

<b>Title:</b>	<b>Chief Executive Officer Employment and Remuneration Policy</b>
<b>Type:</b>	<b>Council</b>
<b>Adopted:</b>	<b>25 August 2021</b>
<b>Document No:</b>	21/10361
<b>Attachments:</b>	

## Acknowledgement of Country

*Council acknowledges the traditional custodians of the land comprising the Murrindindi Shire Council area, and those of our neighbouring municipalities. We pay respect to Elders past and present and celebrate and respect their continuing culture and connection to the land.*

### 1. Purpose

Murrindindi Shire Council's Chief Executive Officer (CEO) Employment and Remuneration policy sets out Council's approach to managing CEO performance and remuneration in accordance with Section 45 of the Local Government Act 2020.

### 2. Rationale

This policy is a requirement of the *Local Government Act 2020* and outlines the way in which the Council will be supported to fulfil its obligations regarding the CEO's employment and under the Act.

### 3. Scope

This Policy covers the following matters which the Council is responsible for, under the Act or as a requirement of this Policy:

- (a) the recruitment and appointment of the Chief Executive Officer;
- (b) approving the Contract of Employment entered into between the Council and the Chief Executive Officer;
- (c) the appointment of an Acting Chief Executive Officer;
- (d) the provision of independent professional advice in relation to the matters dealt with in the Policy;
- (e) the monitoring of the Chief Executive Officer's performance;
- (f) an annual review;
- (g) determining the Chief Executive Officer's remuneration.

### 4. Definitions

Reference Term	Definition
Act	Local Government Act 2020
Chief Executive Officer or CEO	Chief Executive Officer
Committee	CEO Employment and Remuneration Committee
Contract of Employment	The contract of employment between the CEO and Murrindindi Shire Council, including any schedules and attachments
Council	Murrindindi Shire Council

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Reference Term	Definition
Councillor	Individuals holding the office of a member of Murrindindi Shire Council and as defined by the Act
Council Officer	The Chief Executive Officer and employees of Council who are appointed by the Chief Executive Officer
Executive Recruitment Consultant	A consultant with specialist expertise in sourcing and evaluating candidates for Senior Executive positions
Independent Person/Member	A suitably qualified and experienced HR professional who is not a Councillor or Officer of a Council, who is appointed as a member of the CEO Employment and Remuneration Committee and provides independent advice to the Council and Committee
KPI/s	Key Performance Indicator/s or performance criteria
Mayor	Mayor of Murrindindi Shire Council
Performance Plan	A performance plan, which includes Key Performance Indicators, to monitor the performance of the Chief Executive Officer
Public Sector Wages Determination	Any Determination that is currently in effect under section 21 of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 in relation to remuneration bands for executives employed in public service bodies.
Recruitment Policy	The Recruitment Policy adopted by the CEO under section 48(2) of the Act
Remuneration Package	The total gross remuneration package paid to the Chief Executive Officer, pursuant to the Contract of Employment.

## 5. Policy

This CEO Employment and Remuneration Policy (Policy) outlines the specific aims and key accountabilities Council, including the CEO Employment and Remuneration Committee (Committee) appointed by Council, and the Chief Executive Officer in relation to the CEO's employment.

5.1. The key accountabilities and aims of the Council in relation to this policy are to:

- 5.1.1. establish the Committee;
- 5.1.2. provide processes for the recruitment of a natural person, and their appointment, to the position of CEO;
- 5.1.3. draft and approve the Contract of Employment entered into between the Council and the CEO;
- 5.1.4. seek and be guided by independent professional advice in relation to the matters dealt with in the Policy;
- 5.1.5. provide processes for determining and reviewing the CEO's Remuneration Package;
- 5.1.6. provide processes for the monitoring of the CEO's performance including setting the Performance Plan and conducting an annual review;
- 5.1.7. determine, as required, any variations to the Remuneration Package and terms and conditions of employment of the CEO;

