

**PERFORMANCE AGREEMENT**

MADE AND ENTERED INTO BY AND BETWEEN:

**THE MKHAMBATHINI MUNICIPALITY**  
**AS REPRESENTED BY THE MUNICIPAL MANAGER (duly authorised by Council)**

**MR DEVAN ANTHONY PILLAY**  
**(ID 7210255208082)**

AND

**MR SIPHO CEDRICK MAGCABA**  
**(ID 6710125530087)**

**THE CHIEF FINANCE OFFICER**

FOR THE

**FINANCIAL YEAR: 1 JULY 2011 - 30 JUNE 2012**

## PERFORMANCE AGREEMENT

### ENTERED INTO BY AND BETWEEN:

The Mkhambathini Municipality herein represented by Devan Pillay in his capacity as Municipal Manager (hereinafter referred to as the **Mkhambathini Municipality** or Supervisor)

and

Sipho Magcaba **The Chief Finance Officer of Mkhambathini Municipality** .

### WHEREBY IT IS AGREED AS FOLLOWS:

#### 1. INTRODUCTION

- 1.1 The **Mkhambathini Municipality** has entered into a contract of employment with the Chief Finance Officer in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). The Mkhambathini **Municipality** and the Chief Finance Officer 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 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 **Chief Finance Officer** and to communicate to the Chief Finance Officer the Mkhambathini Municipality's expectations of the **Chief Finance Officer** 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 **Chief Finance Officer** has met the performance expectations applicable to his or her job;
- 2.6 in the event of outstanding performance, to appropriately reward the Chief Finance Officer; and
- 2.7 give effect to the Mkhambathini Municipality's commitment to a performance-orientated relationship with its Chief Finance Officer in attaining equitable and improved service delivery.

### 3 COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the 1 July 2011 and will remain in force until 30 June 2012 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 31<sup>st</sup> of July each year.
- 3.3 The payment of the performance bonus is determined by the performance score obtained during the 4<sup>th</sup> quarter annual performance assessment as informed by the quarterly performance assessments.
- 3.4 The payment of a performance bonus for the year in which the **Chief Finance Officer** contract of employment expires will be done after the annual report for that year has been adopted by Council.
- 3.5 In the event of the **Chief Finance Officer** commencing or terminating his services with the municipality during the validity of this agreement, the **Chief Finance Officer** performance for the portion of the period referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.
- 3.6 This Agreement will terminate on the termination of the **Chief Finance Officer** contract of employment for any reason.

- 3.7 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.
- 3.8 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 **Chief Finance Officer** ;and
  - 4.1.2 the time frames within which those performance objectives and targets must be met.
- 4.2 The Personal Development Plan in Annexure B sets out the **Chief Finance Officer** personal developmental requirements in line with the objectives and targets of the Municipality.
- 4.3 The Core Competency Requirements (CCR's) reflected in Annexure C set out those management skills required as critical to the position held by the Chief Finance Officer
- 4.4 The performance objectives and targets reflected in Annexure A are set by the Mkhambathini **Municipality** in consultation with the **Chief Finance Officer** and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Mkhambathini **Municipality**, and shall include key objectives, key performance indicators, target dates and weightings.
- 4.5 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
- 4.6 The **Chief Finance Officer** performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Mkhambathini **Municipality's** Integrated Development Plan.

## 5 PERFORMANCE MANAGEMENT SYSTEM

- 5.1 The **Chief Finance Officer** agrees to participate in the performance management system that the Mkhambathini **Municipality** adopts or introduces for the Mkhambathini **Municipality**, management and municipal staff of the Mkhambathini **Municipality**.
- 5.2 The **Chief Finance Officer** accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Mkhambathini **Municipality**, management and municipal staff to perform to the standards required.
- 5.3 The Mkhambathini Municipality will consult the **Chief Finance Officer** about the specific performance standards that will be included in the performance management system as applicable to the Chief Finance Officer.
- 5.4 **The Chief Finance Officer** undertakes to actively focus towards the promotion and implementation of the KPAs (including special projects relevant to the General Manager: Internal Audit's responsibilities) within the local government framework.

## 6 PERFORMANCE ASSESSMENT

The performance of the **Chief Finance Officer** will be assessed against the outputs and outcomes achieved in terms of his / her Key Performance Areas (KPA's) as fully described in Annexure A and his / her Core Competency Requirements (CCR's) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPA's and CCR's respectively. Therefore the KPA's that refer to the main tasks of the a **Chief Finance Officer** account for 80% of his / her assessment while the CCR's make up the other 20% of the Chief Finance Officer assessment score.

