

# CEO EMPLOYMENT & REMUNERATION POLICY

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| <b>Policy Reference No.</b> | POL/300  |
| <b>File No.</b>             | HCC20/482  |
| <b>Strategic Objective</b>  | 5.2 Create a community actively involved in civic life |
| <b>Adopted by Council</b>   | 15 Dec 2021  |
| <b>Re-Adopted</b>           | May 2022   |
| <b>Date for Review</b>      | May 2026   |
| <b>Responsible Officer</b>  | Manager Governance                                     |
| <b>Department</b>           | Governance   |

# CEO EMPLOYMENT AND REMUNERATION POLICY

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## 1 POLICY STATEMENT

Hume City Council is committed to, and will ensure the application of good governance, transparency and fairness in all matters relating to the employment, management and remuneration of the CEO.

The Policy has been developed in accordance with the requirements of section 45 of the Local Government Act 2020 (the Act) and provides clear processes for all aspects of the CEO's employment, including:

- Recruitment
- Contract of employment
- Remuneration
- Setting strategic performance objectives
- Managing performance and performance reviews

## 2 SCOPE

This Policy applies to activity undertaken by the Council, Committee Members and candidates or incumbents of the CEO position.

## 3 PROCEDURES

Under the Act, Council is responsible for:

- Developing, adopting and keeping in force the CEO Employment and Remuneration Policy.
- Undertaking the recruitment and appointment of a CEO when a vacancy occurs in the office of CEO.
- Appointing an Acting CEO when there is a vacancy in the office of the CEO, including a temporary vacancy.

To implement the requirements of the Act, Council will:

- Establish a CEO Employment Matters Advisory Committee (Committee) to oversee the implementation of the Policy.
- Appoint an Independent Member to the Committee to assist with and advise on the implementation of this Policy.
- In the case of a vacancy, appoint an Acting CEO for a maximum of 12 months only.
- Determine the rate of remuneration of the Independent Member of the Committee.
- Consider reports and recommendations from the Committee.
- Review this Policy within six (6) months of a Council election.

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## 4 CEO EMPLOYMENT MATTERS ADVISORY COMMITTEE

### 4.1 Establishment & Purpose

The Act does not mandate the establishment of CEO Employment Matters Advisory Committee (the Committee). However, Council will establish a Committee in order to support the implementation requirements of section 45(2) of the Act.

The purpose of the Committee is to:

- Make recommendations to Council on employment matters relating to the CEO;
- Monitor and make recommendations to Council on performance matters relating to the CEO;
- Perform any other functions or responsibilities prescribed by the Act or specified by Council

in accordance with this Policy.

The Committee is advisory only and has no delegated decision-making power of authority. Council may delegate decision-making power to the Committee on an as needs basis.

### 4.2 Membership & Composition

The Committee will be comprised of:

- The Mayor
- Three other Councillors appointed by Council
- One Independent Member appointed by Council in accordance with this Policy.

The Committee is to be chaired by the Mayor.

The Independent Member is a non-voting member who will provide the Committee with expert assistance and advice to enable it to implement its responsibilities in this Policy.

#### 4.2.1 Terms of Appointment

Councillors will be appointed to the Committee for a one year term. Councillors may be re-elected to the Committee following the expiration of their term.

Independent Members will be appointed initially be for a two year term, with extension options of up to a maximum of two further years at the discretion of Council. The Independent Members' term cannot exceed four years in total.

#### 4.2.2 Criteria of Independent Member & Chairperson

The Independent Member of the Committee must:

- not be a Councillor;
- not be a member of Council staff;
- not be from the same recruitment agency which supported Council in its recruitment and appointment of a CEO in the proceeding 5 years;

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- not be a member of Council's Audit and Risk Committee; and
- be suitably qualified.

The Independent Member must possess and demonstrate the following key competencies:

- Strong leadership and communication skills
- Skills, expertise and experience in one or more of the following:
  - senior local government experience (preferred)
  - senior business or government experience
  - human resources management (including Executive recruitment, remuneration and talent management)
  - experience with and understanding of employment law
  - demonstrated ability in performance management and development of Executive level staff
- Understanding of good governance and previous experience working with Governance bodies or Boards
- Ability to work effectively with Councillors and the CEO
- Knowledge and understanding of the issues affecting the Hume City Council.

## 4.2.3 Appointment Process

Where there is a vacancy in the position of Independent Member (or an impending vacancy) the Committee will call for Expressions of Interest.

The Committee will prepare a shortlist, conduct interviews and make a recommendation to Council on the appointment of the Independent Member. The list of all Expressions of Interest considered by the Committee will be provided to Council.

## 4.2.4 Remuneration

The Independent Member will be remunerated at a rate to be determined by Council from time to time.

## 4.3 Meetings & Reporting

The Committee will meet at least once every six months. Additional meetings can be held by agreement of the Committee members. Meetings are to be conducted in person.

The Committee will provide a report to Council following each meeting.

The operations of the Committee will be evaluated annually to ensure it continues to be effective.

### 4.3.1 Conflicts of Interest

Committee members shall comply with Chapter 5 of Council's Governance Rules in relation to disclosure of conflicts of interest in accordance with the section relating to Council Meetings.

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## 4.3.2 Quorum & Attendance

A majority of members of the Committee constitute a quorum, providing that the Mayor and the Independent Member are present.

If, at any scheduled Committee meeting, a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting will be adjourned and must re-convene within two weeks of the adjourned meeting.

