting officer of a municipality must be regarded as forming part of this agreement and the Employee's performance plan contained in Annexure A.

4.5 The mere fact that a particular function, power or duty conferred upon or assigned or delegated to the Employee is not contained in Annexure A, does not release the Employee from the responsibility to perform such function, exercise such power and discharge such duty, as the case may be, to the best of his ability. The inclusion of a specific performance objective or performance target in the Employee's performance plan does not replace, reduce, substitute or in any other manner interfere with the Employee's obligation perform the functions, exercise the powers and discharge the duties, as the case may be, which may have been conferred upon or assigned or delegated to him in any other manner. Nothing in this agreement diminishes the Employee's obligations or duties or accountability in terms of his employment contract or existing or new regulations, circulars, policies, directives or other instruments.

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 standards that will be included in the performance management system as applicable to the **Employee**.
- 5.4 The **Employee** undertakes to actively focus towards the promotion and implementation of the KPAs (including special projects relevant to the employee's responsibilities) within the local government framework.
- 5.5 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.
- 5.5.1 The **Employee** must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCRs) respectively.
- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CCRs will account for 20% of the final assessment.
- 5.6 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 area	Weighting
(a) Basic service-delivery:	
(b) Municipal institutional development and transformation:	
(c) Local economic development:	
(d) Municipal financial viability and management:	
(e) Good governance and public participation:	

- 5.7 The weight of each of the core competency requirements shall be as follows –

Core competency requirement	Weighting
(a) Core managerial competencies	
(i) Strategic capability and leadership	
(ii) Financial management	
(iii) Problem solving and analysis	
(iv) People management and empowerment	
(v) Client orientation and customer focus	
(vi) Honesty and integrity	
(b) Core occupational competencies	
(i) Interpretation of and implementation within the legislative and national policy frameworks	
(ii) Competence in policy conceptualisation, analysis and	

implementation	
(iii) Skills in governance	

6. IN-YEAR REVISION AND AMENDMENT OF AGREEMENT AND PERFORMANCE PLAN

- 6.1 The Parties shall review this Agreement and make such changes thereto as may be required, immediately upon any alteration to the Employee's working environment which renders some or all the clauses herein inappropriate taking place.
- 6.2 The Parties may review and make reasonable changes to **Annexure A** for operational reasons.

7. PERFORMANCE ASSESSMENT

- 7.1 The Employee's performance shall be assessed after the end of each quarter, as follows –

	Quarter	Assessment before
1	July – September 2010	15 September 2010
2	October – December 2010 (hereinafter referred to as the "mid-year performance review")	19 January 2011
3	January - March 2011	13 April 2011
4	April – June 2011 (hereinafter referred to as the "annual performance appraisal")	30 July 2011

- 7.2 The Employee's mid-year performance review and annual performance appraisal shall be conducted by an evaluation panel consisting of –
- (a) the Mayor;
 - (b) the Chairperson of the performance audit committee or, if the Employer does not have a performance audit committee, the audit committee;
 - (c) another councillor of the Employer's Council designated by the Council;
 - (d) the municipal manager of another municipality; and
 - (e) a member of a ward committee designated by the Mayor.

7.3 The assessments for the first quarter (July – September 2010) and the third quarter (April – June 2011) shall be conducted by the Mayor, provided that the Mayor may request any of the members of the evaluation panel to assist him during such assessment.

7.4 The mid-year performance review and annual performance appraisal shall involve –

7.4.1 Assessment of the achievement of in the key performance areas:

(a) Each key performance area shall be assessed according to the extent to which the performance indicators have been met, with due regard to ad hoc tasks that may have been performed under any key performance area.

(b) An indicative rating on the five-point scale set out in clause 7.12 shall be provided for each key performance area.

(c) The assessment rating calculator set out in clause 7.13 shall be applied to add the scores and calculate a final key performance area score.

7.4.2 Assessment of the core competency requirements:

(a) Each core competency requirement shall be assessed according to the extent to which the agreed standards have been met.

(b) An indicative rating on the five-point scale set out in clause 7.12 shall be provided for each core competency requirement.

(c) This rating shall be multiplied by the weighting given to each core competency requirement to provide a score.

(d) The assessment rating calculator set out in clause 7.13 shall be applied to add the scores and calculate a final core competency requirements score.

7.4.3 Overall rating:

An overall rating is calculated by using the assessment rating calculator set out in clause 7.13. Such overall rating represents the outcome of the review/appraisal.

