

Title:	Chief Executive Officer Employment and Remuneration Policy
Type:	Council
Adopted:	14 December 2022 [in review]
Document No:	[insert]
Attachments:	Appendix A – CEO Employment and Remuneration Committee Terms of Reference

Acknowledgement of Country

Murrindindi Shire Council is proud to acknowledge the Taungurung and Wurundjeri Woi Wurrung people as the traditional owners of the land we now call Murrindindi Shire.

We pay our respects to First Nations leaders and elders, past, present and emerging, who are the keepers of history, traditions, knowledge and culture of this land.

We commit to working in collaboration with traditional owners of this land in a spirit of reconciliation and partnership.

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* (s.45) (Act) and ensures compliance with the Act, government policy, and any determinations under the *Victorian Independent Remuneration Tribunal and Improvement Parliamentary Standards Act 2019* in relation to remuneration bands.

3. Scope

This Policy relates to CEO, and the CEO Employment and Remuneration Committee.

This policy covers the following matters which Council has responsibilities for:

- the recruitment and appointment of the CEO;
- approving the Contract of Employment entered between the Council and the CEO;
- the appointment of an Acting CEO;
- the provision of independent professional advice in relation to matters dealt with in the policy;
- the monitoring of the CEO's performance and the annual review;
- determining the CEO's remuneration.

4. Definitions

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Reference Term	Definition
Act	<i>Local Government Act 2020</i>
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.
Councillor	Individuals holding the office of a member of Murrindindi Shire Council and as defined by the Act.
Council Officer	Employees of Council who are appointed by the CEO.
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, the CEO or Council Officer, 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 CEO.
Public Sector Wages Determination	Any determination that is currently in effect under section 21 of the <i>Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019</i> 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 policy outlines the specific aims and key accountabilities of Council, in relation to the CEO's employment, including the responsibilities of the CEO Employment and Remuneration Committee and the CEO.

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

- Establish the Committee;
- Provide processes to recruit and appoint a person to the position of CEO;
- Draft and approve the Contract of Employment entered between the Council and the CEO;
- Seek and be guided by independent professional advice in relation to matters dealt with in the policy;
- Provide processes for determining and reviewing the CEO's Remuneration Package;
- Provide processes for monitoring the CEO's performance including setting the Performance Plan and conducting an annual review;

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- Determine, as required, any variations to the CEO's Remuneration Package and/or the Contract of Employment;
- Provide processes for the appointment of an Acting Chief Executive Officer.

The key accountabilities and aims of the CEO in relation to this policy are to:

- Work collaboratively with the Committee in determining the annual Performance Plan;
- Actively participate in the performance appraisal process as required by the Committee;
- Make use of constructive feedback from Councillors and Committee Members in relation to performance appraisal;
- Undertake professional development as needed, or as part of the Performance Plan; and
- Promptly draw the Committee's attention to any situation where any variation of the Performance Plan may be required.

5.1 CEO Employment and Remuneration Committee

- 5.1.1 The Committee is an advisory committee to Council, which operates in accordance with the CEO Employment and Remuneration Committee Terms of Reference (Appendix 1).
- 5.1.2 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.
- 5.1.3 The Council may also appoint a Council Officer to provide administrative support to the Committee.
- 5.1.4 The Committee is to be chaired by a Councillor appointed by the Council; or if the appointed Councillor is not present, a Councillor who is present at the meeting and is appointed as acting chair by the Committee members present at the meeting.
- 5.1.5 The Committee will meet as often as is necessary, and at least twice annually to:
- Prepare relevant documentation including Council reports and contractual documents for the approval of the Council;
 - Conduct and maintain appropriate records regarding the CEO's performance plan and performance reviews; and
 - Review the Remuneration Package and conditions of employment of the CEO.
- 5.1.6 The Committee will provide a report to Council after each meeting.
- 5.1.7 The Committee will determine the meeting procedures at the first meeting of the Committee.

5.2 Independent advice

- 5.2.1. The independent person appointed to the Committee is responsible for providing independent professional advice in relation to the matters dealt with under this policy.
- 5.2.2. Council will determine the:
- Term of appointment of the independent member; and
 - Remuneration of the independent member.
- 5.2.3. Council or the Committee may obtain independent professional advice in relation to any matter dealt with under this policy, including but not limited to, the CEO's annual performance review and CEO recruitment.

