

## **Performance Agreement**

**Made by and entered into between**

**Ingquza Hill Local Municipality  
("The employer")**

**Represented by the Mayor, Councillor Jongintaba Pat Mdingi, duly  
authorized in terms of Section 57 (2) (c) of the Local Government: Municipal  
Systems Act No. 32 of 2000**

**and**

**Mluleki Fihlani  
("the Municipal Manager")**

**In his capacity as the accounting officer and the municipal administrative head  
of Ingquza Hill Local Municipality**

**FINANCIAL YEAR: 2015/2016**

## **ACRONYMS**

<b>SDBIP</b>	-	Service Delivery and Budget Implementation Plan
<b>BEE</b>	-	Black Economic Empowerment
<b>EXCO</b>	-	Executive Committee
<b>HOD</b>	-	Head of Department
<b>IDP</b>	-	Integrated Development Plan
<b>LED</b>	-	Local Economic Development
<b>MFMA</b>	-	Municipal Finance Management Act, No. 56 of 2003
<b>KPA</b>	-	Key Performance Area
<b>KPI</b>	-	Key Performance Indicators
<b>CCR</b>	-	Core Competency Requirements
<b>RSA</b>	-	Republic of South Africa
<b>SCM</b>	-	Supply Chain Management
<b>NEDLAC</b>	-	National Economic Development and Labour Council
<b>PIMS</b>	-	Planning Implementation and Management Support
<b>PDP</b>	-	Personal Development Plan
<b>PA</b>	-	Performance Agreement
<b>PP</b>	-	Performance Plan
<b>OPMS</b>	-	Organisational Performance Management System

## **DEFINITIONS**

- Ruling Language** - Refers to the language parties to the contract choose to use as a medium for formal communication between themselves.
- Financial Year** - Refers to the 12 month period which the organization determines as its budget year.

## **GENERAL PROVISIONS**

### **1. INTRODUCTION**

- 1.1 The Council has entered into a contract of employment with the Municipal Manager for a period of five (5) years, ending on **31 January 2017**, 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 Municipal Systems Act, read with the contract of employment concluded between the parties, requires the parties to conclude an annual performance agreement. That the parties hereby agree to have this contract developed in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers.
- 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 Council represented by the Mayor, to a set of actions that will secure local government policy goals.
- 1.4 This performance contract is between **Mluleki Fihlani**, the Municipal Manager, and **Ingquza Hill Local Municipality**, represented by **Councillor Jongintaba Pat Mdingi**, the Mayor. It is for the 2015/2016 financial year only. The expected performance reflected in this contract is based on the five-year Integrated Development Plan as reviewed and revised in 2015, and the 2015/2016 Service Delivery and Budget Implementation Plan. The two aforementioned documents have been adopted as the working documents of Ingquza Hill Local Municipality and therefore, shall be the basis of performance assessment.

### **2. STRATEGIC OBJECTIVE**

Over the period of his employment, the municipal manager shall bear the overall responsibility of driving Integrated Development Plan, making an assurance that its strategic objectives are achieved. As the accounting officer of the municipality, the municipal manager has a responsibility to ensure that the municipal Organisational Performance Management System is driving the municipality towards achievement of goals set out in the Integrated Development planning and the service delivery and budget implementation plan

### 3. PERFORMANCE BONUS & ANNUAL SALARY ADJUSTMENT

If the Municipal Manager achieves outstanding performance, he shall qualify for the annual performance bonus in accordance with the contract of employment, as entered into between the Mayor (for the Employer) and the Municipal Manager on **01 February 2012**, as well as the results of the performance evaluation agreed to in this contract. The acceptability of the level of performance or otherwise shall be determined and declared by the performance evaluation team in accordance with the provision of this agreement, following the receipt of a report on the Municipal Manager's achievement or otherwise of the KPIs as reflected in clause 3 of this contract.

