

Approved Procedure 8 - Timing and Assessment of CEO Performance Agreements

Statement of Intent

The Chief Executive Officer (CEO) Performance Agreement framework is intended to support high performance leadership and clear accountability across the public sector by:

- Providing for the agreement and capture of the outcomes being sought by a responsible authority with respect to applicable statutory functions, Government priorities, policies and key reform themes.
- Promoting a shared understanding between a responsible authority, a CEO and the Public Sector Commissioner about whole of sector outcomes and performance expectations to be achieved over a specified period.

This Approved Procedure outlines:

- the timing and procedures to be followed when a CEO enters into a performance agreement with the responsible authority and the Public Sector Commissioner concerning the performance criteria to be met by the CEO in the period in which the performance agreement applies; and
- the minimum requirements for the assessment of a CEO's achievement of targets under a performance agreement.

Scope and application

This Approved Procedure has been prepared pursuant to section 47 of the *Public Sector Management Act 1994* (PSM Act) and applies to all CEOs appointed under section 45 of the PSM Act. This Approved Procedure also applies to all acting CEOs appointed under section 51 of the PSM Act, including CEOs who hold dual or multiple acting roles.

This Approved Procedure does not apply to chief employees as defined in section 3 of the PSM Act.

Terminology

The following terminology in this Approved Procedure should be read as defined in section 3 of the PSM Act, the text of which is included here for ease of reference:

chief executive officer (also referred to as **CEO**) means a person holding office under Division 2 Part 3 as the chief executive officer of an agency.

performance agreement means agreement referred to in section 47(1) or clause 13(5) of Schedule 5

responsible authority, in relation to a department or organisation, means -

a) board, committee or other body for the time being administering the department or organisation; or

b) if there is no board, committee or other body referred to in paragraph (a), Minister of the Crown responsible for the department or organisation,

or, when used otherwise than in relation to a department or organisation, means responsible authority of any department or organisation.

In addition, in this Approved Procedure:

performance criteria refers to the basis upon which the assessment of a CEO's performance will be made, as agreed between a CEO, a responsible authority and the Public Sector Commissioner. This may include but is not limited to a combination of:

- the completion of a specific project or task;
- the achievement of certain levels of activity;
- the attainment of a certain standard;
- a specified improvement in a measurable outcome.

performance agreement period has the meaning given in paragraph 4.2.

Effect and Review

This Approved Procedure is effective from July 2018 and repeals the previous Approved Procedure 8 dated July 2014.

The Performance Agreement

For the purposes of section 47 of the PSM Act, the performance agreement is generally comprised of three components:

Key priorities for the upcoming cycle - negotiated between the responsible authority of the agency and the CEO to document the performance criteria that will be applied to assess the key deliverables and priority outcomes for the performance agreement period.

Contribution to sector-wide Initiatives - negotiated between the Public Sector Commissioner and the CEO to document the performance criteria that will be applied to assess the agency contributions to sector-wide public administration and management priorities.

Personal and Professional Development Goals – confirmed through the formulation of a CEO's personal and professional development plan.

For State Training Providers, an additional section covering TAFE sector-wide initiatives may be included.

Instruction

1. A CEO IS TO ESTABLISH A PERFORMANCE AGREEMENT WITH THE RESPONSIBLE AUTHORITY

1.1. Section 47(1) of the PSM Act requires that a performance agreement between the CEO and the responsible authority of the relevant agency is entered into on appointment of the CEO, and thereafter as soon as practicable after the commencement of each financial year afterwards, in accordance with approved procedures.

1.2. For those CEOs or acting CEOs who are appointed part-way through a performance agreement period, the CEO and the responsible authority should review the existing CEO performance agreement and, if appropriate, amend the performance agreement for that performance agreement period, rather than entering a new performance agreement for a partial year. Where a performance agreement does not exist a new agreement should be established.

1.3. A performance agreement is to outline:

a) the performance criteria to be met by the CEO during the period to which the agreement relates; and

b) how the performance criteria will be assessed.

