

6.2 Policy Reports

6.2.1 Chief Executive Officer Employment and Remuneration Policy

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Recommendation(s)

That Council adopt the Chief Executive Officer Employment and Remuneration Policy.

Attachments

1. Chief Executive Officer Employment and Remuneration Policy [6.2.1.1 - 5 pages]

Executive Summary

The Local Government Act 2020 requires that the Council *'develop, adopt and keep in force a Chief Executive Officer Employment and Remuneration Policy'*. This report recommends that the attached Policy be adopted.

Background

Council has in place a Chief Executive Officer Employment Matters Policy that was adopted in 2018. This Policy was prepared based on the requirements included in the Local Government Bill in 2018 that was before Parliament at that stage.

Section 47 of the Local Government Act 2020 now specifically requires that the Council formally adopts a Chief Executive Officer Employment and Remuneration Policy, and this must be done no later than 31 December 2021.

The attached Policy has been amended from the previous adopted Policy and complies with the provisions of the Local Government Act.

Policy Implications

Adopting the Chief Executive Officer Employment and Remuneration Policy

Relevance to Council Plan

5.1 We practise responsible leadership

5.1.5 Champion the collective values of the community through the Councillors' governance of the shire.

Climate Emergency Consideration

There are no Climate Emergency Consideration as part of this report.

Consultation/Communication

The new draft Policy has been circulated to the Chief Executive Officer Employment Matters Committee and some minor changes to the Policy have been included in the version attached as suggested by the Committee Chairperson.

Financial and Resource Implications

Nil

Conclusion

It is appropriate for the Council to adopt the attached Chief Executive Officer Employment and Remuneration Policy to comply with the provisions of the Local Government Act 2020



Chief Executive Officer Employment and Remuneration Policy

Sharepoint number	INT1886354		
Policy owner	Manager Governance		
Adopted by	Council		
Adoption date	TBA	Scheduled review date:	TBA
Publication	CardiNet and website		
Revision/version number	Version 2		

1 Policy Context

Cardinia Shire Council Chief Executive Officer Employment and Remuneration Policy sets out Council's approach to managing Chief Executive Officer performance and remuneration in accordance with Section 45 of the *Local Government Act 2020*.

2 Purpose

This Policy is a requirement of the Local Government Act 2020 (the Act) and outlines the way in which the Council will manage the recruitment and appointment of its Chief Executive Officer (CEO), provides consistency for contract inclusions, performance monitoring and requirement for annual review. The Policy sets out the requirement that the Council shall establish an Advisory Committee to be known as the CEO Employment Matters Committee (the Committee) for the purpose of recruitment of the CEO, determining the CEO's Performance Plan, assessing the CEO's performance against that plan and determining the remuneration of the CEO.

3 CEO Employment Matters Committee Membership

The Council must establish a CEO Employment and Remuneration Committee in accordance with section 45(2) of the Act.

Membership of the Committee shall consist of the following:

- Independent Chairperson
- Mayor
- Previous two Mayors

With the option to include a suitable facilitator to assist the Committee to discharge its obligations.

3.1 Quorum

A quorum of the chairperson and at least two other members will be necessary to transact business of the committee

3.2 Meeting frequency

The Committee shall meet at least twice a year, with authority to convene additional meetings, as circumstances require.

3.3 Recruitment of Independent Chairperson

The Committee will seek Expressions of Interest from suitably experienced person to fill the position of the Independent Chairperson of the Committee. The term of appointment will be for a period of two years with the option of a further two one-year term extensions by mutual consent.

- The Independent Chairperson cannot be a Councillor or member of Council staff.
- The Independent Chairperson will provide advice to the Committee and annually assist to develop the draft performance criteria and performance review methodology for consideration by the Committee and Council.
- The Independent Chairperson is entitled to vote on recommendations put before the Committee.

3.4 Secretariat Support

The organisation will provide secretariat support to the Committee namely

- Coordinating meetings of the Committee
- Preparing relevant documentation including reports to Council and contractual documents
- Maintaining appropriate records regarding performance reviews

4 Role

The Committee's role is to assist and advise the Council on matters including:

4.1 Recruitment of the Council's CEO or interim CEO as a result of an ongoing vacancy

Council's role is to appoint the CEO, on the advice of the Committee, the Committee's role is to identify and recommend a suitable person and refer the appointment of that person to Council.