Annexure "A" attached has listed Key Performance Areas (KPAs) and Core Competency Requirements (CCRs) that are collectively worth 100 points. Each KPAs and CCRs consists of Key Performance Indicators that have different weightings. The achievement score of above 160 percent shall be regarded as 100% performance bonus warranting, above 130 percent to 160 percent, as average and warranting a proportional percentage of performance bonus, above 80 percent to 130 percent shall warrant some form of in-kind recognition, and below 50 percent, shall require the employer to effect remedial measures that may include incapacity disciplinary enquiry.

A performance bonus for outstanding performance or an in-kind recognition of effective performance shall only be effected after,

- I. The annual report for the financial year under review has been tabled and adopted by the Municipal Council;
- II. An evaluation of performance in accordance with the provisions of regulation 23, and this contract; and
- III. Approval of such evaluation by the Municipal Council or delegated structure as a reward for outstanding performance or effective performance.

The salary increase for 2015/2016 shall be based on the provisions of the Local Government: Municipal Performance Regulations for Municipal Managers directly accountable to Municipal Managers, 2006. The employer shall grant an annual salary

adjustment linked to a cost-of-living adjustment based on market indicators, which is not performance based.

#### **4. EVALUATING PERFORMANCE**

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

The annual performance appraisal will involve:

- I. Assessment of the achievement of results as outlined in the performance plan;
- II. Assessing the extent to which the specified standards or KPIs have been met with due regard to ad-hoc tasks that had to be performed under the KPAs and CCRs.

The criteria upon which the performance of the employee shall be assessed consist of two components, both of which shall be contained in the performance plan:-

- I. The employee must be assessed against both components, with a weighting of 80:20 allocated to the KPAs and the CCRs respectively;
- II. Each area of assessment will be weighted and will contribute a specific part to the total score.

A five-point rating scale to be used for both KPAs and CCRs is as depicted hereunder:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The key 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 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 PA and Performance Plan.					
2	Performance 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 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.					
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 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.					

The performance bonus payment shall be categorised in two bands with some ranges per band.

The first performance bonus (cash rewards) payment band ranges between 5% and 9% of the all-inclusive remuneration package, as follows:

- I. A score of 130% to 136%, to qualify for a 5% bonus;
- II. A score of above 136% to 142%, to qualify for a 7% bonus;
- III. A score of above 142% to 149%, to qualify for a 9% bonus.

The second performance bonus (cash rewards) payment band ranges between 10% and 14% of the all-inclusive remuneration package, as follows:

- I. A score of 150% to 155%, to qualify for a 10% bonus;
- II. A score of above 155% to 160%, to qualify for a 13% bonus;
- III. A score of above 160%, to qualify for a 14% bonus.

A performance bonus may not be paid on a pro rata basis as the bonus is paid annually after complying with the legal requirements captured in this contract and the applicable laws.

The performance achievement ranging from 80% to 129% shall be regarded as fully effective and therefore warranting the employer to acknowledge and or recognize the employee, whichever is necessary. This category of performance acknowledgement and recognition is a non-financial rewards system. It will apply as follows:

- i. A score of 80% to 100%, to receive a letter of acknowledgement and recognition issued by the Mayor;
- ii. A score of above 100% to 120%, to receive a recognition certificate from the Mayor;
- iii. A score of above 120% to 129%, to receive an academic/skills development programme grant to a maximum of R20 000.00 only; this to be paid directly to a learning institution of choice. The selected programme must be linked to the personal development plan (Annexure B).

A level of performance achievement of 50% and below shall warrant the employer to execute corrective measures that may include disciplinary measures due to incapacity.

## **5. DEVELOPMENTAL REQUIREMENTS**

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

**6. CONSEQUENCE OF SUB-STANDARD PERFORMANCE**

Where the Mayor, at any time during the Municipal Manager's employment, is not satisfied with the Municipal Manager's performance with respect to any matter dealt with in this Agreement, the employer will give notice to the Municipal Manager to attend a monitoring and review meeting.

The Municipal Manager will have the opportunity at the meeting to satisfy the Mayor or the monitoring and evaluation team of the measures being taken to ensure that his performance becomes satisfactory and any program, including any dates, for implementing these measures.