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- 5.2.4. 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.

5.3 Recruitment of CEO

- 5.3.1. 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 Council resolution.
- 5.3.2. The Committee will liaise with the appointed Executive Recruitment Consultant on all recruitment related matters.
- 5.3.3. The Committee will establish and manage the process to recruit the CEO, ensuring that Council can select the best available candidate from a short list of preferred candidates (with or without a recommendation from the Committee).
- 5.3.4. The Committee will require the Executive Recruitment Consultant to conduct the recruitment process, including (but not limited to) the following actions:
- Compilation of a detailed brief from the Council on the position requirements and the ideal candidate;
 - Preparation of a detailed schedule outlining the end to end process;
 - Development of an advertising strategy to attract suitable candidates;
 - Assist Council to conduct first and second round interviews to determine a shortlist of candidates;
 - Conducting the relevant pre-employment checks, including psychometric assessments and probity checks;
 - Conducting reference checks on the preferred candidate;
 - Liaising with the People and Culture team to issue the Contract of Employment for the new CEO;
 - In conjunction with the Communications Department, preparing the communications for the Council to announce the appointment of the new CEO; and
 - Assisting the Governance and Risk Team to on-board the new CEO (where required).
- 5.3.5. The Committee will refer to Council's Recruitment Policy to:
- Ensure recruitment decisions are merit-based;
 - Support transparency in the public advertising of the position; and
 - Have regard to gender equity, diversity, and inclusiveness.

5.4 Appointment of the CEO

- 5.4.1. Council will receive a report from the Committee on the completion of its role in the recruitment process.
- 5.4.2. Council will decide on a preferred candidate and the Committee may negotiate and finalise the Contract of Employment. The appointment of the CEO must be made by a resolution of the Council.

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5.4.3. The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.

5.5 Reappointment of the CEO

5.5.1. Within six months, but no later than three months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to Council on:

- Whether the CEO should be reappointed under a new Contract of Employment
- If the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.

5.5.2. Any reappointment of the current CEO must be made by a resolution of the Council.

5.6 Contract of Employment

5.6.1. 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).

5.6.2. The Contract of Employment will, at a minimum, outline the following:

- Employment term, which must not exceed 5 years (s.44(2) of the Act)
- Responsibilities and duties of the position including compliance with legislative requirements and the Employee Code of Conduct
- Conflict of interest requirements
- CEO's Remuneration Package and other entitlements
- Legislative and contractual obligations, including those during and continuing after appointment
- Leave entitlement
- Dispute resolution procedures
- Processes for managing unsatisfactory performance
- Processes for early termination of contract, including notice of termination provisions. The notice of termination by Council is restricted to a maximum of six months
- Any other matters required to be contained in the Contract of Employment by the Regulations.

5.6.3. The Contract of Employment may only be varied by a resolution of Council and accepted by the CEO, recorded in a deed of variation.

5.7 Remuneration and Expenses

5.7.1. 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) any:

- Statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent); and
- Public Sector Wages Determination.
- [Gender Equality Act 2020](#). Is fair and reasonable;
- Has regard to Victoria's fiscal and economic conditions;

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- Is competitive to attract and retain talented people;
- Reflects the non-financial benefits of public sector employment; and
- Arrangements are robust and transparent.

5.7.2. Remuneration will be reviewed annually, in accordance with the CEO's Performance Plan and contractual requirements. Changes to the CEO's remuneration may only be made by a resolution of the Council.

5.7.3. Council will meet expenses incurred by the CEO in relation to:

- Membership and subscription fees payable to professional associations which are reasonably necessary to carry out duties;
- Reasonable costs incurred where attending conferences, seminars, or other networking functions; and
- Reasonable costs incurred in performance of required duties.

5.8 Performance monitoring

5.8.1. Council will adopt an annual CEO Performance Plan, 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.

5.8.2. The Performance Plan may only be made or varied by a resolution of the Council.

5.8.3. The CEO is to provide progress reports to the Committee twice a year.

5.8.4. The Committee may meet with the CEO following each progress report.

5.8.5. Following the initial three months of the CEO's term, a workshop with Councillors and the CEO should be coordinated to enable the:

- CEO to 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;
- Councillors to provide feedback to the CEO on their perspective of the CEO's performance during the initial employment period; and
- Council and the CEO to agree on projects and priorities for inclusion in the CEO's Performance Plan.

