



# **Government of South Australia**

## **Department of the Premier and Cabinet Circular**

### **DPC Circular 29 – GUIDELINES FOR THE CHIEF EXECUTIVE PERFORMANCE APPRAISAL PROCESS**

**2019-20**

***July 2019***

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## Introduction

This Circular outlines the framework for chief executive performance and development reviews in the South Australian Public Sector, and is applicable to:

- All chief executives employed pursuant to Part 6 of the *Public Sector Act 2009* (PS Act) and
- All members of Senior Management Council (SMC) who are not employed pursuant to Part 6 of the PS Act.

Other public sector chief executives who are not employed pursuant to Part 6 of the PS Act, or a member of SMC, may use this Circular and attached template as a guideline.

The principles and processes of chief executive performance appraisal process reflect the general duties established in Part 6, Division 3 of the PS Act.

Specifically, Section 31 refers to each chief executive's responsibility for:

- the attainment of the performance objectives set by the Premier and the agency's minister(s) under the contract relating to the chief executive's employment
- making an effective contribution to the attainment of the whole-of-government objectives that are communicated by the Premier or the agency's minister(s)
- the effective management of the agency and the general conduct of its employees.

Further, Section 32 refers to the duties of the chief executive to ensure, as far as practicable, that the objects of this PS Act are advanced and the public sector principles and code of conduct are observed in the management and day-to-day operations of the unit.

The Circular provides guidance on the structure, process, and timing of the chief executive performance appraisal process, in addition to the roles and responsibilities of chief executives and others involved in the process.

The framework outlined in this Circular meets the mandatory requirements of Section 8 of the PS Act, and aligns to the *Direction of the Premier: Performance Management and Development* and *Guideline of the Commissioner for Public Sector Employment: Performance Management and Development*.

## Performance areas and structure of the performance agreement

The chief executive performance agreement is developed between the agency's responsible minister and the chief executive to outline key priorities and indicators of success for the financial year. The performance agreement makes provision for the chief executive to document priorities and actions to address personal and professional development and succession management. Additionally, the agreement includes a section for the chief executive and portfolio minister to provide evaluation commentary at the mid and end-of-cycle performance reviews.

### Agency leadership priorities

To position the agency for success, the portfolio minister should set the performance expectations of the chief executive for the duration of the upcoming review period. The agreement should outline priorities and key performance indicators (KPIs) specific to the qualities of the chief executive's *leadership* of the agency.

For 2019-20, chief executives are to establish a performance agreement, in consultation and agreement with their portfolio minister, which outlines priorities (maximum five) and success indicators specific to the chief executive's leadership of the agency.

Priorities should:

- Highlight both the outcomes desired (i.e. the "what") as well as the way in which the chief executive should achieve these outcomes (i.e. the "how").
- Demonstrate support towards the achievement of government priorities that are communicated by the Premier, Cabinet, or SMC that relate to the functions or operations of the agency. This includes election commitments established by the government of the day.
- Be developed collaboratively in partnership between the minister(s) and chief executive, drawing on input from the Premier and relevant stakeholders.
- Articulate the most important priorities for the minister, reflecting on the chief executive's personal contribution to agency strategic goals, opportunities, concerns and risks facing the agency.
- Use language that is meaningful to the chief executive, minister, Premier and other relevant stakeholders.
- Be reviewed at least biannually (i.e. mid and end-of-cycle review) to establish progress and inform discussion of any barriers and/or next steps to ensure achievement.

KPIs are clear statements about what it will look like when the chief executive is performing within expectations. They provide clarity to both the chief executive and the minister about how progress, achievements or behaviours against the agreed priorities will be measured or observed.

The 'SMART' acronym is commonly used to describe a well written KPI: Specific, Measurable, Achievable, Relevant, and Time-bound.

## Whole-of-government priorities

All chief executives are responsible for making an effective contribution to the attainment of whole-of-government objectives that are communicated by the Premier or ministers.

In addition to agency leadership priorities, SMC chief executives are responsible for a small number of cross-sector priorities collectively determined by SMC, which are outlined in the SMC performance agreement template.

