



WARRNAMBOOL
CITY COUNCIL

Chief Executive Officer Employment and Remuneration Policy 2024

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1. INTRODUCTION

1.1. Purpose

Council is responsible for the appointment of the Chief Executive Officer ('the CEO'), determining the CEO's Performance Plan, assessing the CEO's performance against that plan and determining the remuneration of the CEO.

This policy has been developed to assist Council in fulfilling its responsibilities relating to the Chief Executive employment and performance matters and to fulfil the requirements of the *Local Government Act 2020* ('the Act').

This policy, in accordance with section 45 of the Act, provides for:

- The recruitment and appointment of the Chief Executive Officer;
- Provisions included in and approval of the Contract of Employment entered into between Council and the Chief Executive Officer;
- The monitoring of the Chief Executive Officer's performance both ongoing and the annual review;
- The appointment of an Acting Chief Executive Officer for periods over 28 days;
- The provision of independent professional advice in relation to matters dealt with in the Policy;
- Determining the Chief Executive Officer's remuneration.

Council recognises the importance of having sound governance practices and systems for the employment of a CEO so as to apply good governance, transparency and fairness in all matters relating to the employment, management and remuneration of the CEO.

1.2. Scope

This policy applies to the employment of the CEO, including activities involving the Chief Executive Officer Employment Matters Advisory Committee and any independent consultation undertaken in relation to matters dealt with under this policy.

In the event of any inconsistency between this policy and the CEO's Contract of Employment, the provisions of the Contract of Employment shall prevail to the extent of the inconsistency.

In accordance with section 45(3) of the Act, Council will give regard to 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 in the development of this Policy.

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1.3. Definitions

Term	Definition
Act	<i>Local Government Act 2020</i>
CEO	Chief Executive Officer
Committee	Chief Executive Officer Employment Matters Advisory Committee
Council	Warrnambool City Council
Observer	Observers may be at a meeting "in attendance", or "by invitation". As they are not Committee members, observers do not have voting rights and do not normally have speaking rights (though the Chair may invite them to speak in appropriate circumstances).
Recruitment Consultant	Consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles

1.4. References

Source	Reference
Legislation	<i>Local Government Act 2020</i> <i>Improving Parliamentary Standards Act 2019</i>
Australian Standards / Guidelines	Victorian Government Public Entity Executive Remuneration Policy (PEER policy)
Related Policies/Procedures	CEO Employment Matters Committee – Terms of Reference.

2. POLICY/PROCEDURE STATEMENT

Council will carry out its functions relating to the appointment, remuneration and performance appraisal of the CEO in accordance with a number of leading practice principles:

- Decision-making processes that are fair, accessible and applied consistently in comparable circumstances;
- Decision-making criteria that are relevant, objective and transparent;
- Decisions and actions that are conducive to ongoing good governance;
- Documentation that is sufficiently clear and comprehensive to render decisions transparent and capable of effective review;
- Employment decisions, including the reappointment of the incumbent CEO under a new Contract of Employment, that are based on the proper assessment of an individual's work related qualities, abilities and potential against the genuine requirements of the role;

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- Decisions to appoint a new CEO are based on competitive selection and open processes;
- Remuneration that is fair, reasonable and competitive having regard for market forces and Council's financial position.

The responsibility for assisting Council with its obligations regarding CEO employment and performance matters shall be delivered through the establishment of a Chief Executive Officer Employment Matters Advisory Committee and supported by the Manager Governance.

CHIEF EXECUTIVE OFFICER EMPLOYMENT MATTERS ADVISORY COMMITTEE

Council shall establish an Advisory Committee to be known as the Chief Executive Officer Employment Matters Advisory Committee ('the Committee').

Role

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

- Recruitment of the Chief Executive Officer ('the CEO') or the person to act as the CEO;
- Determining the Performance Plan of the CEO;
- Monitoring the CEO's achievement of the Performance Plan; and
- Preparing an Annual Review Report on the CEO's performance and key terms of employment.

Membership

The Committee shall be composed of:

- The Independent Chairperson
- The Mayor
- Between 1 and 6 additional Councillors as appointed by Council.

Observers

Any Councillor who is not a member of the Committee may – subject to the consent of the Independent Chair – attend a meeting of the Committee as an Observer.

Independent Chairperson

The Committee will be chaired by an independent chairperson whose role includes facilitating meetings, supporting the drafting and review of performance plans, and providing advice to the Committee regarding executive level employee management and employment law.

