

**17.1 CHIEF EXECUTIVE OFFICER REMUNERATION REVIEW FY 2023/24**

Contact Person: Skye Nitschke

**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 pertains to the personal affairs of the Chief Executive Officer.

**A. COUNCIL TO MOVE MOTION TO GO INTO CONFIDENCE**

No action – this motion passed in the open section.

**B. THE BUSINESS MATTER****17.1 CHIEF EXECUTIVE OFFICER REMUNERATION REVIEW FY 2023/24**

**Responsible Executive Manager :** Skye Nitschke

**Report Author :** Skye Nitschke

**Delegated Authority :** Matters which cannot be delegated to a Committee or Staff

**Attachments :**

1. Chief Executive Officer Employment Agreement
2. Local Government CEO Salary Benchmarking Report
3. Determination 1 of 2024 Local Government Chief Executive Officers
4. Draft Determination - 2024 Review of Local Government Chief Executive Officers Minimum and Maximum Remuneration

**PURPOSE**

For Council to consider the Total Employment Cost Package (TEC Package) encompassed within the Chief Executive Officer Employment Agreement (Attachment 1) for the FY2023/2024 period following the performance review process.

**STAFF RECOMMENDATION**

1. Council endorse the Chief Executive Officer Employment Agreement (Attachment 1) with an amendment to Schedule 2 with an increase of \_\_\_\_% to the annual base salary (gross) effective 27 August 2024, the date the performance review was endorsed by Council.

**COMMITTEE RECOMMENDATION****6251**

1. Council endorse the Chief Executive Officer Employment Agreement (Attachment 1) with an amendment to Schedule 2 with an increase of 5% to the annual base salary (gross) effective 27 August 2024, the date the performance review was endorsed by Council.

## **EXECUTIVE SUMMARY**

In accordance with the Chief Executive Officer Employment Agreement, an annual review of the TEC Package, will be conducted within one (1) month of the performance review (if reasonably practical), with any changes to take effect from the date on which the performance review is concluded.

### **1. BACKGROUND**

At the conclusion of the Chief Executive Officer performance review process for the period 1 July 2023 – 30 June 2024, the Chief Executive Officer Review Committee engaged in an informal discussion concerning the Chief Executive Officer's remuneration, as is required by the Chief Executive Officer Employment Agreement (Attachment 1).

At that time, the Chief Executive Officer advised a preference for the remuneration review to be placed on hold due to impending Remuneration Tribunal review of the minimum and maximum remuneration for Local Government Chief Executive Officers, and the on-going nature of the Enterprise Agreement negotiations at that time.

### **2. RELEVANCE TO STRATEGIC PLAN**

An efficient and effective process for the review of the Chief Executive Officers performance and remuneration ensures that the objectives of the Strategic Plan can be delivered without interruption.

### **3. PUBLIC CONSULTATION**

There is no legal or policy requirement to consult the community on this issue.

### **4. DISCUSSION**

- 4.1 On completion of the annual Chief Executive Officer performance review the Council must, in accordance with the Employment Agreement, undertake a review of the TEC Package.
- 4.2 Effective from 1 July 2023, the Chief Executive Officer's remuneration must not be less than the minimum or greater than the maximum set by the Remuneration Tribunal SA (RTSA) for Band 4.
- 4.3 As specified in the Employment Agreement, a review of the TEC Package will consider the key performance indicators, the position description, remuneration paid to Chief Executive Officers of similar sized councils in South Australia and any other factor that the Council consider relevant.
- 4.4 The TEC Package review process has been prepared using the same methodology as previous review processes for remuneration. Ms Allison Ashby, AM Consulting, has prepared the 'Local Government CEO Salary Benchmarking Report' (Attachment 2) for Council's consideration.
- 4.5 As per Schedule 2 in Attachment 1, the CEO's base salary is currently set at \$293,559.83. Superannuation contribution and the base salary are detailed on the table below:

Annual base salary (gross)	\$293,559.83
Superannuation contribution	\$27,301.06
TOTAL (gross)	\$320,860.89

- 4.6 The RTSA considers all benefits allowed and payable to the Chief Executive Officer part of the TEC Package. Any percentage increase to the Chief Executive Officer salary should therefore be applied to the Annual Base Salary. Therefore, to address the requirement of the RTSA, the current inclusions that apply to the Chief Executive Officer's TEC package are as follows:

Annual base salary (gross)	\$293,559.83
Superannuation contribution	\$27,301.06
SUBTOTAL (gross before benefits)	\$320,860.89
Internet expenses	\$875.52*
FBT Vehicle	\$8,916.32*
TEC Package (RTSA Method)	\$330,652.73

*\*subject to change in line with calculations of FBT and costs incurred by internet provider*

- 4.7 It is a requirement that the TEC Package (RTSA Method) calculated in 4.6 is within the maximum and minimum remuneration amounts set out in Determination 1 of 2024 Local Government Chief Executive Officers (Attachment 3). The Tribunal has noted that some Chief Executive Officers are members of defined benefits super fund, but this does not apply to all Chief Executive Officers. The difficulties associated with comparing defined benefit funds with accumulation funds are significant. For the purpose of this assessment, the Tribunal has universally recognised the minimum Superannuation Guarantee legislative provisions (11.5%), with this methodology applied, the package would be higher due to the additional superannuation however the TEC packages outlined above does fall within the minimum and maximum amounts.
- 4.8 The Remuneration Tribunal is currently undertaking a review of the minimum and maximum remuneration for Local Government Chief Executive Officers. At the conclusion of this review, it is anticipated a Binding Determination will be handed down in which the City of Playford will likely fall within Band 1. Attached is the Draft Determination - 2024 Review of Local Government Chief Executive Officers Minimum and Maximum Remuneration (Attachment 4) for the Chief Executive Officer Review Committee's information.

## 5. OPTIONS

### Recommendation

1. Council endorse the Chief Executive Officer Employment Agreement (Attachment 1) with an amendment to Schedule 2 with an increase of \_\_\_\_% to the annual base salary (gross) effective 27 August 2024, the date the performance review was endorsed by Council.

## 6. ANALYSIS OF OPTIONS

### 6.1 Recommendation Analysis

#### 6.1.1 Analysis & Implications of the Recommendation

The staff recommendation enables the Chief Executive Officer Review Committee to recommend any amendments to the TEC Package contained within Schedule 2 to Council. Likewise, the staff recommendation allows for Council to resolve any amendments to the TEC Package.

### **Risk Appetite**

#### Regulatory Compliance

*Council has a zero tolerance for non-compliance with applicable legislation including but not limited to: Local Government Act (LGA) 1999; Independent Commissioner Against Corruption (ICAC) Act 2012; Work Health & Safety (WHS) Act 2012; Environment Protection Act (EPA) 1993; Development Act 1993; Equal Employment Opportunity legislation; and Public Consultation legislation.*

This decision will ensure Council are meeting requirements under section 102A the *Local Government Act 1999* ensuring a Chief Executive Officer—performance review is undertaken at least once in each year.

#### 6.1.2 Financial Implications

The financial implications of any proposed changes to the TEC Package are dependent on amendments made.

**C. COUNCIL 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 Council orders that the following aspects of Item 17.1 be kept confidential in accordance with Council'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 1, 2 and 3 for Item 17.1
- Minutes for Item 17.1

This order shall operate until Schedule 2 of the Employment Agreement has been amended (if required) in accordance with Section 91(9)(a) of the *Local Government Act 1999*.

In accordance with Section 91(9)(a) of the *Local Government Act 1999* Attachment 4 for Item 17.1 will be kept confidential until such time as the Binding Determination in relation to Local Government Chief Executive Officers minimum and maximum remuneration is published by the Remuneration Tribunal of South Australia or will be reviewed and determined at the next scheduled annual review of confidential items by Council, whichever comes first.

**COMMITTEE RESOLUTION****6252**

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 1, 2 and 3 for Item 8.1
- Minutes for Item 8.1

This order shall operate until Schedule 2 of the Employment Agreement has been amended (if required) in accordance with Section 91(9)(a) of the *Local Government Act 1999*.

In accordance with Section 91(9)(a) of the *Local Government Act 1999* Attachment 4 for Item 8.1 will be kept confidential until such time as the Binding Determination in relation to Local Government Chief Executive Officers minimum and maximum remuneration is published by the Remuneration Tribunal of South Australia or will be reviewed and determined at the next scheduled annual review of confidential items by Council, whichever comes first.