

Moira Shire Council

CEO Employment and Remuneration Policy

Policy Type	Council
Version Number	2
Responsible Director	Chief Executive Officer
Responsible Officer	Manager People and Culture
Date adopted by Council	31 January 2024
Scheduled for review	This policy will be reviewed four years from the date of adoption, or sooner if required.

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Administrative changes do not materially alter the document (such as spelling/typographical errors, change to the name of a Council department, a change to the name of a Federal or State Government department). Administrative updates can be made in accordance with the Policy Framework Guidelines.

PURPOSE

The CEO Employment and Remuneration Policy (the Policy) has been prepared for the Moira Shire Council (Council) in accordance with section 45 of the *Local Government Act 2020* (the Act) and will provide direction and guidance on the management of the life cycle of the Chief Executive Officer's employment including recruitment, contract terms, performance monitoring and annual review.

The Policy also provides the Terms of Reference for the CEO Employment and Remuneration Committee.

SCOPE

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

- a) the recruitment and appointment of the Chief Executive Officer ensuring that:
 - (i) the recruitment decision is based on merit;
 - (ii) the recruitment processes support transparency and the public advertising of the position; and
 - (iii) regard is had to gender equity, diversity and inclusiveness
- b) approving the Contract of Employment entered into between Council and the Chief Executive Officer;
- c) the provision of independent professional advice in relation to the matters dealt with in the Policy;
- d) the monitoring of the Chief Executive Officer's performance;
- e) an annual review of the Chief Executive Officer's performance; and
- f) determining the Chief Executive Officer's remuneration.

DEFINITIONS

TERM	DEFINITION
Administrators	Panel of Administrators including the Chair
CEO	Chief Executive Officer
Contract	Contract of Employment for the Chief Executive Officer
Committee	CEO Employment and Remuneration Committee established under this Policy
Council	Moira Shire Council
Independent Advisor	A suitably qualified and experienced Human Resources professional who is not a member of the Panel of Administrators or Council Officer of Moira Shire but is a voting member of the Committee
KPIs	Key Performance Indicators or Performance Criteria however described
Performance Plan	The annual performance plan setting out KPIs for the CEO
Policy	This CEO Employment and Remuneration Policy adopted in accordance with section 45 of the Act
Recruitment Consultant	A Consultant or Agency with specialist expertise in sourcing and evaluating suitable candidates for senior executive roles

Recruitment Policy	The Recruitment Policy adopted by the CEO under section 48(2) of the Act
Regulations	The Regulations made under Division 7 of Part 2 of the Act
Remuneration	Salary and salary equivalents
Resolution	A resolution of Council made at a properly constituted Council meeting

POLICY STATEMENT

This Policy reinforces Council's commitment to good governance practices and provides a consistent, fair, and transparent framework for employment matters relating to the CEO.

Council will carry out its functions relating to the recruitment, 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.

1. CEO Employment and Remuneration Committee

The responsibility for assisting Council with its obligations regarding CEO employment, performance and remuneration will be delivered through the CEO Employment and Remuneration Committee (Committee), established by Council to oversee matters in accordance with section 45(2) of the Act.

The purpose of the Committee is to consider, determine (when applicable) and make recommendations to Council with respect to the:

- preferred candidate to be appointed as Chief Executive Officer;
- terms and conditions of the CEO Contract of Employment including remuneration;
- provisions to be suggested for inclusion in the Contract of Employment from time to time;
- annual development of the CEO Performance Plan including KPI's;
- quarterly and annual review and monitoring of the CEO's performance with respect to achievement of the KPIs;
- selection and appointment of the Independent Advisor;
- any independent advice and recommendations received from time to time;
- implementation of this Policy.

The Committee is to be chaired by an Independent Advisor who is a full member of the Committee and is entitled to be remunerated for their advisory role.

The Committee's meeting procedures will be conducted in accordance with Section 3 of the Council's Governance Rules.

The Committee is to hold meetings as often as is necessary to:

- consider documentation relevant to the CEO's performance and remuneration;
- prepare documentation relevant to the CEO's employment and remuneration, including, where that documentation concerns matters outside the Committee's delegation, Council reports and contractual documents, for the approval of Council; and
- review the Remuneration Package and conditions of employment of the CEO.

1.1 Independent Advice

The Independent Advisor is responsible for providing independent professional advice in relation to the matters dealt with under this Policy in accordance with section 45(2)(a) of the Act.

