INTERNAL

Chief Executive Officer Employment and Remuneration Policy



Yarra City Council acknowledges the Wurundjeri Woi Wurrung people as the Traditional Owners and true sovereigns of the land now known as Yarra. We also acknowledge the significant contributions made by other Aboriginal and Torres Strait Islander people to life in Yarra. We pay our respects to Elders from all nations and to their Elders past, present and future.

Document Details

Title:	Chief Executive Officer Employment and Remuneration Policy
Type:	Policy
Description:	This policy details Council's approach to managing Chief Executive Officer performance, remuneration and employment in accordance with section 45 of the Local Government Act 2020.
Content Manager Ref:	D21/202812
Audience:	External
Approval Authority:	Council
Document Owner:	General Manager Corporate Services
Human Rights Compatibility	This Policy has been assessed and is compatible with the Victorian Charter of Human Rights Responsibilities
Approval Date:	13 October 2026
Review Date:	13 October 2029
Version:	3

1. Purpose

This policy guides the Council in managing the employment relationship with its Chief Executive Officer to the highest standards and in the interests of both parties to achieve the best outcomes for the organisation and the Yarra community.

This policy promotes Council's commitment to the application of good governance practices and provides a consistent, fair and transparent framework in all matters relating to the employment, management, terms and conditions, remuneration, performance, and professional development of the Chief Executive Officer (CEO).

The Chief Executive Officer Employment and Remuneration Policy (Policy) of Yarra City Council (Council) is a requirement of section 45 of the Local Government Act 2020.

This Policy provides for the following matters which Council is responsible for under the Act or as a requirement of this Policy:

- the recruitment and appointment of the Chief Executive Officer;
- approving the Contract of Employment entered into between Council and the Chief Executive Officer;
- the appointment of an Acting Chief Executive Officer;
- the provision of independent professional advice in relation to the matters dealt with in the Policy;
- monitoring of the Chief Executive Officer's performance;
- an annual review of the Chief Executive Officer's performance; and
- determining the Chief Executive Officer's remuneration.

2. Policy Overview

This policy outlines the mechanisms which support Council in fulfilling its obligations regarding the CEO's employment under the Act.

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

- work collaboratively with the Committee in determining the Performance Plan on an annual basis;
- actively participate in the performance appraisal process as required by the Committee;
- make use of constructive feedback from Councillors in relation to performance appraisals;
- undertake professional development on an as needed basis, or as part of the Performance Plan; and
- 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 aims of Council (including via the Committee) in relation to this Policy are to:

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

4. Chief Executive Officer Employment Matters Committee

Council will establish a Chief Executive Officer Employment Matters Committee (Committee).

The Committee will be an advisory committee to Council.

The purposes of the Committee are to consider, and make recommendations to Council with respect to, the:

- selection and appointment of the Independent Advisor;
- 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;
- appointment of an Acting CEO; and
- implementation of this Policy.

The Committee shall be constituted by and operate in accordance with its Terms of Reference, as adopted by Council from time to time.

5. Recruitment of CEO

Council shall appoint an Executive Search Consultant to run the recruitment process. Once an Executive Search Consultant is engaged, they will liaise with the Committee in connection with the recruitment process.

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).

The Committee and Council must have regard to Council's Recruitment Policy when considering the recruitment of the position of CEO to:

- ensure that the recruitment decision is based on merit;
- support transparency in the recruitment process; and
- ensure that regard is had to gender equity, diversity and inclusiveness.

The Committee must ensure that the Executive Search Consultant publicly advertises the CEO role.

The Committee together with the Executive Search Consultant must prepare a schedule of dates for key decisions to be made throughout the recruitment process.

The Committee must provide a report and recommendation to Council so that each key decision identified in the schedule prepared under paragraph 5.6 can be made by resolution of Council.

6. Appointment of the CEO

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 with the support of the Committee to negotiate and finalise the Contract of Employment.

The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.

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

7. Reappointment of the CEO

Within six months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to Council on:

- whether the CEO should be reappointed under a new Contract of Employment or not; and
- if the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.

Any reappointment of the current CEO must be made by a resolution of Council.

8. Contract of Employment

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).