## Chief executive development and succession

### Personal development plan

Each chief executive must have an agreed personal learning and development plan. The performance agreement provides for chief executives to:

- consider their personal development objectives
- formulate an action plan, and
- undertake development actions and review progress

When establishing the plan, chief executives should consider:

- the most significant challenges and opportunities in achieving the performance agreement priorities,
- areas where further development is needed in order to achieve the agreement, and
- specific capabilities, skills, or knowledge to build on or refresh.

Chief executives have access to a range of professional development options, including the Chief Executive Development Suite provided by the Office of the Commissioner for Public Sector Employment (OCPSE).

The OCPSE further offers professional support and guidance to chief executives and ministers in their personal participation in performance management and development activities.

In preparation of performance agreements for the 2019-20 cycle, chief executives are invited to meet with the Commissioner for Public Sector Employment (CPSE) to discuss their development priorities for the next cycle (see page 10).

### Succession management

Chief executives should plan for the development of senior leaders within the agency and consider the broader issue of succession management.

Succession risk is the risk that a chief executive may leave or be absent, and that the role cannot be filled satisfactorily within an acceptable time frame. An appropriate risk management plan for succession and how this would be executed should be considered and developed. The plan may include

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a list of individuals who are suitable to replace them, on a temporary or longer-term basis. This list should support succession planning and can be drawn on for acting opportunities.

For further advice on developing a succession risk plan, please consult your agency Human Resource lead, or OCPSE.

Note: the succession risk management plan **is not** required to be attached to the Performance Agreement.

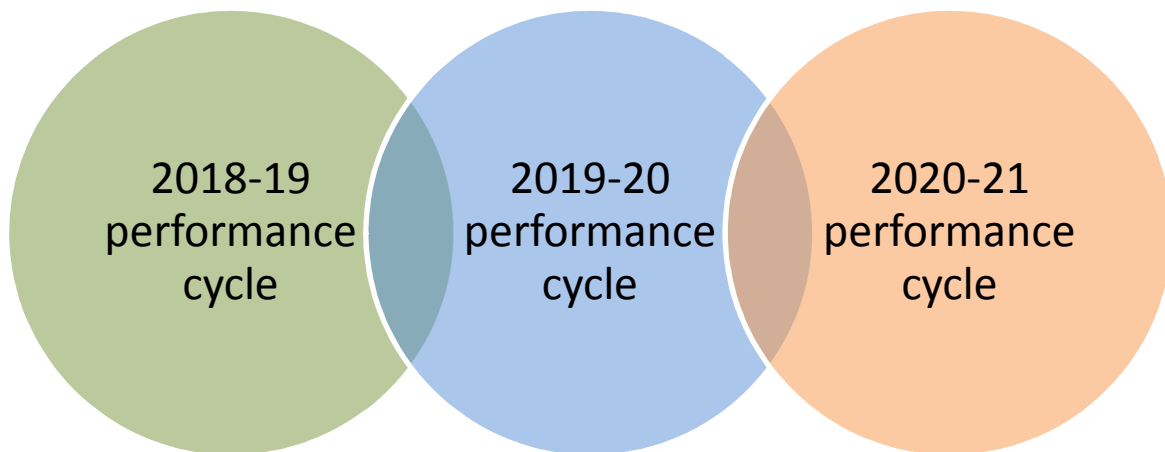
## Process and timing requirements

### The performance cycle

The performance agreement period (the “performance cycle”) runs according to the financial year and has effect from the date it is endorsed by the minister.

In the first quarter of each financial year, chief executives are required to close off the performance agreement for the previous cycle, and establish a new performance agreement for the new financial year.

**Figure 1.** Performance cycles



**The *Timelines for the Chief Executive Performance Appraisal Process* chart attached to this Circular provides a summary of key steps and submission dates.**

### Establishment of new performance agreements

Chief executives have an updated performance agreement template for 2019-20.

