

CEO Employment & Remuneration

COUNCIL POLICY NO. 145

1. PURPOSE OF POLICY

This is the Chief Executive Officer Employment and Remuneration Policy (**Policy**) of Gannawarra Shire Council (**Council**), made in accordance with section 45 of the *Local Government Act 2020*.

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 in the recruitment process 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.

2. DEFINITIONS

In this Policy, unless the context suggests otherwise the following words and phrases mean:

Act means the *Local Government Act 2020*.

Annual Review Report has the meaning given in paragraph 9.1.

Chief Executive Officer or **CEO** means the Chief Executive Officer of Council.

Contract of Employment means the contract of employment between Council and the CEO, including any schedules.

Council means Gannawarra Shire Council.

Councillors means the individuals holding the office of a member of Gannawarra Shire Council.

Council meeting has the same meaning as in the Act.

Executive Search Consultant means a consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.

Independent Advisor means the consultant appointed by Council from time to time to provide independent advice in accordance with section 45(2)(a) of the Act.

KPIs means Key Performance Indicators or performance criteria however described.

Mayor means the Mayor of Council.

Performance Plan means the annual performance plan setting out KPIs for the CEO.

Policy means this CEO Employment and Remuneration Policy adopted in accordance with section 45 of the Act.

Public Sector Wages Determination means 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 means the recruitment policy adopted by the CEO under section 48(2) of the Act.

Regulations means the Regulations made under Division 7 of Part 2 of the Act.

Remuneration Package means the total gross remuneration package paid to the CEO pursuant to the Contract of Employment.

Resolution means a resolution of Council made at a properly constituted Council meeting.

3. POLICY DETAIL

1. Overview

1.1 This Policy outlines the mechanisms which support Council in fulfilling its obligations regarding the CEO's employment and under the Act.

1.2 The aims of the CEO in relation to this Policy are to:

1.2.1 work collaboratively with the Council in determining the Performance Plan on an annual basis;

1.2.2 actively participate in the performance appraisal process as required by the Council;

1.2.3 make use of constructive feedback from Councillors in relation to performance appraisals;

1.2.4 undertake professional development on an as needed basis, or as part of the Performance Plan; and

1.2.5 promptly draw the Council's attention to any situation where any variation of the Performance Plan may be required in light of the current circumstances.

1.3 The aims of Council in relation to this Policy are to:

1.3.1 provide processes for the recruitment of a natural person, and their appointment, to the position of CEO;

1.3.2 draft and approve the Contract of Employment entered into between Council and the CEO;

1.3.3 seek and be guided by independent professional advice in relation to the matters dealt with in this Policy;

1.3.4 provide processes for determining and reviewing the CEO's Remuneration Package;

1.3.5 provide processes for the monitoring of the CEO's performance including setting the Performance Plan and conducting an annual review; and

1.3.6 determine, as required, whether any variations to the Remuneration Package and terms and conditions of employment of the CEO.

2. CEO Employment and Remuneration

2.1 Council will consider and make decisions with respect to the;

2.1.1 selection and appointment of the Independent Advisor;

2.1.2 independent advice received from time to time from the Independent Advisor;

2.1.3 performance monitoring of the CEO, including with respect to achievement of the KPIs;

2.1.4 annual review of the CEO's performance, including against the KPIs;

2.1.5 CEO's remuneration;

2.1.6 recruitment and appointment of a CEO, if required;

2.1.7 provisions to be included in the Contract of Employment from time to time;

2.1.8 implementation of this Policy.

- 2.2 Meetings in respect to this policy will be chaired by:
 - 2.2.1 the Mayor; or
 - 2.2.2 if the Mayor is absent, a Councillor who is present at the meeting and is appointed by the other Councillors who are also present.
- 2.3 The Council is to hold meetings as often as is necessary to:
 - 2.3.1 prepare documentation relevant to the CEO's employment and remuneration, including Council reports and contractual documents;
 - 2.3.2 conduct and maintain appropriate records regarding performance reviews of the CEO; and
 - 2.3.3 review the Remuneration Package and conditions of employment of the CEO,provided that the Council, in relation to this policy, meets at least twice in each year.
- 2.4 The Council will determine its procedures, in relation to meetings held under this policy, at its first meeting, which will include:
 - 2.4.1 the rules for its meetings, noting that meetings should be conducted with as little formality and technicality as appropriate to fulfil this policy's purposes;
 - 2.4.2 how often the Council will meet, provided that the Council meets at least twice in each year;
 - 2.4.3 quorum, provided that the quorum is not less than the Mayor and three Councillors;
 - 2.4.4 means of attendance at these meetings (eg in person or electronically); and
 - 2.4.5 the taking of the minutes of the meetings.
- 3. Recruitment of CEO**
- 3.1 The Council will establish and manage the process to recruit the CEO, designed to ensure that Council can select the best available candidate from a short list of preferred candidates.
- 3.2 The Council will determine, as to:
 - 3.2.1 whether there is a need to engage an Executive Search Consultant to run the recruitment process; and, if so
 - 3.2.2 the Executive Search Consultant to be appointed to run the recruitment process.
- 3.3 If an Executive Search Consultant is engaged, the Mayor or a member of Council staff nominated by the Council must liaise with the Executive Search Consultant in connection with the recruitment process.
- 3.4 When considering the recruitment of the position of CEO to, the Council must:
 - 3.4.1 ensure that the recruitment decision is based on merit;
 - 3.4.2 support transparency in the recruitment process and the public advertising of the position; and
 - 3.4.3 ensure that regard is had to gender equity, diversity and inclusiveness.
- 3.5 The Council must ensure that the Executive Search Consultant publicly advertises the CEO role.