- 7.5 It is the Employee's responsibility to ensure that appropriate and adequate evidence of his performance is supplied and available for any assessment.
- 7.6 The Employer must keep a written record of the mid-year review and annual appraisal meetings. The Chief Operations Officer of the Employer must provide secretariat services to the evaluation panel.
- 7.7 Despite the establishment of agreed intervals for evaluation as set out in clause 7.1, above, the Employer may in addition review the Employee's performance at any time whilst this Agreement remains in force.
- 7.8 The Employer shall supply a copy of any assessment in terms of this clause to the Employee within a reasonable time after such assessment has been completed and shall invite the Employee to attend and participate in a performance interview, which shall be conducted by the Mayor, provided that the Mayor may request any of the members of the evaluation panel to assist him during such an interview. The date of a performance interview shall be agreed between the Parties.
- 7.9 The Employee has the right, during a performance interview, in respect of any performance objective or target to –
- (a) request and receive an explanation for any points awarded; and
 - (b) submit additional and/or supplementary evidence of performance/achievement.
- 7.10 If below standard performance in respect of any performance objective or target is attributed to the Employee's personal growth and development needs, such needs, together with the actions that either or both parties must take to supply such needs and timeframe within which such actions must be taken, must be recorded in a personal development plan.
- 7.11 The Mayor shall ensure that a report regarding any review, assessment or appraisal of the Employee's performance and the performance interview relating to each such review, assessment or appraisal are submitted to the Council at the first opportunity.
- 7.12 The rating scale for assessing the Employee's performance shall be as follows –

No of points to be awarded	Standard of performance	Description
5	Outstanding	Performance far exceeds the standard expected of the Employee. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the performance plan and maintained this in all areas of responsibility throughout the year.
4	Significantly above expectations	Performance is significantly higher than the standard expected of the Employee. 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 of the Employee. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the 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 assessment indicates that the Employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the performance plan.
1	Unacceptable	Performance does not meet the standard expected for the job. The 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 plan. The Employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite efforts to encourage improvement.

7.13 The assessment rating calculator that shall be applied to determine the score achieved, is as follows –

Assessment Rating Calculator											
Xhariep District Municipality											
Name: _____											
Cycle: Jul-10 to Jun-2011											
KPA	Weight	Rating	Score		CCR	Weight	Rating	Score			
1	20%				Compulsory						
2	20%			1	20%						
3	20%			2	20%						
4	20%			3	20%						
5	10%			Elective							
				1	10%						
				2	10%						
				3	10%						
				4	10%						
100%				100%				100%			
KPA weight				80%	CCR weight				20%		
KPA SCORE					CCR SCORE						
				FINAL SCORE							

7.14 The rating achieved by the employee for each KPA and CCR is multiplied with the Weight allocated to the KPA or CCR to obtain the score

7.15 The score achieved is added up and divided by the factor 3 to obtain the percentage score

7.16 The percentage score achieved is then multiplied by the weight of the KPA (80%) or CCR (20%) whichever may be the case. This will obtain a KPA score and a CCR score.

7.17 To obtain the final score for the assessment the KPA score and CCR score is added.

8. OBLIGATIONS OF THE EMPLOYER

The Employer shall –

- (a) create an enabling environment to facilitate effective performance by the Employee;
- (b) provide the Employee with access to skills development and capacity building opportunities;

- (c) work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on his performance;
- (d) at the request of the Employee delegate such powers as he may reasonably require to enable him to meet the performance objectives and targets established in terms of this Agreement; and
- (e) make available to the Employee such resources as he may reasonably require to assist him to meet the performance objectives and targets established in terms of this Agreement.

9. CONSULTATION

9.1 The Employer shall consult the Employee in a timely manner where the exercising by the Employer of any of its powers, the performance of any of its functions or the discharge of any of its duties may –

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

9.2 The Employer shall inform the Employee of the outcome of any decisions taken pursuant to the exercise of a power, performance of a function or discharge of a duty contemplated in clause 9.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

10. MANAGEMENT OF EVALUATION OUTCOMES

10.1 The evaluation of the Employee's performance will form the basis for –

- (a) rewarding outstanding performance; or
- (b) correcting unacceptable performance.

10.2 A performance bonus calculated as a percentage of the Employee's all-inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance, 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 Any performance bonus that may be payable to the Employee, shall only be paid out after–

(a) 30 June 2011;

(b) the Employer's Council has approved the annual performance appraisal as required by section 57(4B) of the Systems Act; and

(c) the annual report relating to the current financial year has been tabled in the Employer's Council and the Council adopted it.

10.4 In the case of unacceptable performance, the Employer shall –

(a) provide systematic remedial or developmental support to assist the Employee to improve his performance; and

(b) after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer may consider steps to terminate Employee's employment on grounds of unfitness or incapacity to carry out his duties.

11. DISPUTE RESOLUTION

11.1 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 MEC for Local Government and Traditional Affairs within thirty (30) days of receipt of a formal dispute; or

(b) any other person appointed by the MEC for Local Government and Traditional Affairs.

11.2 A decision by a person in terms of clause 11.1 shall be final and binding on the Parties.

11.3 The relevant provisions of the employment contract shall apply in the event that mediation in terms of clause 11.1 fails.

12. GENERAL

12.1 The Employer shall make the contents of this agreement available to the public.

12.2 The Employer may make the outcome of any performance review, evaluation or appraisal conducted in terms of this agreement available to the public.

12.3 The Employee's annual performance appraisal results must, within 14 days after the conclusion of the appraisal be submitted to –

(a) the MEC for Local Government and Traditional Affairs; and

(b) the Minister of Co-operative Governance and Traditional Affairs.

Thus done and signed at **TROMPSBURG** on ... **JULY 2010**.

AS WITNESSES:

1. _____

EMPLOYEE

2. _____

Thus done and signed at **TROMPSBURG** on ... **JULY 2010**.

AS WITNESSES:

1. _____

MAYOR

2. _____