

CEO Employment & Remuneration Policy

Adopted by Council 31 August, 2021



1. Purpose

Monash City Council (MCC) recognises the importance of implementing a transparent and merit based process for the recruitment, appointment and remuneration of the Chief Executive Officer (CEO) position.

The CEO employment process is a core responsibility of the elected Council with secretariat support provided by the Chief Operating Officer (COO) and this Policy outlines key requirements to support Council fulfilling its obligations. This Policy is also a requirement under section 45 of the Local Government Act 2020 (Act) and outlines the way in which Council will manage the recruitment, appointment and remuneration of its CEO to meet legislative obligations including:

1. The recruitment and appointment of the CEO
2. Contract management and approving the Employment Contract entered into between Council and the CEO
3. The provision of independent professional advice in relation to the matters dealt with in the Policy
4. Ongoing performance planning and monitoring of the CEO's performance
5. The implementation of an effective annual performance and remuneration review process

This Policy sets out MCC principles and key policy requirements (statements) in alignment with the Act.

2. Scope

This Policy applies to key activities and decisions associated with the recruitment, appointment and employment of the CEO.

3. Definitions

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| Act | The <i>Local Government Act 2020</i> |
| Chief Executive Officer or CEO | The Chief Executive Officer of Council |
| Chief Operating Officer or COO | The Chief Operating Officer of Council |
| Committee | The CEO Employment and Remuneration Committee (formerly known as the CEO Performance Review Committee) |
| Committee Member | Any individual who is from time to time appointed as a member of the Committee |
| Council, Monash City Council or MCC | Has the same meaning as Council in the Act |
| Council meeting | Has the same meaning as in the Act |
| Councillor | A Councillor of MCC |
| Duties | The responsibilities, duties and functions of the CEO and/or the Committee under the |

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| | Act, this Policy and in any related instrument of Council adopted pursuant to the Act |
| Employment Contract | The contract of employment between the CEO and Council, including any schedules |
| Independent Advisor (and Facilitator) | The independent advisor (external) of the Committee appointed by Council from time to time |
| KPIs | The Key Performance Indicators or performance criteria for the CEO however described |
| Mayor | The Mayor of Council |
| Performance Plan | The Performance (and Development) Plan which sets out the KPIs, deliverables and development objectives |
| Policy | This CEO Employment and Remuneration Policy adopted in accordance with section 45 of the Act |
| Public Sector Wages Determination | Any Determination that is currently in effect under section 21 of the <i>Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019</i> in relation to remuneration bands for executives employed in public service bodies |
| Regulations | Any regulations made pursuant to Division 7 of Part 2 of the Act |
| Remuneration Package | The total gross remuneration package paid to the CEO pursuant to the Employment Contract |

4. Principles

The following principles will support the processes associated with the recruitment, appointment and remuneration of the CEO:

1. Transparency of relevant processes associated with the recruitment, appointment and employment of the CEO
2. Decision making processes that are fair and applied consistently
3. Documentation that meets legislative and organisational obligations and is clear and comprehensive
4. Recruitment principles that include:
 - a. Job advertisement transparency when a CEO vacancy should occur
 - b. Mitigation of unconscious bias
 - c. Respect for inclusivity and diversity
 - d. Consideration of Council's reputation and values
 - e. Employment decisions underpinned by merit and equal opportunity to ensure recruitment decisions are not based on sex, race, disability, age, sexuality or other personal biases
 - f. Disclosure and management of conflicts of interest or perceived impartiality
 - g. Candidate confidentiality and privacy
 - h. Effective recruitment processes guided by this Policy.

This Policy outlines the mechanisms which support Council in fulfilling its obligations relating to the CEO's employment and under the Act, having regard to the Principles outlined above.

The expectations of the CEO in relation to this Policy are to:

1. Work collaboratively with the Committee in determining the Performance Plan on an annual basis
2. Actively participate in the performance appraisal process as required by the Committee
3. Make use of constructive feedback from Councillors and Committee Members in relation to performance appraisals
4. Undertake professional development on an as needed basis, or as part of the Performance Plan
5. Promptly draw the Committee's attention to any situation where any variation of the Performance Plan may be required in light of the current circumstances.

The responsibilities of Council (including via the Committee) in relation to this Policy are to:

1. Establish the Committee (refer to section 5, below)
2. Provide processes for the recruitment of a natural person, and their appointment, to the position of CEO
3. Draft and approve the Contract of Employment entered into between Council and the CEO
4. Seek and be guided by independent professional advice in relation to the matters dealt with in the Policy
5. Provide processes for determining and reviewing the CEO's Remuneration Package
6. Provide processes for the monitoring of the CEO's performance including setting the Performance Plan and conducting an annual review
7. Determine, on an as needed basis, whether any variations to the Remuneration Package and terms and conditions of employment of the CEO are required.