The Independent Advisor will have:

- Human resource qualifications (or equivalent) and demonstrated management skills, senior business experience (including but not limited to Local Government) and/or employment law background;
- Demonstrated ability in relation to executive level performance appraisal, professional development and remuneration; and
- Significant experience working with Executives and Board Members in a similar professional advisory role.

The Independent Advisor must not be the Recruitment Consultant appointed by Council to assist in the recruitment process.

Council will appoint the Independent Advisor following a public process seeking Expressions of Interest from suitably qualified and experienced candidates.

The Independent Advisor will be appointed for a term of up to three years and will be eligible to apply to be reappointed at the discretion of Council for a second three-year term.

The remuneration for the Independent Advisor 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 upon receipt of a completed claim form.

Council, or the Committee with the approval of a Resolution, can, on an as needed basis, obtain additional independent professional advice in relation to the matters dealt with under this Policy.

1.2 Administrative Support

Support to the Committee will be provided by the Manager People & Culture or delegate and will include:

- coordinating meetings of the Committee including preparation of Agenda and Minutes;
- preparing relevant documentation including reports to Council and contractual documents;
- seeking expressions of interest from suitably qualified persons to undertake the role of Independent Advisor for the Committee's consideration;
- procuring independent legal advice on contractual or employment matters at the request of the Committee; and
- maintaining appropriate records regarding performance reviews.

2. Recruitment of the CEO

Council will engage an independent and suitably qualified Recruitment Consultant to undertake the recruitment of a CEO, in accordance with the Recruitment Policy.

The Committee will make recommendations to the Council when appointing a Recruitment Consultant, determining the CEO position requirements, selection criteria and developing the CEO's contract of employment.

The Recruitment Consultant will manage the end-to-end recruitment process including:

- taking a detailed brief from the Council on the role and the ideal candidate;
- preparing a detailed schedule outlining the end-to-end process;
- developing an advertising strategy to attract suitable candidates;
- assisting the Council to conduct first and second round interviews to determine a shortlist of candidates;
- conducting relevant psychometric assessments to determine best fit;
- conducting reference and probity checks on the preferred candidate;
- liaison with the Manager, People and Culture or nominated delegate regarding the employment contract for the successful candidate;
- liaison with the Committee regarding the public announcement of the appointment of the new CEO.

3. Acting or Interim CEO Appointment

Council must appoint an Acting CEO when there is a vacancy in the office of the CEO which will exceed 28 consecutive days, or the CEO is unable to perform the duties of the office of Chief Executive Officer.

The appointment of the CEO must be made by a resolution of 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 pursuant to section 11(3) of the Act.

The Committee may advise Council on the selection and appointment of an Acting CEO.

In the case of an unplanned leave of absence, or the resignation of the CEO, the Committee will make a recommendation to the Council regarding appropriate arrangements.

4. Contractual Requirements

A CEO will be appointed on a maximum term contract of employment for a period of up to five years. The contract of employment will generally be in accordance with the Maddocks Lawyer's Senior Officer model contract as updated from time to time.

The CEO Employment Contract will, at minimum, outline:

- the responsibilities of the position;
- conflict of interest management requirements;
- the total remuneration package and its inclusions;
- leave and other terms and conditions of employment;
- legislative obligations including those continuing after appointment; and
- processes for managing unsatisfactory performance and early termination provisions

4.1 Dispute Resolution

In relation to any matter under this Policy or the CEO's Contract of Employment that may be in dispute, either the CEO or Council may:

- give written notice to each other of the particulars of any matter in dispute, and
- within 14 days of receiving a notice, a meeting will be convened between the Committee and the CEO in an attempt to resolve the dispute.

If the dispute is not resolved, Council (in consultation with the CEO and on the recommendation of the Committee) will either within 14 days:

- refer the dispute to an independent mediator (as agreed by the CEO and Council, or if they cannot agree a mediator appointed by the Executive Director of Local Government Victoria) and the Council agree to participate in any mediation process in good faith; or
- nominate one or more external persons for the purpose of conducting further investigation and discussion (including any consultation with the CEO, as required) and making a recommendation to Council. Persons nominated for this purpose will have had no prior involvement in the dispute.

The cost of any mediation or investigation will be met by Council.

Having regard to any proposed outcome from any mediation, or the recommendation made, Council will make a final decision regarding the dispute which shall be binding on the parties.