1.4. CEOs reporting to more than one responsible authority or holding dual or multiple acting roles should ensure adequate reference is made to those dual or multiple arrangements and relevant priorities are agreed with each responsible authority to whom they are responsible.

1.5. A performance agreement can be updated or amended at any time during the performance agreement period by mutual agreement between the responsible authority and the CEO. In these situations the PSC should be advised.

2. CONSIDERATION SHOULD BE GIVEN TO PERSONAL AND PROFESSIONAL DEVELOPMENT GOALS

2.1. In the planning phase of an agreement cycle, CEOs should consider their personal and professional development goals and formulate an action plan to progress these goals during the performance agreement period.

2.2. There is no prescribed format for an action plan, and there is no requirement to include the professional development goals or an action plan in the performance agreement.

2.3. Completion of the action plan is not part of the performance agreement or its assessment.

3. A PERFORMANCE AGREEMENT MUST BE APPROPRIATELY AUTHORISED

3.1. The CEO is responsible for holding discussions with their responsible authority (Minister or Chair) to agree on the key deliverables. Should the CEOs' responsible authority be a Board Chair, the agreement is to be signed by the Board Chair. The performance agreement signed by the CEO and the responsible authority is then to be sent to the Public Sector Commission by 31 October.

3.2. The performance agreement takes effect when the agreement has been signed by the CEO, the Chair of the Board or Authority (where applicable), the Public Sector Commissioner and the responsible Minister consistent with section 47(2) of the PSM Act.

3.3. The Public Sector Commissioner will provide a copy of the appropriately authorised agreement to the CEO.

4. PERFORMANCE AGREEMENT AND ASSESSMENT PERIOD

4.1. Subject to 4.5, the performance agreement period runs according to the financial calendar (1 July – 30 June).

4.2. The Public Sector Commission will prepare and make available the CEO performance agreement template for the upcoming year.

4.3. The development of an upcoming agreement should take into consideration achievements made in the previous year's agreement and areas in which progress is expected over the coming year.

4.4. In accordance with section 3, the performance agreement for the current year is to be signed by the CEO, Board Chair (if applicable), and the Minister and submitted to the Public Sector Commission by 31 October.

4.5 Similarly the performance assessment for the previous year is to be finalised, signed by the CEO, Minister and Board Chair (if applicable), and submitted to the Public Sector Commission by 31 October.

State Training Providers

4.6. The performance agreement period for State Training Providers (STO) runs accordingly to the calendar year (1 January – 31 December)

4.7. The Public Sector Commission will prepare and make available the STP -specific CEO performance agreement template for the upcoming reporting period.

4.8. The upcoming year's performance agreement is to be submitted to the Public Sector Commissioner by a date determined and advised by the Commissioner.

4.9. The assessment of the current year's agreement is to be submitted to the Public Sector Commissioner by a date determined and advised by the Commissioner. This allows for any training delivery data included within the assessment to first be validated by the Office of the Auditor General where necessary.

4.10. Completed agreements and assessments should be endorsed by each STP's respective Governing Council Chair and the Minister for Training and Development prior to being submitted to the Public Sector Commissioner.

5. ASSESSMENT OF PERFORMANCE MAY DRAW ON A VARIETY OF INFORMATION

5.1. Prior to the end of October (mid-April for STP's), the CEO must provide the responsible authority and the Public Sector Commissioner with information about results achieved against the performance criteria.

5.2. Before the end of the performance agreement period but after the end of a financial year (or calendar year, in the case of STP's), the Public Sector Commissioner may provide relevant information to the responsible authority to assist them in making an assessment of the CEO's performance against the performance criteria.

5.3. In providing relevant information to a responsible authority to inform the assessment of a CEO's performance, the Public Sector Commissioner may consult widely and draw information from a range of sources.

5.4. On or before the end of the performance agreement period, the responsible authority should assess the extent to which the CEO has met the performance criteria, and ideally in the context of a face-to-face discussion with the CEO.

Contact for Further Information

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