The weightings agreed to in respect of the **Chief Finance Officer** KPA's attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPA's)	WEIGHT
Budget	15
Revenue	10
Expenditure and Asset Management	10
Supply Chain Management	10
Reporting	10
Annual Financial Statements	15

Valuations	10
<b>TOTAL PERCENTAGE</b>	<b>80%</b>

The weightings agreed to in respect of the CCR's considered most critical for the Manager's position and further defined in Annexure C are set out in the table below:-

<b>CORE COMPETENCY REQUIREMENTS – CCR's</b>		
<i>CORE MANAGERIAL COMPETENCIES (CMC)</i>	CHOICE	WEIGHT
Strategic Capability and Leadership		<b>4</b>
Programme and Project Management		
Financial Management		<b>6</b>
Change Management		
Knowledge Management		<b>3</b>
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment		<b>3</b>
Client Orientation and Customer Focus		<b>4</b>
Communication		
Honesty and Integrity		
<i>CORE OCCUPATIONAL COMPETENCIES (COC's)</i>		
Competence in Self Management		
Interpretation of and implementation within the legislative and national policy frameworks		
Knowledge of developmental Local Government		
Knowledge of Performance Management and Reporting		
Knowledge of Global and SA specific political, social and economic contexts		
Competence in Policy Conceptualisation, Analysis and Implementation		
Knowledge of more than one functional municipal field or discipline		
Mediation Skills		
Governance Skills		

Competence as required by other national line sector departments		
Exceptional and dynamic creativity to improve the functioning of the Municipality		
<b>TOTAL PERCENTAGE</b>		<b>20%</b>

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

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of a <b>Chief Finance Officer</b> at this level. The appraisal indicates that the Chief Finance Manager 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 <b>Chief Finance Officer</b> has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.					

Level	Terminology	Description	Rating				
			1	2	3	4	5
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the <b>Chief Finance Officer</b> has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the <b>Chief Finance Officer</b> 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 <b>Chief Finance Officer</b> has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The Chief Finance Officer 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.					

An indicative rating on the five-point scale should be provided for each KPA and CCR using the following as guidance:

1	Unacceptable
2	Not fully effective
3	Fully effective
4	Above expectations
5	Outstanding

Each KPA and CCR 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 to determine which rating on the five-point scale the Chief Finance Officer achieved. The following criteria could assist:

Duration of task	- Was the target achieved within the projected time frame?
Level of complexity	- Required problem solving - Reconciling different perceptions - Innovative alternatives used
Cost	- within budget - saving - overspending
Constraints	- Did envisaged constraints materialise? - If so, were steps taken to manage / reduce the effect of the constraint? - If not, did it beneficially affect the completion of the target? - Any innovative / pro-active steps to manage the constraint

Annexure "B" may be used as the basis for progress discussions by the Municipality.

An applicable assessment rating calculator must be used to add the KPA and CCR scores and calculate final KPA and CCR percentages.

## 7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

In terms of the Regulations, an assessment panel consists of the following persons must be established to evaluate the annual performance of the Manager at the end of the fourth quarter:

- Municipal Manager
- Chairperson of the Performance Audit Committee or in the absence thereof, the Chairperson of the Audit Committee
- A member of the Mayoral Committee
- Municipal Manager of another municipality

The performance of the **Chief Finance Officer** will be assessed in relation to his / her achievement of:

- the targets indicated for each KPA in Annexure A
- the CCR's as defined in Annexure C

on a date to be determined for each of the following quarterly periods:

1 <sup>st</sup> Quarter	-	July to September
2 <sup>nd</sup> Quarter	-	October to December
3 <sup>rd</sup> Quarter	-	January to March
4 <sup>th</sup> Quarter	-	April to June

Assessments in the first and third quarter may be verbal if the **Chief Finance Officer** performance is satisfactory.

The municipality will keep a record of the mid-year and annual assessment meetings.

The municipality may appoint an external facilitator to assist with the annual assessment.

The Human Resource Officer/ Manager of the Municipality must provide secretariat services to the evaluation panel for the annual performance assessment.

## 8. EVALUATING PERFORMANCE

The **Chief Finance Officer** will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Municipal Manager.

