



# Chief Executive Officer Employment and Remuneration Policy

<b>Policy Owner</b>	Governance and Corporate Performance People and Culture
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Please check Council's Intranet to ensure this is the latest Revision

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## **PURPOSE**

To provide direction on Council's commitment to the application of good governance, transparency and fairness in all matters relating to the employment, management and remuneration of the Chief Executive Officer (CEO).

## **AUTHORISATION**

This Policy was endorsed by resolution of Council at a Council Meeting on 15 February, 2021.

## **POLICY STATEMENT**

Mitchell Shire Council is committed to, and will ensure the application of good governance, transparency and fairness in all matters relating to the employment, management and remuneration of the CEO.

The Policy has been developed in accordance with the requirements of section 45 of the *Local Government Act 2020* (Act) and provides clear processes for all aspects of the CEO's employment, including:

- Recruitment
- Contract of employment
- Remuneration
- Setting annual performance objectives and measures
- Managing performance and performance reviews
- Other terms and conditions of employment, including any requirements prescribed in Regulations.

## **BACKGROUND**

The Act requires Council to “develop, adopt and keep in force” a Chief Executive Officer Employment and Remuneration Policy (Policy).

The Act specifies that the Policy must:

- provide for the Council to obtain independent professional advice in relation to the matters dealt with in the Policy
- provide for the following:
  - (i) the recruitment and appointment process
  - (ii) provisions to be included in the contract of employment
  - (iii) performance monitoring
  - (iv) an annual review
  - (v) any matters prescribed by Regulations.

- ensure that the Policy is consistent with the remuneration principles contained in the Government of Victoria's Policy on Executive Remuneration in Public Entities.

The CEO must be a natural person and employed under a contract of employment which does not exceed five (5) years.

The CEO, or the Acting CEO, is a member of Council staff (section 44(5) of the Act).

## **PROCEDURE**

Under the Act, Council is responsible for:

- Developing, adopting and keeping in force the CEO Employment and Remuneration Policy
- Undertaking the recruitment and appointment of a CEO when a vacancy occurs in the office of CEO
- Appointing an Acting CEO when there is a vacancy in the office of the CEO, including a temporary vacancy.

To implement the requirements of the Act, Council will:

- Establish a CEO Employment and Remuneration Committee (Committee) to oversee the implementation of the Policy
- Appoint an independent member(s) to the Committee to assist with and advise on the implementation of this Policy
- In the case of a vacancy, appoint an Acting CEO for a maximum of 12 months only
- Determine the rate of remuneration of the Independent Member(s) of the Committee
- Consider reports and recommendations from the Committee
- Review this Policy within six (6) months of a Council election.

The CEO Employment and Remuneration Committee will be comprised of:

- The Mayor
- The Deputy Mayor
- Two (2) other Councillors appointed by Council
- At least one (1) Independent Member appointed by Council in accordance with this Policy.

The Independent Member(s) is a full member of the Committee and is expected and required to be an active participant in Committee meetings.

The Committee is established to:

- (i) Make recommendations to Council on employment matters relating to the CEO; and
- (ii) Monitor and make recommendations to Council on performance matters relating to the CEO; and
- (iii) Perform any other functions or responsibilities prescribed by the Act or specified by Council.

The Committee is advisory only and has no delegated decision-making power or authority.

The Committee will carry out the following:

- **Recruitment**

- a) Establish and oversee the process to enable the Council to appoint the CEO, including, but not limited to:
  - advising on the selection of a recruitment consultant or agency to facilitate and advise on the recruitment process
  - acting as the Selection Panel
  - preparing a short list of applicants for interview
  - interviewing shortlisted applicants
  - coordinating and reviewing testing of applicants
  - developing details of the interview process – questions, required presentations etc.
- b) Provide a recommendation to Council on the remuneration and conditions of appointment of the CEO.
- c) Provide recommendations on the terms and conditions of the CEO's contract of employment.
- d) Provide a recommendation on any extension of the appointment of the CEO under section 44(3) of the Act, when required.

- **Employment and remuneration**

- a) Make recommendations on the remuneration of the CEO.

- b) Undertake an annual review of the Total Remuneration Package as part of the CEO's annual performance review, in accordance with the CEO's contract of employment
- c) Undertake six (6) monthly performance reviews, and regular performance monitoring progress towards achievement of the performance objectives and providing feedback.

- **Performance Issues**

- a) Develop annually, in conjunction with the CEO, relevant and measurable performance objectives for the CEO and make recommendations to Council
- e) Undertake the formal review process of the performance of the CEO against the agreed performance objectives in accordance with this Policy and the CEO's contract of employment
- f) Make recommendations on development opportunities for the CEO
- g) Make recommendations to Council on matters relating to the CEO's performance and performance review, as appropriate.

- **Other Prescribed Functions or Responsibilities**

Make recommendations to Council on any other matters relevant to the employment and performance of the CEO in accordance with the CEO's employment contract and the *Local Government Act 2020*.

### **Independent Member(s)**

- a) In accordance with the Act, Council is required to obtain independent professional advice.
- b) The appointment of an Independent member to the Committee will ensure consistent and quality advice to the Committee and Council.
- c) The Independent Member will be appointed following an advertisement calling for expressions of interest from suitably skilled and qualified people.