5. Policy Statement

CEO Employment and Remuneration Committee

The Council will establish a CEO Employment and Remuneration Committee (the Committee), as an advisory committee of Council, for the purposes of implementing this Policy and, in particular, obtaining independent professional advice in accordance with Section 45(2)(a) of the Act.

The Committee:

- a. The purpose of the Committee is to make recommendations to Council with respect to the:
 - Independent advice received from time to time from the Independent Advisor
 - Performance monitoring of the CEO, including with respect to achievement of the KPIs
 - Annual review of the CEO's performance, including against the KPIs
 - CEO's remuneration
 - Recruitment and appointment of a CEO, if required
 - Provisions to be included in the Contract of Employment from time to time
 - Implementation of this Policy, including achievement of the Principles and Aims set out in Part 4.
- b. Committee will comprise at least the Mayor and two Councillors, and such additional members as Council may appoint by resolution from time to time.

- c. Councillors to be appointed to the Committee will be appointed by resolution of Council no less frequently than annually
- d. COO will provide secretariat support to the Committee including:
 - Coordinating meetings of the Committee
 - Preparing relevant documentation including reports to Council
 - Maintaining appropriate records regarding performance reviews
 - Providing relevant governance advice.

Independent Advisor:

- a. The Committee will be supported by an Independent Advisor who will be a suitably qualified person appointed by Council from time to time and no less frequently than annually
- b. The Independent Advisor will be engaged and paid in accordance with a consultancy agreement and in alignment with MCC's procurement requirements
- c. The Independent Advisor will actively facilitate the half year and annual year reviews of the CEO's Performance Plan including the assessment of each KPI
- d. The Independent Advisor will provide advice and guidance to the Committee on any matter pertaining to the CEO's employment with MCC as needed.

The Committee will meet at least once a year, but may still conduct a mid-year review, to fulfil its purpose. A quorum of the Committee is the Mayor and at least two (2) other Councillor members of the Committee.

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

At its first meeting the Committee will determine:

- how often the Committee will meet; and
- how minutes of the Committee meetings will be kept.

Recruitment and Appointment of CEO

In the instance of a vacant CEO position, or when the employment contract of the CEO is not renewed, Council will engage an independent and suitably qualified executive recruitment agency to support the Committee in the end-to-end recruitment process, including a candidate search, short-listing, interview and probity processes.

The Committee will seek and table relevant proposals for Council approval to appoint an executive recruitment agency to support the recruitment process for a replacement CEO.

The executive recruitment agency will align with principles outlined in this Policy, the MCC Recruitment Policy and provide Council with a CEO Recruitment Strategy that articulates:

- a. Executive recruitment agency fees and charges
- b. The candidate search approach including:
 - The recruitment decision is to be based on merit
 - Transparency is to be supported in the recruitment process and the public advertising of the position
 - Regard is to be had to gender equity, diversity and inclusiveness

- c. Job advertising strategies to attract high calibre candidates in alignment with Council's key selection criteria and a culture of inclusivity and diversity
- d. Candidate assessment methodology
- e. Short listing approach
- f. Interview and probity processes including police and reference checking
- g. Timing of key decision points.

The Committee must ensure the executive recruitment agency publicly advertises the CEO role.

The Committee will liaise with the COO with respect to the appointment of the CEO in ensuring that it aligns with MCC policy requirements and the Act.

The Committee, in consultation with Council and the COO, will develop a thorough CEO induction program.

Employment Contract

The Employment Contract is to be read in conjunction with this Policy (but the terms of the Policy are not incorporated into the Employment Contract).

The Employment Contract will at a minimum outline:

- a. Commencement and end date
- b. Contract term and extension of term details, provided that the contract term must not exceed five (5) years, in accordance with section 44(2) of the Act
- c. Advertisement and re-appointment processes
- d. Probationary period information no greater than six (6) months (for new appointees)
- e. Performance review arrangements at half and end year
- f. KPIs
- g. Position requirements and a position variation process outline
- h. Responsibilities and duties of the position including compliance with the Act and the Code of Conduct
- i. Any legislative and contractual obligations, including those during and continuing after appointment
- j. Any disclosures and conflict of interest requirements (warranties)
- k. Remuneration Package and other relevant benefits
- l. Allowable expenses
- m. Leave entitlements
- n. Intellectual property and moral rights information
- o. Performance matters including unsatisfactory performance and termination processes
- p. Notice period/s requirements will generally be in the range of 6-12 months
- q. Associated attachments including the position objectives and position criteria
- r. A Remuneration Statement that articulates allowable salary sacrifice deductions such as taxes, superannuation and a motor vehicle (as applicable).