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- 5.1.8. provide processes for the appointment of an Acting Chief Executive Officer
  
- 5.2. The key accountabilities and aims of the CEO in relation to this policy are to:
  - 5.2.1. work collaboratively with the Committee in determining the Performance Plan on an annual basis;
  - 5.2.2. actively participate in the performance appraisal process as required by the Committee;
  - 5.2.3. make use of constructive feedback from Councillors and Committee Members in relation to performance appraisal;
  - 5.2.4. undertake professional development on an as needed basis, or as part of the Performance Plan; and
  - 5.2.5. promptly draw the Committee's attention to any situation where any variation of the Performance Plan may be required in light of the current circumstances.

## **6. CEO Employment and Remuneration Committee**

- 6.1. The Council will establish the Committee which will act as an advisory committee to the Council.
- 6.2. The Committee must include at least three Councillors and an independent person, appointed by the Council, who is entitled to be remunerated for their services.
- 6.3. The Council may also appoint a suitable Officer to provide administrative tasks on behalf of the Committee i.e., taking of the Committee meeting minutes.
- 6.4. The Committee is to be chaired by:
  - (a) a Councillor appointed by the Council; or
  - (b) if the Councillor so appointed is not present, a Councillor who is present at the meeting and is appointed by members of the Committee who are present at the meeting.
- 6.5. The Committee is to hold meetings as often as is necessary in order to:
  - (a) prepare relevant documentation including Council reports and contractual documents for the approval of the Council;
  - (b) conduct and maintain appropriate records regarding the CEO's performance plan and performance reviews; and
  - (c) review the Remuneration Package and conditions of employment of the CEO.
- 6.6. The Committee will provide a report to Council following each meeting.
- 6.7. The Committee will determine the meeting procedures at the first meeting of the Committee, which will include:
  - (a) how often the Committee will meet;
  - (b) quorum and attendance; and
  - (c) the taking of the minutes of the Committee meetings.

## **7. Independent advice**

- 7.1. The independent person appointed to the Committee is responsible for providing independent professional advice in relation to the matters dealt with under this Policy.
- 7.2. The Council will determine:
  - (a) the term of appointment of the independent person; and
  - (b) the remuneration of the independent person.
- 7.3. The Council or the Committee may obtain independent professional advice in relation to any matters dealt with this policy, including but not limited to, the CEO's annual performance review and CEO recruitment.
- 7.4. The Independent person must not carry out the duties of the Executive Recruitment Consultant, as outlined in this policy, and where known, must declare any conflicts of interest when appointing the Executive Recruitment Consultant.

## **8. Recruitment of CEO**

- 8.1. The Committee will seek the services of an Executive Recruitment Consultant to run the recruitment process. The appointment of an Executive Recruitment Consultant will be made by resolution of the Council.
- 8.2. The Committee will liaise with the appointed Consultant on all recruitment related matters.
- 8.3. The Committee will establish and manage the process to recruit the CEO, ensuring that the Council can select the best available candidate from a short list of preferred candidates (with or without a recommendation from the Committee).
- 8.4. The Committee will require the Executive Recruitment Consultant to conduct the recruitment process, including (but not limited to) the following actions:
  - (a) Compilation of a detailed brief from the Council on the position requirements and the ideal candidate;
  - (b) Preparation of a detailed schedule outlining the end to end process;
  - (c) Development of an advertising strategy to attract suitable candidates;
  - (d) Assist Council to conduct first and second round interviews to determine a shortlist of candidates;
  - (e) Conducting the relevant pre-employment checks, including psychometric assessments and probity checks
  - (f) Conducting reference checks on the preferred candidate;
  - (g) Liaising with the Governance and Risk team to issue the contract of employment for the new CEO;
  - (h) In conjunction with the Communications Department, preparing the communications for the Council to announce the appointment of the new CEO; and
  - (i) Assisting the Governance and Risk Department to on-board the new CEO (where required).