### **Remuneration**

The Independent Member will be remunerated at a rate to be determined by Council from time to time.

### **Qualities and Qualifications**

The Independent Member must possess and demonstrate the following key competencies:

- Strong leadership and communication skills
- Skills, expertise and experience in one or more of the following:
  - human resources management (including Executive recruitment, remuneration and talent management)
  - senior business or government (including local government) experience
  - experience with and understanding of employment law
  - demonstrated ability in performance management and development of Executive level staff
- Understanding of good governance and previous experience working with Governance bodies or Boards
- Ability to work effectively with Councillors and the CEO
- Knowledge and understanding of the issues affecting the Mitchell Shire.

### **Appointment Process**

- a) Council will call for Expressions of Interest from interested persons to be an Independent Member of the Committee.
- b) Where there is a vacancy in the position of Independent Member (or an impending vacancy) the Committee will call for Expressions of Interest.
- c) The Committee will prepare a shortlist, conduct interviews and make a recommendation to Council on the appointment of the Independent Member. The list of all Expressions of Interest considered by the Committee will be provided to Council.

### **Appointment Timeframe**

The Independent Member may be appointed for up to four (4) years, or the term of the CEO's contract, whichever is the lesser period.

The Independent Member may be re-appointed by Council, subject to Council's procurement requirements.

## **COMMITTEE PROCEDURES AND OPERATIONS**

### **Meeting Schedule**

- (i) The Committee will meet at least once every six (6) months.
- (ii) The Committee will provide a report to Council following each meeting.
- (iii) Special Meetings may be called by the Committee Chair providing two (2) weeks' notice of and the reasons for the Special Meeting.

## **Chair**

- (i) The Mayor shall Chair the meetings.
- (ii) If the Mayor is unavailable, the Deputy Mayor shall chair the meeting.

## **Meeting procedures**

- (i) Meetings will follow standard meeting procedures.
- (ii) All Committee meetings and records are confidential as the matters relate to personnel and contractual matters.
- (iii) All members have equal voting rights in Committee meetings
- (iv) Majority and minority opinions will be reflected in Committee minutes and provided to Council.

## **Conflicts of Interest**

If a Committee Member has a conflict of interest relating to any item on the Agenda, the Member must disclose to the Chair (Mayor), the type and nature of the interest immediately before consideration of the matter in question.

## **Quorum and Attendance**

- (i) A majority of members of the Committee constitute a quorum, providing that the Mayor or Deputy Mayor and one (1) Independent Member are present.
- (ii) If, at any scheduled Committee meeting, a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting will be adjourned and must re-convene within two (2) weeks of the adjourned meeting.
- (iii) The CEO will attend meetings, as required.
- (iv) Virtual attendance is acceptable.
- (v) A Member who misses two (2) consecutive meetings without a formal apology may, at the discretion of Council, have their term revoked.

## **Minutes of the Meeting**

- (i) The Manager Governance and Corporate Accountability will provide executive support to the Committee.
- (ii) Where the meeting is also an Assembly of Councillors, an Assembly of Councillors record must also be submitted in accordance with those requirements.
- (iii) The Agenda shall be distributed at least five (5) working days in advance of the meeting to all Committee members and a call for Agenda items will be made prior to issuing the Agenda.
- (iv) A copy of the minutes shall be distributed to all Committee members within five (5) working days of the meeting, as far as practicable.

- (v) A report to Council will be tabled after every meeting of the Committee, as a confidential report to Council.
- (vi) Reports to Council should reflect a consensus view. Where consensus cannot be reached, the report should clearly outline the differing points of view i.e. the majority and minority opinions

### **Advice to the Committee**

- (i) The Committee may obtain legal or other specific expert advice, as required and necessary.
- (ii) Any formal advice requested by the Committee will be made available to all Committee members and, where relevant and appropriate, will be provided to Council through meeting minutes.
- (iii) Any advice required by the Committee will be arranged through the Manager Governance and Corporate Accountability to ensure compliance with Council's Procurement policies and procedures.

### **ROLES AND RESPONSIBILITIES**

Council is responsible for:

- Meeting the requirements of the Act and other relevant legislation
- The appointment and management of the CEO, including an Acting CEO, where required
- Appointing the members of the Committee – Mayor, Deputy Mayor and two (2) other Councillors
- Appointing the Independent member(s) of the Committee
- Adopting, overseeing and monitoring the implementation of this Policy
- Undertaking a review of the Policy within six (6) months of each Council election.

Committee members are responsible for:

- Attending Committee meetings
- Undertaking the responsibilities of the Committee as set out in this Policy and the Act, including:
  - Developing and recommending performance criteria and undertaking the annual review of the CEO
  - Identifying and recommending appropriate development opportunities for the CEO
  - Making recommendations on the CEO's Total Remuneration Package and remuneration reviews



- Ensuring that the Committee adheres to statutory obligations and Council's policies and procedures, including equity and fairness
- Advising of conflicts of interest

Independent Member(s) are responsible for:

- Attending meetings of the Committee
- Assisting in developing performance criteria and undertaking the annual review of the CEO
- Performing other functions as required in supporting the CEO's performance reviews and performance development, providing advice on appropriate development opportunities for the CEO
- Providing independent advice on the CEO's Total Remuneration Package and remuneration reviews
- Ensuring that the Committee adheres to statutory obligations and Council's policies and procedures, including equity and fairness
- Advising of conflicts of interest.

