

# Board Performance Assessment - Policy

## 1. Scope

This policy sets out how the individual and collective performance of board members will be assessed and, where relevant, how poor performance will be addressed.

## 2. Key principles

- a) **Obligations:** the board acts in accordance with its obligations and with good governance practice.
- b) **Purpose and frequency:** the purpose of performance assessment is to enable performance areas that require improvement to be identified and addressed. Assessment (collective, individual, and chair) occurs at least annually.
- c) **Public interest:** the board acts in the public interest, collectively and individually. It is in the public interest for performance assessment to be accurate and constructive.
- d) **Collective accountability:** the board is collectively accountable to the Minister for its decisions. Each board member participates actively in each decision.
- e) **Respect, courtesy, and balance:** board members treat one another with respect and courtesy. They participate in board discussions in an active and constructive manner. There is a balanced opportunity for each board member to ask questions, express ideas, and offer opinions.
- f) **Attendance:** board members are expected to attend all board meetings. A minimum attendance of 75% of meetings is required unless good reason exists otherwise.
- g) **Effectiveness:** the board is responsible for its own effectiveness. Each board member makes a significant contribution to the organisation.

## 3. Obligations and good practice

The board will conduct performance assessment in accordance with its obligations and with good public sector governance practice, including:

- the establishing Act, being *Environmental Protection Act 1970*;
- the public sector values in section 7 of the *Public Administration Act 2004* ('PAA');<sup>1</sup>
- the [Directors' Code of Conduct](#); <sup>2</sup>
- section 79 of the PAA;
- government policy;
- any assessment guidelines/requirements issued by the Minister or the Secretary of the Department of Environment, Land Water and Planning ('DELWP');

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<sup>1</sup> The public sector values are: integrity, impartiality, accountability, respect, responsiveness, human rights, and leadership.

<sup>2</sup> Issued by Victoria's Public Sector Standards Commissioner pursuant to section 63 of the PAA.

- any other directions, guidelines and/or statements of obligation or expectation issued by the Minister;
- the requirement in section 81(1)(d) of the PAA that adequate procedures be in place for assessing board member's performance (collective and individual) and for dealing with poor performance (if any);<sup>3</sup> and
- all other laws and obligations that bind the organisation.

## 4. Annual performance assessment

The performance of the board will be assessed on an annual basis, including:

- the collective performance of the board;
- the performance of individual board members; and
- the performance by the chair of his/her additional duties as chair.

The **purpose** of assessment is to enable performance areas that require improvement to be identified and addressed.

## 5. Performance Assessment Plan

The board will document a performance assessment plan for the forthcoming year, or forthcoming cycle of two to three years. The plan will include:

- assessment criteria;
- assessment methods;
- timing;
- feedback requirements; and
- reporting requirements (if any).

### Assessment guidelines/requirements issued by the Minister or DELWP

If the Minister or the Secretary of DELWP issues any assessment guidelines/requirements that apply to the board (e.g. criteria, methods, reporting), these will be adopted as the board's performance assessment plan or incorporated into it.

## 6. Methods of assessing performance

Subject to any guidelines/requirements issued by the Minister or DELWP, assessment **methods** will comprise a mixture of self assessment, peer assessment and/or independent assessment. Unless good reason exists to the contrary:

- **Self assessment** will occur annually, using standard criteria set by the board in its performance assessment plan;
- **Peer assessment** will occur every one to two years, whereby the board will engage an independent person to:
  - conduct a peer assessment survey;
  - analyse the results;
  - provide feedback (de-identified where appropriate); and
  - make recommendations.

Where appropriate, peer feedback results will be provided to the chair.

- **Independent assessment** will occur every two years to three years. The board will engage an independent governance consultant who is experienced in public sector performance assessment.

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<sup>3</sup> The requirement to assess the board's collective performance (as well as individual performance) was introduced by 2014 amendments to the PAA.

The performance assessment plan will specify which type of assessment or assessments will occur in a particular year.<sup>4</sup>

## 7. Assessment criteria

Subject to any guidelines/requirements issued by the Minister or DELWP, the assessment criteria in the board's performance assessment plan will be consistent with the appendices to this policy, as follows:

- collective performance of the board – see **Appendix 1**
- performance of individual board members – see **Appendix 2**
- performance of the chair's additional duties – see **Appendix 3**

## 8. Improving performance

Board members will be offered, and will make use of, appropriate opportunities for improving their board skills.

Where areas of poor performance are identified, board members will be given the opportunity to improve their board skills as soon as possible. Board members will make use of this opportunity as soon as possible.

If poor performance is not resolved within a suitable time, DELWP will be contacted for advice.

### Disputes affecting performance

If a dispute between board members is affecting the performance of a board member, or of the board collectively, the matter will be addressed in accordance with the board's *Dispute Resolution Policy*.

### Major risks

Consistent with section 81(1)(b) of the PAA, if the collective or individual performance of board member(s) poses a major risk (existing or emerging) to the effective operation of the organisation, the Minister and the Secretary of DELWP will be notified of the risk and of the management systems that are in place to address the risk.

## 9. Regular review of this policy

The board will review this policy on an annual basis or more frequently, if required, to keep up-to-date with changes to laws, government policy, etc.

## 10. Related policies

- Meetings and Decision-making
- Conflict of Interest
- Gifts, Benefits and Hospitality
- Code of Conduct
- Dispute Resolution

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<sup>4</sup> For example, a performance assessment plan that covers a three year period might specify that self assessment occur each year PLUS peer assessment in the 2nd year and, if appropriate, independent assessment in the third year.

