



Chief Executive Officer – Employment and Remuneration Policy

Purpose

The purpose of the Chief Executive Officer Employment and Remuneration Policy (this policy) is to provide a clear and transparent framework for the employment, management and remuneration of the Chief Executive Officer (CEO) that is consistent with leading employment practice principles and compliant with the requirements of section 45 of the Local Government Act 2020 (the Act).

Definitions

Chief Executive Officer (CEO)	The person appointed by a Council under division 7 section 44 of the <i>Local Government Act (Vic)</i> to be its Chief Executive Officer or any person acting in that position.
CEO Employment and Remuneration Committee	A Committee established to carry out the requirements of division 7 section 45 of the <i>Local Government Act 2020 (Vic)</i>
Council	Baw Baw Shire Council.
Councillor	An elected member of the Council as defined by the Local Government Act (the Act).
Council Officer	Means a member of Council staff appointed by the Chief Executive Officer.
Independent Facilitator	An independent suitably qualified and experience professional that facilitates meetings.
Recruitment Consultant	A reputable recruitment consultancy who is engaged to enlist or enrol a person as an employee.

Scope

This policy applies to the activity undertaken by the elected Council and incumbent of the Chief Executive Officer position.

Legislative context

- Charter of Human Rights and Responsibilities Act 2006
- Fair Work Act 2009 (Cth)
- Local Government Act 1989 (Vic)
- Local Government Act 2020 (Vic)
- Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019

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Related policies and documents

- Audit and Risk Committee Charter
- Code of Conduct
- Councillor Interaction Policy
- Employee Remuneration Policy
- Equal Opportunity Policy
- Fraud Policy
- Governance Rules
- Procurement Policy
- Public Transparency Policy

Policy principles

All decision-making processes within the organisation will be guided by the following principles to ensure fairness, consistency, and alignment with legislative and organisational frameworks:

- **Fairness and Consistency:** Decisions are made in a fair, accessible, and consistent manner across comparable circumstances.
- **Objectivity and Transparency:** Criteria used in decision making are relevant, objective, and clearly communicated.
- **Good Governance:** All decisions and actions support and promote sound governance practices.
- **Clear Documentation:** Decision making processes are documented in a clear and comprehensive manner to ensure transparency and facilitate effective review.
- **Merit-Based Employment:** Employment-related decisions are based on a holistic assessment of candidates' work-related qualities, skills, and potential in relation to the genuine requirements of the role.
- **Competitive and Open Recruitment:** Appointments are made through competitive, open, and merit-based selection processes.
- **Human Rights and Inclusion:** All decisions are made in accordance with the Charter of Human Rights and Responsibilities Act 2006, the Council's Equal Opportunity Policy, and the organisation's commitment to equality, diversity, and inclusion.
- **CEO Remuneration:** Remuneration for the Chief Executive Officer is determined in accordance with the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019, the Baw Baw Shire Council Enterprise Bargaining Agreement 2022 (No.10), and the Local Government Act 2020, or equivalent legislation.

The above principles and responsibilities will be delivered through a committee to be known as the CEO Employment and Remuneration Committee (the Committee).

Policy detail

CEO Employment and Remuneration Committee

Purpose

The CEO Employment and Remuneration Committee serves as an advisory body to Council on matters relating to the appointment, performance review, remuneration, and contract management of the Chief Executive Officer. The Committee undertakes these processes fairly, transparently, and with accountability, in alignment with this policy, relevant legislation, community expectations, and the strategic objectives of Council.

Membership and Quorum

The Committee will consist of an independent facilitator and a minimum of two Councillors, including the Mayor. Council may choose to appoint additional Councillors; however, no other individuals aside from the independent facilitator may be appointed as members.

A quorum requires the presence of the independent Chairperson, the Mayor, and at least two other Committee members to conduct business.

Committee membership is reviewed and confirmed annually by Council resolution, in line with standard governance recruitment processes conducted each November.

If a committee member is temporarily unable to perform their duties, Council may appoint a temporary replacement for a defined period, subject to mutual agreement.

Role and Responsibilities

The Committee, appointed by Council resolution, will make recommendations to Council on the following:

- Appointment of the independent facilitator and recruitment consultant,
- Recruitment of the CEO or interim CEO (beyond 28 day absence/vacancy),
- Reappointment of the substantive CEO,
- Remuneration and Contract Provisions,
- Performance Review and Monitoring,
- Contract Expiry; and
- Other matters prescribed by the Regulations under the *Local Government Act 2020*.

Support to the Committee will be provided by the Manager People and Culture, who in collaboration with the independent member, as required, will ensure the following support is provided to the Committee:

- coordinating meetings of the Committee,
- preparing relevant documentation including reports to Council and contractual documents,
- procuring independent legal advice on contractual or employment matters at the request of the Committee; and
- maintaining appropriate records regarding performance reviews.

Independent Facilitator – Appointment and Role

Council members of the Committee will seek expressions of interest from suitably qualified individuals and make a recommendation to Council for the appointment of an Independent Facilitator.

Eligibility Criteria:

The Independent Facilitator must not be:

- A Councillor,
- A Council Officer, or
- A member of the Audit and Risk Committee.

Key Requirements:

The Independent Facilitator must:

- Provide advice to the Committee and annually support the development of draft performance criteria and review methodologies for consideration by the Committee and Council,
- Possess strong expertise in executive recruitment, employment contract management, and executive performance review,
- Demonstrate knowledge and experience within the local government sector,
- Be capable of analysing complex information, facilitating inquiry, and coaching Committee members to support informed, high-quality decision-making.

