

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Additional Estimates Hearings 2003-2004, 16 February 2004

Question: PM59

Outcome 1, Output 4

Topic: Performance appraisal mechanisms linked to pay outcomes

Direct on Notice

Senator Kim Carr asked:

- 1. For each agency within the Department, please provide full details of each of the performance assessment mechanisms linked to the pay outcomes or other financial reward of individual employees, including;**
 - a. What are the current process/es of performance assessment within the portfolio agency? If more than one, please provide details of each, and the employee category it applies to.**
 - b. For each of the performance assessment process/es identified in (a), please list the range of outcome results an employee can achieve from each of the performance assessment processes identified in (a);**
 - c. For each of the performance assessment process/es identified in (a), what pay or other financial change is linked to each outcome or result for the employee from the performance assessment [ie, the pay increase or one-off bonus or classification or level change];**
 - d. For each of the performance assessments identified in (a), what is the classification level of employees subject to this performance assessment (eg SES, EL1, EL2 or APS and equivalent);**
 - e. What is the principal industrial or other instrument governing each of the performance assessment mechanism/s (eg, the certified agreement or AWA);**
 - f. Does the performance assessment operates over a common cycle? Please provide the commencement and end dates of the most recent full cycle of each of the assessment process/es.**
- 2. For each performance assessment mechanism described in (1), advise the number of male and the number of female employees at each possible outcome, by classification level for the most recent full cycle (if the performance mechanism does not operate over a common cycle - aggregate outcomes using the 2002-03 financial year).**

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Answer:

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1. a. The process for performance assessment of all staff is prescribed by the department's Performance Appraisal and Development Scheme. The scheme is based on the development of individual performance agreements, incorporating common performance standards at each level, and a process of review and assessment of employees against their individual agreements.

Supervisors meet six monthly (typically in typically March/April and October) with their staff to review their performance against the specific performance criteria set out in the performance agreements. In March/April, an interim assessment is made and an interim rating is provided and in October, a final assessment is made and a final rating provided.

In the final assessment, supervisors and their employees meet to review the employees' performance over the year and supervisors receive upwards appraisal. The supervisor take into account the employee's self assessment, the results of upwards appraisal where appropriate, the interim assessment and any other formal or informal feedback provided throughout the year. Each supervisor forms a view of appropriate ratings for his or her employees and puts these to a meeting of supervisors for collective assessment and agreement on indicative ratings.

Collective assessments of employees are made as follows:

- of Division Heads (SES Band 2 employees) – by the Executive (the Secretary and SES Band 3 employees);
- of Branch Heads (SES Band 1 employees) – by the Executive and Division Heads;
- of Executive Level 1 and 2 employees – by the SES in their division; and
- of APS 1-6 employees – by their direct supervisors in consultation with their Branch Heads.

A final meeting is held between individual staff and their supervisors to discuss and confirm the ratings and to provide feedback on performance;

- b. The outcome results for the performance assessment process described in 1.a. above is a final rating for which a five point rating scale is used. Employees can achieve ratings as follows: Outstanding (5), Superior (4), Fully Effective (3), Satisfactory (2) or Unsatisfactory (1);

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- c. Employees covered by the department's *Certified Agreement 2002 – 2004* or by an Australian Workplace Agreement may be advanced in salary depending on the rating received and whether the employee is already at the top of his or her salary range.

Employees who receive ratings of Satisfactory (2) or Unsatisfactory (1) are not eligible for salary advancement. Employees who receive ratings of Superior (4) or Fully Effective (3) are entitled to advancement of one salary point provided the employee is not already at the top of his or her salary range. Employees who receive a rating of Outstanding (5) are entitled to advancement of one or more salary points within the relevant salary range.

Employees covered by Australian Workplace Agreements are also entitled to performance bonuses or performance pay which provides a lump sum payment as a percentage of an employee's annual salary as per the following table:

	Fully Effective (3)	Superior (4)	Outstanding (5)
SES employees	5%	10%	15%
Executive Level employees	4%	8%	12%

Under the *Certified Agreement 2002 – 2004*, employees who are at the top of their salary range can be moved up a classification level within a broadband should they receive a rating of Superior (4) or Outstanding (5), subject to a Work Availability Test. The test requires that work at the higher work value and skill level is available. If there are more employees eligible for advancement than jobs available, expressions of interest must be called for from across the relevant division and a selection made.