- 8.5. The Committee must have regard to the Council's Recruitment Policy when considering the recruitment of the position of CEO to:
- (a) ensure that the recruitment decision is based on merit;
  - (b) supports transparency in the recruitment process and the public advertising of the position;
  - (c) have regard to gender equity, diversity, and inclusiveness.

## **9. Appointment of the CEO**

- 9.1. Council will receive a report from the Committee on the completion of its role in the recruitment process.
- 9.2. Council will proceed to decide on a preferred candidate, with the support of the Committee to negotiate and finalise the Contract of Employment. In order to progress with the offer of employment in a timely manner, the preferred candidate may be offered employment, subject to the resolution of Council.
- 9.3. The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.
- 9.4. The appointment of the CEO must be made by a resolution of the Council.

## **10. Reappointment of the CEO**

- 10.1. Within 6 months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to Council on:
- (a) whether the CEO should be reappointed under a new Contract of Employment;
  - (b) if the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.
- 10.2. Any reappointment of the current CEO must be made by a resolution of the Council.

## **11. Contract of Employment**

- 11.1. The Contract of Employment is to be read in conjunction with this Policy (but the terms of the Policy are not incorporated into the Contract of Employment).
- 11.2. The Contract of Employment will, at a minimum, outline the following:
- (a) the employment term, which must not exceed 5 years under section 44(2) of the Act;
  - (b) the responsibilities and duties of the position including compliance with legislative requirements and Council's Code of Conduct;
  - (c) conflict of interest requirements;
  - (d) the CEO's Remuneration Package and other entitlements;
  - (e) any legislative and contractual obligations, including those during and continuing after appointment;
  - (f) applicable leave entitlements;
  - (g) dispute resolution procedures;
  - (h) processes for managing unsatisfactory performance;

- (i) processes for early termination of contract, including notice of termination provisions. The notice of termination by the Council is restricted to a maximum of six [6] months;
  - (j) any other matters required to be contained in the Contract of Employment by the Regulations.
- 11.3. The Contract of Employment may only be varied by a resolution of the Council and accepted by the CEO, recorded in a deed of variation

## 12. Remuneration and Expenses

- 12.1. The Remuneration Package provided to the CEO will form part of the Committee's annual review, having regard to (in accordance with section 45(3) of the Act):
- (a) any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent); and
  - (b) any Public Sector Wages Determination.
- 12.2. As contained in the Victorian Public Sector Commission's 'Victorian Public Entity Executive Handbook', the following key principles are listed to guide decision-making in executive remuneration to ensure consistency with other public entities:
- (a) be fair and reasonable
  - (b) Executive remuneration decisions should have regard to Victoria's fiscal and economic conditions
  - (c) Executive remuneration should be competitive. Remuneration should be set at a competitive level for the relevant market and sector, so as to attract and retain talented people.
  - (d) Executive remuneration should reflect the non-financial benefits of public sector employment
  - (e) Executive remuneration arrangements should be robust and transparent
- 12.3. Remuneration will be reviewed on an annual basis, in accordance with the CEO's Performance Plan and contractual requirements. Changes to the CEO's Remuneration may only be varied by a resolution of the Council
- 12.4. The Council will meet expenses incurred by the CEO in relation to:
- (a) membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out duties;
  - (b) reasonable costs incurred where attending conferences, seminars, or other networking functions; and
  - (c) reasonable costs incurred in performance of required duties.

## 13. Performance monitoring

- 13.1. The Council will adopt an annual Performance Plan for the CEO, which will include Key Performance Indicators (KPIs). The Performance Plan must be developed collaboratively between the CEO and the Committee and should be used for ongoing performance monitoring throughout the performance year.
- 13.2. The Performance Plan must be made or varied by a resolution of the Council.
- 13.3. The CEO is to provide progress reports to the Committee on a bi-annual basis.