Term and Remuneration:

- The initial term of appointment is two (2) years, with the option for extension by mutual agreement for an additional one (1) or two (2) years.
- An allowance will be paid per meeting, aligned with the external member allowance set for the Audit and Risk Committee.

Meeting Frequency

The Committee, as a minimum shall meet at least annually, with authority to convene additional meetings as circumstances require.

To ensure alignment with Council budget and business planning cycle, annual performance reviews of the CEO will commence in July, with the review outcome and upcoming years performance indicators embedded by end of September.

Confidential Information

Any document considered by the Committee is confidential information, including the minutes of the meeting.

Operational Support and Secretariat Services

To ensure the effective operation of the Committee, the Chief Executive Officer (CEO) will nominate a delegate responsible for providing the following support:

- Relevant information and training to Committee members regarding their obligations under the current *Local Government Act*,
- Officer advice on matters under consideration by the Committee,
- Secretariat and logistical support for all Committee activities.

Recruitment and Interim Appointment

The information contained within this section of the Policy sets out Council's approach for carrying out recruitment of the CEO.

Recruitment

- The Committee, supported by the Manager People and Culture and in accordance with Council's Procurement Policy, will engage a recognised Recruitment Consultancy to manage the CEO recruitment and selection process.
- The specialist recruitment consultant will oversee all stages, including briefing, advertising, shortlisting, interviews, assessments, reference and probity checks, contract preparation, appointment communications, and induction.
- Council and Committee members will consult key internal stakeholders to identify essential leadership qualities that promote organisational excellence.
- The Committee may engage the Independent Committee Member to assist with the recruitment process. While not having decision-making authority, the Independent Member will provide advice and help ensure timely progression of the campaign and appointment.

Interim CEO Appointment

- For short-term CEO leave (28 days or less), the CEO will recommend Acting CEO(s) to Council. The CEO will resume their role automatically upon return, ending the acting appointment.
- For absences longer than 28 days or in the event of a vacancy, the Committee, supported by the Independent Facilitator, will consider options such as a temporary internal appointment or engaging an independent recruitment agency to appoint a temporary CEO.

Remuneration and Contract Provisions

The Committee in consultation with Council, the Recruitment Consultant and Manager People and Culture will recommend setting an appropriate salary and conditions of employment based on industry benchmarks.

In accordance with the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 the CEO remuneration package will be sufficient to attract, retain and motivate senior executives to achieve high calibre objectives of the quality required but evade paying more than is necessary for this purpose.

Remuneration and contractual arrangements will be consistent with relevant legislation and government policy in the following areas:

- Contract of employment for up to a maximum term (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),
- Termination of contract provisions,
- Compensation for termination earlier than contract expiry will include in lieu of notice and leave entitlements in accordance with relevant Enterprise Agreement,
- Confirmation that an unexpired portion of a contract cannot be paid out,

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- Additional expenses payable by Council,
- Annual review of performance,
- Annual review of the remuneration package,
- Leave entitlements,
- Ownership of intellectual property,
- Conduct matters,
- Confirmation of management requirements related to any identified Conflict of Interest,
- Notification relating to legislative obligations including those continuing after conclusion of tenure and,
- The CEO's employment contract is to include a dispute resolution procedure, to deal with disputes arising out of the contract.

Annual Performance Review and Monitoring

The Committee is responsible for preparing a draft CEO performance plan for Council's consideration, seeking guidance from the Independent Facilitator on facilitation and criteria, conducting the CEO's performance review, and making recommendations to Council on:

- Whether the CEO meets performance plan criteria,
- Any need to consider early termination of the contract,
- Variations to performance criteria, remuneration, or contract terms,
- Setting performance criteria for interim CEO appointments of 28 days or more.

The Committee conducts an annual CEO performance review and advises Council on:

- Achievement of contract-based performance criteria,
- Remuneration adjustments in line with the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*, considering:
 - CEO performance outcomes,
 - Market benchmarks,
 - Acquisition and use of skills beneficial to Council,
 - Wage increases awarded to Council officers,
- Updating performance criteria or contract terms as necessary.

The review process involves:

- Consulting and advising the CEO on the process,
- Collaboratively setting annual performance goals,
- Reviewing the CEO's self-assessment and presentation,
- Inviting feedback from all Councillors,
- Collecting and evaluating Council feedback against the performance plan,
- Reviewing remuneration as part of the process,
- Reporting results and recommendations to Council.

Council will also receive quarterly briefing reports on the CEO's progress against performance indicators.

Contract Expiry

As part of a performance review of the CEO and in accordance with current legislation and relevant regulations, the Committee must make recommendations on whether:

- To reappoint the CEO under a new contract,
- Early termination of the contract where warranted; and
- To terminate in accordance with the contract.

Recommendations to Council on the above matters are to be facilitated where possible six months prior to the contract expiry.

The Committee should also make recommendations on contract conclusion of an acting CEO appointed for more than 28 days, following a performance review.

Responsibilities

Manager People and Culture/ Administration – Assistant Mayor and Councillors	Secretariat support to Council which facilitates the reports, documentation and independent options for consideration under this policy.
CEO Employment and Remuneration Committee Council	Collates and considers information relating to CEO employment lifecycle and presents options for Council decision. Determines outcomes based on the Committee advice related to the policy and CEO employment lifecycle.
Audit & Risk Committee	Oversee adherence to the CEO Employment and Remuneration Policy.

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 as required by the Local Government Planning and Reporting Framework.

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Responsible position	Manager People & Culture
Responsible Director	Director Strategy & Organisational Performance
Version	2