The Independent Chairperson will be appointed by Council resolution. This person will be independent of Council and their key competencies should include:

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- Demonstrated experience and qualifications in the areas of:
 - Executive level employee performance planning and management;
 - Human resources; or
 - Employment law
- Previous experience with large organisations or a clear understanding of the role and responsibilities of executive level employees in large organisations
- Demonstrated leadership skills or experience chairing committees

CEO RECRUITMENT AND APPOINTMENT PROCESS

Recruitment of CEO

Where a recruitment process is to be undertaken Council will appoint a recruitment consultant in line with Council's procurement policy to manage the recruitment process of the CEO. Their functions will include:

- Taking a detailed brief from Council on the role and the ideal candidate.
- Preparing a detailed schedule outlining the end to end recruitment process and timeline.
- Developing an advertising strategy to attract suitable candidates.
- Assisting Council to conduct first and second round interviews to determine a short list of candidates.
- Conducting the relevant psychometrics testing to determine the best fit.
- Conducting reference checks on the preferred candidate.
- Performing probity checks on the preferred candidate.
- Notifying unsuccessful candidates.
- Working with the Manager Organisation Development to issue the contract of employment for the new CEO.
- Working with the Manager Communication to announce the appointment of the new CEO.

Appointment of CEO

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

Council must decide on a preferred candidate and negotiate the Contract of Employment within the general framework for the terms of employment as agreed by Council. Council will also have regard to its legal obligations, including those contained under Division 7 the Act.

Council will consider the option of extending an offer of reappointment under a new Contract of Employment to the incumbent CEO within twelve (12) months of the conclusion of their current Contract of Employment. Council must notify an incumbent CEO no later than six (6) months prior to the conclusion of their contract whether it intends to offer them reappointment.

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Contract of Employment

The following provisions must be included in the Contract of Employment:

- a) Term of employment – no greater than five (5) years;
- b) The responsibilities and duties of the position including compliance with the Act and the Code of Conduct;
- c) Total Remuneration Package (including salary, cost to employer of motor vehicle, superannuation and other employment benefits, including associated fringe benefits tax);
- d) Additional expenses payable by Council;
- e) Annual review of performance;
- f) Annual review of the Total Remuneration Package;
- g) Leave entitlements;
- h) Ownership of intellectual property;
- i) Performance criteria;
- j) Conduct matters;
- k) Suspension, redundancy and termination of contract provisions;
- l) No compensation for termination of a contract beyond pay in lieu of notice and accrued leave;
- m) Employment notice provisions; and
- n) Dispute resolution procedure, to deal with disputes arising out of the contract

Total Remuneration Package

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

- a) The Officer's performance against the Performance Criteria for that year, as determined by the Performance Review.
- b) The Officer's conduct.
- c) The extent of any increase over the preceding 12 months in the Consumer Price Index (All Groups, Melbourne) as issued by the Australian Statistician.
- d) The Total Remuneration Package for Chief Executive Officers in other Victorian councils of similar size and demographics to the Council.
- e) The items of any applicable Chief Executive Officer Employment and Remuneration Policy developed under section 45 of the Act.
- f) The principles in the Victorian Government's Policy on Executive Remuneration in Public Entities.
- g) Any other factors required to be considered under the Act.

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CEO PERFORMANCE PLAN AND MONITORING

Council shall:

- a) Appoint a suitably qualified Independent Chairperson to assist the Committee to develop and monitor the CEO Performance Plan.
- b) Approve the CEO's annual Performance Plan (which shall contain Performance Objectives and appropriate Measures of Achievement).

The Committee's role is to:

- a) in consultation with Council, identify key performance indicators and activities that the CEO should work towards achieving over a 12-month period
- b) ensure that the CEO is consulted on during the development of the Performance Plan and advised of the process
- c) Recommend a final draft annual Performance Plan to Council for Council's consideration.
- d) ensure that the CEO is given the opportunity to present their self-assessment to Council in regard to the Performance Plan
- e) inclusively have the opportunity to provide comments of appraisal on the CEO performance
- f) provide the collection and collation of feedback in relation to the CEO performance as measured against the Performance Plan to Manager Governance.
- g) Where deemed necessary, seek expert advice on facilitation and criteria for the preparation and ongoing management of the Performance Plan and its review.
- h) Regularly monitor the CEO's performance against the Act and the Performance Plan.

Annual Review

Council shall:

- a) Make a final assessment of the CEO's annual performance against the Performance Plan upon receiving Annual Review Report from the Committee.
- b) Review the CEO Total Remuneration Package.
- c) Advise the CEO of the outcomes of the annual review process.