5.8.6. Notwithstanding the performance review process, the Committee and/or the Council may monitor the CEO's performance on an ongoing basis.

5.9 Annual review

5.9.1. In preparation for Council's review, the Committee is required to submit an annual review report to Council which includes recommendations on the following:

- Whether the CEO has met the KPIs set in the Performance Plan and to what extent these have been achieved;
- Whether any KPIs or other criteria should be varied under the Performance Plan;
- Whether the Remuneration Package should be varied; and
- Any other necessary matters.

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- 5.9.2. The Committee will submit the Annual Review Report to Council after meeting with the CEO to discuss the Committee's proposed recommendations.
- 5.9.3. Council will, after receipt of the Annual Review Report, review the recommendations and advise the CEO of the outcomes of the review, following a Council resolution.
- 5.9.4. 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:
- 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 Council
 - If the executive has been recently appointed or has recently had an ad hoc remuneration review
 - Any increase to the Remuneration Package being inclusive of, and may be off-set against, any wage increase awarded to employees under any Industrial Instrument.
- 5.9.5. Any variation to the CEO's Remuneration must be made by a resolution of the Council.

5.10 Suspension and/or Termination by Council

- 5.10.1. 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.

5.11 Acting CEO

- 5.11.1. 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 CEO.
- 5.11.2. 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.
- 5.11.3. 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.
- 5.11.4. The Committee will advise Council on the remuneration and conditions of employment for the Acting CEO.

6 Related Policies, Strategies and Legislation

- *Local Government Act 2020*
- *Equal Opportunity Act 2010*
- *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*

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- 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

7 Council Plan

This policy supports the Council Plan 2021-2025 Transparency, Inclusion and Accountability strategic objective to “ensure our services, people and systems deliver the best possible outcomes for our communities now and into the future”

8 Management and Review

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

9 Consultation

Both the Committee and the Independent Member were consulted on the review of this Policy.

10 Human Rights Charter

This policy has been developed with consideration of the requirements under the *Charter of Human Rights and Responsibilities Act 2006* and in particular, the right to recognition and equality before the law (s.8) and the right to privacy and reputation (s.13).

11 Gender Impact Assessment

This policy has been developed/reviewed with consideration of the criteria which inspires equality under the *Gender Equality Act 2020*.

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Adopted: [insert date of approval]

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, including:

- The recruitment, appointment and re-appointment (where applicable) of the CEO
- Determining the CEO's Performance Plan (Plan)
- Assessing the CEO's performance against set performance criteria in the Plan
- Determining the CEO's remuneration.

The Committee is an advisory committee to Council and any decisions made by the Committee relate only to the duties of the Committee, and resolutions can only be made by 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 Acting 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.
- To regulatory assess the CEO's performance against set criteria
- To consider suitable Independent Member candidates and recommend an Independent Member appointment to Council, where the incumbent resigns or is not reappointed by Council.

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Adopted: [insert date of approval]

3. Composition

The Committee will comprise:

- An Independent Member
- At least three Councillors appointed by Council, one of which will be appointed as Committee Chair.

3.1. Appointment process for Councillors

Within two months of the adoption of the CEO Employment and Remuneration Policy, Council will meet and resolve to appoint three 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 CEO)
- 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)
 - 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.

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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.

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 the terms of engagement and will not intentionally or recklessly disclose information that they know or should reasonably know is confidential information.

4.7. Support

The Independent Member may seek support from the Manager Governance and Risk for advice on Council policy or processes, which interact with CEO employment matters or if the member wishes to seek legal advice.

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.

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6. Voting

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

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

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

7. Frequency of meetings

The meeting schedule will be determined by the Committee. An Unscheduled Meeting of the Committee may be called by:

- Resolution of the Committee
- The Committee Chair
- Council, where the Chair is incapable of calling the unscheduled meeting.

8. Reporting

The Committee business will be recorded in confidential minutes. 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 CEO 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 not directly appointed to the Committee will engage with the Committee at Council meetings 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
- 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.

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Adopted: [insert date of approval]

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 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.

Responsible Officer: Manager Governance & Risk

Adopted: [insert date of approval]