

Performance Management Policy

as reviewed for 09/10



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1. INTRODUCTION

[1] Section 152(1) of the Constitution of the Republic of South Africa, Act 108 of 1996, refers to the objectives of local government, which are:

- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organisations in the matters of local government.

[2] Section 155(1) of the Constitution of the Republic of South Africa, Act 108 of 1996, defines the category of municipalities that can be established. A Category C (district) municipality is a municipality that has municipal executive and legislative authority in an area that includes more than one municipality. A Category B (local) municipality is a municipality that shares municipal executive and legislative authority in its area with a Category C (district) municipality within whose area it falls. The Constitution therefore provides for joint responsibility between the Category C (district) municipality and the Category B (local) municipalities within its area of jurisdiction to ensure service delivery to the communities within their respective service areas.

[3] In terms of Section 9 of the Municipal Structures Act, Act 117 of 1998, as amended, there are the following types of Category B (local) municipalities:

- (a) a municipality with a collective executive system;
- (b) a municipality with a collective executive system combined with a ward participatory system;
- (c) a municipality with a mayoral executive system;
- (d) a municipality with a mayoral executive system combined with a ward participatory system;
- (e) a municipality with a plenary executive system; and
- (f) a municipality with a plenary executive system combined with a ward participatory system.

Mdoni Local Municipality is a Category B (local) municipality with a collective executive system combined with a ward participatory system.

- [4] Section 156 of the Constitution of the Republic of South Africa, Act 108 of 1996, deals with the powers and functions of municipalities. Section 156(1) indicates that a municipality (whether district or local) has executive authority in respect of, and has the right to administer -
- (a) the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 of the Constitution; and
 - (b) any other matter assigned to it by national or provincial legislation.
- [5] The powers and functions allocated to district municipalities are recorded in Section 84(1) of the Municipal Structures Act, Act 117 of 1998, as amended. Section 84(2) of the Municipal Structures Act, as amended, indicates that a local municipality has the powers and functions referred to in Section 83(1) of the same Act, excluding those functions and powers vested in terms of Section 84(1) in the district municipality in whose area it falls. Section 83(1) of the Municipal Structures Act, as amended, stipulates that a municipality has the functions and powers assigned to it in terms of Sections 156 and 229 of the Constitution. Section 229 of the Constitution deals primarily with the process of revenue generation by municipalities through the imposition of assessment rates and the raising of bills for services delivered.
- [6] The Municipal Structures Amendment Act, Act 33 of 2000, in addition to expanding the definition of the powers and functions of district municipalities, also introduced the concept of national functions - potable water, waste water, electricity and municipal health services. Section 6(b) of the Municipal Structures Amendment Act, Act 33 of 2000, stipulates that the Minister of Provincial and Local Government determines, after consultation with the Cabinet Minister responsible for the functional area in question and after consulting the MEC for local government in the province, the allocation of responsibility for the performance of these functions between the district municipality and the local municipalities within its area of jurisdiction. The MEC for local government in each of the provinces determines the allocation of responsibility for the remaining district municipality functions listed in Section 84(1) of the Municipal Structures Act, Act 117 of 1998, as amended.
- [7] With the exception of the district municipal functions listed as Section 84(1)(o) and Section 84(1)(p), all of the functions listed in Section 84(1) of the Municipal Structures Act, Act 117 of 1998, as amended, have corresponding functions listed in either Schedule 4 Part B or Schedule 5 Part B of the Constitution. The effect of this provision is that these powers and functions are split between the local municipality and the district municipality of which it forms a part. The Minister of Provincial and Local Government and the MEC for local government in each province can, therefore, authorise a local municipality to perform its function as indicated in the Constitution or authorise the local municipality to perform the full function, including the district municipality component derived from Section 84(1). Equally, the Minister of Provincial and Local Government and the MEC for local government in each province can authorise a district municipality to perform the full function within the service area of a local municipality in its area of jurisdiction, including the local municipality component derived from Schedule 4 Part B and Schedule 5 Part B of the Constitution.

- [8] In terms of the National Health Act, Act 61 of 2003, municipal health services have been defined as being environmental health services. Consequently, the provision of primary health care is now the responsibility of the provincial health authorities. The Water Services Act, Act 98 of 1997, introduced the concept of water services authorities and water services providers. In the area of jurisdiction of the Mdoni Local Municipality, the O R Tambo District Municipality is both the water services authority and the water services provider.

