

Chief Executive Officer Employment Matters Policy

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1 Policy Context

Under various provisions of the Local Government Act Council is responsible for the appointment of the CEO (Section 94(1)) and reviewing the performance of the CEO at least once each year (Section 97A(1)).

The Local Government Bill currently before State Government also proposes that Council must develop, adopt and keep in force a Chief Executive Officer Employment and Remuneration Policy.

The Bill also stipulates the matters required to be included in such a Policy.

2 Purpose

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 Policy description

3.1 Membership

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.

3.2 Quorum

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

3.3 Meeting frequency

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

3.4 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.

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 the person to act as the CEO

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 nationally 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 performance incentive payment of up to a maximum of 17% or 20% of total remuneration package
- termination of contract provisions
- no compensation for termination of a contract beyond pay in lieu of notice and accrued leave
- under no circumstances may an unexpired portion of a contract be paid out.

4.3 Determining and monitoring the Performance Plan of the Council's CEO

The Council is responsible for determining the CEO's Performance Plan 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, 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 Council
- Review the CEO's remuneration package as a component of the annual review
- Report to the Council regarding the CEO's performance review

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 Related documents

Type of document	Title and/or HPRM reference
Commonwealth/Victorian legislation	Local Government Act 1989 and Local Government Bill
Policies	Victorian Public Sector Commission Policy on Executive Remuneration in Public Entities

7 Glossary of terms

- "Act" means the Local Government Act 1989
- "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
- "Councillor" 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 Nationally recognised consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles
- “Remuneration” means salary