

THE PERFORMANCE AGREEMENT

*Entered into by and between
the Ekurhuleni Metropolitan Municipality
“the Employer”*

Duly represented by The Executive Mayor of Ekurhuleni Metropolitan Municipality

**and
“the Employee”**

City Manager

*for the Financial Year:
1 July 2017 – 30 June 2018*

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Ekurhuleni Metropolitan Municipality herein represented by Cllr. Mzwandile Masina in his capacity as Executive Mayor (hereinafter referred to as the Employer)

And

Dr. Imogen Mashazi, employee of the Ekurhuleni Metropolitan Municipality (hereinafter referred to as the Employee).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Employer has entered into a contract of employment with the Employee in terms of section 56 of the Local Government: Municipal Systems Act 32 of 2000 as amended ("the Systems Act"). The Employer and the Employee are hereinafter referred to as "the Parties".
- 1.2 Section 56 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 the relevant sections 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(2)(a),(3A) and (4c) of the Act as well as the employment contract entered into between the parties;
- 2.2 specify national and local key performance areas (KPI's), key performance indicators (KPI's) and 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 (IDP), 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 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 **1 July 2017** and will remain in force until **30 June 2018**. 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, if applicable.
- 3.2 The parties will review the provisions of this Agreement during July 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 31 July of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the **Employee's** contract of employment for any reason.
- 3.4 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

4 PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan (Annexure A) sets out:
 - 4.1.1 The performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 The time frames within which those performance objectives and targets must be met.
- 4.2 The performance objectives and targets reflected in Annexure A are set by the **Employer** in consultation with the **Employee** and based on the Integrated Development Plan (IDP), 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 KPA's describe the main tasks that need to be done.
 - 4.2.2 The KPI's 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.

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5 PERFORMANCE MANAGEMENT SYSTEM

- 5.1 The **Employee** agrees to participate in the performance management system that the **Employer** adopts or introduces for the **Employer**, management and municipal staff of the **Employer**.
- 5.2 The **Employee** accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the **Employer**, management and municipal staff to perform to the standards required.
- 5.3 The **Employer** will consult the **Employee** about the specific performance 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 performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (Annexure A), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the **Employer** and **Employee**:

Key Performance Areas (KPA's)
Municipal Infrastructure Development and Service Delivery
Municipal Institutional Development and Transformation
Local Economic Development (LED)
Municipal Financial Viability and Management
Good Governance and Public Participation

- 5.7 The CCRs will make up the other 20% of the **Employee's** assessment score. CCRs that are deemed to be most critical for the **Employee's** specific job should be selected, as agreed to between the **Employer** and **Employee**. See Annexure A of this agreement for the Core Competency Requirements of the **City Manager**.

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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 frames.
- 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:
- 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.
- 6.5.2 **Assessment of the CCRs**
- (a) Each applicable 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 is to be multiplied by the weighting given to each CCR during the contracting process, to provide a 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:

Terminology	Description	Rating
Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The 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.	5
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.	4

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Terminology	Description	Rating
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.	3
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.	2
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.	1

6.7 For purposes of evaluating the annual performance of the City Manager, an evaluation panel constituted of the following persons must be established:

- 6.7.1 Executive Mayor or Mayor;
- 6.7.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.7.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- 6.7.4 Mayor and/or municipal manager from another municipality; and
- 6.7.5 Member of a ward committee as nominated by the Executive Mayor or Mayor.

6.8 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulation. (Regulation 27(4)(f) of Regulation 805).

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 with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

First quarter	:	July – September 2017
Second quarter	:	October – December 2017
Third quarter	:	January – March 2018
Fourth quarter	:	April – June 2018

7.2 The **Employer** shall keep a record of the mid-year review 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 (will be provided when required) is attached as Annexure B.

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 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 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 between 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%.
- 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.
- whose decision shall be final and binding on both parties.
- 12.2 In the event that the mediation process contemplated above fails, relevant provisions 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 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 Germiston on this the 28 day of July..... 2017.

AS WITNESSES:

1. [Signature]

2. [Signature]

AS WITNESSES:

1. [Signature]

[Signature]
EMPLOYEE

[Signature]
EMPLOYER (EXECUTIVE MAYOR)

ANNEXURE A

PERFORMANCE PLAN FOR Dr. IMOGEN MASHAZI CITY MANAGER

Content

1. Purpose of the Agreement
2. Responsibilities of the City Manager
3. Score Card
 - 3.1 Key Performance Areas
 - 3.2 Core Competency Requirements/Core Managerial Competencies
4. Declaration Statement for Measurement
5. Signatories

Source of information: Approved 2017/2018 City-Wide SDBIP

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1 PURPOSE OF THE AGREEMENT

The performance plan defines the Council's expectations of the **CITY MANAGER**. The performance plan detailed in Section 4.1 is in response to Section 56) of the Municipal Systems Act, as amended, i.e. the performance plan is based on the municipality's Integrated Development Plan (IDP).

