

Program: Executive Office
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Scope

This policy relates to the Chief Executive Officer.

Objective

This Policy outlines a Performance Management System for the Chief Executive Officer (CEO) at Mackay Regional Council (MRC) as the basis on which performance expectations and outcomes of the CEO are set, monitored, and reviewed annually.

This includes:

- establishment of a Performance Review Panel to facilitate the development and review of the CEO Performance Agreement, and the process by which the panel will operate.
- roles and responsibilities of key stakeholders in the CEO Performance Management;
- key inputs to developing the CEO Performance Agreement; and
- the overarching process for establishing and reviewing CEO performance.

Policy Statement

Efficient and effective local government requires efficient and effective local government leadership.

The basis of the CEO Performance Management System is to ensure that the CEO is achieving the required levels of performance and meeting Council's expectations as outlined in the Performance Agreement.

This process to remain in force until otherwise determined
by Mackay Regional Council

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1.0 Principles

Implementing a CEO performance management system is beneficial for the Council as it ensures accountability and alignment with the strategic goals set by the Councillors. Given the clear distinction between the roles of Councillors and Council employees as outlined in the *Local Government Act 2009*, a structured performance management system allows Councillors to effectively oversee the CEO's execution of the Key Corporate Performance Indicators, Corporate Plan and other strategic documents.

This system facilitates regular reviews and feedback, ensuring that the CEO's actions are in line with the community's needs and the Council's strategic vision. Additionally, it promotes transparency and continuous improvement within the local government, leading to better service delivery and outcomes for the community.

The Structure of the CEO Performance Management System

1.1 Performance Agreement

The key to this system is in the setting and agreeing of performance expectations between the parties at the start of the financial year. The key documents underpinning this process may include:

- the Council's current Corporate Plan and, the annual Operational Plan that delivers on the Corporate Plan;
- annual organisational priorities set by the CEO/Executive Leadership Team (ELT);
- the Code of Conduct for staff;
- MRC's Organisational Strategy 2023-2028;
- the role statement / position description for the position of CEO;
- core competencies for the CEO position, linked to the Corporate Planning & Monitoring Framework;
- a suite of relevant Corporate Key Performance Indicators; and
- any other document that the Council deems relevant.

These documents will be used to develop the CEO Performance Agreement. The CEO Performance Management System philosophy is that the Performance Agreement will be used as the basis of encouraging relevant and rigorous conversations about performance at review time, with final assessments being evidence-based.

1.2 Ratings

Performance objectives for the CEO will be evaluated objectively utilising relevant organisational data and inputs. An overall rating scale is summarised below:

Rating	Description
Role Models	Always displays and often exceeds the expected level of behaviour and skills; leads by example and proactively builds leadership behaviours in others.

Rating	Description
Effectively Displays	Consistently displays the expected level of behaviour and skills in all aspects of leadership behaviours; has developed all leadership behaviours to the expected level; has a positive impact on others.
Development	Often displays the expected level of behaviour and skills in most but not all aspects of leadership behaviours; performance will be further enhanced if some leadership behaviours are strengthened.
Needs Improvement	Rarely displays the expected level of behaviours and skills; behaviour can be counterproductive to others; significant improvement is needed to meet the expected level.

It is important to note that under this Policy an 'effectively displays' rating means that the CEO is performing at the level of competence expected in the role.

An overall rating will be agreed for each objective in the Performance Agreement and rigorous conversation about performance will be undertaken to ensure objectivity through the review process. Comments and supporting documentation will be captured throughout the performance review cycle to clearly establish criteria for performance and resulting review ratings.

1.3 Performance Agreement Format

Within three months after the commencement date, the CEO and Council will complete a Performance Agreement setting out agreed performance criteria and expectations. This provides time for the CEO to observe the structure, culture and performance of the organisation and make a judgement on initiatives to be taken in the first Performance Agreement for consideration by the Performance Review Panel.

The Performance Agreement is subsequently negotiated between the Council and the CEO at the start of each financial year, with the Performance Review Panel will conduct the review process.

The Performance Agreement has six key components:

Component	Description
Significant Annual Projects and Priorities	Achievement of a small number of significant projects and priorities agreed with the Council
Roles and Responsibilities	Achievement of roles and responsibilities as contained in the role statement/position description for the position

Component	Description
Core Competencies	Performance against generic responsibilities and core competencies for the CEO
Behavioural Expectations	Consistent with MRC's "Organisational Strategy 2023-2028"
Personal Development	An improvement plan for personal leadership development
Key Corporate Performance Indicators	Key operational measures that underpin organisational performance

1.4 Position Specific Roles and Responsibilities

Position-specific roles and responsibilities are contained in the position description / role statement for the CEO role and are extracted into the Performance Agreement.

1.5 Personal and Professional Development Plan

It is important for a CEO to keep their skills and knowledge current. Both the Council and the CEO have a joint responsibility to support the CEO's ongoing professional development. The Council will work with the CEO to ensure that the CEO's skills and knowledge meet the required competency standards and remain up to date with contemporary issues and trends.

The CEO's Performance Agreement will include a personal and professional development plan, which may involve executive coaching, mentorship, further education, visits to best practice organisations to gather innovative ideas, attending conferences or seminars, and joining relevant professional or leadership organisations.

The Council is obligated to support the CEO in acquiring the necessary competencies and contemporary skills and knowledge.

1.6 Managing Diminished Performance

Should performance expectations not be met, then a process to address diminished performance and to elevate performance to an acceptable level will be followed.