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- 13.4. The Committee may meet with the CEO following each progress report to discuss the matters contained in the progress report.
- 13.5. Following the initial three (3) months of the CEO's term, a workshop with Councillors and the CEO should be coordinated, in which:
  - (a) the CEO can prepare and present an overview of their findings during their initial employment period, and highlight any projections or forecasts of relevance to the Council during their tenure;
  - (b) the Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial employment period; and
  - (c) the Council and CEO can agree to projects and priorities for inclusion in the CEO's Performance Plan.
- 13.6. Notwithstanding the performance review process, the Committee and/or the Council may monitor the CEO's performance on an ongoing basis.

#### **14. Annual review**

- 14.1. In preparation for Council's review, the Committee is required to submit an annual review report to the Council which includes recommendations on the following:
  - (a) Whether the CEO has met the KPIs set in the Performance Plan and to what extent these have been achieved;
  - (b) whether any KPIs or other criteria should be varied under the Performance Plan;
  - (c) whether the Remuneration Package should be varied; and
  - (d) any other necessary matters.
- 14.2. The Committee will submit the Annual Review Report to Council only after meeting with the CEO to discuss the Committee's proposed recommendations.
- 14.3. The Council shall, after receipt of the Annual Review Report, review the recommendations in the Annual Review Report and advise the CEO of the outcomes of the review process, following a resolution made by Council.
- 14.4. The Committee will review the CEO's Remuneration Package in accordance with the CEO's Contract of Employment and in line with the remuneration principles contained in the Victorian Public Sector Commission's 'Victorian Public Entity Executive Handbook'. Aspects to have regard to include:
  - (a) The extent of an increase over the preceding 12 months in the Consumer Price Index (All Groups, Melbourne) as issued by the Australian Statistician;
  - (b) Market rates for comparable positions;
  - (c) The acquisition and satisfactory utilisation of new or enhanced skills by the CEO if beneficial to or required by the Council.
  - (d) If the executive has been recently appointed or has recently had an ad hoc remuneration review
  - (e) Any increase to the Remuneration Package being inclusive of, and may be offset against, any wage increase awarded to employees under any Industrial Instrument.

Any variation to the CEO's Remuneration must be made by a resolution of the Council.



## **15. Suspension and/or Termination by Council**

15.1. Various situations may arise that may lead the Council to suspend and/or terminate the CEO's employment, or a termination by agreement, or a redundancy, or the CEO may notify Council of their desire to terminate the agreement. The relevant contractual arrangements regarding suspension, redundancy and/or termination of the CEO's employment will apply, depending on the circumstances.

## **16. Acting CEO**

- 16.1. The Council must appoint an Acting CEO when there is a vacancy in the position of CEO or in situations where the CEO is unable to perform their duties as Chief Executive Officer.
- 16.2. The appointment of the Acting CEO must be made by a resolution of the Council unless the Acting CEO is appointed for a period not exceeding 28 days, in which case the CEO may appoint an Acting CEO under delegation from Council as per section 11(3) of the Act.
- 16.3. The Committee may advise the Council on the selection and appointment process of an Acting CEO, particularly where the appointment period exceeds three (3) months.
- 16.4. The Committee will advise Council on the remuneration and conditions of employment for the Acting CEO.

## **17. Related Policies, Strategies and Legislation**

- Local Government Act 2020
- Equal Opportunity Act 2010
- Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019
- Human Rights Charter
- Local Government Inspectorate: Managing the employment cycle of a Council CEO - December 2019
- Victorian Public Sector Commission's 'Victorian Public Entity Executive Handbook'
- Recruitment Policy

## **18. Council Plan**

This policy supports the Council Plan strategic objective "Our Promise" and specifically Goal 7 "Support a skilled, engaged and flexible workforce that can respond to changing needs".

## **19. Management and Review**

This Policy will be reviewed within 6 months of its adoption by Council.

This Policy will thereafter be reviewed at least every two (2) years by the Committee and within six (6) months of each Council election. Any proposed changes will be made by a resolution of the Council.