2 RESPONSIBILITIES OF THE CITY MANAGER

The Municipal Manager in his capacity as the head of the municipal administration is responsible for the following:

- Effective management of the administration which includes human resources management, strategy management, operations management and governance management as it relates to all delegations.
- Political support and advice to political structures and political office bearers.
- Management of the interface between political offices and administration.
- Facilitating participation by the local community in the affairs of the municipality as it relates to service delivery issues
- Administration and implementation of the municipality's by-laws and other legislation.

The Municipal Manager in his capacity as the head Accounting Officer is responsible for the following:

- Management of the financial administration of the entity, and must for this purpose take all reasonable steps to ensure that the resources of the entity are used efficiently, effectively, economically and transparently.
- Management of assets and liabilities on behalf of the municipality.
- Management of supply chain as relates to demand management, procurement of goods and services in line with relevant policies and legislation.
- Budget management which includes budget formulation and implementation in line with adopted priorities in the IDP.

3. Scorecard

3.1 Key Performance Areas

Key Result Area	Key Outcomes	Weights	Activities	Key Performance Indicators	Baseline	Annual Target	5-Point Rating Scale	Source of Evidence	Means of Verification
1. KEY PERFORMANCE AREAS AS PER LEGISLATION - INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY (30%)									
Improved quality, maintenance and equitable services throughout urban	Improved service delivery	40%	Coordinate activities to achieve the targets (34) in the Metro-wide 2017/2018 SDBIP	1.1 % implementation of all direct outcomes, indicators and targets in the metro-wide SDBIP 2017-2018	TBD	100%	1 = <60% 2 = 61%-65% 3 = 66%-70% 4 = 71%-75% 5 = Above 75	Quarterly progress reports	Mayoral Committee and Council minutes
Signature Event	Signature Hosted Event	5%	Conceptualise a major/signature event in the City	1.2 # of Ekurhuleni's signature events hosted (Subject to funding)	New indicator	1	1 = - 2 = - 3 = - 4 = - 5 = 1	Progress reports	Mayoral Committee minutes
Improve quality and standards of health facilities	On-time, professionally staffed and Batho-Pele oriented clinics	5%	Build a culture of an 'ideal clinic' in all EMM clinic facilities	1.3 # of clinics acquiring the 'idea clinic status'	TBD	10 ¹	1 = 5 2 = 6-7 3 = 8 4 = 9 5 = >9	Quarterly progress reports and Mayoral Committee minutes	Report from the National Government Idea Clinic System
2. KEY PERFORMANCE AREAS AS PER LEGISLATION - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT (15%)									

¹ The CM to continue with the programme of increasing the number of Idea Clinics in the City.

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Key Result Area	Key Outcomes	Weights	Activities	Key Performance Indicators	Baseline	Annual Target	5-Point Rating Scale	Source of Evidence	Means of Verification
Environment Performance	Alternative Energy Generation	10%	Provide alternative energy generation solutions	2.1 draft power purchase agreement (PPA) finalised	New indicator	100%	1 = 31Mar.18 2 = 28Feb.18 3 = 31Jan.18 4 = 31Dec.17 5 = 30 Nov.17	Power Purchase Agreement	Mayoral Committee Minutes
3. KEY PERFORMANCE AREAS AS PER LEGISLATION- GOOD GOVERNANCE AND PUBLIC PARTICIPATION (20%)									
Institutional Review	Enhance the institutional efficiency through organisation configuration	5%	Coordinate the review of the Institutional Review in line with the new political term	3.2 % implementation of Rationalisation Process ²	TBD	80%	1 = 60%-70% 2 = 71%-79% 3 = 80% 4 = 81%85% 5 = >86%	Report on the Rationalization of Organizational Structure	Mayoral Committee and Council minutes
Separation of Powers model	Enhance the corporate governance framework	5%	Coordinate the finalisation of the delegations framework	3.3 % finalisation of the delegations framework in line with the new term.	TBD	80%	1 = 60%-70% 2 = 71%-79% 3 = 80% 4 = 81%85% 5 = >86%	System of Delegations	Mayoral Committee and Council minutes

² The City Manager will continue to implement annual targets of the rational process of the Institutional Review.

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Key Result Area	Key Outcomes	Weights	Activities	Key Performance Indicators	Baseline	Annual Target	5-Point Rating Scale	Source of Evidence	Means of Verification
Public Participation Strategy	A responsive, dependable service delivery regime.	5%	Rapid response to service delivery issues raised during public consultation processes.	3.2 # of the Siyaqhuba Review Report concluded	New indicator	1	1 = - 2 = - 3 = Approved by SMT 4 = Approved by the EM 5 = Approved by Maycom	Siyaqhuba Review Report	Mayoral Committee minutes
4. KEY PERFORMANCE AREAS AS PER LEGISLATION – LOCAL ECONOMIC DEVELOPMENT (10%)									
Implementation of the SCM	Increased economic empowerment for targeted groups as per revised SCM	5%	Create economic opportunities as per Ekurhuleni Community Empowerment Package	4.1 R- value of procurement opportunities benefiting women, youth, disabled, black industrialists and community job creations initiatives	New indicator	R1.5 billion (Minth iro)	1 = <1bn 2 = 1-1.5bn 3 = 1.5bn 4 = 1.5-2bn 5 = >3bn	SCM reports and AFS	Mayoral Committee and Council minutes
5. KEY PERFORMANCE AREAS AS PER LEGISLATION – FINANCIAL VAIBILITY AND SUSTAINABILITY (10%)									