- d. Staff at all classifications are subject to the department's Performance Appraisal and Development Scheme and the performance assessment processes contained in the scheme, as described in 1.a. above;
- e. The department's *Certified Agreement 2002 – 2004* and all individual Australian Workplace Agreements govern the Performance Appraisal and Development Scheme;
- f. The performance appraisal cycle is common for staff at all classification levels. The most recent full cycle of assessment commenced on 1 October 2002 and ended on 30 September 2003.
2. For the most recent full cycle of performance assessment, the number of male and female employees at each possible outcome of the assessment process are

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presented in the following table by classification level. The department has grouped APS2/APS3, APS4/APS5 and SES employees' outcomes on the grounds that smaller numbers would enable identification of individual staff members.

Classification	APS2-3		APS4-5		APS6		EL1		EL2		SES1-3		Total
	M	F	M	F	M	F	M	F	M	F	M	F	
Outcome 2	2	Nil	Nil	Nil	Nil	2	Nil	1	Nil	Nil	Nil	Nil	5
3	7	12	9	31	15	22	18	20	10	10	3	3	160
4	4	10	5	21	10	11	17	22	13	20	11	9	153
5	Nil	Nil	1	3	Nil	7	Nil	1	2	5	4	2	25
Total	13	22	15	55	25	42	35	44	25	35	18	14	343

Note: No employees received a rating of Unsatisfactory (1).

Australian Public Service Commission

1. a. The APS Commission's Certified Agreement contains a Performance Appraisal Scheme that applies to all employees covered by that Agreement. Employees who are covered by Australian Workplace Agreements (AWAs) are required through those AWAs to enter into performance agreements in accordance with the Performance Appraisal Scheme contained in the Certified Agreement.

All employees covered by the Scheme are required to develop performance agreements and to participate in a mid-cycle and end-of-cycle review of their performance with their manager. The appraisal process is set out below.

July-August: Performance agreements and individual development plans finalised and agreed with managers.

December: Mid-cycle review of performance and progress with learning and development plans undertaken with managers.

May: Managers undertake end-cycle review of performance and progress with learning and development plans.

June: Employees advised of ratings.

The end of cycle review by an employee's manager provides feedback on the employee's work performance and conduct during the whole cycle resulting in an overall performance assessment and performance rating;

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b. The APS Commission's Performance Appraisal Scheme contains a five point rating scale. An employee's performance is assessed using this scale as follows:

- Rated Five – Outstanding;
- Rated Four - Superior;
- Rated Three - Fully Effective;
- Rated Two – Adequate; and
- Rated One – Unsatisfactory;

c. Ratings determine eligibility for performance linked salary advancement and performance based bonus payments. Salary advancement is based on progression through pay points for employees covered by the Certified Agreement.

Rating	Impact on Salary	Entitlement to Bonus
5	Possible salary advancement depending on location in the pay point structure	Performance Bonus
4	Possible salary advancement depending on location in the pay point structure	Performance Bonus
3	Possible salary advancement depending on location in the pay point structure	-
2	-	-
1	-	-

A performance rating of two would usually mean that the person needs further development to achieve a rating of three and managers ensure that appropriate training and coaching occurs.

A rating of one means that the person's performance is assessed as unsatisfactory and is managed in accordance with procedures for managing poor performance contained in the Certified Agreement.

All employees covered by the Certified Agreement are also entitled to annual productivity based salary increases. In relation to employees covered by AWAs, salaries are established on commencement of AWAs and reviewed annually having regard to relativities with other employees and performance appraisal ratings.

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Generally, salary increases are consistent with the Certified Agreement, however, allowing for some advancement of higher performing employees and those with enhanced responsibilities.

- d. All employees are covered by the arrangements outlined in (a). For the most part employees in the classifications of APS 1-6 and Executive Level 1 are covered by the Certified Agreement and employees classified as Executive Level 2 and SES are covered by AWAs.
- e. APS Commission Certified Agreement contains the Performance Appraisal Scheme and individual AWAs link to this scheme.
- f. The performance assessment cycle operates from 1 July to 30 June. There are provisions for employees who have been on leave for various reasons (such as maternity leave, caring for children, undertaking carer's responsibilities or suffering injury or illness), to be assessed outside the annual cycle to prevent disadvantage.

The most recent completed performance appraisal cycle was 1 July 2002 to 30 June 2003

- 2. For the most recent full cycle of performance assessment, the number of male and female employees at each possible outcome of the assessment process are presented in the following table by classification level.

