

Performance Review

First Produced: May 2006	Authorisation: Council
Current Version: January 2018	Authorisation Date: 27 July 2010
Past Revisions: 7 August 2006; August 2010	Council Minute: Page 10/CPITC/08/624
Review Cycle: On appointment of Chief Executive	Queries: Council Chair or Council Secretary
Applies From: 9 August 2010	

Section 1 : Policy Overview

1.1 Purpose

The purpose of this policy is to set down the process for the annual review of the Chief Executive's performance in the position over the previous academic year and to provide a means of governance support for the Chief Executive.

1.2 Application

This is one of a set of policies defining the employment relationship between the Ara Institute of Canterbury¹ Council and its only employee the Chief Executive; it applies to that relationship only.

1.3 Policy Statement

The Chief Executive's Employment Agreement includes provision in Clause 6.0 for the review of the CE's performance at intervals of not more than 12 months. The performance review is carried out by the Council Chief Executive Remuneration and Performance Review Committee under delegation from the Council. The period of each performance review is the academic year. The process involves the preparation and application of a performance agreement. Any recommendations of the Chief Executive Remuneration and Performance Review Committee for action (including the payment of all or part of the performance payment) require the endorsement of the Council.

1.4 Formal Delegations and Variations to Policy

The Ara Council delegates the annual review of the Chief Executive's performance to the Chief Executive Remuneration and Performance Review Committee under s 222 of the Education Act 1989.

1.5 Definitions

- a **Chief Executive Remuneration and Performance Review Committee:** a committee established by the Council under s193 of the Education Act 1989; it is

¹ From herein referred to as Ara

composed of the Chair of Council and the Deputy Chair of Council ex officio and one other Council member elected at the first meeting of Council each year who will serve a term of at least two years.

The Council Secretary attends to provide secretarial services.

The Chief Executive Remuneration and Performance Review Committee is responsible for reviewing the CE's remuneration, assessing performance and recommending performance payments, and providing employment-related support to the CE.

- b **Chief Executive (CE):** the manager of the academic and administrative affairs of Ara under s196 of the Education Act 1989 appointed and employed under s771A-D of the State Sector Act 1988. This policy applies only to the CE.
- c **Chief Executive Employment Agreement:** the agreement negotiated by the Council and the Chief Executive at the time of the Chief Executive's appointment or reappointment and concurred with by the State Services Commission under s771A-D of the State Sector Act 1988. The agreement includes the conditions of employment and the schedule of remuneration; it also includes the provision for a review of performance at intervals of not more than 12 months and for the payment of a performance payment of up to 10% of the base salary.
- d **Ara Council (ARAC):** the governing body of Ara established under s165 and s222AA of the Education Act 1989; the Council is the employer of the Chief Executive under s771A-D of the State Sector Act 1988.
- e **Performance Agreement:** an agreement reached between the Chief Executive Remuneration and Performance Review Committee and the Chief Executive which details the objectives of the Chief Executive's position for the period to be reviewed and the process and criteria by which the Chief Executive's performance is to be assessed for that period.

The Chief Executive Remuneration and Performance Review Committee's decision on the contents of the annual performance agreement is final but the Chief Executive Remuneration and Performance Review Committee must consult the Chief Executive on the contents and will consider the Chief Executive's views before finalising the agreement. If for any reason agreement cannot be reached, the Performance Agreement shall be referred back to **full** Council for a final decision.
- f **Performance Payment:** a payment provided for in Schedule 2 of the Employment Agreement made in recognition of the Chief Executive's performance as reviewed by the Chief Executive Remuneration and Performance Review Committee. The State Services Commissioner has concurred with a performance payment of "up to 10% of the base salary" applying during the period of the review. The payment is taxable but not superable.
- g **Performance Review:** the process by which performance objectives are set and the performance of the Chief Executive is assessed by the Chief Executive Remuneration and Performance Review Committee for the purpose of determining any recommendations for action, for determining the payment of the performance payment and for informing the annual review of remuneration. The annual remuneration review is the subject of a separate policy.

- h **Remuneration:** the components of the remuneration schedule are base salary, performance payment, superannuation; the base salary is the major component and is used to calculate the superannuation and the maximum performance payment.

1.6 Attachments/Further Documentation

Nil

1.7 Related Policies

- a Remuneration Review

1.8 Notes

Nil

Section 2: Associated Procedures

- 2.1 The Council's Chief Executive Remuneration and Performance Review Committee membership is reviewed by the Council at the first meeting of the year. The one member nominated by Council is expected to have governance/management experience which would normally include dealing with employment issues such as reviewing performance and determining matters objectively.

2.2 Setting Performance Agreement:

- a Before the end of each academic/calendar year (and not later than the end of November except by mutual agreement between the parties), the Chief Executive Remuneration and Performance Review Committee will commence discussion with the Chief Executive about the performance agreement for the following year.
- b The performance agreement must detail the specific objectives for the Chief Executive's position for the following year and the measures and criteria by which the Chief Executive's performance is to be assessed.
- c The Chief Executive Remuneration and Performance Review Committee will consider any submission or comments from the Chief Executive before finalising the agreement. The performance agreement should be completed by 1 February of each year.
- d Variations may be agreed between the Chief Executive Remuneration and Performance Review Committee and the Chief Executive from time to time as required.
- e The requirements of clause 6.0 of the Employment Agreement apply.

2.3 Reviewing Performance:

- a The Chief Executive Remuneration and Performance Review Committee will meet before the end of February each year to make arrangements with the Chief

Executive for the review of performance against the criteria and measurements agreed for the previous academic/calendar year.

- b The committee will ensure the process is carried out and completed in a timely manner.
- c The Chief Executive Remuneration and Performance Review Committee will seek information from the Chief Executive and, by agreement with the Chief Executive, may seek information from the Management Team or others. The Chief Executive Remuneration and Performance Review Committee may refer to the Annual Report to assist it in assessing the Chief Executive's performance and forming recommendations.
- d The Chief Executive Remuneration and Performance Review Committee will determine its recommendations and prepare a draft report. The report will include a recommendation for the payment or otherwise of all or part of the performance payment.
- e The Chief Executive Remuneration and Performance Review Committee will discuss the draft report with the Chief Executive.
- f The Chief Executive Remuneration and Performance Review Committee will report to the Council at the next scheduled meeting with the recommendation that their proposal for the payment of the performance payment be endorsed.
- g Once the proposal has been endorsed by the Council, the performance payment will be made.