3.6 The Council must direct the Executive Search Consultant to prepare, and provide to Council, a schedule of dates for key decisions to be made by resolution of Council throughout the recruitment process.

3.7 The Council must consider each key decision identified in the schedule prepared under paragraph 3.6 so that, if necessary, be made by resolution of Council.

4. Appointment of the CEO

4.1 Council will proceed to decide on a preferred candidate and finalise the Contract of Employment.

4.2 The Council will consider and agree on the provisions to be contained in the proposed Contract of Employment.

4.3 The appointment of the CEO must be made by a resolution of Council.

5. Reappointment of the CEO

5.1 Within 6 months prior to the expiry of the current CEO's Contract of Employment, the Council will decide on:

5.1.1 whether the CEO should be reappointed under a new Contract of Employment; and

5.1.2 if the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.

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

6. Contract of Employment

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).

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

6.2.1 the employment term, which must not exceed 5 years in accordance with section 44(2) of the Act;

6.2.2 the responsibilities and duties of the position, including compliance with the Act and the Code of Conduct for Council staff;

6.2.3 the conflict of interest management requirements;

6.2.4 the CEO's Remuneration Package and other entitlements;

6.2.5 any legislative and contractual obligations, including those during and continuing after appointment;

6.2.6 the CEO's leave entitlements;

6.2.7 dispute resolution procedures;

6.2.8 processes for managing unsatisfactory performance;

6.2.9 processes for early termination, including notice of termination provisions with notice of termination by Council being restricted to a maximum of twelve (12) months; and

6.2.10 any other matters required to be contained in the Contract of Employment by the Regulations.

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.

7. Remuneration and Expenses

7.1 The Remuneration Package provided to the CEO will form part of the Council's annual review, having regard to (in accordance with section 45(3) of the Act):

7.1.1 any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent);¹ and

7.1.2 any Public Sector Wages Determination.²

7.2 Remuneration will be reviewed on an annual basis, in accordance with the CEO's Performance Plan and contractual requirements.

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

7.3.1 membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out duties;

7.3.2 reasonable costs incurred where attending conferences, seminars or other networking functions; and

7.3.3 reasonable costs incurred in performance of required duties.

8. Performance monitoring

8.1 Council will adopt an annual Performance Plan for the CEO, which will include KPIs. The Performance Plan must be developed collaboratively between the CEO and the Council.

8.2 The CEO is to provide progress reports against the Performance Plan to the Council on a bi-annual basis.

8.3 The Council may meet with the CEO following each progress report to discuss the matters contained in the progress report.

8.4 Nothing in this Policy prevents the Council from monitoring the CEO's performance on an ongoing basis.

9. Annual review

9.1 In preparation for the CEO's annual review, all Councillors will consider and make recommendation on the following:

9.1.1 whether, and to what extent, the CEO has met the KPIs under the Performance Plan;

9.1.2 whether, and to what extent or in what respect, any KPIs or other criteria ought to be varied under the Performance Plan;

9.1.3 whether, and to what extent, the Remuneration Package ought to be varied; and

¹ Section 45(3)(a) of the Act requires Council to have regard to any statement of policy issued by Government of Victoria which is in force with respect to its wages policy (or equivalent). The current Victorian Government Wages Policy applies in the public sector until 31 December 2021. See: <https://www.vic.gov.au/wages-policy-and-enterprise-bargaining-framework>

² Section 45(3)(b) of the Act requires Council to have regard to the published remuneration bands for executives employed in public service bodies. See: <https://www.vic.gov.au/tribunals-determination-vps-executive-remuneration-bands>

any other necessary matters.

- 9.2 The Council will develop a final report only after meeting with the CEO to discuss the Councillor's recommendations.
- 9.3 Council shall, resolve upon the matters described in paragraph 9.19.1 and advise the CEO of the terms or effect of the resolution.

10. Independent advice

10.1 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.

10.2 Council will determine the:

10.2.1 term of appointment of the Independent Advisor; and

10.2.2 remuneration of the Independent Advisor,

and ensure that it is a term of the Independent Advisor's engagement that the Independent Advisor keep confidential all information which the Independent Advisor acquires by virtue of the engagement.

10.3 Council, 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.

11. Administrative Support

11.1 Council acknowledges that, in implementing this Policy, it, and/or the Independent Advisor will from time to time require the assistance of members of staff, including assistance in relation to governance and human resources matters.

11.2 Council, and/or the Independent Advisor may from time to time request a member of staff to provide assistance in implementing this Policy, recognising that the position of the member of staff is made difficult because he or she is accountable to the CEO (or a person acting as CEO) and therefore acknowledging that requests for assistance need to be limited to no more than those which are reasonably necessary.

12. Interaction with Act and Regulations

12.1 This Policy applies subject to any inconsistent obligations in the Act or the Regulations.

13. Confidentiality

13.1 Council is not required to disclose any personal information, being information which if released would result in the unreasonable disclosure of information about any person or their personal affairs.

14. Delegations

14.1 Council must not delegate the power to appoint the CEO, whether on a permanent or acting basis, however, it may delegate to the CEO the power to appoint an Acting CEO for a period not exceeding 28 days (sections 11(2)(d) and 11(3) of the Act).

14.2 Council must not delegate the power to make any decision in relation to the employment, dismissal or removal of the CEO (section 11(2)(e) of the Act).

4. POLICY REVIEW

This Policy will be reviewed at least every 4 years by the Council and within 6 months of each Council election.

At the time of review, this policy was compliant with the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

5. FURTHER INFORMATION

Members of the public may inspect all policies at Gannawarra Shire Council's Kerang and Cohuna office or online at www.gannawarra.vic.gov.au

Any enquiries in relation to this policy should be directed to the Chief Executive Officer on (03) 5450 9333.