2. BACKGROUND

- [9] The Constitution of the Republic of South Africa, Act 108 of 1996, introduced the concept of developmental local government to the third tier of government in South Africa. Section 153(a) of the Constitution stipulates that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community. The developmental local government approach requires that plans are not only made by municipalities but that they are implemented and the municipality actually achieves what it planned for. Planning is merely an enabling process, the efficiency and effectiveness of which is measured by the performance management system.

- [10] Section 26 of the Municipal Systems Act, Act 32 of 2000, as amended, outlines the core components of an integrated development plan, the principal planning document within any municipality. It stipulates that an integrated development plan must reflect -

- (a) the municipal council's vision for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- (b) an assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;
- (c) the council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- (d) the council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- (e) a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;

- (f) the council's operational strategies;
- (g) applicable disaster management plans;
- (h) a financial plan, which must include a budget projection for at least the next three years; and
- (i) the key performance indicators and performance targets determined in terms of Section 41 of the Municipal Systems Act.

[11] In terms of Section 35(1)(a) of the Municipal Systems Act, Act 32 of 2000, as amended, an integrated development plan adopted by the council of a municipality is the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality. Section 36 of the Municipal Systems Act requires that a municipality must give effect to its integrated development plan and conduct its affairs in a manner which is consistent with its integrated development plan.

[12] Section 38 of the Municipal Systems Act, Act 32 of 2000, as amended, stipulates that a municipality must -

- (a) establish a performance management system that is -
 - (i) commensurate with its resources;
 - (ii) best suited to its circumstances; and (Hi) in line with the priorities, objectives, indicators and targets contained in its integrated development plan;
- (b) promote a culture of performance management amongst its political structures, political office bearers and councillors and in its administration; and
- (c) administer its affairs in an economical, effective, efficient and accountable manner.

[13] In terms of Section 39 of the Municipal Systems Act, Act 32 of 2000, as amended, the executive committee (in the case of Mdoni Local Municipality) must -

- (a) manage the development of the municipality's performance management system;
- (b) assign responsibilities in this regard to the municipal manager; and
- (c) submit the proposed system to the municipal council for adoption

[14] Section 40 of the Municipal Systems Act, Act 32 of 2000, as amended, requires that a municipality must establish mechanisms to monitor and review its performance management system.

3. LEGISLATIVE FRAMEWORK

[15] This performance management policy has been developed in accordance with the prescriptions of recently promulgated local government legislation, regulations and other guidelines. Specifically, the following are relevant to the development of this performance management policy -

- > The Constitution of the Republic of South Africa, Act 108 of 1996
- > The White Paper on Local Government, published in 1998
- > The Municipal Structures Act, Act 117 of 1998, as amended
- > The Municipal Systems Act, Act 32 of 2000, as amended
- > The Municipal Structures Amendment Act, Act 33 of 2000
- > The Municipal Planning and Performance Regulations, gazette in August 2001
- > Municipal Finance Management Act, Act 56 of 2003

[16] The concept of performance management for the third tier of government was first raised in the *White Paper* on Local Government. The concept document indicated that "*there is a need for a national performance management system to assess the overall state of local government, monitor the effectiveness of development strategies adopted by different municipalities and ensure that scarce resources are used efficiently*". Further "*to provide an early warning where municipalities are experiencing difficulties and enable other spheres of government to provide appropriate support before a crisis develops*". It would also enable municipalities to compare their own performance with that of similar municipalities across South Africa, identify successful approaches or 'best practice', and learn from one another.

4. DEFINITIONS

[17] **Performance Management** is a strategic approach to management that equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review the performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact.

Performance Indicators are measures that independently reflect whether progress is being made in the achievement of goals. They describe the performance dimensions considered key in the measurement of performance.

Performance Measurement involves determining the extent to which objectives are being achieved through developing performance indicators and linking them to performance targets and related standards. The review of performance is undertaken on a specific and regular basis. Performance measurement is usually, but not exclusively, quantitative in nature.

Baseline Indicators are indicators that measure conditions before a project or programme is implemented, they reflect the status quo.

Input Indicator refers to an indicator that measures the costs, resources and time used to produce an output.

Output Indicator refers to an indicator that measures the result of the activities, processes and strategies of a programme of the municipality.

Outcome Indicator refers to an indicator that measures the quality and / or impact of an output in achieving a particular objective.