4.1.1 Recruitment consultant

The Committee shall seek and recommend the appointment of a recognised Recruitment Consultant to manage and conduct the process of selection of a suitable candidate for the position of CEO.

4.2 CEO remuneration and other contractual conditions of employment

The Committee in consultation with the Recruitment Consultant will recommend setting an appropriate salary and conditions of employment based on industry benchmarks.

In accordance with the Victorian Public Sector Commission Policy on Executive Remuneration in Public Entities the CEO remuneration package will be sufficient to attract, retain and motivate senior executives of the quality required but avoid paying more than is necessary for this purpose.

Remuneration arrangements will be consistent with government policy in the following areas:

- 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 increment payment
- Termination of contract provisions

4.2.1 Expenses

The CEO may be provided a Corporate Card to use in transactions related to the role of CEO. Corporate card expenditure will be reviewed and approved by the Mayor and is subject to any Council Policy in place regarding the use of Corporate Credit cards.

The Council will meet 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 conferences, seminars or undertaking study
- Reasonable costs incurred in performance of duties.

4.3 CEO Performance Plan

The Council is responsible for determining the CEO's Performance Plan in conjunction with the CEO, assessing the CEO's performance against that plan and determining any incentive payment of the CEO.

The Committee's role is to prepare a draft performance plan for Council's consideration, if necessary seek expert advice on facilitation and criteria for the performance plan and review, conduct a 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 shall

- 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 Template 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 Council feedback in relation to the CEO's performance as measured against the performance plan approved by the Council
- Review the CEO's remuneration package as a component of the annual review
- Report to the Council regarding the CEO's performance review

4.4 Reappointment of CEO

Six months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to the 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.
- Any reappointment of the current CEO must be made by a resolution of the Council.

4.5 Contract Expiry

The Committee must make recommendation to the Council six months prior to the expiry of the CEO contract and with regard to current legislation to:

- Advertise for recruitment the role of CEO.

4.6 Breach of Policy

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

4.7 Dispute Resolution

In relation to any matter under this policy or the CEO's employment contract that may be in dispute, either the CEO or the Council may:

- a) give written notice to each other of particulars of any matter in dispute; and
- b) within 14 days of receiving a notice specified in subclause 4.7(a), a meeting will be convened between the Council (along with any nominated representative of the Council) and the CEO (along with any nominated representative of the CEO) in an attempt to resolve the dispute.

The CEO and the Council will attempt to resolve the dispute at the workplace level.

Upon failure to resolve the dispute at the workplace level, the CEO and the Council will:

- a) refer the dispute to an independent mediator as agreed by the CEO and Council, or otherwise as nominated by the Executive Director of Local Government Victoria.
- b) agree to participate in any mediation process in good faith, with such mediation to operate in a manner as agreed by the CEO and the Council; and
- c) acknowledge the right of either the CEO or the Council to appoint, in writing, another person to act on their behalf in relation to any mediation process.

The cost of the mediation service will be met by Council.

The employee and the Council will each be responsible for meeting the cost of any advisor or nominated representative used by them.

5 Disclosure

To ensure accountability to the community disclosure of information relating to the CEO's contract and remuneration is of the highest importance. Disclosure will be by way of information included in the Annual Report.

6 Confidentiality

The Council will not disclose any personal information, being information, which released would result in the unreasonable disclosure of information about any person or their personal affairs.

7 Monitoring, Evaluation and Review

This Policy will be reviewed and adopted by the Council on a four-year cycle, or more often if required by the Council, and within 6 months of each Council election.

The implementation of this Policy will be reported annually to Council's Audit & Risk Committee.

8 Related documents

Type of document	Title and/or HPRM reference
Commonwealth/Victorian legislation	Local Government Act 2020 Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019
Policies	Victorian Public Sector Commission Policy on Executive Remuneration in Public Entities

9 Glossary of terms

- “Act” means the Local Government Act 2020
- “CEO” means Chief Executive Officer
- “The Committee” means an Advisory Committee of the Council
- “Contract” means the Chief Executive Officer Employment Contract
- “Council” means Cardinia Shire Council
- “The Council” means the Mayor or Councillor as defined by the Act
- “Independent member” means a suitably qualified person who is not a Councillor or Officer of Council and is a voting member of the Committee
- “Recruitment Consultant” means a recognised consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles
- “Remuneration” means the total remuneration package as detailed in Clause 4.2 and includes salary, cost to employer of motor vehicle, superannuation and other employment benefits and associated fringe benefits tax.