Classification	APS 1/2		APS 3/4		APS 5/6		EL1		EL2		SES1-3		Total	
	M	F	M	F	M	F	M	F	M	F	M	F		
Outcome	1	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1	
	2	Nil	Nil	Nil	2	Nil	1	2	Nil	Nil	Nil	Nil	5	
	3	2	1	10	13	7	15	8	12	3	5	Nil	1	77
	4	Nil	1	Nil	7	4	16	5	20	Nil	10	2	1	66
	5	Nil	Nil	Nil	Nil	Nil	2	1	Nil	Nil	2	Nil	1	6
Total	2	2	11	22	11	34	16	32	3	17	2	3	155	

Note: The APS Commission has a broadbanded classification structure based on APS 1/2, 3/4 and 5/6 and Executive Level 1 and Executive Level 2. The Commission does not have SES Band 2 employees and only one SES Band 3 employee. The Commission would prefer not to identify the SES Band 3 employee's outcome in this response. Therefore, the SES grouping has been combined.

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1.
 - a. The Ombudsman has a performance assessment scheme which operates on an annual business cycle (July to June) and applies to all its employment categories;
 - b. The outcome results for performance appraisal are:
 - Fully Effective;
 - Development Required; or
 - Not Acceptable;
 - c. Employees assessed as Fully Effective are eligible to advance one salary point where applicable within a classification, or between classifications if their position is broadbanded. For employees assessed as Development Required, salary point progression is deferred until a Fully Effective rating is achieved (normally not exceeding six months). There is no salary point progression for employees assessed as Not Acceptable;
 - d. The Certified Agreement and Australian Workplace Agreements govern the Ombudsman's performance assessment scheme;
 - e. Staff at all classifications are subject to the performance assessment scheme;
 - f. The performance appraisal cycle is common for staff at all classification levels. The most recent full cycle of assessment commenced on 1 July 2002 and ended on 30 June 2003.

2. For the most recent full cycle of performance assessment, the number of male and female employees at each possible outcome of the assessment process are presented in the following table by classification level.

Classification	APS2		APS3		APS4		APS5		APS6		EL1		EL2		SES1		Total
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Gender																	
Outcome: Fully Effective	Nil	1	4	3	3	17	3	1	3	8	10	10	5	9	2	2	81
Total	Nil	1	4	3	3	17	3	1	3	8	10	10	5	9	2	2	81

Note: No employees received ratings of Development Required or Not Acceptable.

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1. a. The current performance assessments process in the ANAO is undertaken through the 'ANAO Performance Assessment Scheme' (PAS). All ongoing Public Service Act staff are subject to an assessment of their performance through the application of the Scheme as outlined in the ANAO Certified Agreement or as set out in individual AWAs, as is the case for SES staff;
- b. The outcome results for performance appraisal are:
 - Outstanding;
 - More than Fully Effective;
 - Fully Effective; and
 - Unsatisfactory.

The range of outcomes under the PAS arrangements include:

- increase to base salary;
 - payment of a lump sum bonus;
 - development of an Individual Development Plan to assist with career planning, with a linkage to succession planning within the ANAO; and
 - development of an 'Performance Improvement Plan', where the employee's performance falls below the standard required;
- c. The financial rewards for satisfactory performance are linked to a four tier structure which commenced on 1 November 2003. The rewards achieved depend on the rating provided and are as follows:
 - Unsatisfactory – no financial reward plus the staff member is placed on a 'Performance Improvement Plan';
 - Fully Effective - a 0.5% salary increase plus a bonus payment of 1% of annual salary;
 - More than Fully Effective - a 0.5% salary increase plus a bonus payment of 5% of annual salary; and
 - Outstanding - a 0.5% salary increase plus a bonus payment of 10% of annual salary.SES staff are assessed on criteria contained in their AWAs and are eligible for a bonus payment in the range 1% to 10% of annual salary;
 - d. Employees from APS 1 to EL 2 are subject to the ANAO PAS arrangements. SES Band 1, Band 2 and Band 3 employees have performance arrangements included in their AWAs;

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- e. Both the ANAO *Certified Agreement 2003-2006* and individual AWAs provide for performance assessment arrangements;
- f. There are two performance cycles operating within the ANAO. The cycle from 1 November to 31 October covers all staff with the exception of SES performance audit staff who are aligned to the financial year, ie 1 July to 30 June.
2. The ANAO has a broadbanded structure with Band 1 & 2 encompassing APS 1 to 6 employees and Band 3 & 4 encompassing Band EL 1 and EL 2 employees. The outcomes or ratings for the financial year 2002/2003 were:

Band Level	Band 1&2 (APS 1-6)		Band 3&4 (EL 1&2)		Total
	M	F	M	F	
Outcome 1	Nil	Nil	Nil	Nil	Nil
2	36	50	40	34	160
3	8	24	16	15	63
Total	44	74	56	49	223

SES staff, whose performance is assessed against criteria set out in their individual AWAs, do not have a rating structure. For the financial year 2002/2003 a total of \$90,753 in performance bonuses was paid to 22 SES staff.