5. OVERVIEW OF PERFORMANCE MANAGEMENT

[18] The overall purpose of developing a performance management policy for Mdoni Local Municipality is to measure the extent of the implementation of the Municipality's integrated development plan. The integrated development plan is a contract entered into by the Mdoni Municipality with the communities and other stakeholders within its area of jurisdiction in terms of which priorities and objectives are established, through a process of consultation, to be addressed in the ensuing five year period.

[19] The policy prescriptions contained in this document provide a guideline -

- (a) for a uniform approach to performance management throughout the Mdoni Municipality;
and
- (b) to define the roles of the different participants in the performance management system.

[20] The performance dimensions to which Mdoni Municipality will give attention are -

Service Delivery - Mdoni Municipality is focused on the needs of the communities it serves and it plans to enhance and extend the delivery of services to all communities within its area of jurisdiction

Resource Management - Mdoni Municipality will ensure that its resources are deployed in a manner that maximises the efficiency and effectiveness of its operation

Developmental Impact - Mdoni Municipality will engage in programmes to promote local economic development and poverty alleviation among its constituent communities

Democratic Governance - Mdoni Municipality will ensure the existence and implementation of mechanisms to regulate the relationship of political office bearers, municipal officials and the community, including mechanisms, processes and procedures for community participation in the affairs of the Municipality.

This methodology has been described as the balanced scorecard approach to performance management

- [21] The performance management system is linked to the operational budget of Mdoni Municipality through the determination of performance targets. If the performance target relates to the incurring of expenditure, higher targets will involve more costs while lower targets will involve fewer costs. If the performance targets relate to the generation of revenue, higher targets will result in more benefit accruing while lower targets will have lower returns. The operating budget process within the Mdoni Municipality is separate from the integrated development plan and the performance management system but linked to it. Budget priorities set by Mdoni Municipality will be integrated development plan priorities; the areas that the performance management system is designed to monitor and measure. Section 21(1) (a) of the Municipal Finance Management Act, Act 56 of 2003, stipulates that the mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.
- [22] The Municipal Systems Act, Act 32 of 2000, as amended, contains almost identical provisions for the participation of communities in the process of developing (and the annual revision) the integrated development plan and the performance management system. Section 29(1) (b) (ii) of the Municipal Systems Act, as amended, refers to the participation of communities in the development of an integrated development plan and Section 42 of the Act, as amended, to community participation in the development of the performance management system. The mechanisms used to structure participation in these two instances must not be different as this could lead to confusion. The Municipal Planning and Performance Regulations, published by the Minister of Provincial and Local Government in August 2001, suggest that a municipality wide forum be structured to facilitate participation on the integrated development plan and the performance management system and the Mdoni Municipality conforms to this suggested approach. As a consequence the community forum established during the development (and the annual revision) of the integrated development plan will be utilised to facilitate the community participation process for performance management purposes.

6. PRINCIPLES OF PERFORMANCE MANAGEMENT

- [23] The performance management system developed for the Mdoni Municipality has the following principles:
- (a) It will promote efficiency and effectiveness in the operation of the Municipality;
 - (b) It will reflect the developmental priorities of the Municipality;
 - (c) It will promote the economic use of resources within the Municipality;
 - (d) It will comply in all respects with the relevant legislation and any related regulations;

- (e) It will be even handed and transparent in its impact on all role players within the Municipality;
- (f) It will measure performance at the municipal (organizational), departmental and individual level;
- (g) It will recognise and reward superior performance;
- (h) It will identify performance that is below standard and contain procedures and processes to address such performance;
- (i) It will be politically driven but administratively managed.

7. ELEMENTS AND FACETS OF PERFORMANCE

[24] Performance and capacity are interrelated concepts. Institutional performance arises from the use of capacity. Assessing performance, therefore, identifies areas where capacity needs to be developed. Mdoni Municipality will ensure that, where shortcomings in its institutional or human resource capacity are identified, these shortcomings will be addressed. Specifically, Mdoni Municipality will ensure that -

- (a) its systems, structures and work processes are suitable for increased performance;
- (b) its officials and political office bearers have the skills and expertise required to undertake their respective responsibilities efficiently and effectively; and
- (c) programmes are designed and implemented to promote the development of capacity.

