

**Performance Agreement  
2014/2015**

**Ms LOUISE HOEK  
CHIEF FINANCIAL OFFICER**

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

THE EXECUTIVE AUTHORITY OF  
THE EDEN DISTRICT MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER

**GODFREY WINSTON LOUW**

(herein and after referred as Employer)

AND

CHIEF FINANCIAL OFFICER

**Ms LOUISE HOEK**

(herein and after referred as Employee)

**FOR THE FINANCIAL YEAR:**

**1 JULY 2014 - 30 JUNE 2015**

**1. INTRODUCTION**

- 1.1 The Employer has entered into a contract of employment with the Employee in terms of the Collective Agreement that includes the Basic Conditions of service/employment. The Employer and the Employee are hereinafter referred as "the Parties";
- 1.2 The Collective Agreement, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance agreement;
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will secure local government policy goals;
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act;
- 1.5 In this Agreement the followings terms will have the meaning ascribed thereto:
  - 1.5.1 "this Agreement" – means the performance agreement between the Employer and the employee and the Annexures thereto;
  - 1.5.2 "the Executive Authority" – means the Mayoral Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act 117 of 1998 ("Structures Act") as represented by its chairperson, the Executive Mayor;
  - 1.5.3 "the Employee: means the Chief Financial Officer at the Municipality;
  - 1.5.4 "the Employer" means EDEN DISTRICT Municipality; and
  - 1.5.5 "the Parties" means the Employer and Employee.

**2. PURPOSE OF THIS AGREEMENT**

- 2.1 Comply with the provisions of Section 57(1)(b),(4A), (4B) and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 Specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;
- 2.3 Specify accountabilities as set out in the Performance Plan (Annexure A);

- 2.4 Monitor and measure performance against set targeted outputs and outcomes;
- 2.5 Appropriately reward the Employee in accordance with section 11 of this agreement;
- 2.6 Establish a transparent and accountable working relationship; and
- 2.7 Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

### **3. COMMENCEMENT AND DURATION**

- 3.1 This Agreement will commence on the 01 July 2014 and will remain in force until 30 June 2015 where after a new Performance Agreement shall be concluded between the parties for the next financial year or any portion thereof;
- 3.2 The Parties will conclude a new Performance Agreement that replaces this Agreement at least once a year by not later than 31<sup>st</sup> of July of the succeeding financial year;
- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason; and
- 3.4 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon.

### **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;
  - 4.1.2 The time frames within which those performance objectives and targets must be met; and
  - 4.1.3 The core competency requirements (Annexure B – definitions) as the management skills regarded as critical to the position held by the employee.
- 4.2 The performance objectives and targets reflected in Annexure A are set by the Employer in consultation with the Employee and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Employer, and shall include:

- 4.2.1 Key objectives that describe the main tasks that needs to be done;
  - 4.2.2 Key performance indicators that provide the details of the evidence that must be provided to show that a key objective has been achieved;
  - 4.2.3 Target dates that describe the timeframe in which the work must be achieved; and
  - 4.2.4 Weightings showing the relative importance of the key objectives to each other.
- 4.3 The Personal Development Plan (Annexure B) sets out the Employee's personal development requirements in line with the objectives and targets of the Employer; and
- 4.4 The Employee's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

## **5. PERFORMANCE MANAGEMENT SYSTEM**

- 5.1 The Employee agrees to participate in the performance management system that the municipality adopted for the employees of the municipality;
- 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 employees and relevant stakeholders to perform to the standards required;
- 5.3 The Employer will consult the employee about the specific performance standards and targets that will be included in the performance management system applicable to the employee;
- 5.4 The Employee undertakes to actively focus on the promotion and implementation of the Key Performance Areas (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;
- 5.6 The Employee's assessment will be based on his/her performance in terms of the outputs/outcomes (performance indicators) identified as per attached Performance Plan, 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:

KPA No	Key Performance Area
1	Service Delivery and Infrastructure
2	Municipal Transformation and Institutional Development
3	Local Economic Development
4	Municipal Financial Viability and Management
5	Good Governance, Public Participation Accountability and Transparency
<b>TOTAL 80%</b>	

- 5.7 The CCR's will make up the other 20% of the Employee's assessment score. CCR's that are deemed to be most critical for the Employee's specific job are reflected in the list below as agreed to between the Employer and Employee:

CCR No	Core Competency Requirement
1	Strategic Direction and Leadership (GG no. 37245, 17 January 2014)
2	Financial Management (GG no. 37245, 17 January 2014)
3	People Management (GG no. 37245, 17 January 2014)
4	Programme and Project Management (GG no. 37245, 17 January 2014)
5	Change Leadership (GG no. 37245, 17 January 2014)
6	Governance Leadership (GG no. 37245, 17 January 2014)
7	Moral Competence (GG no. 37245, 17 January 2014)
8	Planning and Organizing (GG no. 37245, 17 January 2014)
9	Analysis and Innovation (GG no. 37245, 17 January 2014)
10	Knowledge and Information Management (GG no. 37245, 17 January 2014)
11	Communication (GG no. 37245, 17 January 2014)
12	Results and Quality Focus (GG no. 37245, 17 January 2014)
<b>TOTAL 20%</b>	