Office of the Governor-General

1. a. The Office has a single performance assessment process that measures individual performance against key priorities and performance measures on an annual cycle. The individual performance priorities are linked to the performance outcomes for the branch in which the employee works;
- b. The range of outcome results that can be achieved are a performance rating of: Exceeds Job Requirements; Fully Meets Job Requirement; Meets Job Requirements and Not Meeting Job Requirements;
- c. The pay or other financial change linked to outcomes is as follows:
- Meets Job Requirements or above - salary pay point advancement where available;
 - Fully Meets Job Requirements or above - one-off bonus available selectively and only through an AWA; and

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- Meets Job Requirements or above - broader staff learning and development opportunities;
- d. The performance arrangements apply to all categories of staff employed under the *Governor-General Act 1974*, excluding the Official Secretary whose remuneration is determined by the Remuneration Tribunal;
- e. The performance assessment arrangements are determined under the *Office of the Official Secretary to the Governor-General Certified Agreement 2002-2005*;
- f. The Office's performance assessment system operates on an annual cycle but not on a common commencement date. Individual employee performance agreement cycles commence on the date of employment and run annually (eg where an employee starts with the Office on 1 March, the employee's performance cycle runs from 1 March to 28 February).
2. The following figures are provided for performance rating outcomes for the period covering 2002-2003:

Classification	APS1		APS2		APS3		APS4		APS5		APS6		EL1/2		Total	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F		
Gender																
Outcome	2	3	6	2	2	Nil	1	Nil	1	1	10	1	1	Nil	1	29
	3	6	3	2	3	4	5	Nil	Nil	1	2	1	2	4	3	36
	4	1	Nil	Nil	Nil	2	Nil	Nil	1	Nil	3	Nil	Nil	Nil	1	8
Total	10	9	4	5	6	6	0	2	2	15	2	3	4	5	73	

Notes: APS/EL classification levels are equivalent to those applying to employment in the Office of the Official Secretary to the Governor-General for staff employed under the *Governor-General Act 1974*.

Rating numbers apply as follows: Rating 2 = *Meets Job Requirements*; Rating 3 = *Fully Meets Job Requirements*; Rating 4 = *Exceeds Job Requirements*. No staff were rated as *Not Meeting Job Requirements*.

Office of the Inspector-General of Intelligence and Security

1. a. While there are formal performance assessment procedures in place, they are not linked to pay outcomes or other financial rewards of employees.
- b. N/a;
- c. N/a;

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d. N/a;

e. N/a.

2. N/a.

Office of National Assessments

1. a. Staff have individual performance agreements with evaluation based on a range of criteria such as effectiveness, quality of work and wider contribution to ONA goals;
- b. Performance ratings are:
 - Unsatisfactory;
 - Satisfactory;
 - Fully Effective;
 - Superior; and
 - Outstanding;
- c. Pay or other financial changes linked to outcomes or results from the performance assessments are as follows:
 - Unsatisfactory - no salary advancement, 'Managing under-performance procedures' are invoked;
 - Satisfactory - no salary advancement or bonus;
 - Fully Effective - salary advancement of one pay point or \$500 gross bonus payment if at the top of the relevant work level point;
 - Superior - salary advancement of one pay point plus \$500 gross bonus payment, or \$1,000 gross bonus payment if at the top of the relevant work level point; and
 - Outstanding - salary advancement of one pay point plus \$1,000 gross bonus payment, or \$2,000 gross bonus payment if at the top of the relevant work level point;
- d. All staff are subject to the performance ratings listed in response to Question b;
- e. The industrial instruments governing the performance assessment mechanism are the Certified Agreement and AWAs;

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f. The performance assessment cycle is 1 July to 30 June. The most recent performance assessment cycle commenced on 1 July 2002 and ended on 30 June 2003.

2. For the most recent full cycle of performance assessment, the number of male and female employees at each possible outcome of the assessment process are presented in the following table by classification level.

Classification	APS2		APS3		APS4		APS5		APS6		EL1		EL2		SES1-2		Total
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Outcome 2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1
3	Nil	Nil	3	1	2	1	Nil	1	2	Nil	4	2	3	Nil	2	Nil	21
4	Nil	Nil	Nil	2	2	1	1	2	Nil	6	2	2	12	1	4	1	36
5	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1	Nil	Nil	Nil	Nil	2	Nil	Nil	Nil	3
Total	Nil	Nil	3	3	4	2	1	4	3	6	6	4	17	1	6	1	61

Note: No employees received a rating of Unsatisfactory.