[25] Performance focuses on the improvement of service delivery. In order to promote increased effectiveness in this regard, Mdoni Municipality will seek to -

- (a) improve the quality and coverage (the proportion of the community that benefit from or receive a service) of all services;
- (b) continuously update its information about the nature and the extent of the need for services and the improvement in services;
- (c) gather correct information about the impact (the change of status that can be attributed to a particular intervention) of services on the lives of the community; and
- (d) set clear, transparent and measurable objectives against which the performance of the Mdoni Municipality and that of service providers who act on behalf of Mdoni Municipality and the satisfaction of communities can be measured.

- [26] Performance focuses on the efficiency of rendering services – the extent to which the Municipality produces an output of the desired quality in the desired quantity with the least possible resources. It relates to the quantum of human, financial and other resources consumed and, where applicable, the time taken to deliver each service, project and programme at the specified quality and in the specified quantity. In order to improve efficiency, Mdoni Municipality will ensure that -
- (a) the integrated development plan includes clear objectives that must be achieved;
 - (b) all the role players within the Municipality know what those objectives are;
 - (c) standards to measure the achievement of objectives and the use of resources exist;
 - (d) continuous actions to improve efficiency are undertaken; and
 - (e) role players within Mdoni Municipality are committed and have the skills (or the potential to develop the skills) and other attributes necessary for continuous improvement.
- [27] The performance of Mdoni Municipality as a whole will improve if the performance of an individual person either employed within or involved with the Municipality improves. [This performance management policy provides for mechanisms to reward superior performance and processes and procedures to address performance that is below the required standard.](#) The performance management system at Mdoni Municipality is designed to operate in the context of performance by contract rather than performance by command.

8. PROCEDURE AND PRACTICE OF PERFORMANCE MANAGEMENT

- [28] The Municipal Planning and Performance Regulations, published in August 2001, indicate that a municipality's performance management system must have a framework that describes how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, reflecting the diverse roles of the different role players.
- [29] Section 7(2) of the Municipal Planning and Performance Regulations stipulates that, in developing a performance management system, a municipality must ensure that the system -
- (a) complies with all of the requirements set out in the Municipal Systems Act, Act 32 of 2000, as amended;
 - (b) demonstrates how it is to operate and be managed from the planning stage to the stages of performance review and reporting;
 - (c) clarifies the role and responsibilities of each role player, including the community, in the functioning of the system;

- (d) clarifies the processes of implementing the system within the prescripts of the integrated development planning processes;
- (e) determines the frequency of reporting and the lines of accountability for performance;
- (f) relates to the municipality's employee performance management processes;
- (g) provides for the procedure by which the performance management system is linked to the municipality's integrated development planning and budgeting processes; and
- (h) proposes mechanisms, procedures and processes for the monitoring, measurement and review of the key performance indicators.

[30] The Mdoni Municipality has developed a performance management framework that complies with the requirements prescribed by the Municipal Planning and Performance Regulations for the implementation of performance management within its operation. This performance management framework will be formally adopted by the full Council of the Municipality.

[31] In terms of Section 41(1) (a) of the Municipal Systems Act, Act 32 of 2000, as amended, a municipality must set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan. Mdoni Municipality will, after consultation with its community structures, set appropriate key performance indicators in respect of each objective incorporated in the integrated development plan (as annually reviewed). The Municipality's key performance indicators will include the [general indicators](#) as published by the Minister of Provincial and Local Government from time to time, where appropriate.

[32] Mdoni Municipality will set measurable performance targets with regard to each development priority and objective contained in the integrated development plan (as annually reviewed), after consultation with the community structures. This is in line with the prescription contained in Section 41(1)(b) of the Municipal Systems Act, Act 32 of 2000, as amended.

[33] Mdoni Municipality will continuously monitor ([on a quarterly basis](#)) its performance in all the key performance areas and in respect of all the performance dimensions for which key performance indicators and performance targets have been set.

[34] Performance will be measured against the general and locally determined key performance indicators. This will include the measurement of costs, resources and time used to produce outputs in accordance with the input indicators, the extent to which the Municipality's activities or processes produced outputs in accordance with the output indicators and the total improvement brought about by outputs in accordance with the outcome indicators.