The CEO may attend meetings at the request of the Committee.

A Member who misses two consecutive meetings without a formal apology may, at the discretion of Council, have their term revoked.

## 4.3.3 Minutes & Administrative Support

The Manager Governance (or other suitably experienced Council officer) will provide executive support to the Committee.

The Agenda shall be distributed at least five working days in advance of the meeting to all Committee members and a call for Agenda items will be made prior to issuing the Agenda.

A copy of the minutes shall be distributed to all Committee members within five working days of the meeting, as far as practicable.

A report to Council will be tabled after every meeting of the Committee, as a confidential report to Council. Reports to Council should reflect a consensus view. Where consensus cannot be reached, the report should clearly outline the differing points of view i.e. the majority and minority opinions

## 4.4 Advice to the Committee

The Committee may obtain legal or other specific expert advice, as required.

Any formal advice requested by the Committee will be made available to all Committee members and, where relevant and appropriate, will be provided to Council through meeting minutes.

Any advice required by the Committee will be arranged through the Manager Governance to ensure compliance with Council's Procurement Policy.

## 5 RECRUITMENT & REVIEW OF CEO

### 5.1 RECRUITMENT AND SELECTION

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

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;

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- assisting the Committee to conduct first and second round interviews to determine a shortlist of candidates;
- conducting relevant psychometric assessments to support determining best fit;
- conducting reference and probity checks on the preferred candidate;
- liaising with Council's senior Human Resources and Governance staff regarding the employment contract for the successful candidate;
- liaising with the Committee regarding the public announcement of the appointment of the new CEO.

The Committee will support the recruitment agency in the process by:

- acting as the Selection Panel
- preparing a short list of applicants for interview
- interviewing shortlisted applicants
- coordinating and reviewing testing of applicants
- developing details of the interview process – questions, required presentations etc.

### 5.1.1 REMUNERATION

The total remuneration package, inclusive of salary, superannuation and other employment benefits, including associated Fringe Benefits Tax, will be subject to the review of the 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.

Remuneration will be reviewed annually in accordance with the terms of the contract and contractual requirements. The annual review will take into consideration:

- increases in CPI in the preceding twelve month period;
- the CEO's achievement of the performance objectives;
- market rates for comparable positions; and
- the acquisition and satisfactory utilisation of new or enhanced skills by the CEO if beneficial to, or required by, the Council.

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## 5.1.2 CONTRACTUAL REQUIREMENTS

A CEO must be appointed under a contract of employment with the Council that does not exceed 5 years. The contract of employment will generally be in accordance with the Maddocks Lawyer's Senior Officer model contract as updated from time to time.

The CEO contract will at minimum outline:

- the responsibilities of the position
- conflict of interest management requirements
- remuneration
- legislative obligations including those continuing after appointment
- processes for managing unsatisfactory performance or early termination.

## 5.2 ONBOARDING OF CEO

The Committee will provide advice to Council on the onboarding of a new CEO including matters such as:

- Key priorities and draft Strategic Performance Objectives;
- Ensuring access to key policies, plans and strategies;
- Organising meetings and workshops with Councillors and key senior staff.

## 5.3 REVIEW AND DEVELOPMENT OF STRATEGIC PERFORMANCE OBJECTIVES

The Council will adopt a set of strategic performance objectives (SPOs) for the CEO. The SPOs will be developed collaboratively by the CEO and the Committee. These SPOs should have consideration to best practice in the sector.

The SPOs will document agreed objectives and outcomes to be delivered over a 12-month period. A formal review of the CEO's performance, benchmarked against the SPOs, will be held annually by the Committee.

An informal review will occur at the six month mark to ensure that SPOs 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 SPOs set, by agreement, if required.

The CEO will provide a progress report to the Committee at both the six 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.

## 5.4 LEAVE AND APPOINTMENT OF ACTING CEO

An application for annual leave, long service leave, personal leave or an extended absence is to be approved by the Mayor on behalf of Council for periods of less than 28 days, or in urgent circumstances. Applications for annual leave, long service leave, personal leave or an extended absence for periods of 28 days or longer are to be approved by Council.

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If the period of leave is 28 days or less, then the CEO is able to appoint an Acting CEO under delegation.

If the period of leave is to exceed 28 days, then Council will appoint an Acting CEO via a Council resolution. Council could appoint either of the following to the position of Acting CEO:

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

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.

## 5.5 CONTRACT EXPIRY

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

- reappoint the CEO;
- advertise for recruitment to the role of CEO.

## 6 DEFINITIONS AND ABBREVIATIONS

**Employment matters** means, in regard to the CEO, issues relating to:

- The recruitment of the CEO, including re-appointment, as appropriate
- Contractual and remuneration matters
- Establishing performance objectives and undertaking performance monitoring and reviews
- Any other matters set out in the Local Government Act 2020.

## 7 RELATED DOCUMENTS

- Chief Executive Officer's Employment Contract
- CEO Position Description
- CEO Strategic Performance Objectives
- Employee Code of Conduct
- Local Government Act 2020
- Fair Work Act 2009
- National Employment Standards
- Council's Procurement Policy
- Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019
- Government Policy on Executive Remuneration in Public Entities
- Equal Opportunity Act 2010
- Gender Equality Act 2020
- Protecting Integrity – Leading the Way. Managing the employment cycle of a council CEO – Local Government Inspectorate (Victoria) (February 2019)

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