## 6. PERFORMANCE ASSESSMENT

- 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 Integrated Development Plan (IDP);
- 6.5 The Employee will submit quarterly performance reports (SDBIP) and a comprehensive annual performance report at least one week prior to the performance assessment meetings to the Evaluation Panel Chairperson for distribution to the panel members for preparation purposes;
- 6.6 Assessment of the achievement of results as outlined in the performance plan:
- 6.6.1 Each KPI or group of KPI's shall be assessed according to the extent to which the specified standards or performance targets have been met and with due regard to ad-hoc tasks that had to be performed under the KPI;
- 6.6.2 A rating on the five-point scale shall be provided for each KPI or group of KPI's which will then be multiplied by the weighting to calculate the final score;
- 6.6.3 In the instance where the employee could not perform due to reasons outside the control of the employer and employee, the KPI will not be considered during the evaluation. The employee should provide sufficient evidence in such instances; and
- 6.6.4 An overall score will be calculated based on the total of the individual scores calculated above.
- 6.7 Assessment of the CCRs:
- 6.7.1 Each CCR shall be assessed according to the extent to which the specified standards for the required proficiency level have been met;
- 6.7.2 A rating on the five-point scale shall be provided for each CCR which will then be multiplied by the weighting to calculate the final score; and
- 6.7.3 An overall score will be calculated based on the total of the individual scores calculated above.
- 6.8 Overall rating
- 6.8.1 An overall rating is calculated by adding the overall scores as calculated in 6.6.4 and 6.7.3 above; and

6.8.2 Such overall rating represents the outcome of the performance appraisal.

6.9 The assessment of the performance of the Employee will be based on the following rating scale for KPI's and CCRs:

Level	Terminology	Description
5	<b>Outstanding performance</b>	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.
4	<b>Performance significantly above expectations</b>	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	<b>Fully effective</b>	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	<b>Not fully effective</b>	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	<b>Unacceptable performance</b>	Performance does not meet the standard expected for the job. The review/assessment indicates that they 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.

6.10 For purposes of evaluating the performance of the Employee for the mid-year and year-end reviews, an evaluation panel constituted of the following persons will be established –

6.10.1 Municipal Manager;

6.10.2 Municipal Manager from another municipality;

6.10.3 Chairperson of the Performance Audit Committee or in his/her absence thereof, the member of the Audit Committee; and

6.10.4 Portfolio Councillor as member of the Mayoral Committee.

- 6.11 The Municipal Manager will evaluate the performance of the Employee as at the end of the 1<sup>st</sup> and 3<sup>rd</sup> quarters; and
- 6.12 The Municipal Manager will give performance feedback to the Employee within 5 working days after each quarterly and annual assessment meetings.

## 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 reviews in the first and third quarter may be verbal if performance is satisfactory:

Quarter	Review Period	Review to be completed by
1	July - September 2014	October 2014
2	October - December 2014	February 2015
3	January - March 2015	April 2015
4	April-June 2015	September 2015

- 7.2 The Employer shall keep a record of the mid-year and year-end 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; and
- 7.5 The Employer may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and/or amended as the case may be. In that case, the Employee will be fully consulted before any such change is made.

## 8. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing developmental gaps is attached as Annexure C. Such Plan may be implemented and/or amended as the case may be after the each assessment. In that case, the Employee will be fully consulted before any such change or plan is made.



**9. OBLIGATIONS OF THE EMPLOYER**

9.1 The Employer shall-

- 9.1.1 Create an enabling environment to facilitate effective performance by the employee;
- 9.1.2 Provide access to skills development and capacity building opportunities;
- 9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 9.1.4 On the request of the Employee delegate such powers reasonably required by the Employee to enable him/her to meet the performance objectives and targets established in terms of this Agreement; and
- 9.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting him/her to meet the performance objectives and targets established in terms of this Agreement.

**10. CONSULTATION**

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

- 10.1.1 A direct effect on the performance of any of the Employee's functions;
- 10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
- 10.1.3 A substantial financial effect on the Employer.

10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in clause 12.1 as soon as is practicable to enable the Employee to take any necessary action with delay.

**11. REWARD**

11.1 The Employee will not receive a performance bonus, since a 13<sup>th</sup> cheque is part of the total remuneration package;

- 11.2 In the event of the Employee terminating his services during the validity period of the Agreement, the Employee's performance will be evaluated for the portion during which he/she was employed and he/she will be entitled to a pro-rata portion of the 13<sup>th</sup> cheque and
- 11.3 The Employer will submit the results of the annual assessment and the scoring report of the Employee to full Council.

## **12. MANAGEMENT OF EVALUATION OUTCOMES**

- 12.1 Where the employer is, at any time during the employees employment, not satisfied with the manager's performance with respect to any matter dealt with in this Agreement, the employer will give notice the employee to attend a meeting;
- 12.2 The employee will have the opportunity at the meeting to satisfy the employer of the measures being taken to ensure that his performance becomes satisfactory and any programme, including any dates, for implementing these measures;
- 12.3 Where there is a dispute or difference as to the performance of the employee under this Agreement, the parties will confer with a view to resolving the dispute or difference; and
- 12.4 In the case of unacceptable performance, the employer shall –
- 12.4.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
  - 12.4.2 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 take steps in terms of the Local Government: Disciplinary Regulations for Senior Managers published under GN 344 in GG34213 of 21 April 2011.

## **13. DISPUTE RESOLUTION**

- 13.1 In the event that the employee is dissatisfied with any decision or action of the Council in terms of this Agreement, or where a dispute or difference arises as to the extent to which the employee has achieved the performance objectives and targets established in terms of this Agreement, the employee may within 3 working days meet with the employer with a view to resolving the issue. The employer will record the outcome of the meeting in writing;
- 13.2 If the parties could not resolve the issues within 10 working days, an independent arbiter, acceptable to both parties, should be appointed to resolve the matter within thirty days.

**14. GENERAL**

14.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A (Total Score) may be made available to the public by the Employer; and

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

Thus done and signed at George on this the 31 day of July 2014.

**AS WITNESSES:**

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

  
\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

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

Thus done and signed at George on this the 31 day of July 2014.

**AS WITNESSES:**

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

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

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