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AGENDA

**CEO EMPLOYMENT MATTERS COMMITTEE
WEDNESDAY 12 AUGUST 2020
TO BE HELD AT COUNCILLOR LOUNGE, STATION STREET COBRAM
COMMENCING AT 11:00 AM**

- 1. APOLOGIES**
- 2. DECLARATION OF ANY INTEREST**
- 3. DECLARATION UNDER ACTS, REGULATIONS, CODES OR LOCAL LAWS**
- 4. CHIEF EXECUTIVE OFFICER EMPLOYMENT AND REMUNERATION POLICY**
- 5. CONFIDENTIAL BUSINESS**
- 6. CLOSE OF MEETING**

FILE NO: F
4. A WELL RUN COUNCIL

ITEM NO: 4

CHIEF EXECUTIVE OFFICER EMPLOYMENT AND REMUNERATION POLICY

RECOMMENDATION

That the CEO Employment Matters Committee endorse the Chief Executive Officer Employment and Remuneration Policy and recommend it to Council for adoption.

1. Executive Summary

This report seeks the committee's adoption of the attached CEO Employment and remuneration policy.

Council is responsible for the appointment of the Chief Executive Officer (CEO), determining (with the CEO) the CEO's Performance Plan, assessing the CEO's performance against that plan and determining the CEO's contract conditions including remuneration.

The attached policy supports the requirement of the Local Government Act 2020 (the Act) to develop, adopt and maintain a CEO Employment and Remuneration Policy and provides guidance on the Terms of Reference of the CEO Employment Matters Committee.

2. Background and Options

The CEO Employment and Remuneration policy is part of the suite of new policies we are required to develop as part of the implementation of the Act.

Section 45 of the Act outlines the requirements of this policy:

- To provide for Council to obtain independent professional advice
- Recruitment and appointment process
- Provisions to be included in the contract of employment
- Performance monitoring
- Conduct an annual review.

This policy provides guidance relating to the appointment, remuneration and performance appraisal of the CEO in accordance with the following best practice principles:

- Decision-making principles that are fair, transparent and applied consistently;
- Decision-making criteria that are relevant, objective and available to the person subject to the decision;
- Decisions and actions that are conducive to ongoing good governance;
- Documentation that is clear and comprehensive to render decisions capable of effective review;
- Employment decisions that are based on the proper assessment of an individual's work related qualities, abilities and potential against the genuine requirements of the role; and
- Decisions to appoint a new employee are based on merit.

The Terms of Reference for the CEO Employment Matters Committee will reviewed after the 2020 General Council Elections.

3. Council Plan Strategy

This policy relates to Council Plan Strategy 4 – A well run Council.

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(cont'd)**

4. Legislative / Policy Implications

Local Government Act 1989 and Local Government Act 2020
Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019.
Charter of Human Rights & Responsibilities Act 2006

5. Environmental Impact

There are no environmental impact considerations associated with this report.

6. Conflict of Interest Considerations

There are no conflict of interest considerations associated with this report.

7. Conclusion

That the CEO Employment Matters Committee endorse the CEO Employment and Remuneration Policy.

Attachments

- 1 CEO Employment and Remuneration Policy

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CHIEF EXECUTIVE OFFICER EMPLOYMENT AND REMUNERATION POLICY (cont'd)

ATTACHMENT No [1] - CEO Employment and Remuneration Policy

Chief Executive Officer Employment and Remuneration Policy



Policy type	Council
Adopted by	Council
Responsible General Manager	Chief Executive Officer
Responsible officer	Manager Organisational Development
Date adopted	
Scheduled for review	This policy will be reviewed four years from the date of adoption, or sooner if required.

PURPOSE

To provide direction and guidance on the management of the life cycle of the Chief Executive Officer's employment including recruitment, performance and end of contract processes.

To provide Terms of Reference for a CEO Employment and Remuneration Advisory Committee.