The CEO is responsible for:

- Attending Committee meetings as required
- Participating in regular performance reviews
- Providing relevant information to the Committee in a timely manner
- Advising the Council in instances where an Acting CEO is to be appointed under delegation during the temporary absence of the CEO, in accordance with approved delegations.

The Director Governance and Corporate Performance is responsible for:

- Providing advice on the interpretation and application of this Policy
- Obtaining formal advice, if requested

The Manager Governance and Corporate Accountability is responsible for:

- Providing Executive support to the Committee
- Providing advice on the Policy
- Obtaining formal advice, if requested

The Manager People and Culture is responsible for:

- Providing support and advice to the Committee and Council, if requested
- Providing advice on the implementation of the Policy
- Obtaining formal advice, if requested.

## **OPERATION AND REVIEW**

This Policy will:

- remain in force until it is revised or revoked by a resolution of Council
- must be reviewed within the six (6) months following each Council election.

## **NON-COMPLIANCE**

Failure to comply with this Policy may constitute a breach of the CEO's contract of employment, the *Local Government Act 2020* and/or the *Fair Work Act 2009*.

## **IMPLEMENTATION OF THE POLICY**

Advice on the interpretation or application of this Policy should be sought, in the first instance, from the Director Governance and Corporate Performance, or Manager Governance and Corporate Accountability.

## **RELATED DOCUMENTS**

- Chief Executive Officer's Employment Contract
- CEO Position Description
- CEO's Key Performance Indicators
- *Local Government Act 2020 (Local Government Act 1989)*
- *Fair Work Act 2009*
- National Employment Standards
- Council's Procurement Policy and procedures
- Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019
- Government Policy on Executive Remuneration in Public Entities
- *Equal Opportunity Act 2010*
- *Gender Equality Act 2020*
- Regulations
- Protecting Integrity – Leading the Way. Managing the employment cycle of a council CEO – Local Government Inspectorate (Victoria) (February 2019)

## ATTACHMENT 1 - DEFINITIONS

**Contract** means the CEO's contract of employment

**Director** means a second level Officer in Council's organisation structure, however titled from time to time

**Employment matters** means, in regard to the CEO, issues relating to:

- The recruitment of the CEO, including re-appointment, as appropriate
- Contractual and remuneration matters
- Establishing performance objectives and undertaking performance monitoring and reviews
- Any other matters set out in the *Local Government Act 2020*.

**Temporary absence** means when the CEO is absent on approved leave, up to a maximum of four (4) weeks

**Term of appointment** means the term of the CEO's contract of employment, which must not exceed five (5) years in accordance with the Act (section 44).

**Vacancy** means the office of CEO is vacant as a result of the resignation, retirement, termination, including the end of the term of appointment, or death of the incumbent.

## ATTACHMENT 2 – LEGISLATION

### LOCAL GOVERNMENT ACT 2020

#### 45 Chief Executive Officer Employment and Remuneration Policy

- (1) A Council must develop, adopt and keep in force a Chief Executive Officer Employment and Remuneration Policy.
- (2) A Chief Executive Officer Employment and Remuneration Policy must—
  - (a) provide for the Council to obtain independent professional advice in relation to the matters dealt with in the Chief Executive Officer Employment and Remuneration Policy; and
  - (b) provide for the following—
    - i. the recruitment and appointment process;
    - ii. provisions to be included in the contract of employment;
    - iii. performance monitoring;
    - iv. an annual review; and
  - (c) include any other matters prescribed by the regulations.
- (3) A Council must have regard to—
  - (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 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—in developing the Chief Executive Officer Employment and Remuneration Policy.
- (4) A Council must adopt the first Chief Executive Officer Employment and Remuneration Policy under this section within 6 months of the commencement of this section.

### VICTORIAN INDEPENDENT REMUNERATION TRIBUNAL AND IMPROVING PARLIAMENTARY STANDARDS ACT 2019

#### 21 Determinations in relation to remuneration bands for executives employed in public service bodies

- (1) The Tribunal must make a Determination setting the values of the remuneration bands for executives employed in public service bodies which must—
  - (i) (a) include a comprehensive review of the roles of executives employed in public service bodies and the existing remuneration provided to executives under the Public Administration Act 2004 as in force before the commencement of Part 7 of this Act; and
  - (ii) (b) provide for any other matter that the Tribunal considers relevant.

- (iii) (2) The Tribunal must make a new Determination under subsection (1) at the end of each subsequent period of 4 years after the previous Determination was made under subsection (1).
- (2) A new Determination under subsection (1) must—
  - a) include a comprehensive review of the roles of executives employed in public service bodies and the existing remuneration provided to executives; and
  - (iv) (b) provide for any other matter that the Tribunal considers relevant.