The Contract of Employment will, at a minimum, outline the following:

- the employment term, which must not exceed 5 years in accordance with section 44(2) of the Act;
- the responsibilities and duties of the position, including compliance with the Act and the Staff Code of Conduct;
- the conflict of interest management requirements;
- the CEO's Remuneration Package and other entitlements;
- any legislative and contractual obligations, including those during and continuing after appointment;
- the CEO's leave entitlements;
- dispute resolution procedures;
- processes for managing unsatisfactory performance;
- any other matters required to be contained in the Contract of Employment by the Regulations.

The Contract of Employment will outline the following in respect of processes for early termination:

- notice of termination by Council is restricted to a maximum of six months;
- any decision of the Council to terminate a contract early or otherwise trigger early termination provisions can only be made by absolute majority resolution.

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

9. Remuneration and Expenses

The Remuneration Package provided to the CEO will form part of the Committee's annual review, having regard to section 45(3) of the Act;

Remuneration will be reviewed on an annual basis, in accordance with the CEO's Performance Plan and contractual requirements, plus relevant market benchmarking, financial sustainability of Council and advice from the Independent advisor.

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; and
- reasonable costs incurred in performance of required duties.

The Mayor and General Manager Corporate Services are to review and approve any expenses in relation to

this section.

10. Performance Reporting

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 CEO is to provide progress reports against the Performance Plan to the Committee quarterly or as otherwise agreed by the CEO and the Committee.

These meetings are intended as an opportunity for the CEO and Committee to 'check-in' and to monitor progress against key performance indicators, flag any issues that may limit or prevent achieving key performance indicators and address opportunities for improvement as required.

The Committee may meet with the CEO following each progress report to discuss the matters contained in the progress report.

Following the initial six months of the CEO's term, a workshop with Councillors and the CEO should be coordinated so that:

- 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;
- Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial period; and
- Council and CEO can agree to projects and priorities for inclusion in the CEO's Performance Plan and KPIs.

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

11. Annual Review

The Independent Advisor is responsible for leading the CEO's annual review process with the Committee and facilitating the input from all Councillors to inform the Committee's assessment. The Independent Advisor will support the Committee with assessing the CEO's performance against the Performance Plan and the development of new KPIs for the following performance year.

Annual reviews will include the opportunity to provide the CEO with performance-related feedback preferably in person and input into the CEO's Performance Plan. The CEO will also provide feedback on Council through a review process facilitated and recommended by the Independent Advisor.

The performance review will be completed annually after the end of the financial year, with the performance year being 1 July to the next 30 June (or as otherwise agreed between Council and the CEO).

The Committee is required to submit an Annual Review Report to Council following the completion of the Annual Report and the financial statements (generally in October each year or as soon as practicable thereafter) 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;
- the setting of the Performance Plan for the measurement of the CEO's performance for the next 12-month period;
- any matters to be agreed with the CEO on a professional development plan for the next 12-month period; and
- any other necessary matters.

The Committee will submit the Annual Review Report to Council only after meeting and discussing the contents with the CEO, on 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 in writing of the outcomes of the review process.

12. Acting CEO

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.

If an Acting CEO is to be appointed for a period not exceeding 28 days, the appointment of an Acting CEO may be made by:

- the CEO under delegation from Council pursuant to section 11(3) of the Act; or
- resolution of Council.

If an Acting CEO is to be appointed for a period exceeding 28 days, the appointment of an Acting CEO must be made by a resolution of Council.

13. Independent Advisor

The Independent Advisor is responsible for providing independent professional advice in relation to the matters dealt with under this Policy in accordance with section 45(2)(a) of the Act.

The Independent Advisor will attend and participate in all committee meetings

The Independent Advisor will be appointed on the recommendation of the Committee following a process to seek experienced and suitably qualified persons but must not be the Executive Search Consultant appointed by Council to assist in the recruitment process.

Council will determine the:

- term of appointment of the Independent Advisor (in accordance with the Chief Executive Officer Employment Matters Committee Terms of Reference); and
- remuneration of the Independent Advisor (in accordance with the Chief Executive Officer Employment and remuneration Committee Terms of Reference).

