

# CEO Employment and Remuneration Policy

<p><b>Purpose</b></p>	<p>This policy sets out the way in which Council will manage the recruitment and appointment of its Chief Executive Officer and provides a fair, transparent and consistent framework in all matters relating to employment, performance planning and management, professional development and remuneration of the CEO in accordance with the requirements of Section 45 of the <i>Local Government Act 2020 (The Act)</i>.</p> <p>This policy must have regard to the State Government’s wages policy and any recent or relevant Victorian <i>Independent Remuneration Tribunal Determination</i>.<sup>1</sup> 2</p>
<p><b>Scope</b></p>	<p>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.</p> <p>This policy sets out the framework and process for managing CEO employment matters, including employment, performance planning and management, professional development, remuneration and review.</p> <p>In the event of any inconsistency between this policy and the CEO’s Contract of Employment, subject to the Act, the provisions of the Contract of Employment shall prevail to the extent of the inconsistency.</p>
<p><b>Definitions and Abbreviations</b></p>	<p><b>Annual Review</b> - An annual performance review is the formal discussion and evaluation of the progress of the CEO against the CEO Performance Plan, with an opportunity for Council and the CEO to discuss future goals, development opportunities and any problems being experienced.</p> <p><b>Annual Review Period</b> – The annual review period of the CEO will run from 1 July to 30 June each year (or as otherwise agreed by Council and the CEO).</p> <p><b>Chief Executive Officer (CEO)</b> - Person occupying the office of Chief Executive Officer of Council, and includes a person acting in that office.</p> <p><b>Committee</b> - CEO Employment Matters Committee, an advisory Committee to Council chaired by an Independent Chair appointed in accordance with the CEO Employment Matters Charter.</p> <p><b>Contract</b> – the contract of employment for the CEO</p> <p><b>Council</b> - Darebin City Council.</p> <p><b>Councillors</b> - Individuals holding the office of a member of Darebin City Council.</p> <p><b>CEO Performance Plan</b> – The annual performance plan developed by the Committee in consultation with the CEO that sets out the KPI’s for the CEO for the financial year, as adopted by Council.</p> <p><b>Executive Recruitment Consultant</b> – an independent consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.</p> <p><b>Independent Chair</b> – Suitably qualified and experienced HR professional, capable of providing independent professional advice to the Committee in relation to the matters of this policy, who is not a Councillor or member of staff. The Independent Chair fulfills the role of the ‘independent advisor’ in accordance with s45(2)(a) of the Act.</p> <p><b>Policy</b> – this CEO Employment and Remuneration Policy adopted in</p>

	<p>accordance with section 45 of the Act.</p> <p><b>Vacancy</b> – the office of the CEO is vacant as a result of resignation, retirement, termination, including the end of the term of appointment, or death of the incumbent.</p>
<p><b>Policy Statements</b></p>	<p>This Policy has been developed to support the requirements of the Act relating to CEO employment and remuneration.</p> <p>The Policy has been developed in accordance with the requirements of section 45 of the Act and provides guidance on management of CEO employment, including:</p> <ul style="list-style-type: none"> <li>• Recruitment</li> <li>• Contract of employment</li> <li>• Remuneration</li> <li>• Setting annual performance objectives and measures through the CEO Performance Plan</li> <li>• Managing performance and performance reviews against the CEO Performance Plan and contractual requirements</li> <li>• Recommending professional development opportunities for the CEO</li> <li>• Health, Safety and Wellbeing</li> <li>• Other terms and conditions of employment, including any requirements prescribed in the Act or Regulations</li> </ul> <p><b>Principles</b></p> <p>Council will carry out its functions relating to the selection, appointment, remuneration and performance review of the CEO in accordance with the following principles:</p> <ul style="list-style-type: none"> <li>• decision-making processes are fair, accessible and applied consistently;</li> <li>• decision-making criteria are relevant, objective and available to the CEO;</li> <li>• documentation is sufficiently clear and comprehensive to render decisions transparent and capable of effective review;</li> <li>• employment decisions are based on the proper assessment of the CEO’s work-related qualities, abilities and potential against the genuine requirements of the role; and</li> <li>• decisions to appoint a new CEO that are based on competitive selection, transparent processes and objective criteria.</li> <li>• Committee communication with the CEO will provide clear and honest role expectations and feedback</li> </ul>
<p><b>Mandatory Contract Terms</b></p>	<p>The mandatory contractual terms and conditions for a substantive CEO appointment are:</p> <ul style="list-style-type: none"> <li>• A contract of employment is to be offered for a period of up to five years in accordance with section 44(2) of the Act;</li> <li>• A CEO is eligible to be reappointed under a new contract of employment;</li> <li>• The total remuneration package (TRP) includes salary, superannuation, the cost of a motor vehicle to an employer and the cost of other employment benefits and associated fringe benefits tax, but excludes general business expenses such as laptop computers, mobile phones or study leave;</li> <li>• Superannuation (and the TRP) will increase if the charge percentage increases under superannuation guarantee legislation, in accordance with the VIRT Guidance that employers should bear the cost of increases to superannuation liabilities and the recent VIRT determination); and</li> <li>• Termination of contract provisions – Council may terminate a contract by providing the CEO with three months’ notice in writing or payment in lieu of part or all of the period of notice.</li> </ul>