The Municipal Manager will give performance feedback to the **Chief Finance Officer** after each quarterly and the annual assessment meetings.

The evaluation of the **Chief Finance Officer** performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

At the end of the 4<sup>th</sup> quarter, the Mkhambathini Municipality will determine if the **Chief Finance Officer** is eligible for a performance bonus as envisaged in his/her contract of employment.

A performance bonus of between 5% and 14% of the all-inclusive remuneration package may be paid to the Chief Finance Officer in recognition of above average or outstanding performance, which is constituted as follows:-

- A score of 75% to 100% is awarded a performance bonus ranging from 10% to 14%; and
- A score of 65% to 74% is awarded a performance bonus ranging from 5% to 9% as further set out in Annexure D hereto.

The results of the annual assessment and the scoring report of the **Chief Finance Officer** for the purposes of bonus allocation, if applicable, will be submitted to the Council.

Personal growth and development needs identified during any performance assessment discussion, must be documented in the **Chief Finance Officer** Personal Development Plan as well as the action steps and set time frames agreed to.

Despite the establishment of agreed intervals for assessment, the Municipal Manager may, in addition, review the **Chief Finance Officer** performance at any stage while his/her contract of employment remains in force.

The Municipal Manager will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The **Chief Finance Officer** will be fully consulted before any such change is made.

The provisions of Annexure "A" may be amended by the Mkhambathini Municipality when the Municipality's performance management system is adopted, implemented and / or amended as the case may be subject to clause 5.3

## **9. OBLIGATIONS OF THE MKHAMBATHINI MUNICIPALITY**

9.1 The Mkhambathini Municipality shall –

- 9.1.1 create an enabling environment to facilitate effective performance by the Chief Finance Officer.
- 9.1.2 provide access to skills development and capacity building opportunities;

- 9.1.3 work collaboratively with the **Chief Finance Officer** to solve problems and generate solutions to common problems that may impact on the performance of the **Chief Finance Officer**
- 9.1.4 on the request of the **Chief Finance Officer** delegate such powers reasonably required by the Chief Finance Officer 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 **Chief Finance Officer** such resources as the Chief Finance Officer 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 Mkhambathini **Municipality** agrees to consult the **Chief Finance Officer** timeously where the exercising of the powers will have amongst others –
  - 10.1.1 a direct effect on the performance of any of the **Chief Finance Officer** functions;
  - 10.1.2 commit the **Chief Finance Officer** to implement or to give effect to a decision made by the Mkhambathini **Municipality**; and
  - 10.1.3 a substantial financial effect on the Mkhambathini **Municipality**.
- 10.2 The **Mkhambathini Municipality** agrees to inform the **Chief Finance Officer** 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 **Chief Finance Officer** to take any necessary action without delay.

## 11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE

- 11.1 Where the Municipal Manager is, at any time during the **Chief Finance Officer** employment, not satisfied with the **Chief Finance Officer** performance with respect to any matter dealt with in this Agreement, the Municipal Manager will give notice to the Chief Finance Manager to attend a meeting with the Municipal Manager.
- 11.2 The **Chief Finance Officer** will have the opportunity at the meeting to satisfy the Municipal Manager of the measures being taken to ensure that the **Chief Finance Officer** performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.
- 11.3 The Municipality will provide systematic remedial or developmental support to assist the General Manager: Internal Audit to improve his / her performance.

- 11.4 If, after appropriate performance counselling and having provided the necessary guidance and / or support as well as reasonable time for improvement in performance, the Municipal Manager holds the view that the performance of the **Chief Finance Officer** is not satisfactory, the Municipal Council will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the General Manager: Internal Audit, to terminate the Manager's employment in accordance with the notice period set out in the **Chief Finance Officer** contract of employment.
- 11.5 Where there is a dispute or difference as to the performance of the **Chief Finance Officer** under this Agreement, the Parties will confer with a view to resolving the dispute or difference.
- 11.6 Nothing contained in this Agreement in any way limits the rights of the Municipality to terminate the **Chief Finance Officer** contract of employment with or without notice for any other breach by the **Chief Finance Officer** of his obligations to the Municipality or for any other valid reason in law.

