

17.1 2024 REVIEW OF MINIMUM AND MAXIMUM REMUNERATION FOR LOCAL GOVERNMENT CHIEF EXECUTIVE OFFICERS

Contact Person: Allison Ashby

Why is this matter confidential?

Subject to an order pursuant to Section 90(3)(a) of the *Local Government Act 1999*, this matter is confidential because it contains industry remuneration information that is still in draft form.

A. COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER**17.1 2024 REVIEW OF MINIMUM AND MAXIMUM REMUNERATION FOR LOCAL GOVERNMENT CHIEF EXECUTIVE OFFICERS**

Responsible Executive Manager : Allison Ashby

Report Author : Allison Ashby

Delegated Authority : Matters for Information.

Attachments :

1. Correspondence | Remuneration Tribunal Draft Report and Determination for 2024 Review of Local Government CEO Minimum and Maximum Remuneration
2. Draft Determination | 2024 Review of Local Government CEO Minimum and Maximum Remuneration
3. Draft Report | 2024 Review of Local Government CEO Minimum and Maximum Remuneration

Purpose

The purpose of this report is to provide the CEO Review Committee with the opportunity to provide feedback on the Draft Determination of the 2024 Review of Local Government CEO Minimum and Maximum Remuneration (Attachment 2) for Local Government Chief Executive Officers conducted by the Remuneration Tribunal.

STAFF RECOMMENDATION

NIL

COMMITTEE RESOLUTION**6133**

That the CEO Review Committee acknowledges the draft determination and report provided by the Remuneration Tribunal and provides the following feedback:

- **Superannuation should be reported in line with the actual cost to Council to accommodate circumstances such as defined benefits scheme caps at 9.3%;**
- **Transitional timeframes look to be extended to be greater than 2-years.**

Relevance to Strategic Plan

Nil.

Relevance to Community Engagement Policy

There is no requirement to consult with the community on this matter.

Background

In September 2021, section 99A of the *Local Government Act 1999* came into effect. This section requires the Remuneration Tribunal to determine the minimum and maximum remuneration payable to Chief Executive Officers of Councils.

On 16 June 2023, the Remuneration Tribunal issued its inaugural Determination and Report of Local Government CEO minimum and maximum remuneration levels. Report four (4) of 2023 details the approach of the Tribunal at that time and the issues which led to the inaugural Determination.

On 28 June 2024, the Tribunal issued a second Report and Determination in which it advised that it was undertaking a substantial review of the inaugural Determination, which it anticipated would be concluded by the end of 2024. Advice was received late December 2024 that this process would extend into 2025 with an anticipated conclusion timeframe of March.

Mayor Glenn Docherty and Ms Allison Ashby, AM Consulting, participated in this review providing information relevant to the City of Playford via an interview with Remuneration Tribunal.

Current Situation

On 20 January 2025, Council received the draft determination of the 2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers from the Remuneration Tribunal and is inviting feedback by 12 March 2025. Whilst the Tribunal has not limited the range of factors about which comments may be made, comments about the nature of the remuneration framework or about implementation issues are specifically invited.

The Tribunal adopted an approach whereby it sought to achieve the following broad objectives:

- Minimum and maximum remuneration amounts need to reflect the complexity of roles and responsibilities necessary to allow Councils to recruit and retain appropriately skilled and qualified CEOs.

- Remuneration minimums and maximums must provide a significant degree of assurance to Council ratepayers, that their CEO is being equitably remunerated.
- The minimum and maximum remuneration amounts need to provide an appropriate degree of guidance to elected members to assist them in setting and reviewing CEO remuneration.
- Any system of setting minimum and maximum remuneration must be capable of simple and low-cost revision to facilitate regular review.

The draft report (Attachment 3) provides a comprehensive overview of its review process outlining the methodology that has been used to determine the remuneration bandings, the feedback received, defining what constitutes a total remuneration package, implementation of the remuneration banding and future review procedures.

The framework developed by the Tribunal sought to apply consistent indicators of CEO role complexity while balancing critical distinguishing factors that exist across Councils. It has applied a criteria of Councils operating income as the primary indicator of CEO role complexity. Four (4) other Council characteristics have been incorporated into this framework to recognise critical distinguishing factors between Councils (projected population growth, population dispersion, distance from Adelaide, socio-economic advantage / disadvantage).

The primary criteria of Council operating income has been broken down into eight (8) bands based on the total operating income range (refer paragraph 77 of Attachment 3).