**7. RULING LANGUAGE**

The contract is made out in the English language, which shall be the ruling language. All correspondence between the parties to this contract and all reports and documents pertaining to this contract shall be in the English language.

**8. TERM OF CONTRACT**

This contract shall be deemed to have been entered into on the 1<sup>st</sup> of July 2015 and will expire on the 30<sup>th</sup> of June 2016. The parties will conclude a new performance agreement that replaces this Agreement by not later than 31 July 2016. This Agreement will terminate on the termination of the Municipal Manager's contract of employment for any reason.

**9. LIMITATIONS OF THE CONTRACT**

This contract is an agreement between the employer and the Municipal Manager about the expected performance of the latter during the specified term. This contract is subject to the employment contract which the Municipal Manager entered into on accepting his position and to the relevant South African legislation. In the case of any ambiguity, the employment contract shall prevail over this performance contract. Nothing contained in this Agreement in any way limits the right of the employer to terminate the Municipal Manager's contract of



employment with or without notice for any other breach by the Municipal Manager of his obligations to the Municipality or for any other valid reason in law.

**10. MONITORING AND EVALUATION**

The monitoring and performance reviews for each quarter as determined in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 shall be comprised of the Mayor, and his brief will be to assess the performance of the Municipal Manager in line with the performance requirements as outlined in Annexure A of this contract. Despite the in-year reviews, the employer shall establish an assessment team to conduct an annual performance review; the team shall be composed as follows:

- I. Mayor,
- II. Chairperson of the performance/audit committee,
- III. A member of the Executive Committee,
- IV. Mayor and/or Municipal Manager from another municipality, and
- V. Member of the ward committee as nominated by the Mayor.

The Manager: Corporate Services must provide secretariat services to the evaluation panel referred to in clause 10 above.

**11. DISPUTE RESOLUTION**

In case of disputes, which cannot be resolved through negotiations and mediation, the employee has a right to refer the case to the MEC who must settle the case within thirty (30) days of receipt of a formal written dispute. The decision of the MEC shall be deemed final and binding on both parties.

**12. JURISDICTION**

Regardless of the place of execution, performance or domicile of the parties, this contract and all modifications and amendments hereof shall be governed by and construed under and in accordance with the laws of the Republic of South Africa.

**13. WHOLE AGREEMENT**

The parties to this contract agree that this contract constitutes the whole agreement and arrangement for the performance of the Municipal Manager with effect from 01 July 2015.

No agreement, varying, adding to, deleting from or canceling this contract, shall be effective unless reduced to writing and signed by both parties. The following annexures and appendices attached to this contract will have the same force and effect as if they were written in this section of the contract:

**ANNEXURE A: PERFORMANCE PLAN**

**ANNEXURE B: PERSONAL DEVELOPMENT PLAN**

**APPENDIX 1: COMMITMENT OF MANAGEMENT TEAM**

**APPENDIX 2: OBLIGATIONS OF THE EMPLOYER**

SIGNED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2015

**MUNICIPAL MANAGER**

**Signature:** \_\_\_\_\_

**Name Printed:** \_\_\_\_\_

**WITNESSES**

1. **Signature:** \_\_\_\_\_ **Name Printed:** \_\_\_\_\_

2. **Signature:** \_\_\_\_\_ **Name Printed:** \_\_\_\_\_

**FOR AND ON BEHALF OF INGQUZA HILL LOCAL MUNICIPALITY**

**MAYOR**

**Signature:** \_\_\_\_\_

**Name Printed:** \_\_\_\_\_

**WITNESSES**

1. **Signature:** \_\_\_\_\_ **Name Printed:** \_\_\_\_\_

2. **Signature:** \_\_\_\_\_ **Name Printed:** \_\_\_\_\_

## **ANNEXURE “A”**

### **PERFORMANCE PLAN**

#### **14. KEY PERFORMANCE AREAS (KPA)S FOR 2015/2016**

##### **14.1 BASIC SERVICE DELIVERY**

OBJECTIVES	WEIGHTING	RATING	KPI's	TARGETS			MEANS OF VERIFICATION
		CALCULATOR					
		WEIGHTING%					
14.1.1 To provide basic service delivery through infrastructural development in an environmentally friendly manner	16	20.00%	100% of capital budget spent on MIG & EPWP.	30 June 2016	Fruitful expenditure incurred.	100% expenditure on MIG	MIG statement of expenditure. Road management systems information
			Number of kilometer of access roads constructed in line with the IDP	June 2016	100%	Access Roads 87km.	Monthly reports
			Roads maintenance(1 road per ward)	June 2016	100%	70 km	Monthly reports
			Construction of office buildings	June 2016	100%	60%	Monthly reports
			Provision of electricity	June 2016	100%	1200 households to be connected	Monthly reports

## 14.2 MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING%	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	Quality	Quantity	
14.1.1. To improve good governance and public participation	4	5.00%	Number of quarterly reports to be adopted by the council	Quarterly	100%	4 reports to be adopted	Approved reports by the Mayor
14.1.2. To improve institutional Transformation and Organizational Development	2	2.50%	Implementation plan of the prioritized skills needs.  Implementation report in terms of the approved Skills Development Plan.	30 September 2015.  30 June 2016.	Implementation in terms of prioritized skills needs.	100% Compliance	Copy of the implementation plan.  Copy of the implementation report.
14.1.3 To improve institutional Transformation and Organizational Development	2	2.50%	Record keeping that is in line with Provincial legislation requirements	30 June 2016	Provincial requirements	100% Compliance	Proof of compliance
14.1.4 To improve institutional Transformation and Organizational Development	3	3.75%	Disciplinary turnaround time in line with labour legislation	30 June 2016	As per labour legislation	100% Compliance	Proof of compliance
14.1.5 To improve institutional Transformation and Organizational Development	3	3.75%	Documented procedures for the implementation of approved policies and systems	30 June 2015	Documented procedures for fair and consistent execution.	100% Compliance	Copy of the documented procedures.

### 14.3 LOCAL ECONOMIC DEVELOPMENT (LED)

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING%	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	Quality	Quantity	
14.3.1 To promote local economic development	3	3.75%	Number of LED projects to be supported with infrastructure	30 June 2016	100%	3	Monthly reports
14.3.2 To promote local economic development.	5	6.25%	Number of SMMEs to be supported with production inputs.	30 June 2016	100%	15	Delivery notes and monthly reports

### 14.4 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING%	KPI's	TARGETS			MEANS OF VERIFICATION
				Time	Quality	Quantity	
14.4.1 To promote and enhance financial viability	15	18.75%	Annual Financial Statements for the year ended 30 June 2015 submitted to Auditor-General. (10)	July 2015 31 August 2015 for AFS.	As prescribed by MFMA	100%	Council resolution adopting the Integrate Process Plan.  Copy of the Integrate Process Plan.  Proof of submission of the AFS by the deadline

OBJECTIVES	WEIGHTING	RATING CALCULATOR	KPI's	TARGETS			MEANS OF VERIFICATION
		WEIGHTING%		Time	Quality	Quantity	
14.4.3 To promote and enhance financial viability	5	6.25%	26 % achievable debt to income ratio.  98% improved sustainable debt collection ratio.	30/06/2016.	100%	26% for debt income ration & 98% on debt collection ratio.	Quarterly report and supporting schedules clearly indicating debt to income ratio.  Quarterly report and supporting schedules clearly indicating cumulative debt collection ratio.