## **20. Consultation**

No external consultation was required in the adoption of this Policy



**21. Human Rights Charter**

This policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities.

**22. Gender Impact Assessment**

This policy has been developed/reviewed with consideration of the criteria which inspires equality under the [Gender Equality Act 2020](#).

## 23. Appendix A – CEO Employment and Remuneration Committee Terms of Reference

These Terms of Reference (TOR) should be read in conjunction with Council's CEO Employment and Remuneration Policy. The TOR outline the purpose of the Committee, its functions, the appointment process for committee members including the independent member and the responsibilities of the Committee.

### 1. Purpose

The purpose of the Chief Executive Officer Employment and Remuneration Committee (Committee) is to assist the Council in fulfilling its responsibilities concerning Chief Executive Officer (CEO) employment matters, being:

- the recruitment, appointment and re-appointment (where applicable) of the Chief Executive Officer
- determining the Chief Executive Officer's Performance Plan (Plan)
- assessing the Chief Executive Officer's performance against set performance criteria in the Plan
- determining the remuneration of the Chief Executive Officer.

The Committee will be an advisory committee to the Council.

### 2. Duties and Functions

The Committee has the following duties and functions:

- To make recommendations to Council on employment matters relating to the CEO or the person appointed to act as the CEO, including the following:
  - the engagement of an Executive Recruitment Consultant to run the recruitment process
  - liaise with the appointed Consultant on all recruitment related matters.
  - establish and manage the process to recruit the CEO, ensuring that the Council can select the best available candidate from a short list of preferred candidates (with or without a recommendation from the Committee).
  - the appointment of an acting CEO when the position is vacant for a period greater than four weeks
  - any extension of the appointment of the Chief Executive Officer as per Council's CEO Employment and Remuneration Policy
  - remuneration and conditions of appointment of the CEO
  - performance criteria and performance review methodology developed by the Committee for the CEO.
  - the outcome of annual performance reviews of the CEO.
- Assessment of the CEO's performance against set criteria at regular performance reviews
- To consider suitable candidates for the position of the independent member of the Committee and to make a recommendation to Council for the appointment of the independent member, where the incumbent resigns from their position on the Committee or is not reappointed by the Council.

### **3. Composition**

The Committee will comprise:

- an independent member
- at least 3 Councillors appointed by Council, one of which will be appointed as Chair of the Committee.

#### **3.1. Appointment process for Councillors**

Within 2 months of the adoption of the CEO Employment and Remuneration Policy, Council will meet and resolve to appoint 3 Councillors to the Committee. Selection will be based on interest, availability and the skills to meet the requirements of a Committee Member, as outlined in the CEO Employment and Remuneration Policy and appended Terms of Reference.

### **4. Independent Member**

#### **4.1. Role of the independent member**

The role of the independent member is to:

- participate in all Committee meetings
- provide advice to the CEO Employment and Remuneration Committee
- facilitate the development of the draft performance criteria and performance review methodology (in consultation with the Committee and the Chief Executive Officer)
- provide benchmarking and advice to the Committee on an appropriate remuneration for the CEO, based on:
  - any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent); and
  - any Public Sector Wages Determination
  - The extent of an increase over the preceding 12 months in the Consumer Price Index (All Groups, Melbourne) as issued by the Australian Statistician;
  - Market rates for comparable positions;
  - The acquisition and satisfactory utilisation of new or enhanced skills by the CEO if beneficial to or required by the Council.
  - If the executive has been recently appointed or has recently had an ad hoc remuneration review

#### **4.2. Qualities and qualifications**

The independent member will have the following key competencies:

- demonstrated human resource management experience and leadership (specifically in the areas of recruitment, benchmarking, performance management and reviews and professional development of executive level staff)
- experience in senior roles in business and/or the public sector
- experience working with boards or other governance bodies.

#### **4.3. Appointment timeframe**

The independent member will be appointed for up to a two-year term with an option to be reappointed for a further two, one-year term extensions, by resolution of Council.

