MAKANA
MUNICIPALITY | EASTERN CAPE

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

MAKANA LOCAL MUNICIPALITY
AS REPRESENTED BY THE MUNICIPAL MANAGER

NAME: MR M. A. MENE
(HEREIN REFERRED TO AS THE 'EMPLOYER')

AND

NAME: MS A. GIDANA
(HEREIN REFERRED TO AS THE 'EMPLOYEE')

FOR THE FINANCIAL YEAR:
1ST MARCH 2021 – 30th JUNE 2021 (as per the adjusted SDBIP)

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.

1.5 The parties shall endeavour to discharge all duties in this Performance Agreement including those responsibilities attached to them in terms of Council delegation.

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 March 2021** and will remain in force until **30th June 2021** 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 as per the agreement of the parties.

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 are based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, 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 and means of verification 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.

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**:

REF	KEY PERFORMANCE AREAS (KPA'S)	WEIGHTING
KPA 01	Basic Service Delivery and Infrastructure Development	65
KPA 02	Community and Social Development	-
KPA 03	Local Economic Development	15
KPA 04	Institutional Development and Financial Management	20
KPA 05	Good Governance and Public Participation	
KPA 06	Human Settlements	-
TOTAL		**100**
KPA WEIGHT		**80%**

5.7 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.

5.8 The competencies will make up the other 20% of the **Employee**'s assessment score. A person appointed as a senior manager must have the competencies as set out below. 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.

LEADING COMPETENCIES		WEIGHT
01	Strategic Direction and Leadership	**8.33%**
02	People Management	**8.33%**
03	Program and Project Management	**8.33%**
04	Financial Management	**8.33%**
05	Change Leadership	**8.33%**

06	Governance Leadership	**8.33%**
CORE COMPETENCIES		
07	Moral Competence	**8.33%**
08	Planning and Organising	**8.33%**
09	Analysis and Innovation	**8.33%**
10	Knowledge and Information Management	**8.33%**
11	Communication	**8.33%**
12	Results and Quality Focus	**8.33%**
TOTAL		**100**
WEIGHT		**20%**

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 **Employee**'s performance; and

6.1.2 The intervals for the evaluation of the **Employee**'s performance.

6.2 Despite the establishment of agreed intervals for evaluation, the **Employer** may in addition review the **Employee**'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 a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frame. **Annexure B Performance Development**

6.4 The **Employee**'s performance will be measured in terms of contributions to the goals and strategies set out in the **Employer**'s IDP.

6.5 The annual performance appraisal will involve: **(Annexure C, CCR Framework)**

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 rating represents the outcome of the performance appraisal.

6.6 The assessment of the performance of the **Employee** will be based on the following rating scale for KPA's and CCRs:

Category	Level	Explanation
KPI's Not Met/ unacceptable performance	1	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 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.
KPI's Almost Met/ Not fully effective	2	Performance is below the standard required for the job in key areas. Performance meets so9me of the standards expected for the job. The review / 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 PA and Performance Plan.
KIP's Met / Fully effective	3	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.
KPI's Well Met/ Performance significantly above expectations	4	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.
KPI's Extremely Well Met/ Outstanding Performance	5	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above full 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.

6.7 For purposes of evaluating the annual performance of Directors, an evaluation panel constituted of the following persons must be established -

6.8.1 Municipal Manager
6.8.2 Chairperson of the Audit Committee
6.8.3 Chairperson of the Portfolio Committee;
6.8.4 Municipal manager from another municipality.

6.8 The manager responsible for human resources or any Manager appointed of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (6.7).

7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of each **Employee** in relation to his/her performance agreement shall be reviewed on the following dates.

QUARTERS	REVIEW	PERIOD	TIMEFRAME
Third Quarter:	Informal Review	01 March – 31 March	Before end April 2021
Fourth Quarter:	Formal Review	01 April – 30 June	Before end July 2021

7.2 The **Employer** shall keep a record of all fourth quarter reviews and annual assessment meetings.

7.3 Performance feedback shall be based on the **Employer**'s assessment of the **Employee**'s performance.

7.4 The **Employer** will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The **Employee** will be fully consulted before any such change is made.

7.5 The **Employer** may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and /or amended as the case may be. In that case the **Employee** will be fully consulted before any such change is made.

8. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing developmental gaps is will developed **Employee** in consultation with Employer.

9. OBLIGATIONS OF THE EMPLOYER

9.1 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 **Employee** to solve problems and generate solutions to common problems that may impact on the performance of the **Employee**;

9.1.4 on the request of the **Employee** delegate such powers reasonably required by the **Employee** 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 **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.