- [35] The integrated development plan sets out what Mdoni Municipality intends to achieve every year during the term of office of the elected Council. In essence it contains a promise to deliver by Mdoni Municipality to the communities it serves. The performance management system must determine whether this promise has been kept or, more accurately, the extent to which the promise has been kept. The performance management system must clearly identify any under performance and facilitate the determination of the reasons for under performance. Once the reasons for under performance have been established, steps to improve performance with regard to those development priorities and objectives where performance targets have not been met must be taken.
- [36] The performance of Mdoni Municipality will only improve if all its officials contribute effectively to its operation. Therefore, an important component of the performance management system of the Municipality is an employee appraisal system. Mdoni Municipality will ensure that the employee appraisal system is developed in such a way that -
- (a) employees know exactly what is expected of them within their field of responsibility;
 - (b) employees are involved in the setting of their own performance objectives;
 - (c) superior performance is consistently recognised and rewarded;
 - (d) where below standard performance has occurred, the employee appraisal system must assist in determining the reasons for such below standard performance; and
 - (e) the Municipality will give reasonable opportunity to employees rendering below standard performance to improve such performance to an acceptable level
- [37] A vital component of the ability of officials within Mdoni Municipality to be able to successfully perform the powers and functions for which they are responsible and to meet the expectations contained in the integrated development plan, is the enhancement of management principles. The core management criteria identified by Mdoni Municipality are grouped in terms of knowledge, skills and behaviour. In order to ensure a measure of balance Mdoni Municipality in its performance measurement process will allocate **75%** to the achievement of performance objectives and **25%** to the presence of the identified core management criteria.
- [38] Mdoni Municipality further recognises that functional core competencies need to be developed and, as part of the performance measurement process, competency gaps for individuals are to be identified and skills development plans compiled to address these gaps.

- [39] The institutional arrangements for the performance management framework at Mdoni Municipality are set out hereunder-
- (a) The Council of the Municipality will receive performance reports from the Executive Committee twice per financial year;
 - (b) The Municipal Manager is responsible for ensuring that the senior management of Mdoni Municipality gather relevant information throughout each reporting period and submit progress reports on a monthly, half yearly and annual basis;
 - (c) The Municipal Manager and the senior management team must ensure that each performance target, the progress toward which is measured by the key performance indicators for the priority or objective involved. This requires proper work planning and scheduling, the appropriate resourcing of activities and effective supervision. The senior management are required to identify likely occurrences of below standard performance and take corrective action where necessary to ensure that performance targets are met;
 - (d) Section 14 of the Municipal Planning and Performance Regulations outlines the role of internal audit in the monitoring of performance management within a municipality. The internal auditing function at Mdoni Municipality must assess –
 - > The adequacy of KPIs and Targets (“SMART” principle)
 - > The accuracy of performance reports;
 - > The functionality of the performance management system;
 - > Whether the performance management system complies with the requirements of the Municipal Systems Act, Act 32 of 2000, as amended and other applicable legislation;
 - > The reliability of the performance measurement process at the Municipality;
 - > The performance measurements of the Municipality; and
 - > Submit quarterly reports on its findings to the Municipal Manager and the Performance Audit Committee.
 - (e) The Municipal Planning and Performance Regulations, published in August 2001, outline the role and composition of the Performance Audit Committee. The Performance Audit Committee must -
 - > Review the quarterly reports submitted to it;
 - > Review the performance management system focusing on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by Mdoni Municipality make recommendations in this regard to the Council of the Municipality through the Executive Committee; and
 - > At least twice in a financial year submit an audit report to the Council through the Executive Committee.
 - (f) The Municipal Manager must compile an annual performance management report for submission to the Council through the Executive Committee. Access to this annual report must be provided to the community structures, the MEC for Provincial Local Government and Traditional Affairs in the KwaZulu-Natal and the Auditor General.

The annual performance report forms part of the financial reporting and auditing prescriptions outlined in Section 121(3) of the Municipal Finance Management Act, Act 56 of 2003. It must therefore be completed prior to 31 August each year, within two months of the conclusion of the financial year on which the report is focused.

