

Remuneration Tribunal - update

Monday, 16 September 2024
CEO Performance Review
Panel

Strategic Alignment - Our Corporation

Program Contact:
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Public

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EXECUTIVE SUMMARY

Recently the Remuneration Tribunal of South Australia (the Tribunal) requested information regarding the salary of the City of Adelaide (CoA) Chief Executive Officer. The Tribunal requested this information as it was undertaking a consultation on the “Minimum and Maximum Remuneration for Local Government Chief Executive Officers”.

Specifically, the Tribunal requested the CoA provide further information regarding the role of the CEO of the City of Adelaide, identifying relative differences with other local government CEOs and therefore the current CEO remuneration bands.

This process was driven and initiated by the Tribunal, and coincidentally occurred during the time that the City of Adelaide was recruiting for a new Chief Executive Officer. The two processes were independent of one another.

RECOMMENDATION

The following recommendation will be presented to Council on 24 September 2024 for consideration

THAT THE CEO PERFORMANCE REVIEW PANEL RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the recent engagement and information exchanged between the Remuneration Tribunal and the City of Adelaide, outlined in the report and Attachment A and Attachment B, to Item 4.3 on the Agenda for the meeting of the CEO Performance Review Panel held on 16 September 2024.
 2. Notes the Tribunal report regarding an Interim Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers, and the Interim Minimum And Maximum Chief Executive Officer Remuneration determination itself (respectively Attachments C and D to Item 4.3 on the Agenda for the meeting of the CEO Performance Review Panel held on 16 September 2024).
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation A competitive salary is crucial as it assists with the attraction and retention of people with skills and behaviours which align with our organisational objectives and values.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Not as a result of this report
24/25 Budget Allocation	Not as a result of this report
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
24/25 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. On 26 March 2024 Council resolved to provide feedback sought in the Remuneration Tribunal (Tribunal) “Minimum and Maximum Remuneration For Local Government Chief Executive Officers” consultation discussion paper – January 2024. The City of Adelaide (CoA) feedback endorsed the discussion paper option to engage a professional external remuneration specialist to undertake a detailed evaluation of the remuneration framework.
2. In response to the consultation request from the Tribunal, CoA outlined how it develops and reviews Chief Executive Officer (CEO) remuneration arrangements, noting it “currently remunerates the Acting CEO at the minimum rate set by the [Tribunal’s] allocated remuneration band” and provided no additional information.
3. Subsequently the Tribunal sought further information from CoA in support of a review of remuneration for the CoA CEO role as part of their broader review of salaries. This was provided to the Tribunal by the Office of the Lord Mayor. The information was provided following a meeting with the Lord Mayor, (then) Acting Chief Operating Officer, and President of the Tribunal, Matt Callaghan.
4. While recruitment of the role of CoA CEO coincidentally occurred at around the same time as this Tribunal consultation and remuneration review, any information gathered in the course of the recruitment of a CEO and which was also relevant to the Tribunal’s queries was provided. A copy of the information supplied at the request of the Tribunal is provided at **Attachment A** and includes:
 - 4.1. A general summary of the total employment cost incorporated in common law contracts for senior roles at CoA, and the practice of publicly declaring salaries in the CoA salary register (including non-cash benefits).
 - 4.2. Benchmarking comparisons conducted by Davidson (the independent human resource specialist) who were engaged by CoA in the recent CoA CEO recruitment process.
 - 4.3. Current CEO salaries, the salary package paid to the immediate most recent CEO, and to CEOs employed prior to the Tribunal minimum and maximum remuneration bands being applied were also provided.
 - 4.4. Noting that in the context of the organisational review of common law contracts, CoA intention was to engage Mercer to review the CEO remuneration arrangements.
5. The response also indicated CoA endorsed the Tribunal’s suggestion of an interim remuneration determination pending the outcome of its continuing review, to mitigate the potential remuneration disadvantage consequent on a longer than expected final determination.
6. Mercer information on CoA CEO remuneration has now been received, reviewed and provided to the Tribunal (**Attachment B**).
7. The information provided to the Tribunal is expected to be considered in its continuing review of minimum and maximum remuneration, with a final determination expected in December 2024.
8. The Tribunal subsequently provided a report outlining the remuneration review process, and interim determination rationale (**Attachment C**). The interim remuneration minima and maxima determination itself (essentially a 2% CPI indexation to apply from 1 July 2024) is in **Attachment D**.
9. The Tribunal notes that “this increase to the maximum amounts payable does not reflect an automatic increase to CEO remuneration as increases within the specified bands are at the prerogative of each Council”, and that it would be wrong to characterise it as “a 2% increase in remuneration for Council CEOs.”
10. The engagement with the Tribunal review process and consultation was unrelated to the recent process to recruit CoA’s CEO which concluded on 12 July 2024 with the announcement of an appointment.

ATTACHMENTS

Attachment A – Lord Mayor letter to the Remuneration Tribunal

Attachment B – Mercer information on CoA CEO remuneration

Attachment C – 2024 Interim Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers

Attachment D – 2024 Interim Minimum And Maximum Chief Executive Officer Remuneration