The Tribunal has selected four (4) other criteria which were factors most likely to require further differentiation between Councils which was not captured by total operating income considerations. These are:

- Projected population growth which impacts on a Council's planning and service delivery requirements and hence the demands and expectations of a CEO. This was determined to be the most significant modifying factor.
- Population dispersion which is a measure of the estimated average distance between each person in a Council area and the population centre for that region. This is a measure of relevance to regional Councils as it represents additional delivery, and complexity demands on the CEO. The Tribunal has relied on data from 2021 to 2031 provided by the SA Department for Trade and Investment.
- Distance from Adelaide measured from the primary Council location. This reflects isolation, attraction, and retention issues, together with the challenges associated with functioning in more remote locations with substantially increased distances.
- Socio-economic advantage/disadvantage. This has been assessed using the Australian Bureau of Statistics Socio-Economic Index for Areas and takes account of differences in the complexities of Councils with differing levels of socio-economic advantage or disadvantage. The greater the degree of comparative disadvantage, the greater the complexity of the CEO role.

The Tribunal defined measures of each of these modifying criteria and attached a score of between one (1) and three (3), depending on the characteristics of the Council. These scores were then weighted, depending on the Tribunal's assessment of the significance of the modifying criteria (refer paragraph 84 of Attachment 3).

The Tribunal adopted the following definitions of remuneration components for inclusion in the Determination as what constitutes a Total Remuneration Package:

Component	Definition
Monetary remuneration	Base salary (cash component).
Superannuation	Includes the statutory minimum employer contributions, any salary sacrifice component, and any additional payments made by a Council.
Annual Leave Loading	As defined in the relevant employment contract.
Additional Leave Entitlements	Dollar value of additional leave provided over and above statutory entitlement, except where this is provided to allow remotely based CEOs to travel to their hometown or capital city to commence / return from leave.
Bonuses	Dollar value of any bonuses or performance incentives, whether received in cash or kind.
Motor Vehicle	The value of the cash allowance or the private benefit value of the motor vehicle to the CEO using either the Prime Cost (depreciation), Operating Cost, or Statutory Formula in accordance with the ATO rules. Must include FBT payable by the CEO. Refer to: https://www.ato.gov.au/calculators-and-tools/fringe-benefits-tax-car-calculator
Housing Allowance	The dollar value of any housing allowance or rental subsidy and associated FBT. Consistent with the ATO remote area FBT requirements. Note, designated remote areas are exempt from FBT – refer to: https://www.ato.gov.au/api/public/content/0-2f3d266d-5f78-4188-add6-f218387a0485?1730844950186
Other Fees and Allowances	<ul style="list-style-type: none"> • Includes, but not limited to, any or all of the following: • School or childcare fees, including school uniforms • Newspaper/magazine/online subscriptions • Value of perquisites provided to the CEO i.e. memberships • Personal travel or any other benefit taken in lieu of salary by the CEO (and immediate family at the discretion of the council) • Health insurance

	<ul style="list-style-type: none"> • Any and all other allowances • Any other form of payment - cash or otherwise • Any Fringe Benefits Tax paid by council in respect of any of the above
Total Remuneration Package (TRP)	The total of all the above components.

In accordance with Section 99A of the *Local Government Act 1999* the Remuneration Tribunal determines the following rates of minimum and maximum remuneration for Chief Executive Officers of Local Government Councils in South Australia:

Band	Total Remuneration Package
Adelaide City Council	\$386,710 - \$458,557
1	\$353,839 - \$419,580
2	\$323,763 - \$383,916
3	\$296,243 - \$351,283
4	\$271,062 - \$321,424
5	\$248,022 - \$294,103
6	\$226,940 - \$269,104
7	\$207,650 - \$246,230
8	\$190,00 - \$225,301

In this new determination the minimum remuneration has been reduced for each category of Council. The reductions range from \$72,000 to \$7,000 which will result in some CEOs having to have their remuneration reduced.

When assessed against the framework, the City of Playford sits within band one (1), previously it sat within band four (4). This outcome better reflects the role complexity required of the Chief Executive Officer.

Compliance with the relevant minimum or maximum remuneration is required by 1 January 2026, where the adjustment is less than \$5,000 per annum, effective from 1 January 2025. Adjustments greater than this will have a compliance period of two (2) years.

Ms Ashby will seek the views of the Committee on their desire to provide feedback on the draft determination.

Future Action

Given the draft determination, it will be necessary to consider the CEO's remuneration to ensure compliance with the binding determination once handed down post the consultation period. Whilst a detailed report will be formulated for the consideration of the Committee, the CEO's current total remuneration package does not comply with the new band.

C. COMMITTEE TO DECIDE HOW LONG ITEM 17.1 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 17.1 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of the *Local Government Act 1999*, the Committee orders that the following aspects of Item 17.1 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90(3)(a) of the *Local Government Act 1999*:

- Report for Item 17.1
- Attachment(s) for Item 17.1
- Minutes for Item 17.1

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the *Local Government Act 1999*.

COMMITTEE RESOLUTION**6134**

Pursuant to Section 91(7) of the *Local Government Act 1999*, the Committee orders that the following aspects of Item 8.1 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90(3)(a) of the *Local Government Act 1999*:

- Report for Item 8.1
- Attachment(s) for Item 8.1
- Minutes for Item 8.1

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the *Local Government Act 1999*.