The 2019-20 performance agreement are to be developed by chief executives in collaboration with their portfolio minister and will outline:

- the performance priorities to be met by the chief executive during the period to which the agreement applies; and
- how the performance priorities will be assessed.

For chief executives appointed part-way through a performance cycle, a new performance agreement should be established within three months of commencement. This may reflect the pre-existing performance criteria, amended as appropriate and agreed between the chief executive and minister(s).

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A performance agreement can be updated or amended at any time by mutual agreement between the minister(s) and the chief executive.

### Authorising the performance agreement

The chief executive is responsible for instigating discussions with their portfolio minister to agree on priorities and success indicators. The performance agreement takes effect when the agreement has been signed by the chief executive and ratified by the portfolio minister.

A copy of the signed 2019-20 performance agreement is to be submitted via confidential email by **30 September 2019** to [CEServices@sa.gov.au](mailto:CEServices@sa.gov.au). The document with the original signatures is to be retained by the agency.

Performance agreements are then compiled for review by Chief Executive DPC and provision to the Premier.

Extensions to the process may occur by exception in cases where there are machinery of government or Cabinet changes. Requests for extension should be addressed to the Chief Executive DPC.

Performance agreements submitted without signature by the chief executive and portfolio minister, will be considered *draft* documents.

If the chief executive reports directly to a board, the board's chair will also be a signatory to the agreement. The chair will have the capacity to negotiate the performance agreement on behalf of the board.

If the chief executive reports directly to a board, the portfolio minister may delegate, in part or in whole, their responsibilities under this Circular to the chair of the board. The chair will have the capacity to negotiate the performance agreement on behalf of the board, and the board's chair will be a signatory to the agreement.

In circumstances where the chief executive works closely with a board (but does not report directly to it) it is open to the portfolio minister to seek information from the chair of the board on the performance of the chief executive in relation to the relevant functions of that board.

### Review of the chief executive's performance

#### Regular performance conversations

It is expected that chief executives and ministers will engage in regular performance conversations throughout the year to discuss the progress of the agreement. These regular conversations are about reviewing priorities, inviting, accepting and offering feedback, debriefing and re-aligning expectations.



### Biannual reviews

The chief executive must initiate a biannual review (“mid-cycle” and “end-of-cycle” reviews) of the performance agreement with the minister(s) in accordance with *Direction of the Premier: Performance Management and Development*, issued under Section 10 of the PS Act.

For “mid” and “end-of-cycle” reviews, the chief executive’s self-assessment and the minister’s evaluation must be completed, ratified by the board (if applicable) and submitted by the due date to [CEServices@sa.gov.au](mailto:CEServices@sa.gov.au).

### Mid and end-of-cycle review commentary

The portfolio minister and chief executive should evaluate the extent to which the agreed priorities and KPIs outlined in the performance agreement have been achieved, at both the mid and end-of-cycle reviews. This should be appropriately documented in, or as an attachment to, the chief executive’s performance agreement.

Evaluation commentary should:

- Reflect on the overall performance of the chief executive against what was delivered or demonstrated over the review period
- Highlight the personal contribution of the chief executive to what was achieved
- Reference examples and evidence of performance
- Draw on other relevant observations and experience of the chief executive and their portfolio minister(s).

Evaluation commentary submitted to the Chief Executive DPC without signature by the chief executive and portfolio minister, will be considered as *in-draft* only.

### Finalisation of end-of-cycle review and preparation for next performance cycle

Following the conclusion of the 2018-19 performance cycle, the Chief Executive DPC will compile chief executive end-of-cycle reviews for provision to the Premier.

### Premier’s Review

As a supplement to the performance appraisal process, and to close off the performance cycle, Senior Management Council chief executives will be required to meet with the Premier for a brief post end-of-cycle review discussion. The purpose of the meeting will be to:

- Discuss key achievements of the agency over the previous financial year.
- Reflect on the personal contribution of the chief executive to the performance of their agency.
- Discuss strengths and opportunities for improvement.

Prior to the discussion, the Premier will be provided with the chief executives’ end-of-cycle review, including self-assessment and Minister’s evaluation commentary.