- [40] In terms of Section 57(1) of the Municipal Systems Act, Act 32 of 2000, as amended, a person to be appointed as the municipal manager of a municipality, and a person to be appointed as a manager directly accountable to the municipal manager, may be appointed to that position only -
- (a) in terms of a written employment contract with the municipality; and
 - (b) subject to a separate performance agreement concluded annually.
- [41] Section 57(2) of the Municipal Systems Act, Act 32 of 2000, as amended, requires that the performance agreement referred to in Section 57(1)(b) of the Act must -
- (a) be concluded within a reasonable time after a person has been appointed as the municipal manager or as a manager directly accountable to the municipal manager and, thereafter, within one month after the beginning of the financial year of the municipality;
 - (b) in the case of the municipal manager, be entered into with the municipality, as represented by the executive committee; and
 - (c) in the case of a manager directly accountable to the municipal manager, be entered into with the municipal manager.
- [42] Performance agreements in terms of Section 57 of the Municipal Systems Act, Act 32 of 2000, as amended, will be concluded with the Municipal Manager and the Heads of Department (Section 57 managers) of the MDONI MUNICIPALITY only in the first financial year of the implementation of the performance management system. Thereafter the concluding of annual performance agreements, one on one between manager and subordinate, will be cascaded down throughout the Municipality's structure to the lowest level. In this regard it is noted that the responsibility for achieving the key performance indicators and performance targets annually will also be cascaded down throughout the structure of Provincial and Local Government and Traditional Affairs.
- [43] It is the express policy of Provincial and Local Government and Traditional Affairs that -
- (a) superior performance is recognised and rewarded appropriately; and
 - (b) performance that is below the expected standard is corrected effectively.

- [44] The process of performance management is outlined in the performance management framework developed and adopted by the Provincial and Local Government and Traditional Affairs. Superior / adequate / below standard performance can only be determined by the measurement process developed as part of the performance management system.
- [45] Where an employee is on a performance based fixed contract of employment in terms of Section 57 of the Municipal Systems Act, Act 32 of 2000, as amended, the rewarding of superior performance will be financial in nature. This reward consists of the payment of an annual performance bonus and an annual increase.
- [46] The annual performance bonus for Section 57 Managers is equal to **15%** of their gross annual salary for the financial year under review. Performance is measured regularly (**quarterly**) against the performance plan included as part of the performance agreement. The performance score is calculated in accordance with the predetermined key performance indicators that measure progress in the achievement of priorities and / or objectives, duly weighted, in the financial year under review. The payment of a performance bonus to a Section 57 Manager will be effected in accordance with the table as set out hereunder:

| Performance Score | Percentage of Bonus Payable |
|-------------------|---------------------------------------|
| 80% -100% | Full Performance Bonus (100%) |
| 70% - 79% | Three Quarter Performance Bonus (75%) |
| 60% - 69% | Half Performance Bonus (50%) |
| 40% - 59% | Quarter Performance Bonus (25%) |
| 0% - 39% | No Performance Bonus (0%) |

- [47] The annual increase for all Section 57 Managers will be negotiated with the Council of Mdoni Municipality on an annual basis.
- [48] Budgetary provision must be made in the operational budget of Mdoni Municipality on an annual basis for the payment of performance bonuses and annual increases to Section 57 Managers as indicated above.
- [49] For all officials other than the Section 57 Managers who are permanent staff members of Mdoni Municipality, performance is not directly linked to a financial reward. These officials receive an annually bargained increase determined by the South African Local Government Bargaining Council. Officials whose remuneration is subject to the Bargaining Council, recognised as having rendered superior performance, are to receive a non financial reward as indicated hereunder:

| Performance Score | Nature of the Recognition |
|-------------------|---|
| 70% - 79% | Certificate of recognition presented by the Municipal Manager |
| 80% - 89% | Certificate of recognition presented by the Mayor at a Council meeting |
| 90%- 100% | Certificate of recognition presented by the Mayor at a Council meeting together with a course in the functional field of the official to a maximum cost of R 5000 |

- [50] uMdoni Municipality acknowledges that not all of its officials will render either adequate or superior performance all of the time. When an official scores less than 50% during any performance review he / she must be counseled with regard to the level of work performance rendered. The reasons for the below standard performance need to be established and agreement reached on the steps to be taken to improve his / her performance. If an official has scored less than 50% for three consecutive reviews, a formal enquiry into his / her performance must be held.
- [51] Where an official disagrees with the performance score determined during any review, an appeal against the performance determination may be made. In the case of the Municipal Manager, such an appeal is made in the first instance to the Council of uMdoni Municipality, thereafter the dispute resolution mechanism contained in the contract of employment is followed. For all other Section 57 Managers, an appeal is directed to the Executive Committee of the uMdoni Municipality; thereafter the dispute resolution mechanism in the contract of employment is followed. For all other officials within uMdoni Municipality, appeals are directed to the Municipal Manager; if no resolution can be reached, the matter is referred to the Executive Committee of the Municipality for a final decision.