CITY OF PALMERSTON
CEO Performance Appraisal Committee Meeting
to be held in Council Chambers, Civic Plaza, Palmerston
on Friday, 27 June 2014 at 9:00am

AGENDA

Audio Disclaimer
An audio recording of this meeting is being made for minute taking purposes as authorised by City of Palmerston Policy MEE3 Recording of Meetings, available on Council’s Website.

1. PRESENT

2. APOLOGIES

3. CONFIRMATION OF MINUTES

RECOMMENDATION

1. THAT the minutes of the CEO Performance Appraisal Committee Meeting held Thursday, 29 May 2014 page1 be confirmed.

2. THAT the minutes of the Confidential Section of the CEO Performance Appraisal Committee Meeting held Thursday, 29 May 2014, pages 2 to 3 be confirmed.

4. REPORTS

4.1 Awarding of Performance Appraisal Contract CEO/0003

5. CONFIDENTIAL REPORTS

Nil

6. CLOSURE

Ricki Bruhn
Chief Executive Officer

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.
### Municipal Plan:

#### 4. Governance & Organisation

#### 4.3 People

We value our people, and the culture of our organisation. We are committed to continuous improvement and innovation whilst seeking to reduce the costs of Council services through increased efficiency

### Summary:

This report recommends the appointment of McArthur to facilitate the CEO performance appraisal for a three year period.

### General:

The Committee agreed for a new framework for assessment to be brought to Council. McArthur is a very reputable recruiting firm with extensive specialisation in local government, particularly with the recruiting and performance appraisals of senior management. McArthur was approached and has agreed to provide the following services (see attachment):

- Distribution of the documentation to the Chief Executive Officer and Aldermen;
- Summarising the Aldermen responses;
- Development of a summary report;
- Facilitation of the performance review meeting;
- Write up and distribution of the performance review report; and
- Recommendations regarding performance criteria for the following year.

This would in effect be the creation of a new Performance Appraisal Framework. Ideally, this would begin by calling for and gaining the agreement from the CEO for an interim review in July/August to establish the new framework, followed by the next annual review to be held in November.

### Financial Implications:

The cost for this appointment is $5,500 excl. GST per year, with an additional $3,500 excl. GST for the starting interim review, as well as travel and accommodation costs of their consultant.
RECOMMENDATION

1. THAT the Committee receives Report Number CEO/0003.

2. THAT Council appoint McArthur to facilitate the performance appraisal of the Chief Executive Officer for a three year period beginning in July 2014.

3. THAT the Committee negotiate with the Chief Executive Officer for an interim review to take place no later than 30 August 2014 to establish a new appraisal framework.

Recommendation Officer: Ricki Bruhn, Chief Executive Officer

Any queries on this report may be directed to Ricki Bruhn, Chief Executive Officer on telephone (08) 8935 9902 or email ricki.bruhn@palmerston.nt.gov.au.

Schedule of Attachments:

Attachment: CEO Review Proposal McArthur
Proposal to Assist Council in Conducting
the Performance Review
of the Chief Executive Officer
at
City of Palmerston

June 2014

Commercial in Confidence
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>2</td>
</tr>
<tr>
<td>Methodology</td>
<td>3</td>
</tr>
<tr>
<td>Process Details</td>
<td>4</td>
</tr>
<tr>
<td>Relevant Experience</td>
<td>6</td>
</tr>
<tr>
<td>Costing</td>
<td>7</td>
</tr>
<tr>
<td>Referees</td>
<td>7</td>
</tr>
<tr>
<td>Consultant Profiles</td>
<td>8</td>
</tr>
</tbody>
</table>
Introduction

Thank you for the opportunity to submit this proposal to assist Palmerston Shire Council in reviewing the performance of the Chief Executive Officer for three years. To undertake this assignment we will draw on the expertise and experience of our specialist division, Talent Architects which is the Consulting Division of M’Arthur and provides organisations with contemporary and leading edge human resource advice and assistance.

The M’Arthur client-centred approach means we work with you on this assignment ensuring that the services we provide deliver the outcomes sought and the quality of result expected. We do this primarily through building relationships that are authentic and based on mutual respect recognising the capabilities that both parties bring to the table.

Measuring the performance of the Chief Executive Officer is no doubt one of the most important and demanding tasks confronting organisations. The appraisal is an important and fundamental factor in working towards improving and maintaining performance within the organisation and provides a golden opportunity to clearly link corporate direction to individual performance.