## 12. DISPUTE RESOLUTION

- 12.1 Any disputes about the nature of the **Chief Finance Officer** 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 Mayor
  - 12.1.2 the mediation shall take place within a period of 30 (Thirty) days of receipt of a formal dispute from the **Chief Finance Officer**
  - 12.1.3 the mediator's decision will be final and binding on both parties
- 12.2 Any disputes about the outcome of the **Chief Finance Officer** performance evaluation, must be mediated by:
  - 12.2.1 a member of the Municipal Council provided that such member was not part of the evaluation panel referred to in clause 8.7 above;
  - 12.2.2 the mediation shall take place within a period of 30 (Thirty) days of receipt of a formal dispute from the Chief Finance Officer ;
  - 12.2.3 the mediator's decision will be final and binding on both parties.

**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 Mkhambathini **Municipality**.
- 13.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the **Chief Finance Officer** 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 .....on this the..... day of ..... 2011..

**AS WITNESSES:**

1. \_\_\_\_\_

\_\_\_\_\_  
**CHIEF FINANCE OFFICER**

2. \_\_\_\_\_

**AS WITNESSES:**

1. \_\_\_\_\_

\_\_\_\_\_  
**MUNICIPAL MANAGER**

2. \_\_\_\_\_

**Annexure B**

**PERSONAL DEVELOPMENT PLAN (PDP)**

Entered into by and between

**THE MKHAMBATHINI MUNICIPALITY  
AS REPRESENTED BY THE MUNICIPAL MANAGER  
(duly authorised by Council)**

**MR D PILLAY**

**(ID 7210255208082)**

**["the Employer"]**

and

**SIPHO CEDRICK MAGCABA  
(ID 6710125530087)**

["the Employee"]

## Explanatory Notes to the Personal Development Plan

### 1. Introduction

1.1 A Municipality should be committed to –

- (a) the continuous training and development of its employees to achieve its vision, mission and strategic objectives and empower employees; and
- (b) managing training and development within the ambit of relevant national policies and legislation.

1.2 A Municipality should follow an integrated approach to Human Resource Development, that is:

- (a) Human resource development should form an integral part of human resource planning and management.
- (b) In order for a municipality's training and development strategy and plans to be successful it should be based on sound Human Resource (HR) practices, such as the (strategic) HR Plan, job descriptions, the result of regular performance appraisals, career pathing, scarce skills and talent management and succession planning.
- (c) To ensure the necessary linkage with performance management, the municipality's Performance Management and Development System should provide for the Personal Development Plans of employees to be included in their annual Performance Agreements. Such approach will ensure the alignment of individual performance objectives to the municipality's strategic objectives, and that training and development needs are also identified during the performance management and appraisal process.
- (d) Career-pathing and succession planning ensures that employees are placed and developed in jobs according to aptitude and identified potential and through training and development acquire the necessary competencies to prepare them for future positions. Scarce skills and talent management also requires appropriate training, education and development interventions.

### 2. Competence Modeling

2.1 What does an institution mean when it says an employee / prospective employee is competent if he / she fits a managerial competency framework or occupational competency profile? The institution is in fact expressing competence as a **future-oriented** ideal that they require to achieve their strategic objectives [The institution is in effect giving a depiction of the desired or required knowledge, skills and attributes for an individual in a specific position]. For competence to be useful, the associated competence should be greater than the observed performance as it will allow the individual growth towards this 'ideal'.

2.2 There is however a risk in expressing a required competence that a current or prospective employee should adhere to in the future, as the future is, by definition, uncertain. Managers cannot know how an employee will perform in the future nor can they know how employees that they did not select, did not promote, did not award a qualification to, might perform.

2.3 Moreover, managers do not make their expressions in a social vacuum. They do so within a social context in which there are various actors, various stakeholders, with different interests accountabilities, different things they are trying to achieve and various ways in which others

will hold them accountable. If managers are selecting employees they shall similarly have to justify their decisions to others. Relevance thus becomes an obvious issue that affects the level of confidence in such a decision. Various human resources procedures and systems need to be established to maintain the relevance of the expression of competence to the requirements of the employer. Confidence is the basis on which the various parties implicated in the decisions and actions taken within a competence system will seek to account to others for those decisions and actions.