## Appendix 1: Criteria for assessing the collective performance of the board

Subject to any guidelines/requirements issued by the Minister or DELWP, assessment of the board's collective performance will focus on how effectively the board is performing its strategic planning, governance, risk management, monitoring and reporting, stewardship and other duties, and how effectively it is functioning as a collective decision-maker. The board's performance assessment plan will be consistent with the following assessment criteria:

### Strategic planning

- The development of **strategic and business plans** that will guide the organisation to the effective and efficient fulfilment of its functions under the establishing Act.
- Whether the board monitors appropriately the **implementation** of its strategic and business plans.

### Governance framework

- Whether the organisation is operating in accordance with its **governance framework** - i.e. the laws, government policies, and other obligations that bind the organisation.

### Risk management

- The effectiveness of the organisation's **risk management** systems.
- Whether the organisation has dealt appropriately with any **public funds** that it receives (i.e. used the funds for the allocated purpose and otherwise in accordance with public sector requirements).
- Whether the Minister and the Secretary of DELWP have been notified of any known **major risks** (existing or emerging) to the effective operation of the organisation and of the management systems that are in place to address those risks.

### Stewardship

- How well the board is monitoring and managing the performance of the **EO**.
- Whether the **organisation** has **policies and procedures** in place that support its effective operation AND systems to ensure that employees understand and comply with these requirements.
- Whether the **culture and operations** of the organisation are consistent with the public sector values, the Code of Conduct for Victorian Public Sector Employees, and the public sector employment principles and standards.

### Performance (including monitoring and reporting)

- Whether the organisation's **functions** are being fulfilled.
- How well the board is **monitoring** the performance of the organisation.
- Whether the organisation's **reporting** obligations (e.g. annual reporting) are being properly discharged.
- The overall performance of the organisation, taking into account the **operational context** (e.g. severe drought).

### The board as a collective decision-maker

- How effectively the board functions as a **collective decision-maker** – i.e. makes decisions that are in the public interest, in accordance with its *Meetings and Decision-making* policy. This includes an assessment of how well the board:
  - functions as a team;
  - sets and completes its annual work program;

- ensures that the reports (e.g. financial reports) and other information that it receives are suitable to its needs;
- follows its meeting procedures; and
- follows its decision-making procedures.
- Whether suitable **board policies** are in place AND whether board members (individually and collectively) comply with these requirements. The key policies are:
  - *Conflict of Interest;*
  - *Gifts, Benefits and Hospitality;*
  - *Code of Conduct;*
  - *Meetings and Decision-making;*
  - *Dispute Resolution; and*
  - *Performance Assessment.*

Other significant policies include:

- *Induction and Education; and*
- *Subcommittees.*
- Whether the **culture and operations** of the board are consistent with the public sector values, the **Directors' Code of Conduct**, and the public sector employment principles and standards.
- How appropriately and effectively the board is engaging with key **stakeholders** (e.g. the Minister, DELWP, the EO).
- The existence of a suitable **induction** process and kit for board members.
- Whether board members have the opportunity to improve their skills in the required areas.
- The effective use and functioning of **sub-committees**.
- The proper documentation and use of **delegations**.
- The **overall performance** of the board, taking into account the **operational context** (e.g. severe drought).

## Appendix 2: Criteria for assessing the performance of individual board members

Subject to any guidelines/requirements issued by the Minister or DELWP, the board's performance assessment plan will be consistent with the following criteria for assessing the performance of individual board members:

- How well the board member understands:
  - the organisation's governance framework;
  - his/her role as a board member; and
  - the role of other key stakeholders (e.g. the Minister, DELWP, the chair, the EO).
- Whether the board member acts consistently with the public sector values, public sector employment principles, and related codes and standards, in particular, the [Directors' Code of Conduct](#);
- Whether the board member acts consistently with the board's policies, in particular:
  - *Conflict of Interest*;
  - *Gifts, Benefits, and Hospitality*;
  - *Code of Conduct*;
  - *Meetings and Decision-making*, including whether the board member:
    - prepares for board meetings (pre-reading of papers etc.);
    - makes regular and significant contributions to board discussions;
    - treats other board members with respect and courtesy;
    - supports the balanced exchange of ideas and views between board members; and
    - participates actively and constructively in all of the board's decision-making.
  - Other key topics (e.g. *Confidentiality and Proper Use of Information*).
- Whether the board member attends at least 75% of board meetings.<sup>5</sup>
- The extent to which the board member makes additional contributions to the board's activities (e.g. convenes or is member of a subcommittee; contributes to subcommittee reports/papers).

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<sup>5</sup> See the [Appointment and Remuneration Guidelines for Victorian Government Boards, Statutory Bodies and Advisory Committees](#).

## Appendix 3: Criteria for assessing the performance of the chair's additional duties

Subject to any guidelines/requirements issued by the Minister or DELWP, the board's performance assessment plan will be consistent with the following criteria for assessing the chair's performance of his or her additional duties as chair:

- How well the chair is discharging his/her additional duties as chair in accordance with the board's *Meeting and Decision-making* policy, for example:
  - the extent to which the chair demonstrates effective leadership of the board;
  - the appropriate scheduling of agenda items;
  - whether board members treat one another with respect and courtesy and participate actively and constructively in each board decision;
  - the efficient and effective flow of board meetings; and
  - whether board members have ready access to board policies.
- The disclosure by board members, at the start of board meetings, of any conflicts of interest in relation to items on the agenda, and the management of conflicts of interest in accordance with the board's *Conflict of Interest Policy*.
- The chair's contribution to the resolution of disputes between board members, in accordance with the board's *Dispute Resolution Policy*.
- Measures taken to ensure that board members understand their role and accountabilities, for example:
  - suitable induction for new board members;
  - opportunities for existing board members to further develop relevant knowledge and skills.
- How well the chair acts as a spokesperson and key relationship-builder for the organisation.
- The completion of performance assessment in accordance with this policy.