

Remuneration Tribunal - update

Strategic Alignment - Our Corporation

Public

Monday, 3 March 2025
CEO Performance Review
Panel

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EXECUTIVE SUMMARY

The South Australian Remuneration Tribunal (the Tribunal) is currently reviewing Determination 4 (2023) relating to the minimum and maximum remuneration for Local Government Chief Executive Officers.

The Tribunal has recently released a draft report titled “2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executives Officers” (draft report).

The City of Adelaide has an opportunity to comment on this draft report, with responses due to be received by the Tribunal no later than 12 March 2025.

Along with the draft report, the Tribunal also issued a letter to all Local Government Councils of South Australia and a draft Determination, summarising at a high level the draft Determination, and requesting review and feedback on the draft.

This report provides an opportunity for the CEO Performance Review Panel (the Panel) to review the draft report and consider if the Panel wishes to provide any feedback to the Tribunal as part of the feedback from Administration.

RECOMMENDATION

THAT THE CEO PERFORMANCE REVIEW PANEL

1. Notes the South Australian Remuneration Tribunal draft report titled “2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executives Officers” as per Attachment A to Item 4.2 on the agenda for the CEO Performance Review Panel held on 3 March 2025.
2. Notes that the Administration will be providing feedback to the South Australian Remuneration Tribunal draft report titled “2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executives Officers”.
3. Requests that the Administration incorporate the following points as part of the response to the South Australian Remuneration Tribunal:
 - 3.1 _____
 - 3.2 _____
 - 3.3 _____

IMPLICATIONS AND FINANCIALS

CEO Contract	The draft report titled “2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executives Officers”, states that the final determination will take effect from 1 January 2025. This may impact negotiations with the incumbent Chief Executive Officer around potential annual remuneration increases, depending on specific conditions in the existing contract.
Consultation	Not applicable
24/25 Budget Allocation	Not applicable

DISCUSSION

1. The South Australian Remuneration Tribunal (the Tribunal) has recently released a draft report titled “2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executives Officers” (draft report) (Attachment A).
2. Along with the draft report, the Tribunal has also written a letter to all Local Government Councils of South Australia and provided a draft Determination. (Attachments B and C)
3. The draft report has recently been released by the Tribunal, which is seeking feedback from Councils by 12 March 2025.
4. Following 12 March 2025, a binding Determination will be issued, and the Tribunal expects that this final Determination will take effect on 1 January 2025. This is consistent with the advice already provided to Councils.
5. The City of Adelaide (CoA) provided input to the Tribunal’s review on 8 April 2024 ([Link 1](#)). The Lord Mayor, Dr Jane Lomax-Smith, and Acting Chief Operating Officer Anthony Spartalis met with Tribunal Chair Matthew Callahan on 24 June 2024, and consequently, supplementary information was provided by the Lord Mayor to the Tribunal on 20 July 2024 ([Link 2](#)).
6. Administration is in broad agreement with the draft report, however, in Administration’s response to the Tribunal, the following feedback will be provided to the Tribunal for their consideration:
 - 6.1. More input was provided to the Tribunal on 8 April 2024 meeting relating to how CEO remuneration is set by the CoA, which is not acknowledged in the current draft report. The draft report currently states: “City of Adelaide supports the proposal to “engage a professional external remuneration specialist to undertake a detailed evaluation of the remuneration framework”.
 - 6.2. A meeting on 24 June 2024 occurred between the representatives from the Tribunal and the CoA. The CoA was represented by the Lord Mayor of Adelaide, Dr Jane Lomax-Smith, and Acting Chief Operating Officer, Anthony Spartalis. Following this meeting, further pertinent information was provided to the Tribunal:
 - 6.2.1. the current CEO position description;
 - 6.2.2. a benchmark assessment of the role against comparable regional centre, and capital city roles, conducted by Davidson (recruiting firm) in mid-2024 as part of the CEO recruitment process;
 - 6.2.3. a remuneration summary of most recent CoA CEOs;
 - 6.2.4. a suggested external consultant to undertake the independent expert review;
 - 6.2.5. a breakdown of CoA approach to CEO salary structuring;
 - 6.2.6. the Mercer review of the CEO role conducted in mid-2024.
 - 6.3. Administration will be seeking clarification regarding whether or not the costs of memberships of professional associations are considered salary components. The “Other fees and allowances” section of the Table at point 68 of the draft report includes “Value of perquisites provided to the CEO, i.e.

memberships”, which apparently contradicts the statement in point 70: “The Tribunal has not included professional development costs that directly relate to ... membership of professional associations related to the performance of CEO functions in its assessment of remuneration”.

- 6.4. The proposed reduction from \$414,000 to \$386,710 of the minimum CEO pay level in the remuneration band applied to the CoA (and the increase of the maximum from \$431,600 to \$458,557) creates potential attraction and retention issues, specifically:
 - 6.4.1. It exacerbates the non-competitiveness of CoA CEO remuneration in comparison with that in regional cities across Australia, and metropolitan Eastern seaboard Director-level positions (let alone CEOs of other Australian capital cities). For example:
 - 6.4.1.1. the regional cities of City of Newcastle, Mackay Regional Council, City of Greater Geelong and the Central Coast Council all pay their CEO between \$450,000 – \$500,000.
 - 6.4.1.2. City of Hobart and the City of Greater Bendigo (much smaller jurisdictions) both pay their CEO's between \$380,000 - \$410,000, potentially more than CoA under the proposed band.
 - 6.4.1.3. The minimum payable to the CoA CEO is considerably lower than the maximum paid in the next lower band for other local government area CEOs, and its mid-point is only just higher than the next lower band's maximum.
 - 6.4.2. It lowers the midpoint of the band payable to the CoA CEO to below the current level. This potentially disadvantages the incumbent in negotiating reasonable annual salary increases and signals diminished recognition of the incumbent's value, creating a retention risk.
7. Administration will recommend increasing the minimum remuneration payable in the band applied to the CoA (as well as the maximum) or at least maintaining it to mitigate the attraction and retention risks outlined above.
8. Advice to this effect will be provided by the Administration to the Lord Mayor for consideration on behalf of Council in advance of the Tribunal's deadline for feedback of 12 March 2025.
9. This report provides an opportunity for the CEO Performance Review Panel to consider if they wish for any feedback to be provided to the Tribunal as part of the feedback from Administration.

DATA AND SUPPORTING INFORMATION

Link 1 – [CoA input to Tribunal Review \(8 April 2024\)](#)

Link 2 – [CoA supplementary information provided to Tribunal \(20 July 2024\)](#)

ATTACHMENTS

Attachment A - South Australian Remuneration Tribunal “2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executives Officers” – draft report

Attachment B - South Australian Remuneration Tribunal, letter to all Local Government Councils

Attachment C - South Australian Remuneration Tribunal, draft Determination

- END OF REPORT -