## 14.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

OBJECTIVES	WEIGHTING	RATING CALCULATOR	KPI's	TARGETS			MEANS OF VERIFICATION
		WEIGHTING%		Time	Quality	Quantity	
14.5.1 To good governance and public participation	6	7.50%	Adopted process plan. Approved IDP for the financial year 2015/2016.  85% IDP credibility rating score.	30 June 2016	Compliance with Municipal Systems Act	100%	Council resolution approving the reviewed IDP.  IDP credibility rating report from the MEC.
14.5.2 To good governance and public participation	2	2.50%	Number of awareness workshops held with customers and staff (4)  A register of customer feedback on services rendered to customers. (2)	30 June 2016	In terms of Batho Pele principles.	100%	Reports on workshops conducted.  Copy of reports on customer's responses about the services provided.
14.5.3 To good governance and public participation	3	3.75%	Effective and efficient functioning of council and its committees (EXCO, MPAC, Audit committee ) as per the adopted council calendar	June 2016	Compliance with legislation	100%	Minutes of the meetings held
14.5.4 To good governance and public participation	5	6.25%	Number of IGR for a to be held	June 2016	Good governance	4 meetings	Minutes and attendance register
14.5.5 \To good governance and public participation institution	6	7.50%	Develop and monitor institutional a risk register	June 2015	Good governance	100%	Copy of adopted Risk assessment



## 15. CORE COMPETENCIES REQUIREMENTS (CCRs)

### SELECTED CORE COMPETENCIES REQUIREMENTS

- 1) Financial Management (Objective 15.1)
- 2) People Management and Empowerment (Objective 15.2)
- 3) Client Orientation and Customer Focus (Objective 15.3)
- 4) Change Management (Objective 15.4)
- 5) Supply Chain Management (Objective 15.5)
- 6) Accountability and Ethical Conduct (Objective 15.6)

OBJECTIVES	WEIGHTING	RATING CALCULATOR WEIGHTING	KPI's	TARGETS			MEANS OF VERIFICATION
				TIME	QUALITY	QUANTITY	
15.1 To ensure financial sustainability and management.	12	60%	a. Implemented cost-saving and belt tightening initiatives to control expenditure.	31/12/2015.	N/A	100%	Minutes of Top management & Exco meetings confirming controls implemented and fruits thereof.
15.2 To ensure sustainable institutional capacity.	4	20%	a. A training schedule of Top Management staff to meet the minimum competencies prescribed by National Treasury.	30/06/2016	MFMA regulations	90%	List of members of Top Management already completed the Minimum competency course as offered by Wits Business School, University of Pretoria or any other accredited institution.
15.3 To promote, facilitate and implement pro-poor economic development interventions.	4	20%	a. Implementation of Cooperatives development strategy and work awarded to cooperatives.	30/06/2016	N/A	100%	Implementation reports and minutes of Portfolio committee on planning or Council meetings confirming implementation Cooperatives development strategy and work awarded to cooperatives.
	20	100%					

**NB:** All performance requirements have a deadline of 30 June 2016, unless stated otherwise in the requirements.

## ANNEXURE “B”

### PERSONAL DEVELOPMENT PLAN

**NAME:** MLULEKI FIHLANI  
**JOB TITLE:** MUNICIPAL MANAGER  
**EMPLOYER:** INGQUZA HILL LOCAL MUNICIPALITY  
**FINANCIAL YEAR:** 2015/2016

Competency area to be enhanced	Proposed actions	Responsibility	Time-frame	Expected outcome
1. Strategic leadership and management.	<p>Receive the appropriate knowledge and training and thereafter be assessed by an Assessor accredited by the Local Government Sector Education Training Authority (LGSETA) in terms of the SAQA guidelines and NQF registered unit standards and criteria.</p> <p>Get the fundamental knowledge on the Economic policy and economic developments in the country and the world.</p>	Mayor	By 30/06/2016	Achieving the minimum competency requirements, as prescribed in the Municipal Regulations on Minimum Competency Levels, issued in terms of the MFMA, No. 56 of 2003.
2. Strategic financial management.	<p>Receive the appropriate knowledge and training and thereafter be assessed by an Assessor accredited by the Local Government Sector Education Training Authority (LGSETA) in terms of the SAQA guidelines and NQF registered unit standards and criteria.</p>	Mayor	By 30/06/2016.	Achieving the minimum competency requirements, as prescribed in the Municipal Regulations on Minimum Competency Levels, issued in terms of the MFMA, No. 56 of 2003.