2.4 When linking a decision that a prospective employee / current employee is competent the communication is based on what may be called conventions of assessment. Some common understanding is achieved by which a certain set of arrangements become socially accepted as the basis for linking different contexts. Contexts differ, in particular in terms of time. So performance in the past is linked to future situations in which desired performance is anticipated. This linking of contexts will normally involve some model, some way of accounting for the claimed link. The **dplg** has decided on:

2.4.1 A managerial competency framework as an expression of required managerial competencies.

2.4.2 Occupational competency profiles as expression of occupation / post competency requirements.

### 3. **Compiling the Personal Development Plan attached as the Appendix.**

3.1 The aim of the compilation of Personal Development Plans (PDPs) is to identify, prioritise and implement training needs

3.2 The Local Government: Municipal Systems Act: Guidelines: Generic senior management competency framework and occupational competency profiles provides comprehensive information on the relevance of items 2.4.1 and 2.4.2 above to the PDP process. The Municipal Finance Management Competency Regulations, such as those developed by the National Treasury and other line sector departments' legislated competency requirements need also be taken into consideration during the PDP process.

3.3 The assessment results of a manager against the minimum requirements contained in the managerial competency framework and occupational competency profiles will assist a manager, in consultation with his / her employee, to **compile a Personal Development Plan** as follows:

(a) The identified training needs should be **entered into column 1 of the Appendix, entitled Skills / Performance Gap**. The following should be carefully determined during such a process:

- a. Organisational needs, which include the following:
  - o Strategic development priorities and competency requirements, in line with the municipality's strategic objectives.
  - o The competency requirements of individual jobs. The relevant job requirements (job competency profile) as identified in the job description should be compared to the current competency profile of the employee to determine the individual's competency gaps.
  - o Specific competency gaps as identified during the probation period and performance appraisal of the employee.
- b. Individual training needs that are job / career related.

- (b) Next, the **prioritisation of the training needs [1 to ...] in column 1 should also be determined** since it may not be possible to address all identified training needs in a specific financial year. It is however of critical importance that training needs be addressed on a phased and priority basis. This implies that all these needs should be prioritized for purposes of accommodating critical / strategic training and development needs in the HR Plan, Personal Development Plans and the Workplace Skills Plan.
- (c) Consideration must then be given to the **outcomes expected in column 2 of the Appendix**, so that once the intervention is completed the impact it had can be measured against relevant output indicators.
- (d) **An appropriate intervention** should be identified to address training needs / skills gaps and the outcome to be achieved but with due regard to cost effectiveness. These interventions should be listed in **column 3 of the Appendix, entitled: Suggested training and / or development activity**. The training / development must also be conducted either in line with a recognised qualification from a tertiary institution or unit standards registered on the National Qualifications Framework (South African Qualifications Authority), which could enable the trainee to obtain recognition towards a qualification for training undertaken. It is important to determine through the Training / Human Resource Development / Skills Development Unit within the municipality whether unit standards have been developed with regard to a specific outcome / skills gap identified (and registered with the South African Qualifications Authority). Unit standards usually have measurable assessment criteria to determine achieved competency. There is more detail on this in item 4 below.
- (e) **Guidelines regarding the number of training days per employee and the nominations of employees:** An employee should on average receive at least five days of training per financial year and not unnecessarily be withdrawn from training interventions.
- (f) **Column 4 of the Appendix: The suggested mode of delivery** refers to the chosen methodology that is deemed most relevant to ensure transfer of skills. The training / development activity should impact on delivery back in the workplace. Mode of delivery consists of, amongst others, self-study [The official takes it upon him / her to read e.g. legislation]; internal or external training provision; coaching and / or mentoring and exchange programmes, etc.
- (g) The **suggested time frames (column 5 of the Appendix)** enable managers to effectively plan for the annum e.g. so that not all their employees are away from work within the same period and also ensuring that the PDP is implemented systematically.
- (h) **Work opportunity created to practice skill / development areas, in column 6 of the Appendix**, further ensures internalisation of information gained as well as return on investment (not just a nice to have skill but a necessary to have skill that is used in the workplace).
- (i) The final column, **column 7 of the Appendix**, provides the employee with a **support person** that could act as coach or mentor with regard to the area of learning.

3.4 Personal Development Plans are compiled for individual employees and the data collated from all employees in the municipality forms the basis for the prescribed Workplace Skills Plan, which municipalities are required to compile as a basis for all training and education activities

in the municipality, in a specific financial year and report on progress made to the Local Government Sector Education and Training Authority (LGSETA).