Council will clearly identify areas where performance is not at the required standard, supported by appropriate evidence, including clarity on the level of performance expected.

From there the Council will support the CEO to bring performance up to the required level through actions such as support for personal and professional development assistance (which may include mentoring), regular feedback meetings with the Mayor and/or Performance Review Panel, or other agreed initiatives.

Should performance not improve to the required standard following the above development actions, the Council will consider other actions which, at its conclusion could see the dismissal of the CEO for failure to perform under the contract of employment.

Whenever the CEO's performance is an issue, the Council may engage appropriate external and experienced assistance in setting and actioning a Diminished Performance Plan. The Performance Review Panel will make that engagement on Council's behalf.

1.7 Changes to Performance Agreements

Any changes to the CEO Performance Agreement will be negotiated, agreed, and documented when they occur. This is an important function of the mid-year performance review.

Performance Review Process

1.8 Preparation and Review Meetings

The CEO Performance Management System operates based on all parties being well prepared for reviews. The CEO will prepare a written self-assessment report prior to the review being undertaken and that self-assessment distributed (along with any relevant attachments or supporting documentation) to each member of the Performance Review Panel well in advance of the review meeting so each person can be well prepared for that meeting.

During the review meeting, the CEO will provide a summary of the self-assessment and address actions taken on issues from the review meeting held 12 months ago. The CEO will participate in a discussion and address any questions posed by the Panel members before exiting the meeting, allowing the Panel to evaluate the CEO's performance during the review period. The Panel will make a judgement on CEO performance using the ratings provided in the Performance Agreement.

The CEO will then re-join the meeting to be provided with an overview of the assessment and ratings by the Review Panel.

The timing of the performance review should be considered and determined by the Council, having regard to relevant local factors. All parties to the review should be made aware of the timeline and process to be used.

1.9 Periodic and Annual Reviews

Periodic CEO performance reviews will be undertaken during the year, including a mid-year review. Any agreed changes to the Performance Agreement will be documented at these reviews.

The Performance Review Panel will schedule the annual review in advance to ensure both parties are prepared. The results of the annual review will be

recorded and agreed by the Performance Review Panel. The periodic review outcomes will be considered as an input at the annual review.

Outcomes of the annual review may also contribute to the setting of projects and priorities for the next year (including any remedial action required because of the previous year's review), as well as agreeing with any personal and professional development plans for the next year.

1.10 Reporting to Councillors

Following completion of the annual review of the CEO's performance and the setting of the new Performance Agreement, a report on the performance review, together with the new Performance Agreement will be provided to Councillors for their information.

Roles and Responsibilities

1.11 Role of the Mayor

The Mayor has responsibility for day-to-day oversight of the CEO, and the specific responsibilities relating to the CEO;

- leading, managing, and providing strategic direction to the CEO;
- directing the CEO in line with Council's approved policy position or decisions; and
- conducting an annual performance review for the CEO with the Performance Review Panel.

The Mayor will ensure that any performance related matters are brought immediately to the CEO's attention, to discuss, agree and record actions to address this. Where appropriate, the Mayor will call the Performance Review Panel together to discuss performance related matters outside of review meetings.

1.12 Role of Councillors

All Councillors have a role to play in the CEO review and setting of the new Performance Agreement for the CEO. The Performance Review Panel will facilitate a process that enables input from all Councillors on the performance of the CEO.

1.13 Membership and Role of Performance Review Panel

The Performance Review Panel, is tasked with:

- overseeing the implementation of the CEO Performance Management System processes in accordance with these guidelines;
- undertaking the periodic and annual reviews of the CEO with appropriate input from Councillors;
- setting the CEO Performance Agreement for the following year;
- facilitating feedback from Councillors and other stakeholders regarding the performance of the CEO for use as an input to the annual CEO performance review; and

- recommending changes to the CEO Performance and Contract Management Guidelines for Council's consideration.

The Performance Review Panel will comprise the Mayor and Deputy Mayor, as well as at least three other Councillors selected by Council annually and will reflect the composition of interests on the Council.

Membership may also be extended to an external person experienced in performance management and /or the role of a local government CEO to help bring both expertise and independence to the review.

An external facilitator experienced in executive performance management in local government, may be used to advise and support the Performance Review Panel in undertaking the annual CEO performance review, and in the setting of the Performance Agreement for the following year. This brings both experience and independence to the process. The facilitator is not a voting member of the Performance Review Panel.

1.14 Training for Members of the Performance Review Panel

All members of the Performance Review Panel and the CEO will be trained in processes associated with the CEO Performance Management Review Policy and in effective performance management principles and practices, which will include fairness, equity, perspective, merit, and natural justice. All Councillors will be invited to attend this training for their own professional development.

2.0 Definitions

To assist in interpretation the following definitions shall apply:

CEO shall mean the Chief Executive Officer of Mackay Regional Council.

Council shall mean the Mayor and Councillors of Mackay Regional Council.

Human Rights Complaint shall mean a complaint about an alleged contravention of section 58-1 by a public entity in relation to an act or decision of the public entity (**Please delete if not relevant**).

MRC shall mean Mackay Regional Council.

3.0 Review of Policy

This policy will be reviewed when any of the following occur:

- The related documents are amended or replaced.
- Other circumstances as determined from time to time by a resolution of Council.

Notwithstanding the above, this policy is to be reviewed at intervals of no more than three (3) years.

4.0 Reference

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- *Public Sector Ethics Act 1994*
- MRC Code of Conduct
- Corporate Plan
- Operational Plan

5.0 Attachments