# **APPENDIX 1**

## **Commitment of Management Team reporting directly to the Municipal Manager**

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We, the Directors : Strategic Development & Planning, Budget and Treasury, Corporate Services, Community Services and Technical Services hereby make this commitment to support the Municipal Manager, Mluleki Fihlani, to achieve targets as set in this performance agreement between him and the employer. As support managers, we understand that his targets are impossible to achieve without our full support and co-operation. We, therefore, accept both our individual and collective responsibilities towards the attainment of the set targets.

**1. Signed by** \_\_\_\_\_

Lucky Thokozani Madikizela

**CHIEF FINANCIAL OFFICER**

**2. Signed by** \_\_\_\_\_

Fezekile Mphako

**Director: CORPORATE SERVICES**

**3. Signed by** \_\_\_\_\_

Loyiso Tshangela

**Director: TECHNICAL SERVICES**

**4. Signed by** \_\_\_\_\_

Athi Owethu Pantshwa

**Director: STRATEGIC DEVELOPMENT AND PLANNING**

**5. Signed by** \_\_\_\_\_

Pateka Qwabe

**Director: COMMUNITY SERVICES**

## **APPENDIX 2**

### **1. OBLIGATIONS OF THE EMPLOYER (KEY ASSUMPTIONS)**

#### **1.1 Office Accommodation**

During the full period of the performance agreement the employer shall provide adequate office accommodation for the Municipal Manager. The occupational cost including the attendant ground rent obligations will be borne by the Employer.

#### **1.2 Personnel**

The employer shall be required to hire managers reporting directly to the Municipal Manager.

#### **1.3 Facilities and Equipment**

1.3.1 During the full period of the performance contract, the employer shall avail to the Municipal Manager all existing facilities and equipment which he will need in executing his duties.

#### **1.4 Other provisions**

##### **1.4.1 Approvals**

The Employer shall make a decision/comment on items submitted for approval/comment within two (2) week of receipt of the items.

##### **1.4.2 Tasks to the Employer**

The employer undertakes to execute all crucial activities that fall under his responsibility as required by this contract in order not to derail the continuity of department operations. If there is failure on the employer's part and the Municipal Manager feels that the attainment of targets of this contract is at stake, the two parties will meet and agree on the way forward.

##### **1.4.3 Substitution of the Municipal Manager**

The employer reserves the right to take appropriate action to replace the Municipal Manager as per employment contract of the Municipal Manager.

## **2 OBLIGATIONS OF THE MUNICIPAL MANAGER**

### **2.1 Conditions of service**

2.1.1 The Municipal Manager shall be the Head of the Administration, subject to the conditions of service as stipulated by the employer. The conditions of service of the Municipal Manager shall include but not restricted to:

2.1.1.1 Setting of specific of targets for managers reporting to him.

2.1.1.2 Advise Mayor on all matters including progress made in the implementation of the SDBIP.

2.1.1.3 Setting and monitoring of performance indicators for the municipality and execute corrective measures as and when necessary.

2.1.1.4 Ensuring that organisational assets are in a good working condition.

2.1.1.5 Provision of high quality service within all the departments in a cost effective manner within agreed time frames.

2.1.1.6 Completing and submitting performance reports for the municipality, to the Mayor or Executive Committee on a monthly and quarterly basis for information purposes.

2.1.1.7 Assessing performance reports for departmental staff where necessary.

2.1.1.8 Preparation of the annual budget and once approved, adhering to it.

2.1.1.9 Implementing strategies to improve the morale of staff.

2.1.1.10 Attending meetings and other occasions on behalf of organisation.

2.1.2 The Municipal Manager shall ensure that his staff has access and is well informed about the disciplinary procedure of the municipality.

2.1.3 Determining the optimum staff level necessary for the accomplishment of targets and advising the employer on reduction or increase of staff in the department. Staff restructuring or reduction will utilize the existing municipal 'staff pool' as will be mutually agreed between the employer and the Municipal Manager in fulfillment of the current staff reduction policy. If

such staff is to be laid off due to the staff reduction policy, the cost of severance and other terminal benefits shall be borne by the employer as required by the Labour Laws of RSA.

