

ATTACHMENT

What changes are being made to the standard contract of employment for general managers to ensure greater security of employment?

As a result of its investigation of the former Canterbury City Council, ICAC recommended that the Department of Planning and Environment conduct a review into the “no fault” termination provision in the standard contract of employment for general managers. ICAC recommended that the review should canvass options such as requiring a two-thirds majority vote of a council, an absolute majority vote or the availability of mediation.

The Government does not support the first two of these options.

A good working relationship between the governing bodies of councils and their general managers is essential to councils being able to exercise their functions effectively. Experience has repeatedly demonstrated that where, for whatever reason, general managers lose the support and confidence of a majority of councillors, the council can become dysfunctional. Councils cannot focus on serving their communities if councillors and the general manager are at war with each other. General managers also cannot hope to perform effectively in their role in circumstances where they have lost the confidence and the support of a majority of councillors. Councils therefore need to have the flexibility to terminate the employment relationship with the general manager with appropriate compensation, where that relationship breaks down.

A key focus of the proposed amendments to the standard contract of employment for general managers is to strengthen access to mediation under the contract to manage and address conflict in the relationship when it arises and to ensure more rigour in decisions by councils to terminate the employment of the general manager.

These amendments include the following:

- Before terminating a general manager’s employment for poor performance, the council must have first conducted a performance review, concluded that the general manager’s performance falls short of the performance criteria or the terms of their performance agreement, and afforded the general manager a reasonable opportunity to utilise dispute resolution.
- Where a council intends to terminate the employment of its general manager utilising the ‘no fault’ termination provision (clause 10.3.1(e)), if either party requests it and both parties agree, they may participate in mediation in relation to the proposed decision to terminate. If the council does not agree to participate in mediation, it must give the general manager reasons for its decision where the general manager requests it.
- Councils and general managers may agree on a mediator when the contract is made.
- Where a council terminates the general manager’s employment under the “no fault” termination provision (clause 10.3.1(e)), the council must give the

general manager reasons for its decision to terminate their employment where the general manager requests it.

- Serious and persistent breaches of the council's code of conduct by the general manager constitute grounds for summary dismissal.

What changes are being made to the standard contract of employment for general managers relating to their remuneration?

The following amendments are proposed to the provisions of the contract relating to general managers' remuneration:

- Clause 8.4 of the contract has been amended to clarify that a discretionary performance-based pay increase only applies for one year unless the council determines that it is to apply for the balance of the contract.
- Clause 8.4 also allows for the payment of a retention allowance on one occasion during the term of the contract. This accrues on an annual, pro-rata basis for the remainder of the term of the contract and is to be paid to the general manager at the end of the contract period.

What other changes are being made to the standard contract of employment for general managers?

Other changes include:

- Definitions and other provisions have been updated to reflect legislative and administrative changes made since the previous standard contract was approved.
- A new provision has been included (clause 5.5) empowering the departmental chief executive of OLG to approve an extension of the timeframes prescribed under clause 5 for the renewal of the contract in exceptional or unforeseen circumstances.
- Minor amendments have been made to the functions of the general manager's duties prescribed under clause 6 to reflect legislative changes and to place an obligation on general managers to ensure a safe workplace and to facilitate compliance with the *Work Health and Safety Act 2011*.
- A new provision (clause 7.12) has been included that confirms that the performance agreement, action plan and any associated records that contain information about the work performance or conduct of the general manager are to remain confidential unless otherwise agreed to by the general manager or required by law.
- The service of notice provisions, (clause 18), have been updated to allow service by email.