3.5 Funding should be made available for training, education and development, in line with the Skills Development Act, at least 1% of the personnel budget must be earmarked for it. Additional funding can also be secured in terms of the provisions of the Skills Development Levies Act from the LGSETA if:

- (a) A Skills Development Facilitator has been appointed.
- (b) The Workplace Skills Plan has been submitted.

**(c) A submission, including a Business Plan is submitted for additional grants [The LGSETA can be approached at Tel. 011 456 8579 for more information in this regard].**

4. Life-long learning

4.1 It was agreed that an outcomes-based Lifelong Learning Development Framework would be the basis on which Curriculum 2005 would be developed. The basic principle is that learners should be able to progress to higher levels of achievement by mastering prescribed learning outcomes. Learning programmes should thus facilitate progression from one phase or learning outcome to another and from any starting point in the education and training system. Prior knowledge (acquired informally or by work experience, would also have to be assessed and credited. National qualifications would be awarded, at each of the levels of the National Qualifications Framework (NQF) [see the attached definitions] provided that candidates have accumulated certain combinations of credits and have abided by probable rules of combinations required for such qualifications.

4.2 Eight learning areas were identified to form the basis of all education up to the Further Education and Training Certificate:

Nr.	Learning Area
1	Language, Literacy and Communication
2	Mathematical Literacy, Mathematics and Mathematical Science
3	Human and Social Sciences
4	Natural Sciences
5	Technology
6	Arts and Culture
7	Economic and Management Sciences

**4.3 As is clear from the definitions, there will be four phases, with Adult Basic Education and Training (ABET) linked to the first three. The history of school education had the effect that the majority of the adult population for black communities, were provided with inadequate education or no schooling. Thus ABET is viewed as a force for social participation and economic development and has been brought into the mainstream of the education and training system. The underlying principles are that ABET should provide a general basic education, promote critical thinking and empower individuals to participate in all aspects of society, and promote active learning methods, and, ABET should lead to nationally recognized certificates based on clear national standards assessed as learning outcomes.**

**4.4 Once the foundation phase is addressed the other phases can follow suit. In this regard the discussion in item 3.3 (d) refers. Note should also be taken that in addressing professionalisation within the local government sector there may be a need to develop vocational qualifications.**



## ANNEXURE D

### **ANNUAL BONUS RELATED PERFORMANCE APPRAISAL STANDARDS AND PROCEDURES**

This annual bonus related performance assessment of the Municipal Manager and Senior Managers is in accordance with the Municipal Performance Management Regulations, 01 August 2006.

It is informed by the Quarterly Performance Reviews which took place as scheduled in the Performance Agreements and uses the same evaluation scale and performance criteria as the Quarterly Reviews.

<b>PERFORMANCE APPRAISAL OF KPA'S AND CCR'S TO DETERMINE IF THE CORPORATE SERVICES MANAGER QUALIFIES FOR A PERFORMANCE BONUS &amp; RELEVANT PERCENTAGES</b>				
<b>LEVEL</b>	<b>DESCRIPTION</b>	<b>RATING</b>	<b>ASSESSMENT SCORE</b>	<b><u>PERFORMANCE BONUS</u></b>
Level 5: Outstanding Performance	Performance far exceeds the standard expected for the job in all areas of the manager. The Chief Finance Officer has achieved exceptional results against all performance criteria and indicators specified in the Performance Plan and maintained this in all areas of responsibility throughout the year.	5	75 - 100	<p>Maximum bonus allowed is 10%.</p> <p>Regulations are between 10% and 14% of persons inclusive annual remuneration package. The percentages as determined by Council are as follows:-</p> <p>75 – 76% - 10%</p> <p>77 – 78% - 11%</p> <p>79 – 80% - 12%</p> <p>81 – 84% - 13%</p> <p>85 – 100% - 14%</p>

<p>Level 4: Performance significantly above expectations</p>	<p>Performance is significantly higher than the standard expected for the job in all areas. The Chief Finance Officer has achieved above fully effective results against more than half of the performance criteria and indicators specified in the Performance Plan and fully achieved all others throughout the year.</p>	<p>4</p>	<p>65 - 74</p>	<p>Maximum bonus allowed is 9% of person's inclusive annual remuneration package. Regulations is between 5% and 9% of person's inclusive annual remuneration package. The percentages as determined by Council are as follows: 65 – 66% - 5% 67 – 68% - 6% 69 – 70% - 7% 71 – 72% - 8% 73 – 74% - 9%</p>
<p>Level 3: Fully effective</p>	<p>Performance fully meets the standard expected for the job in all areas. The Chief Finance Officer has achieved effective results against all significant performance criteria and indicators specified in the Performance Plan and may have achieved results significantly above expectations in one or two less significant areas throughout the year.</p>	<p>3</p>	<p>51 - 64</p>	<p>No bonus</p>