The Committee's role is to:

- a) Conduct an annual review of the CEO's performance.
- b) Submit an Annual Review Report to Council, including recommendations on:
 - i. Whether the CEO meets the Performance Plan criteria;
 - ii. To vary any Performance Plan criteria;
 - iii. To vary the Total Remuneration Package; and/or
 - iv. Other terms and conditions of the contract.

Council must receive and consider the Committee's Annual Review Report recommendations no later than three (3) weeks after the anniversary date of the CEO's date of commencement of employment.

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Within one (1) month of receiving the Committee's Annual Review Report Council must:

- a. Review the Total Remuneration Package.
- b. Set the Performance Plan for the next 12 months.
- c. Agree on a Professional and Personal Development Plan, where necessary.
- d. Address any other matters referred by the Committee.

Written notification from the Mayor to the CEO on the outcome of Council's resolution on the Annual Review must be sent no later than one (1) week after Council meeting at which the decisions of Council are made.

CEO LEAVE AND APPOINTMENT OF ACTING CEO

Leave approval Chief Executive Officer

An application for annual leave, long service leave, personal leave or an extended absence made by the CEO is to be approved by the Mayor on behalf of Council.

Appointment of a person as Acting CEO

If the period of leave does not exceed 28 days the CEO is able to make an appointment of an Acting CEO under delegation.

If the period of leave is to exceed 28 days in a continuous period Council must appoint an Acting CEO by a resolution of Council.

Council could appoint either of the following to the position of Acting CEO:

- one of the Directors of Council; or
- a suitably qualified and experienced individual as a short term contract.

PROVISION OF INDEPENDENT ADVICE

In accordance with section 45 of the Act, this policy must provide for Council to obtain independent professional advice on relation to the matters dealt with in this policy.

These matters include:

- CEO Recruitment and Appointment process
- CEO Contract of Employment and remuneration
- the preparation of a CEO Performance Plan, performance monitoring and management
- Any other matter dealt with under this policy.

Where in direct relation to the above, the Manager Governance will engage the professional advice in accordance with their support role of the Committee.

Where in accordance with this policy, but not included for directly by this policy, a resolution of Council approving the independent advice will be required.

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Integrity of the Processes

All information relating to the recruitment, selection and review processes must be kept strictly confidential. Councillors and staff involved in the processes must take all reasonable steps to maintain confidentiality and respect the privacy of all persons involved.

Any breaches of confidentiality may constitute a breach of the Councillor or Staff Code of Conduct.

3. GOVERNANCE

Owner

The Manager Governance shall monitor the currency and viability of this Policy regularly and where appropriate make recommendations to Council to amend the policy.

Review

This policy shall be reviewed by Council at least every two (2) years.

Compliance Responsibilities

Council

- (a) Appoint the Councillor members of the Committee each year.
- (b) Read Committee Meeting minutes upon their presentation to Council through a Council Meeting agenda, and to consider and make decisions on any recommendations of the committee made to Council.

Chief Executive Officer Employment Matters Advisory Committee

- (a) To make recommendations to Council on contractual matters relating to the Chief Executive Officer or the person appointed to act as the Chief Executive Officer including the following—

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- i. the appointment of the Chief Executive Officer;
 - ii. remuneration and conditions of appointment of the Chief Executive Officer;
 - iii. any extension of the appointment of the Chief Executive Officer
- (b) To conduct performance reviews of the Chief Executive Officer including:-
- i. Conduct an annual review of the performance of the CEO.
 - ii. Participate actively and in good faith in the process of reviewing the performance of the CEO, ensuring that the CEO is both consulted and advised of the process.
 - iii. Recommend to Council on the annual Draft Performance Plan. Take into account feedback from the CEO on the previous year's review and to what extent former recommendations have been acted upon.
 - iv. Ensure that recommendations are in accord with Council's Council Plan and other strategic plans.
 - v. Ensure that all Councillors are invited to provide written comments of appraisal of the CEO's performance to the Panel and that sufficient time is allowed for members to provide such comments to the Panel.

Independent Chairperson

- (a) Chair and facilitate all meetings of the Committee.
- (b) Provide expert advice to the Committee where appropriate.
- (c) Ensure records of meetings are true and correct.

Mayor

- (a) Provide written notification to the CEO on the outcome of the Annual Review.
- (b) Approve applications for annual leave, long service leave, personal leave or an extended absence made by the CEO on behalf of Council.

Chief Executive Officer

- (a) Participate actively in the review process as required by the Committee.
- (b) Make use of constructive feedback from Councillors and the Committee.

Charter of Human Rights Compliance

It is considered that this policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act 2006*.

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