Additional contract clauses will be at the discretion of the Committee and Council approval via the appointment process and in alignment with legislation including the Regulations.

The Contract of Employment may only be varied by a resolution of the Council and accepted by the CEO, recorded in a deed of variation.

Employment Contract Expiry

The Committee must make a recommendation to Council six months prior to the expiry of the CEO contract with regard to the following options:

- Whether the CEO should be reappointed under a new Employment Contract, and, if so, the proposed provisions of the further Employment Contract; or
- Advertise for recruitment of the CEO role.

Both options will require the Committee's adherence to the Employment Contract terms, the Act and require a resolution of Council.

Remuneration Package and Expenses

The CEO total Remuneration Package will be commensurate with knowledge, skills and experience and align with principles of the Victorian Government Public Entity Executive Remuneration Policy (or equivalent) and any Public Sector Wages Determinations.

Relevant industry benchmarking will support the Committee's recommendation for a final remuneration determination by resolution of Council made (confidentially) at a relevant Council meeting.

The total remuneration package will be subject to an annual Committee review in accordance with CEO performance outcomes, the KPIs and other contractual requirements. The Committee will make a recommendation to Council with respect to any proposed adjustments to be made to the total remuneration package (if any) for final approval by resolution of Council.

The Council will meet expenses incurred by the CEO in relation to:

- Membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out duties
- Reasonable costs incurred where attending conferences, seminars or other networking functions
- Reasonable costs incurred in performance of required duties.

CEO Performance Plan

Council will approve, by resolution, an annual Performance Plan for the CEO which will include KPIs. The Plan will be developed by the Committee in conjunction with the CEO, before being referred to Council for input and approval by resolution.

The Performance Plan will document agreed deliverables and KPIs within the annual performance cycle that will be used to measure and assess the CEO's performance.

The CEO will provide progress reports to the Committee and Council at the half year and end year milestones. The performance review outcomes will align with the review process of the Remuneration Package.

The CEO will have an opportunity to provide the Committee with a self-assessment of their performance against the Performance Plan and KPIs as part of the review cycle.

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

CEO Development Plan

Council will also approve an annual development plan for the CEO as part of the performance planning process. The development plan will be developed by the Committee in conjunction with the CEO, before being referred to Council for input and approval by resolution.

Annual review

In preparation for Council's review, the Committee is required to submit an annual review report (**Annual Review Report**) to Council which includes recommendations on the following:

- Whether, and to what extent, the CEO has met the KPIs under the Performance Plan
- Whether any KPIs or other criteria ought to be varied under the Performance Plan
- Whether the Remuneration Package ought to be varied
- Any other necessary matters.

The Committee will submit the Annual Review Report to Council only after meeting with the CEO to discuss the Committee's proposed recommendations.

Council shall, after receipt of the Annual Review Report, review the recommendations in the Annual Review Report and advise the CEO of the outcomes of the review process.

Confidentiality

Council is not required to disclose any personal information, being information which if released would result in the unreasonable disclosure of information about any person or their personal affairs.

Delegations

Council must not delegate the power to appoint the CEO whether on a permanent or acting basis, however, Council may delegate to the CEO the power to appoint an Acting CEO for a period not exceeding 28 days (see Sections 11(2)(d) and 11(3) of the Act).

Council must not delegate the power to make any decision in relation to the employment, dismissal or removal of the CEO (see Section 11(2)(e) of the Act).

Review of this Policy

This Policy will be reviewed at least every two years by the Committee and within 6 months of each Council election.

6. APPENDIX 1 – Related Legislation, documents and references

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| Fair Work Act | www.fairwork.com.au |
| Gender Equality Act 2020 | https://www.genderequalitycommission.vic.gov.au/about-gender-equality-act-2020 |
| Local Government Act 2020 | https://www.localgovernment.vic.gov.au/council-governance/local-government-act-2020 |
| OHS Act 2004 | https://www.legislation.vic.gov.au/in-force/acts/occupational-health-and-safety-act-2004/034 |
| Privacy Act | https://ovic.vic.gov.au/privacy/for-the-public/your-privacy-rights/ |
| Victorian Government Public Entity Executive Remuneration Policy (refer principles) | https://www.vic.gov.au/public-sector-executive-remuneration-policy#public-entity-executive-remuneration-policy |