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Chief executives are invited to speak to the outcomes achieved and the personal contribution they have made to the performance of their agency over the performance cycle.

For 2019, the Chief Executive, DPC will be present at the SMC chief executive post end-of-cycle review discussion with the Premier.

#### Development Discussion with the Commissioner for Public Sector Employment

In early September 2019 all chief executives will be invited to meet with CPSE for a discussion on priority areas for development. The purpose of the meeting will be to:

- Reflect on development priorities and performance feedback from reviews with portfolio ministers and the Premier (where appropriate).
- Discuss development priorities and potential development actions to be incorporated into the next performance agreement.

In advance of meeting with CPSE, chief executives will be provided with an optional reflection tool to aid the discussion of development priorities and options.

#### Confidentiality

All documents relating to the performance review of a chief executive are to be processed in accordance with the Department of the Premier and Cabinet Circular 12 *“Information Privacy Principles Instruction.”*

#### Summary of key dates for 2019-20

**Tuesday 30 July 2019** - End-of-cycle reviews for *2018-19 performance agreements* due.

**Late August 2019** – SMC chief executives to participate in Premier’s Review discussion

**Early September 2019** – Chief executives invited to participate in development discussion with Commissioner for Public Sector Employment

**Friday 30 September 2019** – 2019-20 performance agreements due.

**Friday 31 January 2020** - Mid-cycle reviews of *2019-20 performance agreements* due.

**Friday 31 July 2020** - End-of-cycle reviews for *2019-20 performance agreements* due.

All copies of performance agreements and reviews are to be submitted to the Chief Executive DPC via [CEServices@sa.gov.au](mailto:CEServices@sa.gov.au).

The *Timelines for the Chief Executive Performance Appraisal Process* chart attached to this Circular provides a summary of key steps and submission dates.



## Roles and responsibilities

The following table outlines roles and responsibilities for key individuals as they relate to the Chief Executive Performance Appraisal Process.

Chief executives <i>Part 6 chief executives and members of Senior Management Council</i>	<ul style="list-style-type: none"> <li>Participate in the chief executive performance appraisal process, in line with this Circular.</li> <li>Ensure that the performance agreement is submitted within the required timeframes.</li> <li>Ensure mid and end-of-cycle reviews, including self-assessments, are submitted within the required timeframes.</li> <li>Participate in the development discussion with the Commissioner for Public Sector Employment.</li> </ul>
Senior Management Council Chief Executives only	<ul style="list-style-type: none"> <li>Participate in the post end-of-cycle review discussion with the Premier.</li> </ul>
Chief Executive Department of the Premier and Cabinet	<ul style="list-style-type: none"> <li>The design and management of DPC Circular 29 and the performance agreement template.</li> <li>Monitor compliance of DPC Circular 29.</li> <li>Reporting to the Premier on the outcomes of mid and end-of cycle reviews.</li> </ul>
Commissioner for Public Sector Employment	<ul style="list-style-type: none"> <li>Support the Chief Executive DPC, in the design and management of DPC Circular 29.</li> <li>Support the Premier with the post end-of-cycle review discussion process.</li> <li>Meet with chief executives to discuss priority areas for development and options.</li> </ul>
Portfolio ministers	<ul style="list-style-type: none"> <li>Authorise the performance agreement for each performance cycle, in addition to mid and end-of-cycle reviews</li> <li>Provide and authorise mid and end-of-cycle review commentary.</li> </ul>
Premier of South Australia	<ul style="list-style-type: none"> <li>The Premier, as the employing authority of public service chief executives employed under Part 6 of the <i>Public Sector Act 2009</i>, will meet with chief executives, at the conclusion of the performance cycle, to discuss progress and future priorities.</li> </ul>

## Relevant Legislation

- Public Sector Act 2009* (PS Act).

## Relevant Directions and Guidelines

- Direction of the Premier: Performance Management and Development
- Guideline of the Commissioner for Public Sector Employment: Performance Management and Development.