



CEO Employment and Remuneration Policy

Adopted by Council on 14 December 2021

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1. Purpose of Policy

- 1.1 This is the Chief Executive Officer Employment and Remuneration Policy (Policy) of the City of Melbourne (Council), made in accordance with section 45 of the Local Government Act 2020 (the Act).
- 1.2 This Policy provides for the following matters which Council is responsible for under the Act or as a requirement of this Policy:
- a) the recruitment process and appointment of the Chief Executive Officer ensuring that:
 - (i) the recruitment decision is based on merit;
 - (ii) the recruitment processes support transparency in the recruitment process and the public advertising of the position; and
 - (iii) regard is had to gender equity, diversity and inclusiveness;
 - b) approving the Contract of Employment entered into between Council and the Chief Executive Officer;
 - c) the appointment of an Acting Chief Executive Officer;
 - d) the provision of independent professional advice in relation to the matters dealt with in the Policy;
 - e) the monitoring of the Chief Executive Officer's performance;
 - f) an annual review of the Chief Executive Officer's performance; and
 - g) determining the Chief Executive Officer's remuneration.

2. Date of Commencement and Review

- 2.1. This Policy commences operation on 1 January 2022.

3. Definitions

- 3.1. In this Policy, unless the context suggests otherwise the following words and phrases mean:

Act means the *Local Government Act 2020*.

Annual Review Report has the meaning given in paragraph 12.1.

Chief Executive Officer or **CEO** means the Chief Executive Officer of Council.

Committee means the CEO Employment Matters Advisory Committee established by Council as provided for under this Policy.

Contract of Employment means the contract of employment between Council and the CEO, including any schedules.

Council means the City of Melbourne.

Councillors means the individuals holding the office of a member of City of Melbourne Council.

Council meeting has the same meaning as in the Act.

Executive Search Consultant means a consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.

Independent Advisor means the consultant appointed by Council from time to time to provide independent advice in accordance with section 45(2)(a) of the Act.

KPIs means Key Performance Indicators or performance criteria however described.

Lord Mayor means the Lord Mayor of Council.

Performance Plan means the annual performance plan setting out KPIs for the CEO.

Policy means this CEO Employment and Remuneration Policy adopted in accordance with section 45 of the Act.

Public Sector Wages Determination means any Determination that is currently in effect under section 21 of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* in relation to remuneration bands for executives employed in public service bodies.

Recruitment Policy means the recruitment policy adopted by the CEO under section 48(2) of the Act.

Regulations means the Regulations made under Division 7 of Part 2 of the Act.

Remuneration Package means the total gross remuneration package paid to the CEO pursuant to the Contract of Employment.

Resolution means a resolution of Council made at a properly constituted Council meeting.

Terms of Reference means the Terms of Reference of the CEO Employment Matters Advisory Committee adopted by Council.

4. Overview

4.1. This Policy outlines the mechanisms which support Council in fulfilling its obligations regarding the CEO's employment.

4.2. The responsibilities of the CEO in relation to this Policy are to:

- a) work collaboratively with the Committee in determining the Performance Plan on an annual basis;
- b) actively participate in the performance appraisal process as required by the Committee;
- c) make use of constructive feedback from Councillors and Committee Members in relation to performance appraisals;
- d) undertake professional development on an as needed basis, or as part of the Performance Plan; and
- e) 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.

- 4.3. The responsibilities of Council (including via the Committee) in relation to this Policy are to:
- a) establish the Committee;
 - b) provide processes for the recruitment of a natural person, and their appointment, to the position of CEO;
 - c) draft and approve the Contract of Employment entered into between Council and the CEO;
 - d) seek and be guided by independent professional advice in relation to the matters dealt with in this Policy;
 - e) provide processes for determining and reviewing the CEO's Remuneration Package;
 - f) provide processes for the monitoring of the CEO's performance including setting the Performance Plan and conducting an annual review;
 - g) determine, as required, whether any variations are required to the Remuneration Package and terms and conditions of employment of the CEO;
 - h) provide processes for the appointment of an Acting Chief Executive Officer; and
 - i) appoint an independent person to provide professional advice to the Council in relation to the matters dealt with in this policy.