## **Mandatory Policy Criteria**

Section 45(2, a) of the Act requires the policy to provide for the Council to obtain professional advice in relation to the matters dealt with in the Policy.

At Darebin, the responsibility for assisting the Council with its obligations regarding CEO employment, performance and remuneration matters shall be delivered through the establishment of the Committee.

### **Independent Professional Advice**

The Independent Chair is responsible for providing independent advice in relation to any matters dealt with in this Policy, including but not limited to, the Performance Plan, performance assessment and review, remuneration and recruitment of the CEO.

### **CEO Performance Review**

The Independent Chair is responsible for leading the CEO's annual review process with the Committee and facilitating the input from all Councillors to inform the Committee's assessment. The Independent Chair will support the Committee with assessing the CEO's performance against the Performance Plan and the development of new KPI's and objectives for the following performance year.

Annual reviews will include the opportunity to provide the CEO with performance related feedback in person and input into the CEO's Performance Plan. The CEO will also provide feedback on Council through a review process facilitated by the independent Chair.

The performance review will be completed annually following the end of the financial year, with the performance year being from 1 July – 30 June (or as otherwise agreed between the Committee and the CEO).

An informal mid term performance review will be conducted within 6 months of the formal annual review each year thereafter, by the Committee led by the Independent Chair. The informal review will provide the CEO with feedback and the opportunity to adjust any of the objectives set in the Performance Plan, in consultation with the Committee.

Outcomes of the performance review and future performance plans and KPI's will be recommended by the Committee to Council through a confidential report and formal resolution.

Nothing in this Policy prevents the Committee and/or Council from monitoring the CEO's performance on ongoing issues.

### **CEO Remuneration**

Following the annual formal performance review of the CEO the Independent Chair will support the Committee to review the remuneration of the CEO.

In determining the CEO's Total Remuneration Package, on appointment and in subsequent reviews, the Council must have regard to:

- Any statement of policy issued by Government of Victoria which is in force with respect to its wages policy (or equivalent)
- Any Determination that is currently in effect under section 21 of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* relating to remuneration bands for executives employed in public service bodies

The Committee will make a recommendation to Council through a confidential report and formal resolution.

### **CEO Recruitment**

On the recommendation of the Committee, Council will appoint an Executive Recruitment Consultant to manage the end to end process of CEO recruitment.