## 2.2 Standard of Service

2.2.1 The Municipal Manager shall exercise all his skills, reasonable care, responsibility and diligence in discharge of his duties under this contract. The Municipal Manager shall do so with sound professional conduct in accordance with generally accepted standards.

2.2.2 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.

## 2.3 Supervision of Personnel in the Municipality

The Municipal Manager undertakes to ensure the supervision of personnel in the organisation. If he is dissatisfied with performance of any staff, provisions of the relevant internal policy and legislative framework of RSA shall apply.

## 2.4 Targets and Milestones

2.4.1 The Municipal Manager shall do all in his power to achieve the targets and milestones indicated in the municipal IDP and Performance Management System.

2.4.2 The Municipal Manager undertakes to achieve the organisational targets, which shall be directly related to the expected improvement in the level of services and therefore improvement in the quality of life within the municipality. The organisational targets are those defined as performance requirements in the Performance Plan of this contract.

## 2.5 Reporting

2.5.1 The Municipal Manager shall submit detailed quarterly reports on the operation of the municipality to the employer. The reports shall include

details of achievement of targets and milestones for that quarter for information purposes. The quarterly report should reach the employer within one month after the quarter in question has lapsed.

2.5.2 The Municipal Manager also undertakes to submit any other report/s as required by the employer.

## 2.6 Expenditure

The Municipal Manager shall be responsible for the implementation of the approved operational and capital budget of the municipality.

## 2.7 Maintenance of Assets (fixed and movable) in the Municipality

The Municipal Manager shall assist the municipality in the maintenance of assets in the departments having authority to enter into service contracts with service providers to carry out such maintenance.

## 2.8 Purchases

2.8.1 The Municipal Manager undertakes to utilize the most recently approved Municipal Supply Chain Management Policy (SCM) to handle all procurement within the municipality, according to the provisions of this contract. No procurement shall be allowed to proceed outside of the approved SCM policy, and the Municipal Internal Auditor shall ensure that no payments are effected contrary to this arrangement.

## 2.9 Books and Records

The Municipal Manager shall keep accurate books and records of all finance operations and shall permit the employer to inspect them and make copies where necessary.

## 2.10 Financial Procedures

2.10.1 Financial year shall commence on the 1<sup>st</sup> July 2014 and end on the 30<sup>th</sup> June 2015, such period defined as the financial year shall be used for purposes of budgets, expenditures, cash flows and other operational requirements.



2.10.2 The employer reserves the right to ensure that finances are operated in accordance with the government's financial regulations and can utilize the services of an auditor in this regard.

2.10.3 The Municipal Manager must ensure strict adherence of all approved municipal financial policies, including issues of cost effectiveness, cost efficiency and over expenditure.

## 2.11 Budget

2.11.1 During the budget process the Municipal Manager shall make the necessary submissions to financial services reflecting the projected financial needs of the municipality for the following financial year.

2.11.2 The approval of the municipal budget shall constitute the authority to the Municipal Manager to incur expenditure accordingly and in line with the performance targets indicated in this performance contract.

## 2.12 Liability

The Municipal Manager shall be responsible towards the municipality for the performance of services in accordance with the provisions of this contract, subject to the following limitation.

2.12.1 The Municipal Manager shall not be liable for any damage or injury caused by or arising out of the act, neglect, default or omission, of any personnel in the organisation in the course of duty or anybody subcontracted by the municipality.

## 3. **OTHER PROVISIONS**

### 3.1 Unforeseen conditions

There may be some unforeseen conditions necessary for the success of this performance contract. If either party discovers such circumstances, during the course of operation of this performance contract, the matter shall be brought to the attention of the other, in writing. A meeting, whose timing shall be mutually agreed, shall then be convened to discuss the outstanding issues. The minutes of such a meeting shall form an addendum to this contract.