5. CEO Employment Matters Advisory Committee

- 5.1. Council will establish a CEO Employment Matters Advisory Committee (Committee).
- 5.2. The Committee will be an advisory committee to Council.
- 5.3. The purpose of the Committee will be set out in the Terms of Reference adopted and reviewed by the Council from time to time and will include supporting the Council to fulfil its obligations in implementing this policy.
- 5.4. The Committee (and Council) will ensure that it is able to obtain independent professional advice in relation to the matters dealt with in this policy.
- 5.5. The role of the independent professional advisor will, amongst other things, be to chair the Committee.
- 5.6. The method of selection of the independent professional advisor will be set out in the Terms of Reference.

6. Recruitment of CEO

- 6.1. The Committee will establish and manage the process to recruit the CEO, designed to ensure that Council can select the best available candidate from a short list of preferred candidates (with or without a recommendation from the Committee).
- 6.2. The Committee will determine, and make a recommendation to Council, as to:
 - a) whether there is a need to engage an Executive Search Consultant to run the recruitment process; and, if so
 - b) the Executive Search Consultant to be appointed to run the recruitment process.

- 6.3. If an Executive Search Consultant is engaged, the Committee, the Chair of the Committee or a member of Council staff nominated by the Committee must liaise with the Executive Search Consultant in connection with the recruitment process.
- 6.4. When considering the recruitment of the position of CEO, the Committee must:
- a) ensure that the recruitment decision is based on merit, with appropriate skills and experience;
 - b) support transparency in the recruitment process and the public advertising of the position; and
 - c) ensure that regard is had to gender equity, diversity and inclusiveness.
- 6.5. The Committee must ensure that the Executive Search Consultant publicly advertises the CEO role.

7. Appointment of the CEO

- 7.1. Council will receive a report from the Committee on the completion of its role in the recruitment process, and Council will proceed to decide on a preferred candidate and issue instructions to negotiate and finalise the Contract of Employment.
- 7.2. The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.
- 7.3. The appointment of the CEO must be made by a resolution of Council.

8. Reappointment of the CEO

- 8.1. Between 6 and 12 months prior to the expiry of the current CEO's Contract of Employment, and following a performance review that canvasses the views of all Committee members and all Councillors, the Committee will provide a recommendation to Council on:
- a) whether the CEO should be reappointed under a new Contract of Employment; and
 - b) if the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.
- 8.2. Any reappointment of the current CEO must be made by a resolution of Council.

9. Contract of Employment

- 9.1. The Contract of Employment is to be read in conjunction with this Policy (but the terms of the Policy are not incorporated into the Contract of Employment).
- 9.2. The Contract of Employment will, at a minimum, outline the following:
- a) the employment term, which must not exceed 5 years in accordance with section 44(2) of the Act;
 - b) the responsibilities and duties of the position, including compliance with the Act and the Code of Conduct for Council staff;
 - c) the conflict of interest management requirements;
 - d) the CEO's Remuneration Package and other entitlements;

- e) any legislative and contractual obligations, including those during and continuing after appointment;
- f) the CEO's leave entitlements;
- g) dispute resolution procedures;
- h) processes for managing unsatisfactory performance;
- i) processes for early termination, including notice of termination provisions with notice of termination by Council being restricted to a maximum of six [6] months; and
- j) any other matters required to be contained in the Contract of Employment by the Regulations.

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

10. Remuneration and Expenses

10.1. The Remuneration Package provided to the CEO will form part of the Committee's annual review, having regard to (in accordance with section 45(3) of the Act):

- a) any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent);¹ and
- b) any Public Sector Wages Determination.²

10.2. Remuneration will be reviewed on an annual basis, in accordance with the CEO's Performance Plan and contractual requirements.