During this process, no party shall be prejudiced as to the final resolution of the dispute. The parties will co-operate to ensure that the steps required to reach a resolution are carried out as expeditiously as possible for the benefit of all concerned.

Council and/or the CEO may nominate a representative (including a legal representative) to assist it and/or the CEO in this process. The CEO and/or Council will each be responsible for meeting the cost of any nominated representative used by them or it.

Neither the Committee nor the Chair Administrator can make any binding decision under any dispute resolution process, without a Resolution.

5. Remuneration and Expenses

The total remuneration package will be subject to review by the CEO Employment and Remuneration Committee.

The remuneration package will be consistent with the principles of the Victorian Government Public Entity Executive Remuneration Policy, which stipulate that remuneration:

- should be fair and reasonable;
- should consider entity performance as well as Victorian fiscal and economic conditions;
- should be set at a competitive level for the relevant market and sector, to attract and retain talented people;
- should be based on decisions that are robust, transparent, consistent and understandable to both the CEO and the public.

The total remuneration package will be inclusive of salary, superannuation and other employment benefits, including associated Fringe Benefits Tax.

No performance bonus arrangements will apply.

Remuneration will be reviewed annually in accordance with the terms of the contract. CEO Performance Review and contractual requirements. The annual review will take into consideration:

- increases in CPI in the preceding twelve-month period;
- the officer's achievement of the performance objectives;
- market rates for comparable positions; and
- the acquisition and satisfactory utilisation of new or enhanced skills by the officer if beneficial to, or required by, the Council.

The Council will meet reasonable expenses incurred by the CEO including:

- Membership and subscription fees payable to professional associations which are reasonably necessary or desirable in performance of duties
- Reasonable costs incurred where attending approved conferences, seminars or undertaking study
- Reasonable costs incurred in performance of duties.

The CEO may be provided a Corporate Purchase Card to use in transactions related to the role of CEO. Corporate expenditure will be reviewed and approved by the Chair Administrator and the Director Corporate Performance. The Council's Audit & Risk Committee can, at any time, ask to receive a report on all CEO corporate purchase card transactions.

6. CEO Performance Objectives and Review

The Council will adopt a set of annual performance objectives for the CEO (the Performance Plan). The Performance Plan will be developed collaboratively by the CEO and the Committee within the first three months of employment.

The Performance Plan will document agreed objectives and outcomes to be delivered over a twelve-month period. A formal review of the CEO's performance, benchmarked against the Performance Plan, will be held annually by the Committee.

An informal review will occur every three months to ensure that objectives and actions are progressing and to discuss any challenges that may impact outcomes. The informal review will provide the CEO and Council with the opportunity to adjust any of the objectives set, by agreement, if required.

The CEO will provide a progress report to the Committee during the quarterly reviews.

The review will also include the opportunity for Council to provide the CEO with performance related feedback and input into the CEO's development plan. The CEO will also have the opportunity to provide feedback to the Council. This process will be facilitated by the Independent Advisor of the Committee.

7. Contract Expiry

The Committee must make recommendations to Council six months prior to the expiry of the CEO contract and regarding current legislation to either:

- reappoint the CEO under a new contract of employment; or
- cease the employment of the CEO due to the expiry of the contract.

8. Integrity of the process

Failure to maintain and comply with this policy may constitute a breach of section 45 of the *Local Government Act 2020* and accordingly be subject to review by the Local Government Inspectorate.

All information relating to the recruitment, selection and performance review process must be kept strictly confidential. Administrators and staff involved in the process must take all reasonable steps to maintain confidentiality and respect the privacy of all persons involved. A breach of confidentiality may constitute a breach of the Administrator Code of Conduct or Employee Code of Conduct.

The Chair of the Committee shall report on any non-compliance matters to the Council.

MONITORING AND EVALUATION

This Policy will thereafter be reviewed at least every four years by the Committee and within 6 months of each Council election, and the Committee will make a recommendation to Council with respect to any suggested changes.

RELATED LEGISLATION

Local Government Act 2020

Charter of Human Rights & Responsibilities Act 2006

Gender Equality Act 2020

RELATED POLICIES AND PROCEDURES

Moira Shire Council Procurement Policy

Moira Shire Council Recruitment Policy

REFERENCES

Victorian Government Public Entity Executive Remuneration Policy

DOCUMENT REVISIONS

Version	Summary of Changes	Approved by	Date
1	Original Policy adopted	Council	26/08/2020
2	Changes made to original policy to include dispute resolution.	Council	31/01/2024