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Key Result Area	Key Outcomes	Weights	Activities	Key Performance Indicators	Baseline	Annual Target	5-Point Rating Scale	Source of Evidence	Means of Verification
An ethical, clean political leadership and administration	Attainment of a clean audit report	10%	Implementation of the Operation Clean Audit interventions	5.1 # of clean audit reports attained	Unqualified audit with matters	100%	1 = Disclaimer 2 = Adverse 3 = Qualified 4 = Unqualified with matters 5 = Unqualified without matters (clean report)	AG's Management Letter and Internal Audit Reports.	Audit Report approved by Council.
Implementation of procurement plans and accelerated capital expenditure	Improved capital expenditure delivery capacity of the organisation.	10%	Coordinate the implementation and reporting of capital expenditure in the municipality through the war room and other initiatives.	5.2 % of metro-wide budget spent for the entire financial year.	TBD	90%	1 = <85% 2 = 85%-89% 3 = 90% 4 = 90%-94% 5 = >95%	Quarterly capex reports submitted to the Executive Mayor in his Mayoral Committee.	Audited Financial Statements and Council minutes.

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3.2 ANNEXURE A.2 COMPETENCIES = 20% OF PERFORMANCE AGREEMENT (Regulation 21 of 2014, of the Systems Act, Act No 32 of 2000)

LEADING COMPETENCIES (70%)			
Competency	Driving Competency	Weight (%)	Total Weighting
Strategic Direction and Leadership	Impact and Influence	3	15
	Institutional Performance Management	4	
	Strategic Planning and Management	5	
	Organisational Awareness	3	
People Management	Human Capital Planning and Development	4	10
	Diversity Management	2	
	Employee Relations Management	2	
	Negotiation and Dispute Management	2	
Program and Project Management	Program and Project Planning and Implementation	5	15
	Service Delivery and Management	5	
	Program and Project Monitoring and Evaluation	5	
Financial Management	Budget Planning and Execution	4	10
	Financial Strategy and Delivery	2	
	Financial Reporting and Monitoring	4	
Change Leadership	Change Vision and Strategy	5	10
	Process Design and Improvement	5	
	Change Impact Monitoring and Evaluation	5	
Governance Leadership	Policy Formulation	5	10
	Risk and Compliance Management	5	
	Cooperative Governance	5	
CORE COMPETENCIES (30%)			
Moral Competence		5	5
Planning and Organising		5	5
Analysis and Innovation		5	5
Knowledge & Information Management		5	5
Communication		5	5
Results and Quality Focus		5	5

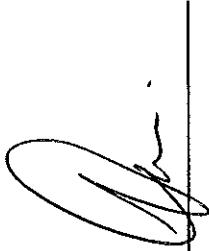
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4. **Declaration Statement for Measurement**

The City Manager hereby declares to be aware of the contents of this performance agreement and to do all that is legally possible to achieve the intended results and to be held accountable for work done in the municipality. Where baselines do not exist the second quarter results will be used as a baseline. You will also be held responsible for work done in the departments and in other inter departmental enterprise teams that you form part thereof.

5. **Signatories**

Signature of the Employer: _____



Signed and accepted by (full names) _____

LESIBA C. MPH

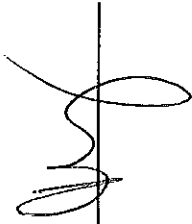
representing the Ekurhuleni Metropolitan Municipality "the Employer".

(position)

ACTING EXECUTIVE MAYOR, duly

Date: 28/07/2017

Signature of the Employee:



Signed and accepted by (full names) De Fmogan Makhazi (position) CITY MANAGER, the employee of the Ekurhuleni Metropolitan Municipality.

Date:

28/07/2017

ANNEXURE B: PERSONAL DEVELOPMENT PLAN

SURNAME: MASHAZI NAME(S): IMOGEN DESIGNATION: CITY MANAGER SOC CODE: _____

DEPARTMENT: _____ DIVISION (if applicable): _____

CURRENT QUALIFICATIONS: _____

INTERVENTIONS

FINANCIAL YEAR	LEARNING GOALS/OBJECTIVES	SKILLS, KNOWLEDGE OR EXPERIENCE	DEVELOPMENT INITIATIVE (TRAINING, MENTORING, COACHING, GUIDANCE OR INSTRUCTION). IDENTIFY SPECIFIC LEARNING PROGRAMMES OR COURSES	ESTIMATED COST	DURATION
2016/2017					
2017/2018		Corporate Governance	Institute of Directors-Southern Africa		