

## Remuneration Review

First Produced: May 2005	Authorisation: Council
Current Version: August 2010	Authorisation Date: 27 July 2010
Past Revisions: 17 May 2006, 18 May 2005	Council Minute: Page 10/CPITC/08/624
Review Cycle: On appointment of Chief Executive	Queries: Council Chair or Council Secretary
Applies From: 9 August 2010	

### Section 1 : Policy Overview

#### 1.1 Purpose

The purpose of this policy is to set down the process for the annual review of the Chief Executive's remuneration.

#### 1.2 Application

This is one of a set of policies defining the employment relationship between the Ara Council and its only employee the Chief Executive; it applies to that relationship only.

#### 1.3 Policy Statement

The Chief Executive's Employment Agreement includes provision in Clause 4.0 for the review of the CEO's remuneration at intervals of not more than 12 months. The remuneration review is carried out by the Chief Executive Remuneration and Performance Review Committee under delegation from the Council. The recommendations of the Chief Executive Remuneration and Performance Review Committee require the endorsement of the Council and the concurrence of the State Services Commission. Unless otherwise agreed, the effective date for any change is 1 January.

#### 1.4 Formal Delegations and Variations to Policy

The Ara Council delegates the annual review of the Chief Executive's remuneration to the Council Chief Executive Remuneration and Performance Review Committee under s222 of the Education Act 1989.

#### 1.5 Definitions

- a **Chief Executive Remuneration and Performance Review Committee:** a committee established by the Council under s193 of the Education Act 1989; it is composed of the Chair of Council and the Deputy Chair of Council ex officio and one other Council member elected at the first meeting of Council each year who will serve a term of at least two years.

The Council Secretary attends to provide secretarial services.

<sup>1</sup> From herein referred to as Ara

The Chief Executive Remuneration and Performance Review Committee is responsible for reviewing the CEO's remuneration, assessing performance and recommending performance payments, and providing employment-related support to the CEO.

- b **Chief Executive (CEO):** the manager of the academic and administrative affairs of Ara under s196 of the Education Act 1989 appointed and employed under s77IA-D of the State Sector Act 1988. This policy applies only to the CEO.
- c **Chief Executive Employment Agreement:** the agreement negotiated by the Council and the Chief Executive at the time of the Chief Executive's appointment or reappointment and concurred with by the State Services Commission under s77IA-D of the State Sector Act 1988. The agreement includes the conditions of employment and the schedule of remuneration; it also includes the provision for a review of performance at intervals of not less than 12 months and for the payment of a performance payment of up to 10% of the base salary.
- d **Ara Council (ARAC):** the governing body of Ara established under s165 and s222AA of the Education Act 1989; the Council is the employer of the Chief Executive under s77I of the State Sector Act 1988.
- e **Job evaluation:** the process by which an accredited assessor gathers data about the position of the Chief Executive and determines a job size expressed in points relative to other similar positions.
- f **Performance Review:** the process by which the performance of the Chief Executive in the previous academic/calendar year is assessed by the Chief Executive Remuneration and Performance Review Committee for the purpose of setting objectives for the following year in consultation with the CEO, determining recommendations on the payment of the performance payment provided for in the Employment Agreement, and informing the review of remuneration. The performance review is the subject of a separate policy.
- g **Remuneration:** the components of the remuneration schedule are base salary, performance payment, and employer contribution to superannuation. The base salary is the major component of which 14/365 is paid every two weeks; the base salary is used to calculate the superannuation and the performance payment.
- h **State Services Commission (SSC):** the department of State whose chief executive is the State Services Commissioner; the SSC's concurrence is required for the Chief Executive's conditions of employment including remuneration under s2 and 77I of the State Sector Act 1988.

## **1.6 Attachments/Further Documentation**

Nil

## **1.7 Related Policies**

- a Performance Review

## **1.8 Notes**

Nil

## **Section 2: Associated Procedures**

- 2.1 The Council's Chief Executive Remuneration and Performance Review Committee membership is reviewed by the Council at the first meeting of the year. The one member nominated by Council is expected to have governance/management experience which would normally include dealing with employment issues such as reviewing performance and determining matters objectively.
- 2.2 As soon as possible in each calendar year (and not later than the end of February except by mutual agreement between the parties), the Chief Executive Remuneration and Performance Review Committee will commence the review of the Chief Executive's remuneration.
- 2.3 The Chief Executive Remuneration and Performance Review Committee will seek input from the Chief Executive and consider it as part of its deliberations.
- 2.4 In accordance with the Employment Agreement, the Chief Executive Remuneration and Performance Review Committee will take account of the Chief Executive's performance as assessed in the performance review.
- 2.5 The Chief Executive Remuneration and Performance Review Committee may arrange for a job evaluation to be conducted.
- 2.6 The Chief Executive Remuneration and Performance Review Committee may seek information about remuneration in the tertiary sector to assist it in forming recommendations.
- 2.7 The Chief Executive Remuneration and Performance Review Committee will determine its recommendations and prepare a draft report.
- 2.8 The Chief Executive Remuneration and Performance Review Committee will discuss the draft report with the Chief Executive.
- 2.9 The Chief Executive Remuneration and Performance Review Committee will report to the Council at the next scheduled meeting of the Council with the recommendation that the proposal be endorsed and submitted to the State Services Commission for concurrence.
- 2.10 The Chair of Council will write to the State Services Commission setting out the Council's proposal and seeking concurrence.
- 2.11 If necessary, the Chair will ask the Chief Executive Remuneration and Performance Review Committee to consider any points made by the State Services Commission.
- 2.12 Once written concurrence has been received, the new rate(s) and arrears will be applied.
- 2.13 Unless agreed otherwise, the effective date of any change is 1 January and the new rate(s) of remuneration and arrears, if any, will be paid from that date.