	<p>This will include;</p> <ul style="list-style-type: none"> <li>• Taking a brief from the Council on the role and the ideal candidate;</li> <li>• Preparing a detailed schedule outlining the recruitment process;</li> <li>• Developing an advertising strategy to attract suitable candidates;</li> <li>• Assisting the Council to conduct interviews to determine a shortlist of candidates;</li> <li>• Conducting the relevant psychometrics to be applied to the recruitment</li> <li>• Conducting reference checks on the preferred candidate;</li> <li>• Performing probity checks on the preferred candidate;</li> <li>• Working with the Manager People &amp; Culture to issue the contract of employment for the new CEO;</li> <li>• Working with the General Manager Governance and Engagement and Manager People and Culture to induct the new CEO.</li> </ul> <p>Council must resolve to execute the contract of employment.</p> <p>Appointment of an Executive Recruitment Consultant, appointment of an acting CEO in excess of 28 days, re-appointment or appointment of a substantive CEO will be recommended to Council by the Committee through a confidential report and formal resolution.</p> <p>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).</p> <p>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).</p> <p>A Council resolution is required for the appointment of the CEO, the reappointment of the current CEO or any variation to the contract of employment.</p> <p><b>Contract Expiry</b></p> <p>The Committee must make recommendations to Council no less than six and no more than nine months prior to the expiry of the CEO contract and with regards to current legislation to:</p> <ul style="list-style-type: none"> <li>• reappoint the CEO; and/or</li> <li>• advertise for recruitment the role of CEO.</li> </ul> <p>Where the contract of employment is for a term of 12 months or less, the period of months referred to above shall be no less than two and no more than three months.</p> <p>Such recommendations will be made through a confidential report to Council with a resolution outlining the recommended course of action.</p>
<p><b>Other Policy Criteria</b></p>	<p><b>CEO Expenses</b></p> <p>The Chief Executive Officer will be provided with a Corporate Card to use. Corporate card expenditure will be reviewed and approved by the Chief Financial Officer, in conjunction with the General Manager Governance &amp; Engagement for payment purposes. The independent Audit &amp; Risk Committee will receive twice annual reporting on all CEO corporate card transactions for oversight.</p> <p>Council will receive a report on credit card transactions and any claim for reimbursements for approval twice annually. Credit card transactions not approved by Council will be reimbursed by the CEO to Council.</p> <p>Council will meet expenses incurred by the CEO including:</p> <ul style="list-style-type: none"> <li>• Membership and subscription fees payable to professional associations which are necessary or desirable in performance of duties;</li> </ul>

	<ul style="list-style-type: none"> <li>• Reasonable costs incurred where attending conferences, seminars or undertaking professional development activities; and</li> <li>• Reasonable costs incurred in performance of duties.</li> </ul> <p><b>Integrity of the Processes</b></p> <p>All information relating to the recruitment, selection and review processes must be kept confidential. Councillors, Independent Chair and advisors, and staff involved in the recruitment and selection processes will be required to declare any conflicts of interest to Council, and take all reasonable steps to maintain confidentiality and respect the privacy of all persons involved.</p> <p>Any failure to keep information relating to recruitment, selection or review processes may constitute a breach of the Act, the Councillor Code of Conduct and/or the Employee Code of Conduct.</p> <p><b>Reporting</b></p> <p>Disclosure of the CEO's Total Remuneration Package will only be by way of information included in Council's Annual Report and in accordance with any other legislative requirements.</p> <p><b>Health, Safety and Wellbeing Obligations</b></p> <p>Councillors have an obligation to manage the employment and interaction with the CEO with consideration of the adopted Councillor OHS Policy, which includes (but is not limited to):</p> <ul style="list-style-type: none"> <li>• adhere to their duty of care under the OHS Act to ensure, so far as is reasonable practicable, the health and safety of the CEO (including psychological safety).</li> <li>• refrain from behaving in a manner that exposes employees to psychological risk, physical risk or any other risk which could compromise the health and safety of employees, including the CEO</li> <li>• participate where required in the resolution of safety issues or complaints relating to OHS issues</li> </ul> <p>The CEO will be provided with confidential support and assistance through matters relating to health, safety and wellbeing.</p> <p>The CEO has the ability to report OHS incidents of health, safety and wellbeing concerns to the Mayor in the first instance or the CEO Employment Matters Committee.</p>
<p><b>Responsibilities</b></p>	<p><b>How is Council responsible for the success of the Policy?</b></p> <p>The Council is responsible for the success of the Policy by:</p> <ul style="list-style-type: none"> <li>• The recruitment, appointment, reappointment and management of the CEO, including an Acting CEO, where required</li> <li>• Appointing the members of the Committee – including the Mayor, Deputy Mayor and some or all of the Councillors</li> <li>• Appointing the Independent member(s) of the Committee and the Independent Chair</li> <li>• Appointing independent consultants when required</li> <li>• Adopting, overseeing and monitoring the implementation of this Policy</li> <li>• Undertaking a review of the Policy within six (6) months of each Council election.</li> </ul>