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

- a) membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out duties;
- b) reasonable costs incurred where attending conferences, seminars or other networking functions;
- c) coaching and professional development; and
- d) reasonable costs incurred in performance of required duties.

11. Performance monitoring

11.1. Council will adopt an annual Performance Plan for the CEO, which will include KPIs. The Performance Plan must be developed collaboratively between the CEO and the Committee. The Committee will invite, and consider, suggestions from all Councillors, prior to developing the Performance Plan with the CEO.

¹ 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 until 31 December 2021. See: <https://www.vic.gov.au/wages-policy-and-enterprise-bargaining-framework>

² 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-vps-executive-remuneration-bands>

- 11.2. The CEO is to provide progress reports against the Performance Plan to the Committee on a quarterly basis unless agreed otherwise by the Committee.
- 11.3. The Committee may meet with the CEO following each progress report to discuss the matters contained in the progress report.
- 11.4. Following the initial 3 months of the CEO's term (or such other term as agreed by the Committee), a workshop with Councillors and the CEO should be coordinated so that:
 - a) the CEO can prepare and present an overview of their findings during the early months, and highlight any projections or forecasts of relevance to Council during their tenure;
 - b) Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial period; and
 - c) Council and CEO can agree to projects and priorities for inclusion in the CEO's Performance Plan and KPIs.
- 11.5. Nothing in this Policy prevents the Committee and/or Council from monitoring the CEO's performance on an ongoing basis.

12. Annual review

- 12.1. 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:
 - a) whether, and to what extent, the CEO has met the KPIs under the Performance Plan;
 - b) whether, and to what extent or in what respect, any KPIs or other criteria ought to be varied under the Performance Plan;
 - c) whether, and to what extent, the Remuneration Package ought to be varied; and
 - d) any other necessary matters.
- 12.2. The Committee will submit the Annual Review Report to Council only after meeting with the CEO to discuss the Committee's proposed recommendations.
- 12.3. Council shall, after receipt of the Annual Review Report, review the recommendations in the Annual Review Report, resolve upon the matters described in paragraph 12.1 and advise the CEO of the terms or effect of the resolution.

13. Acting CEO

- 13.1. Subject to 13.2, Council must appoint an Acting CEO when there is a vacancy in the office of the CEO or the CEO is unable to perform their duties of the office of Chief Executive Officer.
- 13.2. The appointment of the Acting CEO must be made by a resolution of Council unless the Acting CEO is appointed for a period not exceeding 28 days, in which case the CEO may appoint an Acting CEO under delegation from Council pursuant to section 11(3) of the Act.
- 13.3. The Committee may advise Council on the selection and appointment of an Acting CEO.

14. Administrative Support

14.1 Council acknowledges that, in implementing this Policy, it, the Committee and/or the independent member will from time to time require the assistance of members of staff, including assistance in relation to governance and human resources matters.

14.2 Council, the Committee and/or the independent member may from time to time request a member of staff to provide assistance in implementing this Policy, recognising that the position of the member of staff is made difficult because he or she is accountable to the CEO (or a person acting as CEO) and therefore acknowledging that requests for assistance need to be limited to no more than those which are reasonably necessary.

15. Interaction with Act and Regulations

15.1 This Policy applies subject to any inconsistent obligations in the Act or the Regulations.

16. Confidentiality

16.1 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.

17. Delegations

17.1 Council must not delegate the power to appoint the CEO, whether on a permanent or acting basis, however, it is noted that the CEO has the power to appoint an Acting CEO for a period not exceeding 28 days (sections 11(2)(d) and 11(3) of the Act).

17.2 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).

18. Review of Policy

18.2 This Policy will be reviewed at least every four years by the Committee and within 12 months of each Council election, and the Committee will make a recommendation to Council with respect to any suggested changes.