M’Arthur have long and extensive involvement in the performance review process within both the public and private sectors and, over the past fifteen years, has developed an approach which has a unique application within the performance management arena. The M’Arthur process, known as Salmac®, is a comprehensive, professional and exacting method which will enable Council to effectively review and manage the performance of the Chief Executive Officer in a process that provides for ongoing improvement in performance.

The M’Arthur Salmac® concept, whilst designed to objectively measure past performance in the first instance, focuses on utilising the outcome of the appraisal to set new standards of performance for the future.

The Salmac® approach to performance management provides a rigorous yet appropriate model for monitoring and measuring performance at this level. The model has been developed and successfully introduced into a wide range of organisations having a similar culture and thrust as that embraced by Palmerston Shire Council.

Our Proposal outlines our suggested approach to this assignment, indicates the costs and timeframes and presents the case for partnering with M’Arthur’s Talent Architects group for this work.

If you require any additional information please contact;

Dr Michael Arcella
Senior Consultant
M’Arthur - Talent Architects
Ph. 03 9828 6565
Email michael.arcella@mcarthur.com.au
Methodology - The Salmac® System

The Salmac® system involves our consultant in intense development and facilitation activities throughout the two critical dimensions of performance management. It is in these critical areas of identifying and accurately documenting performance measures that the McArthur intellectual property proves vital to success. They are;

(a) Strategic Performance Objectives

The setting and measurement of performance against specific goals which are challenging and appropriate to the level of the position.

We acknowledge that there may be existing objectives which have already been established by Council. In this regard, the McArthur input into working with Council and the Chief Executive may be in extending and refining the definition of these objectives. This will ensure that they are written in such a manner that evaluation at the time of appraisal can be fair, consistent and exacting.

(b) Key Performance Indicators

The identification and measurement of performance against those corporate management behavioural accountabilities which it is agreed the Chief Executive should be assessed.

The Salmac® system has developed a generic set of behavioural accountabilities which are now widely adopted at the Chief Executive level. In consultation with Council, these will be modified to cater for the unique needs of Palmerston Shire Council.
Process Detail

Specifically the McArthur process involves the following steps:

1. **Creation of the documentation**

   We have found performance management to be most effective when two dimensions of performance are measured; the outcomes that need to be achieved; and the leadership behaviours we expect to be demonstrated.

   The first dimension covers the specific goals (outcomes) set for the period for which the Chief Executive is the prime driver. These are typically big ticket items reflected in the Council Plan or outcomes that must be achieved in dealing with major issues facing Council at the time.

   The second dimension captures a set of leadership behaviours. Over a number of years we have been able to identify the behaviours that are characteristic of highly effective leaders. Examples of the behaviours captured at this level include:

   - Leadership
   - People Development
   - Resource Management
   - Self-Management

2. **Facilitating the Review of the Chief Executive**

   Once the Council has decided who will be involved in the performance evaluation of the Chief Executive Officer the Performance Review Panel (PRP) will work closely with that group to prepare for, and conduct, the performance review.

   Typically this requires the following activities:

   - The Chief Executive Officer completes a self-assessment against the above using a rating system agreed when creating the documentation. This self-assessment is then circulated to the Councillors who will undertake the performance evaluation and to the McArthur Consultant.
   - All Councillors independently and individually rate the performance of the Chief Executive Officer and send their confidential reports to the McArthur Consultant.
   - The Consultant prepares a consolidated report based on all the information provided by the Chief Executive Officer and Councillors.
   - The McArthur Consultant meets with the Performance Review Panel to discuss the consolidated report prior to inviting the Chief Executive to join the discussion.
   - Following this meeting the Consultant produces a draft Performance Review Report which captures the outcomes of the process. This report would also capture goals or objectives agreed for the next review period, both from an organisational perspective as well as in terms of personal and professional development.
   - The draft report is sent to the Chief Executive Officer and Mayor for review.
   - A final report is produced which becomes the official record of the review.
   - As part of our process we will also provide confidential advice and recommendations to Council on comparative benchmarked remuneration packages and performance criteria for the following year.
Timeframe

Typically we can complete a review as described above within a 4-6 week period. We can complete the first step of the process including production of the documentation within two weeks of agreeing to the assignment.