<p>Level 2: Performance not fully satisfactory</p>	<p>Performance is below the standard required for the job in key areas. The Chief Finance Officer has achieved adequate results against many key performance criteria and indicators specified in the Performance Plan but did not fully achieve adequate results against others during the course of the year. Improvement in these areas is necessary to bring performance up to the standard expected.</p>	<p>2</p>	<p>31 - 50</p>	<p>No bonus</p>
<p>Level 1: Unacceptable performance</p>	<p>Performance does not meet the standard required for the job. The Chief Finance Officer has not met one or more fundamental requirements and/or is achieving results that are well below the performance criteria and indicators in a number of significant areas of responsibility. The Chief Finance Officer has failed to demonstrate the commitment or ability to bring performance up to the level expected despite efforts to encourage improvement.</p>	<p>1</p>	<p>Less than 30</p>	<p>No bonus</p>

PERFORMANCE PLAN

FOR

CHIEF FINANCIAL OFFICER

1. Purpose

**The performance plan defines the Council's expectations of the Chief Finance Officer performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and as reviewed annually.**

2. Key responsibilities

**The following objects of local government will inform the Chief Finance Officer performance against set performance indicators:**

- 2.1 Provide democratic and accountable government for local communities.**
- 2.2 Ensure the provision of services to communities in a sustainable manner.**
- 2.3 Promote social and economic development.**
- 2.4 Promote a safe and healthy environment.**
- 2.5 Encourage the involvement of communities and community organisations in the matters of local government.**

3. Key Performance Areas

**The following Key Performance Areas (KPAs) as outlined in the Local Government: Municipal Planning and Performance Management Regulations (2001) inform the strategic objectives listed in the table below:**

- 3.1 Municipal Transformation and Organisational Development.**
- 3.2 Basic Service Delivery**
- 3.3 Local Economic Development (LED).**
- 3.4 Municipal Financial Viability and Management.**
- 3.5 Good Governance and Public Participation.**

4. Key Performance Objectives and Indicators, for the Chief Finance Officer

**Section 157 of the Constitution of the Republic of South Africa, 1996**

**Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Manager, 2006 (Regulation No. R805, dated 1 August 2006)**

**Regulation No. 796 (Local Government: Municipal Planning and Performance Management Regulations,2001) dated 24 August 2001**

**Municipal Finance Management Act, No. 56 of 2003**

**Municipal Property Rates Act, No. 6 of 2004**

**Municipal Structures Act, No. 117 of 1998**

**Municipal Systems Act, No. 32 of 2000**

**Any other applicable legislation applicable to the Chief Finance Officer**

**The period of this plan is from 1 July 2011 to 30 June 2012**

Signed and accepted by \_\_\_\_\_ Signed by the Municipal Manager \_\_\_\_\_

Job Title: \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_

Job title	Chief Finance Officer	The objective of my Department is:	To enhance the financial viability and management of the municipality.
Department	Finance Services		
The period of this Plan	1 July 2011 – 30 June 2012		
Signed and accepted by the employee :		The purpose of my job is:	To manage the financial services Department so that it achieves its strategic objectives and complies with all legal provisions
Signed by the employer :			

<b>MY INDIVIDUAL OUTPUTS (80% of appraisal)</b>						
<b>Key Objectives</b>	<b>Key performance indicators</b>	<b>Targets</b> (expressed in time, quantity, quality or cost)	<b>Weight</b>	<b>Performance status on date of review</b>	<b>Rate (1-5)</b>	<b>Score</b>
<b>KPA: Financial Viability and Management</b>						
1. To constantly improve the standard of budgeting and reporting	Approved and implemented financial policies	Implement financial policies by 30 June 2012	10			
	Approved budget	Budget aligned to IDP and approved by 30 June 2012	10			

Income Control					
2.To improve income control and generation	Annual Debtors Collection rate	Set norm by 31 Oct 2011	10		
	Implementation of Debt Collection policy and Credit Control	Improve revenue collection	10		

