

# Schedule 4 – Commercial Management Framework

## Attachment D – Performance Management Strategy

### 1 INTRODUCTION

- 1.1 **(About this Attachment)** The Performance Management Strategy provides the Nominal Insurer with a tool for evaluating and managing the performance of the Scheme Agent's obligations under the Deed. The tool provides a framework for determining the type and level of intervention the Nominal Insurer may choose to correct any deviations from the required performance standard.
- 1.2 **(Performance data and information)** The performance data and supporting information will be sourced from:
- (a) the Scheme Agent's performance measurement framework described in Schedule 1 (Business Model), Section 5.7;
  - (b) Reports detailed in Schedule 4, Attachment C (Reports);
  - (c) information sources, from within the Nominal Insurer or its Personnel and from other sources, such as WCC and CAS, as available; and
  - (d) the Nominal Insurer's analysis of its own data.
- 1.3 **(Glossary)** For the meaning of defined terms used in this Schedule, refer to Schedule 14 (Glossary).
- 1.4 **(Obligations)** The obligations in this Schedule are in addition to the other parts of the Deed and should be read in conjunction with the Deed, including clauses 26, 40, and 42.

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### **2 PERFORMANCE MANAGEMENT PROCESS**

- 2.1 **(Reporting)** The Scheme Agent will provide the reports to the Nominal Insurer as described in Schedule 4, Attachment C (Reports).
- 2.2 **(Review)** The Nominal Insurer will review the reports and evaluate the Scheme Agent's performance against the KPIs, Quarterly Performance Fee Targets and Incentive Fee Targets and the results of the Scheme Agents Operational Performance Reports.
- 2.3 **(Commercial Management)** The Nominal Insurer will review the Reports and, at its sole discretion, will determine the appropriate level of intervention in the case of a performance deviation.
- 2.4 **(Contract Disputes)** Any dispute regarding performance management interventions must be resolved in accordance with the dispute resolution process described in Sub-clause 25 of the Deed.

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### 3 PERFORMANCE MANAGEMENT INTERVENTIONS

- 3.1 Where the Scheme Agent elects to seek the Nominal Insurer's Approval of a Corrective Action Plan under Sub-clause 42.2(c), then, based on the criteria set out in this Attachment D, or as otherwise Directed by the Nominal Insurer, the Scheme Agent must propose a detailed draft Corrective Action Plan reflecting the appropriate level of performance management intervention. The Nominal Insurer will only Approve that draft Corrective Action Plan where the Scheme Agent has demonstrated to the Nominal Insurer's satisfaction how the performance of the Corrective Action Plan will remedy the breach.
- 3.2 **(Level 1 - Scheme Agent Rectification Plans)** A level 1 plan may be required when the day-to-day delivery of Services is impacted, and / or where a KPI has not been met during the measurement period, or some other provision of the Deed has not been met. At a minimum, any level 1 plan will address:
- (a) the analysis of the root cause of the deviation;
  - (b) the steps to be, or that have been, taken by the Scheme Agent to remedy the failure;
  - (c) timelines for implementing the level 1 plan; and
  - (d) plans to ensure there will be no recurrence.
- 3.3 The Scheme Agent must report the progress and results of this level 1 Corrective Action Plan in accordance with Schedule 4.
- 3.4 **(Level 2 - Formal Projects)** The Nominal Insurer may require that a formal project be initiated when the Scheme Agent performance indicates that there is a potential for an ongoing disruption to the Services, or where there is continual failure to meet performance targets, or when a level 1 plan has not produced the required results. The Scheme Agent will be required to submit a project plan for the Nominal Insurers review and the project will be coordinated through the Account Management Group described in Schedule 4.
- 3.5 **(Level 3 - Principal Intervention)** Where the Scheme Agent's performance indicates failure to meet any of the Quarterly Performance Fee Targets, or a Level 2 intervention has been unsuccessful, the Nominal Insurer may elect that the Scheme Agent initiate a project under the Direction of the Scheme Agent Principal, to resolve the performance issue. The Nominal Insurer reserves the right to project manage the project.