SCOPE

The Council is responsible for the appointment of the Chief Executive Officer (CEO), determining (with the CEO) the CEO's Performance Plan, assessing the CEO's performance against that plan and determining the CEO's contract conditions including remuneration.

This policy has been developed to support the requirements of the *Local Government Act 2020* relating to CEO employment and remuneration.

Council will carry out its functions relating to the appointment, remuneration and performance appraisal of the CEO in accordance with the following best practice principles:

- Decision-making principles that are fair, transparent and applied consistently;
- Decision-making criteria that are relevant, objective and available to the person subject to the decision;
- Decisions and actions that are conducive to ongoing good governance;
- Documentation that is clear and comprehensive to render decisions capable of effective review;
- Employment decisions that are based on the proper assessment of an individual's work-related qualities, abilities and potential against the genuine requirements of the role; and
- Decisions to appoint a new employee are based on merit.

The responsibility for assisting Council with its obligations regarding CEO employment, performance and remuneration will be delivered through the CEO Employment and Remuneration Committee.

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ATTACHMENT No [1] - CEO Employment and Remuneration Policy

Chief Executive Officer Employment and Remuneration Policy



DEFINITIONS

The Act	<i>Local Government Act 2020</i>
CEO	Chief Executive Officer
Contract	Chief Executive Officer Employment Contract
Council	Moirā Shire Council
Councillor	Mayor or Councillor as defined by the Act
Independent member	Suitably qualified and experienced HR professional who is not a Councillor or Officer of a Council and is a voting member of the Committee
Recruitment Consultant	A consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles
Remuneration	Salary and salary equivalents

POLICY

1. Establishment of the CEO Employment and Remuneration Committee

1.1. Purpose

Council shall establish a committee to be known as the CEO Employment and Remuneration Committee (the Committee).

The role of the Committee is to recommend, when required, to Council:

- 1.1.1. A Position Description for the CEO, the appointment of a recruitment consultant and undertake the recruitment process leading to the recommendation to Council of a preferred candidate for the CEO position and a recommended remuneration package;
- 1.1.2. Employment contract conditions (including any agreed modifications to the Position Description) and determining the CEO's Initial Performance Plan;
- 1.1.3. After assessing the CEO's performance against that plan, annual remuneration increases and a course of action when the CEO's contract is nearing its end.

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ATTACHMENT No [1] - CEO Employment and Remuneration Policy

**Chief Executive Officer
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1.2. Recruitment, Duties, Term and Remuneration of the Independent Member

The independent member will be appointed by Council following a public process seeking Expressions of Interest from suitably qualified and experienced candidates to fill the position of Independent member of the committee. The independent member will have:

- Human resource qualifications and demonstrated management skills, senior business experience (including Local Government) and/or and employment law background;
- Demonstrated ability in relation to executive level performance appraisal, professional development and remuneration;
- Significant experience working with Executives and Board Members in a similar professional advisory role.

The independent member will be appointed for a term of three years.

At the conclusion of the three-year term, the member will be eligible to apply to be reappointed at the discretion of Council for a second three-year term.

A maximum of two 3 year terms may be served.

Duties of the independent member are to actively participate in the Committee's review of the CEO's performance against the agreed annual performance plan.

Independent member remuneration will be based on a sitting fee per meeting, in line with Victorian Government guidelines for like committees.

Travel costs will be reimbursed in accordance with ATO allowances.

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Chief Executive Officer Employment and Remuneration Policy



2. Process

This policy sets out Council's directions to the Committee for the conduct of its functions.

2.1. Process for the Recruitment of the CEO

Independent Professional Advice

In accordance with Council's procurement policy and with the assistance of the Manager Organisational Development, if required, seek and appoint a recruitment consultant to:

- manage and assist in the process of selecting suitable candidates and managing interviews for the position of CEO.
- provide advice on remuneration.
- provide advice on contract conditions.
- provide advice on a performance plan.

A track record of successful CEO appointments should be the main criteria for appointment of the recruitment consultant.