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#### 4.4. Appointment process

Where there is an impending vacancy in the Independent Member position, or it becomes vacant, expressions of interest will be sought.

The Murrindindi Shire Council Governance and Risk Department will make a recommendation to the Committee on the appointment of an independent member.

The Committee will consider suitable candidates and make a recommendation to Council on the appointment of the preferred candidate.

The independent member will be impartial with appropriate experience.

The independent member cannot be a Councillor or member of Council staff.

#### 4.5. Remuneration

The Independent Member will be remunerated as follows:

- a sitting fee per meeting, together with reimbursement of travel costs (where applicable) in line with the relevant ATO tables. The fee to be paid has regard for the specific roles and responsibilities of the independent member as set out in this policy;
- the fee will be paid to the Independent Member immediately following his/her attendance at each of the four scheduled committee meetings; and
- an additional fee will be paid to the Independent Member for every meeting of the Committee attended over and above the four meetings required each year.

#### 4.6. Confidentiality

The Independent Member is required to sign a confidentiality agreement as part of their terms of engagement. An Independent Member must not intentionally or recklessly disclose information that the person knows or should reasonably know is confidential information.

#### 4.7. Support

The Independent Member may seek support from the Manager Governance and Risk, particularly in matters which relate to Council policy or processes which interact with the employment matters of the CEO. Further, the Independent Member may seek support to obtain clarity on the CEO Employment and Remuneration Policy or in matters where the Committee wishes to seek legal advice/support.

### 5. Quorum

The independent member and at least two other Councillor members, constitute a quorum.

If a quorum is not present within 30 minutes after the scheduled meeting commencement time, the meeting will be rescheduled.

Where the independent member has not yet been appointed, the Councillor members of the Committee may meet to consider suitable candidates for the position of the independent member and make a recommendation to Council.

## **6. Voting**

Each member of the Committee will have one vote. Decision-making will be by a show of hands.

For a motion to be successful, it must be carried by the majority of members present at the meeting.

Where there are an equal number of votes for and against, the Chair will have the casting vote.

Note that as an Advisory Committee, decisions made by the Committee relate to the duties of the Committee and resolutions can only be made by the Council.

## **7. Frequency of meetings**

The schedule of meetings will be determined by the Committee.

An Unscheduled Meeting of the Committee may be called by:

- resolution of the Committee
- the Chair of the Committee
- the Council, where the Chair is incapable of calling the special meeting.

## **8. Reporting**

The business of the Committee shall be recorded in proper minutes. It is anticipated all meetings and records of the Committee will be confidential. The Committee Chair will arrange for the signing and appropriate distribution of the meeting minutes.

Consideration will be given to whether information referred by the Committee to Council can be released to the public following resolution.

## **9. Support**

The Chair, Mayor and Chief Executive Officer will agree how best to provide appropriate secretariat support, including:

- giving appropriate notice of meetings
- circulation of meeting documentation
- taking of, and the distribution of, the minutes for each meeting
- tracking the decisions of the Committee
- keeping appropriate records of the meeting documentation, including the signed minutes.

## **10. Non-Committee Member responsibilities**

Councillors who are not directly appointed to a Committee Member position within the Committee will engage with the Committee at Council meetings and in particular, where matters are raised for resolution by Council. These matters may include:

- Appointment and re-appointment (if applicable) of the CEO
- Appointment of an Acting CEO

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- Appointment and re-appointment (if applicable) of the Independent Member of the Committee
- Contract of Employment conditions of the CEO
- The KPI's and Performance Plan of the CEO
- CEO Employment and Remuneration Policy review

## **11. Review**

These terms of reference may be reviewed at any time by the Committee or Council however, changes can only be made by resolution of Council.

This document will thereafter be reviewed at least every two years by the Committee and within six months of each Council election, in line with the CEO Employment and Remuneration Policy review. Any proposed changes will be made by a resolution of the Council.