10. CONSULTATION

10.1 The **Employer** agrees to consult the **Employee** timeously where the exercising of the powers will have amongst others –

10.1.1 A direct effect on the performance of any of the **Employee**'s functions;

10.1.2 Commit the **Employee** to implement or to give effect to a decision made by the **Employer**; and

10.1.3 A substantial financial effect on the **Employer**.

10.2 The **Employer** agrees to inform the **Employee** 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 **Employee** to take any necessary action without delay.

11. MANAGEMENT OF EVALUATION OUTCOMES

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

11.2 A performance bonus of 5% to 14% of the all-inclusive annual remuneration package may be paid to the **Employee** 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%.

Range	Bonus
130.00% - 133.89%	5%
133.90% -137.69%	6%
137.70% - 141.49%	7%
141.50% - 145.29%	8%
145.30% - 149.99%	9%
150.00% - 153.49%	10%
153.50% - 156.89%	11%
156.90% - 160.29%	12%
160.30% - 163.69%	13%
163.70% +	14%

11.2.3 A pro rata bonus will be payable to the Employee based on the amount of full months employed, in the event that the evaluation period is not for a full financial year subject to the following: -.

11.2.3.1 That the evaluation period be no less than 6 months

11.2.3.2 That the employee be employed on the last day of the financial year and undergo a review during the agreed review period.

11.3 In the case of unacceptable performance, the **Employer** shall –

11.3.1 Provide systematic remedial or developmental support to assist the **Employee** 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 **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.

12. DISPUTE RESOLUTION

12.1 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 –

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the **Employee**; 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 of the Contract of Employment shall apply.

13. GENERAL

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

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

13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus **done** and **signed** at MAKHANDA on this the 10th day of May 2021

AS WITNESSES:

1. M. Cafayo

2. S. MGUBA

EMPLOYEE

AS WITNESSES:

1.

2.

MUNICIPAL MANAGER

Predetermined Objective(IDP	Project	SDBI Ref No	No	2020-21 Revised KPI	Quarter 1 Target- Ending 30 Sep 2020	Quarter 2 Target- Ending 31 Dec 2020	Quarter 3 Target- Ending 30 March 2021	Quarter 4 Target - Ending 30 June 2021	Annual Target	Portfolio Evidence
KPA 1: MUNICIPAL BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
1. Provision of reliable of basic service delivery infrastructure	Water quality	1_3_4_5	1	5. Percentage of Drinking Water Compliance to SANS 241	100%	100%	100%	100%	100%	Leboratory test result
1. Provision of reliable of basic service delivery infrastructure	Sewer quality	1_1_3_6	2	5. Percentage of Drinking Water Compliance to SANS 241	100%	100%	100%	100%	100%	Leboratory test result
6. Provision of new water and sanitation infrastructure	Water connection	1_1_6_7	3	7. Percentage of total water connections metered (as per requests)	100%	100%	100%	100%	100%	Job cards
5. Upgrading and refurbishment of water and sanitation infrastructure	Refurbishment Belmont Valley Wastewater Treatment Works Refurbishment	1_1_6_7	4	4. Percentage of Makana Bulk Sewer Upgrade phase 1 construction completed	70%	N/A	N/A	30%	70%	Detailed Excel Capital Report and progress report
6. Provision of new water and sanitation infrastructure	Replacement of Asbestos pipes	1_1_6_9	5	9. Percentage of asbestos pipes replaced	50%	N/A	N/A	20%	50%	Detailed Excel Capital Report and progress report
5. Upgrading and refurbishment of water and sanitation infrastructure	Upgrading of Mayfield waste water Treatment	1_1_5_10	6	10. Percentage of Mayfield Gravity Sewer completed	50%	N/A	N/A	30%	50%	Detailed Excel Capital Report and progress report
7. Upgrading, maintenance and resurfacing of roads network	Upgrade of Ncame Street	1_1_7_12	7	12. KMs of surfaced municipal roads which have been prepared (layer works)	4	N/A	N/A	N/A	4	Detailed Excel Capital Report and progress report
17. Provision, maintenance and repair of recreational facilities	Refubishemetn of Alicedale Halls	1_1_17_13	8	13. Number of community halls refurbished	2	N/A	N/A	N/A	2	Close- up report
KPA 3: LOCAL ECONOMIC DEVELOPMENT RURAL DEVELOPMWNT										
26. Promote job creation initiatives	Job Creatioin	3_5_26_24		24. Number of work opportunities through EPWP, CWP,Fiber installation and other related infrastructure programmes	Report Number of Job created on Infrastructure programmes(1400)	N/A	N/A	N/A	N/A	1400
KPA 4: INSTITUTIONAL DEVELOPMENT AND FINANCIAL MANAGEMENT(FINANCIAL MANAGEMENT)										
38. A financially viable and sustainable Municipality 2022	Expenditure Management	4_7_38_26		The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2020	90%	10%	30%	60%	90%	AFS and Section 71 In-Year Monthly & Quarterly Budget Statement