Consultant Commitment

To clarify the range of activities which are incorporated in our service delivery for the Salmac© Performance Management System, our commitment will involve working with Council and the Chief Executive Officer to:

- Work with Council and the Chief Executive Officer to identify and clarify agreed targets for the period under review.
- Develop a comprehensive set of relevant behavioural accountabilities that focus on those characteristics which an effective Chief Executive Officer will and should demonstrate.
- With Council and the Chief Executive Officer, facilitate the actual appraisal process.
- Produce a summary review report (with recommendations for improvement) which covers the outcomes of the appraisal process.
- Work with Council and the Chief Executive Officer to clarify and reach agreement on specific targets for the next review period.
Relevant Experience

McArthur is extensively involved in facilitating performance reviews and assisting clients develop and implement structured performance management systems within their organisations.

Since its introduction in 1993, the Salmac® Performance Management System has enjoyed great success in Australian Councils, with over 100 Councils in Queensland, New South Wales, Victoria, Northern Territory, South Australia and Tasmania utilising it to evaluate performance.

In recent times we have been appointed to undertake performance reviews of Chief Executive Officers and second level executive positions within the following Councils.

**Recent Salmac® Performance Reviews – Across Australia**
Costing

The fees associated with this assignment cover two distinct functions;

- **Design**
  
The design involves the development and production of the necessary documentation.

- **Implementation**
  
The implementation phase involves the following components:
  
  - Distribution of the documentation to the Chief Executive Officer and Councillors
  - Summarising the Councillors responses
  - Development of a summary report
  - Facilitation of the performance review meeting
  - Write up and distribution of the performance review report
  - Recommendations regarding performance criteria for the following year

**The Annual Performance Review**

The cost for this assignment will be $5,500 plus GST for each yearly performance review. Where an interim review is requested by Council, the cost will be $3,500 plus GST.

Travel, accommodation and general expenses will be charged at cost with prior approval. The pricing structure will be for a three year period.

Our proposed fees are valid for a period of three months. However, if confirmation of our engagement is received within this time period, we will hold this price offer to take into account the agreed timing of the Chief Executive Officer’s review.

**Referees**

We recommend that you contact any of the following referees who will testify with respect to our capacity and capability in delivering the services required by Council.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Organisation</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr John Japp</td>
<td>Chief Executive Officer</td>
<td>East Arnhem Shire Council</td>
<td>08 8986 8901</td>
</tr>
<tr>
<td>Mr John Bennie</td>
<td>Chief Executive Officer</td>
<td>Greater Dandenong City Council</td>
<td>03 9239 5100</td>
</tr>
<tr>
<td>Mr Dominic Isola</td>
<td>Chief Executive Officer</td>
<td>Hume City Council</td>
<td>03 9205 2200</td>
</tr>
</tbody>
</table>
Attachment

Consultant Profiles
Consultant Profiles

Dr Michael Arcella
Senior Consultant – Talent Architects

Michael has specialised and extensive experience within human resource management with a strong emphasis in implementing performance management systems and conducting remuneration audits across various private, public and non for profit sectors. He is also the co-author of the McArthur National Remuneration Survey.

Michael has conducted a detailed audit of La Trobe University’s performance appraisals, promotional systems, and employee remuneration levels compared to specific role responsibilities linked to the organisation’s resourcing capabilities. The audit was benchmarked against U.K and Australian Universities.

Combined with Michael’s strong educational background (PhD – Management) where he worked alongside Victoria Police in examining police officer’s performance, leadership and motivational traits. Michael’s experience also extends to the corporate environment where he has held positions with ANZ and Arthur Anderson and conducted projects for The Lord Mayors Charitable Fund. Michael’s ability to manage projects from planning through to completion, within complex environments requiring flexible approaches to problem solving and project delivery is a key strength.

Katy Jones – Dip HR, CAHRI
Senior Consultant

Katy is a Senior Consultant with Talent Architects. She has over 25 years’ HR expertise gained in senior generalist and specialist roles - primarily in the Talent arena within global organisations. She has worked across a range of sectors including Government, Managed Services, Publishing, Retail, Manufacturing and Distribution, FMCG and boutique agency recruitment.

Katy has extensive experience across talent acquisition and development, employment legislation, employee engagement, performance management, change management, organisational design and leadership development. She is certified and experienced in a number of psychometric, competency and team development tools.