2.2. Recruitment and appointment process

Undertake preparation work

In conjunction with the consultant (if appointed), the Committee will develop and agree upon:

- The key factors that the Consultant should consider when preparing a list of candidates to be recommended for the Committee to interview.
- Remuneration and other employment conditions based on industry benchmarks, any statement of wages policy issued by the Government of Victoria and any Determination that is in effect under Section 21 of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019.

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- Remuneration arrangements that should be sufficient to attract, retain and motivate senior executives of the quality required, while not paying more than is necessary for this purpose.

Arrangements will include:

- Contract of employment for up to five years.
- Total remuneration package (includes salary, cost to employer of motor vehicle, superannuation and other employment benefits, all to include associated fringe benefits tax).
- Assessment for annual remuneration increases based on performance and prevailing industry standards.
- Termination of contract provisions; by the Council or CEO.
- Key accountabilities of the role; succinct statements about the most important things upon which the CEO will have to focus.
- Selection criteria based on the key accountabilities.
- A search and selection process and timeframe.

2.3. The Committee will seek Council approval of preparatory work once completed.

Then, in conjunction with the consultant:

- Oversee the development of the candidate pool by the consultant, providing feedback on the quality of candidates being identified.
- Review the consultant's report on the candidate pool and make decisions regarding which candidates should be carried forward to interviews by the committee.
- The committee will interview relevant candidates identified by the consultant (and subject to the Committee's agreement) and select/refer the final candidates for short list interviews with the full Council.
- Once the preferred candidate is determined by the full Council, with the support of the consultant, negotiate the terms of employment within the general framework and policies of the Council.
- Develop and recommend to the Council an *on boarding* program for the new CEO.

2.4. CEO Performance Review and Planning Process

The Council is responsible for determining the CEO's Performance Plan (with the CEO), assessing the CEO's performance against that plan and determining the annual remuneration package for the CEO.

Following the CEO's appointment, the Committee's role is to:

- prepare a draft annual performance plan (with the CEO) for Council's consideration,
- seek advice on remuneration benchmarks, while taking into account any legislative requirements.

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- seek advice (if required) on facilitation and criteria for performance plan and review,
- conduct the performance review of the CEO and make recommendations to Council on matters including whether:
 - the CEO meets the performance plan criteria.
 - to vary performance plan criteria, remuneration, or other terms and conditions of the contract.

The Committee will:

- Ensure that the CEO is consulted and advised of the process.
- In consultation with the CEO, identify and agree the performance plan goals and activities that the CEO should work towards achieving over a 12-month period.
- Ensure that the CEO submits a Performance Plan report and is given the opportunity to present his/her self-assessment to the Council.
- Ensure all Councillors are invited to provide comments of appraisal of the CEO's performance to the Committee.
- Attend to the collection and collation of Councillor feedback in relation to the CEO's performance as measured against the performance plan approved by Council.
- Review the CEO's remuneration package as a component of the annual review in accordance with contract conditions.
- Provide feedback to the CEO about their performance and proposed outcome of the remuneration review.
- Report to Council seeking decisions on outcomes of the review process in relation to:
 - the CEO's achievement of the Performance Criteria;
 - any proposed variation in remuneration;
 - agree in relation to the setting of the performance plan for the measurement of the CEO's performance for the next 12-month period;
 - agree with the CEO on a personal and professional development plan for the next 12-month period.
 - whether any options of the CEO's contract should be exercised in accordance with the contract.

2.5. End of Contract

The Committee will be responsible for advising the Council on its options when various end of contract clauses come into effect.

The Committee may seek independent professional advice, if required, to ensure that it is meeting its obligations relating to contract expiry.

Exclusions

Nil

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Human Rights

This policy has considered and complies with the Human Rights and Responsibilities contained in the Victorian Charter of *Human Rights and Responsibilities Act 2006*.

RELATED LEGISLATION

Local Government Act 1989 and Local Government Act 2020

Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019.

Charter of Human Rights & Responsibilities Act 2006

Related Policies, Procedures and Strategies

Council policy - Procurement

REFERENCES

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