	<p>Councillors must also have regard to the Councillor Code of Conduct (January 2021), specifically:</p> <ul style="list-style-type: none"> <li>- Section 3 Roles and Responsibilities</li> <li>- Section 4 Standards of Conduct</li> <li>- Section 5 Working Together</li> </ul> <p><b>How is the Audit &amp; Risk Committee responsible for the success of the Policy?</b></p> <p>The Audit and Risk Committee is responsible for the success of the Policy by:</p> <ul style="list-style-type: none"> <li>• Overseeing adherence to the Credit Card Policy for expenses incurred by the CEO.</li> </ul> <p><b>How is the Chief Executive Officer responsible for the success of the Policy?</b></p> <p>The Chief Executive Officer is responsible for the success of the Policy by:</p> <ul style="list-style-type: none"> <li>• Providing support independent of influence to support the Committee in its functions</li> </ul> <p><b>How is the Manager People &amp; Culture responsible for the success of the Policy?</b></p> <p>The Manager People &amp; Culture is responsible for the success of the Policy by:</p> <ul style="list-style-type: none"> <li>• Providing support to Council which facilitates the reports and documentation required under this policy.</li> <li>• Lead the relationship with the Committee Independent Chair</li> <li>• Arrange legal advice as necessary and appropriate</li> <li>• Council Reporting on performance and contract reviews</li> <li>• Support the arrangements for professional development opportunities for the CEO.</li> </ul> <p><b>How is the Committee responsible for the success of the policy?</b></p> <p>The Committee is responsible for the success of the Policy by undertaking the responsibilities of the Committee as set out in this Policy, the Committee Charter and the Act.</p> <p><b>How is the Independent Chair responsible for the success of the policy?</b></p> <p>The Independent Chair is responsible for the success of this Policy by undertaking the responsibilities of the Independent Chair as set out in this Policy, the Committee Charter and the Act.</p>
<p><b>Breach of Policy</b></p>	<p>Breaches of policies are treated seriously. Any concerns about non-compliance should be reported immediately to the owner of this policy.</p>
<p><b>Consultation</b></p>	<p>The CEO will be consulted regarding any proposed changes to this Policy, providing an opportunity for the CEO to convey their views regarding the effect on their rights. These views will be considered by the Committee and Council in recommendations and decisions made.</p>

## GOVERNANCE

<b>Parent Strategy/ Plan</b>	Council Plan
<b>Supporting Procedures and Guidelines</b>	This policy is enabled and supported by: <ul style="list-style-type: none"><li>• Victorian Independent Remuneration Tribunal (VIRT) Determination</li><li>• CEO Employment Matters Committee Charter</li><li>• CEO Performance Agreement</li><li>• Councillor Code of Conduct</li></ul>
<b>Legislation/ Regulation</b>	<i>Local Government Act 2020</i> Local Government Planning and Reporting Regulations Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019
<b>Author</b>	Chief People Officer
<b>Policy Owner/ Sponsor</b>	General Manager, Customer & Corporate
<b>Date Effective</b>	26/02/2023
<b>Review Date</b>	December 2024; and this policy shall thereafter be reviewed, in consultation with the CEO Employment Matters Committee, after each election
<b>Version Number</b>	2.0 adopted by Council on 1.0 adopted by Council on 15 December 2021, with administrative changes made by Council on 28 February 2022 and 21 July 2022 and 5 February 2023.
<b>Document ID</b>	A6341894
<b>Content enquiries</b>	Chief People Officer

<sup>1</sup> 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 from 1 January 2022. See: <https://www.vic.gov.au/moving-new-wages-policy-2022>

<sup>2</sup> 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-vos-executive-remuneration-bands>