



Ararat Rural City

CEO Employment and Remuneration Policy

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1 OBJECTIVE

This policy reinforces Council's commitment to good governance practices and provides a consistent, fair and transparent framework for managing the employment lifecycle of the Chief Executive Officer (CEO). This includes recruitment, contract terms, performance monitoring and annual review. Development of this policy is a requirement of the Local Government Act 2020 and outlines the Council's process in managing the recruitment and appointment of its CEO.

2 POLICY

The employment cycle of a CEO is a core responsibility of the elected Council. This policy outlines the mechanisms which will support the Council in fulfilling its obligations regarding CEO employment and remuneration.

2.1 CEO Employment and Remuneration Committee

The Council will establish a committee to oversee matters relating to CEO employment and remuneration in accordance with section 45(2) of the Act. For the purpose of this Policy that Committee will be referred to as the CEO Employment and Remuneration Committee (the Committee).

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

The Council will agree to Terms of Reference for the Committee.

The Committee may, at any time, obtain additional independent professional advice to help it discharge its obligations in respect of any matter dealt with in this Policy.

Support to the Committee will be provided by the Governance and Administration Coordinator with assistance from Council's lawyers, if required.

This support will include:

- coordinating meetings of the Committee
- preparing relevant documentation including reports to Council and contractual documents, seeking expressions of interest from suitably qualified persons to undertake the role of independent Chair, when the Chair's role becomes vacant
- engaging independent legal advice on contractual or employment matters at the request of the Committee
- maintaining appropriate records regarding performance reviews.

2.2 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.

The CEO contract will outline:

- the requirements of the position
- conflict of interest management provisions
- the total remuneration package
- details of other benefits
- leave entitlements and other terms and conditions of employment
- performance review and process for termination due to unsatisfactory performance

2.3 Remuneration and Expenses

The total remuneration package will be subject to the review of 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 reflect the non-financial benefits of local government employment; and
- 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, motor vehicle contribution and other employment benefits, including associated Fringe Benefits Tax.

CEO remuneration will make no provision for performance bonus arrangements.

Remuneration will be reviewed annually in accordance with the terms of the contract. 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;
- Other reasonable costs incurred in performance of duties.

The Chief Executive Officer may be provided a Corporate Card to use in transactions related to the role of CEO. Expenditure on the Corporate Card will be reviewed and approved by the Mayor and Deputy CEO. The Audit & Risk Committee can, at any time, ask to receive a report on all CEO corporate card transactions.

2.4 CEO Performance Objectives and Review

The Council will adopt a set of annual performance objectives for the CEO to form the CEO Performance Plan. The CEO Performance Plan will be developed collaboratively by the CEO and the Committee.

The CEO 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 CEO Performance Plan, will be held annually by the Committee.

An informal review will occur at the six-month mark 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 at both the 6 and 12 month review. 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 Chair of the Committee.

2.5 Contract Expiry

The Committee must make recommendations to Council six months prior to the expiry of the CEO contract and with regard to 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.

2.6 CEO Recruitment

If the role of CEO becomes vacant, Council will engage an independent and suitably qualified recruitment agency to support it in the recruitment and appointment of a CEO.

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

The recruitment agency 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 Governance and Administration Coordinator regarding the employment contract for the successful candidate;
- liaison with the Committee regarding the public announcement of the appointment of the new CEO.

2.7 Acting or Interim CEO Appointment

In the case of the substantive CEO taking a planned leave of absence of 5 business days or more, the CEO will appoint the Deputy CEO, or another Council Officer, as Acting CEO for the period of the leave. If for any reason the CEO returns within the designated timeframe they will automatically resume their role of CEO and the Acting appointment will cease.

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.

3 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. Councillors 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 Councillor Code of Conduct or Staff Code of Conduct.

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

4 DISPUTE RESOLUTION

Should a dispute arise in relation to any matter under this policy or the CEO's employment contract, either the CEO or Council may :

- a. Give written notice to the other party of the particulars of any matter in dispute; and
- b. Within 14 days of receiving a notice specified in clause 4a above, a meeting will be convened between the Committee (along with any nominated representative of Council) and the CEO (along with any nominated representative of the CEO) in an attempt to resolve the dispute.

The CEO and Council will make all reasonable attempts to resolve the dispute at the workplace level.

Should the CEO and Council be unable to resolve the dispute at the workplace level, the CEO and Council will :

- a. Refer the dispute to an independent mediator as agreed by the parties, 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 Council; and
- c. Acknowledge the right of either the CEO or Council to appoint, in writing, any other person to act on their behalf in relation to any mediation process.

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

The CEO and Council will each be responsible for paying costs of any advisor or nominated representative used by them.

5 HUMAN RIGHTS CHARTER COMPATIBILITY

This Policy has been assessed as being compatible with the Charter of Human Rights and Responsibilities Act 2006 (Vic) and the requirements of the Gender Equality Act 2020 (Vic).

6 TERMS AND DEFINITIONS

Term	Definition
Act	Local Government Act 2020
Council	Ararat Rural City Council, being a body corporate constituted as a municipal Council under the Local Government Act 2020
Councillors	The individuals holding the office of a member of Ararat Rural City Council
Council Officer	The Chief Executive Officer and staff of Council appointed by the Chief Executive Officer
Independent Member	Appropriately qualified person, capable of providing independent professional advice in relation to the matters in this policy, who is not a Councillor or a member of Council staff

7 REFERENCE DOCUMENTS

Terms of Reference - CEO Employment and Remuneration Committee

8 RESOURCES

Local Government Act 2020

Gender Equality Act 2020

Charter of Human Rights and Responsibilities Act 2006

Victorian Government Public Entity Executive Remuneration Policy