Council can, on an as needed basis, obtain additional independent professional advice in relation to the matters dealt with under this Policy.

14. Administrative Support

Council acknowledges that, in implementing this Policy, the Committee and/or the Independent Advisor will from time to time require the assistance of members of staff, including assistance in relation to governance and employment/human resources matters, and (where relevant) procurement and contract management.

Council, the Committee and/or the Independent Advisor 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 may be difficult because they are accountable to the CEO (or a person acting as CEO) and therefore requests for assistance need to be limited to no more than those which are reasonably necessary.

For the purposes of this clause, and without limiting its generality, the General Manager Corporate Services, a senior Governance Officer and/or Manager People and Culture will provide support to the Committee in:

- assisting in the coordination of Committee meetings;
- preparing relevant documentation for Committee meetings, including reports to Council and contractual documents;
- maintaining appropriate records regarding the CEO's annual review; and
- providing advice in connection with the proper governance of the Committee's role and proceedings.

The CEO should be kept informed of any decisions made to utilise Council staff for the purposes outlined in this section.

15. Interaction with Act and Regulations

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

16. Confidentiality

Council is not required to, and should not, 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. Health, safety and wellbeing obligations

In line with the Occupational Health and Safety Act 2004, Council, Councillors, the Committee and those supporting the implementation of this Policy must manage CEO employment, performance, review, complaint, dispute and reappointment processes in a manner that supports the CEO's health, safety and wellbeing, including psychological safety.

Psychosocial hazards may include, but are not limited to, high job demands, poor role clarity, poor organisational justice, poor support, poor change management, conflict, bullying, harassment, aggression, violence, exposure to traumatic material or events, remote or isolated work and other risks to psychological health.

The CEO may raise health, safety and wellbeing concerns, including psychosocial hazards or psychological safety concerns, with the Mayor in the first instance (or the Deputy Mayor if the matter is about the Mayor) or otherwise with the CEO Employment Matters Committee. Council will provide confidential support and assistance to the CEO where health, safety or wellbeing matters arise.

18. Breach of Policy

Any concerns about non-compliance should be reported immediately to the Mayor or the Independent Member. If the matter involves these members, then it should be raised in the first instance with Governance or the General Manager Corporate Services, as appropriate.

19. Consultation

The CEO may be consulted on proposed amendments to this Policy where such amendments may affect their employment conditions or rights. The purpose of this consultation is to provide the CEO with an opportunity to present their views, which will be considered by the Committee and Council.

The Committee and Council retain full and independent authority for all recommendations and decisions relating to this Policy. The CEO will not participate in, or influence, the final decision-making process.

20. Definitions

The Act means the Local Government Act 2020.

Absolute majority resolution means a formal resolution of the Council passed at a meeting by a number of Councillors which is greater than half the total number of the Councillors of the Council.

Act means the Local Government Act 2020.

Annual Review Report has the meaning given in this Policy.

Chief Executive Officer Employment Matters Committee Terms of Reference means the Terms of Reference that apply to employment-related matters concerning the CEO, including performance planning, reviews, remuneration recommendations, and ensuring compliance with governance requirements.

Committee means the Chief Executive Officer Employment Matters Committee established under this Policy.

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

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

Independent Advisor means the consultant appointed by Council to provide independent advice in

accordance with section 45(2)(a) of the Act.

KPIs means Key Performance Indicators or performance criteria however described.

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

Public Sector Wages Determination means in accordance with Section 45(3) of the Local Government Act 2020.

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 packagepaid to the CEO pursuant to the Contract of Employment.

9. Records Management

The management of records will be stored and maintained in accordance with the Public Records Act 1973 (Vic).

10. Related Documents

- Local Government Act 2020
- Chief Executive Officer Employment Matters Committee – Terms of Reference
- Yarra City Council Recruitment Policy

11. Document History

Version:	2
Date:	TBC
Changes:	The policy has been amended to include (but not limited to) the following changes: Expanding on the process for the CEO's annual review for greater clarity and direction for the Committee Clarifying the need for administrative support and nominating the relevant officers to assist the Committee to undertake its' role.
Position Title:	General Manager Corporate Services
Branch:	Governance and Integrity