Key Objectives	Key performance indicators	Targets (expressed in time, quantity, quality or cost)	Weight	Performance status on date of review	Rate (1-5)	Score
Expenditure Control						
3.To constantly improve on the control of expenditure	Payment of creditors is 30 days	Implement Debt Settlement Policy by June 2012	20			
	GRAP compliant financial statements	Compile financial statements				
Supply Chain Management						

4. To fully implement the supply chain rules and regulations	Approved Supply Chain Management policies that are in line with the MFMA & regulations	Implement & Review policies and procedures annually	10			
	Number of contracts awarded to SMME through Joint Ventures and Consortiums	10% increase in contracts awarded to BEE companies	10			
<b>MY INDIVIDUAL INPUTS (20% of appraisal)</b>						
<b>Key Objectives</b>	<b>Key performance indicators</b>	<b>Targets (expressed in time, quantity, quality or cost)</b>	<b>Weight</b>	<b>Performance status on date of review</b>	<b>Rate (1-5)</b>	<b>Score</b>
<b>Core competency requirement: Financial Management</b>						
5. To manage the budget and ensure that objectives are pursued in an economical, efficient and effective and manner	Economical, efficient and effective results	Economical: <ul style="list-style-type: none"> <li>▪ Cost-benefit analyses conducted</li> <li>▪ Revenue enhancement initiatives introduced</li> </ul>	5			
		Efficient - Initiatives introduced to increase productivity and / or combat fruitless expenditure				

		Effective - works towards 100 % achievement of SDBIP objectives				
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<b>Key Objectives</b>	<b>Key performance indicators</b>	<b>Targets (expressed in time, quantity, quality or cost)</b>	<b>Weight</b>	<b>Performance status on date of review</b>	<b>Rate (1-5)</b>	<b>Score</b>
<b>Core competency requirement: People Management and Empowerment</b>						
6. To lead, direct and manage staff so that they meet their objectives	Progress made towards becoming an “employer of choice”	Facilitates a friendly working environment where employees:  Cooperate and communicate;  Do their share of the work;  Help out in times of crises;  Support decisions taken;  Are used to their full potential;  Continuously develop; and  Are encouraged to be	10			

		innovative.			
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Key Objectives	Key performance indicators	Targets (expressed in time, quantity, quality or cost)	Weight	Performance status on date of review	Rate (1-5)	Score
<b>Core competency requirement: Client Orientation and Customer Focus</b>						
7. To promote a customer friendly service	Implemented <i>Batho Pele</i> Programme	<p>Customers are consulted and their suggestions are implemented</p> <p>Performance is measured against service standards</p> <p>Steps are taken to improve access to services</p> <p>A Code of Conduct on Customer Care is implemented</p> <p>A Service Commitment Charter is in place</p> <p>An Annual Performance Report is provided to customers</p>	5			
<b>Total score for outputs and inputs</b>						



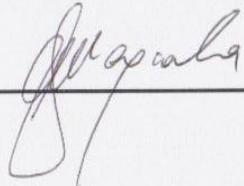
Personal Development Plan of Chief Finance Officer

Appendix

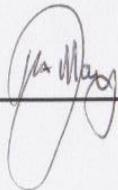
1 July 2011- 30 June 2012

1. Skills / Performance Gap (in order of priority)	2. Outcomes Expected (measurable indicators: quantity, quality and time frames)	3. Suggested training and / or development activity	4. Suggested mode of delivery	5. Suggested Time Frames	6. Work opportunity created to practice skill / development area	7. Support Person
1. GRAP STANDARDS	Fully understand GRAP Standard By 30 June 2012	Workshops on Accounting Standards	WORKSHOP	MAY 2012	GRAP COMPLIANT ANNUAL FINANCIAL STATEMENTS	MLM
2.						
3.						

Employee's signature :



Manager's signature:

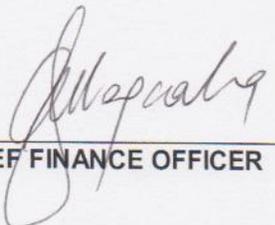


Thus done and signed at CAMPERDOWN on this the 25 day of July 2011..

**AS WITNESSES:**

1. Heik

2. Selamun

  
\_\_\_\_\_  
**CHIEF FINANCE OFFICER**

**AS WITNESSES:**

1. Heik

2. Selamun

  
\_\_\_\_\_  
**MUNICIPAL MANAGER**