



REMUNERATION TRIBUNAL

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Local Government Councils of South Australia
Distributed via email

Dear Councils

REMUNERATION TRIBUNAL – DRAFT REPORT AND DETERMINATION FOR 2024 REVIEW OF LOCAL GOVERNMENT CEO MINIMUM AND MAXIMUM REMUNERATION

On 18 December 2024, the Remuneration Tribunal (**Tribunal**) advised that it would provide a draft report and determination in relation to its 2024 review of Local Government Chief Executive Officers (**CEO**) minimum and maximum remuneration amounts, to allow feedback to be provided before it is formally issued.

Enclosed is a copy of the draft report and determination.

The Tribunal invites written submissions on the draft report and determination **by no later than 5.00pm (ACDT) 12 March 2025**. The Tribunal does not intend to provide extensions of time. Written submissions can be sent via email to remunerationtribunal@sa.gov.au. A binding determination will be issued soon after, which is intended to take effect from 1 January 2025.

The Tribunal notes that the draft report is extensive and therefore provides the following high-level summary:

- **Tribunal Objectives:** the Tribunal has adopted an approach whereby it seeks to achieve the following broad objectives:
 1. 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.
 2. Remuneration minimums and maximums must provide a significant degree of assurance to council ratepayers, that their CEO is being remunerated accordingly.
 3. 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.
 4. Any system of setting minimum and maximum remuneration must be capable of simple and low cost revision to facilitate regular review.
- **Remuneration framework / Council characteristics:** the Tribunal engaged Mercer to assist with consideration of Council characteristics. The Tribunal has adopted the position that the single most significant characteristic to be assessed is total operating income. Following this, the Tribunal has selected four other criteria which are factors taken into consideration when determining the appropriate bands, being projected population growth, population dispersion, distance from Adelaide and socio-economic advantage / disadvantage.

- **Remuneration Definitions:** the Tribunal has adopted the following definitions of remuneration components for inclusion in the draft determination:

| 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 | <p>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.</p> <p>Must include FBT payable by the CEO.</p> <p>Refer to: https://www.ato.gov.au/calculators-and-tools/fringe-benefits-tax-car-calculator</p> |
| Housing Allowance | <p>The dollar value of any housing allowance or rental subsidy and associated FBT. Consistent with the ATO remote area fringe benefit tax requirements.</p> <p>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</p> |
| Other Fees and Allowances | <p>Includes, but not limited to, any or all of the following:</p> <ul style="list-style-type: none"> • 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 • 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. |

For the avoidance of doubt, mobile telephones and portable computing equipment, fundamentally for work purposes, and professional development costs directly related to the performance of CEO duties and membership of professional associations are not included in the total remuneration package.

The Tribunal does not have the jurisdiction nor desire to provide tax advice to Councils, relating to FBT, but notes different approaches to these issues and recommends that individual Councils review those approaches.

- **Operative Date & Compliance:** the Tribunal is proposing that the operative date of the determination be 1 January 2025. Despite the operative date, the Tribunal intends on adopting a phased in compliance approach, by providing Councils with 12 months to comply with the relevant band. Unless compliance involves increases, or reductions, of a CEOs total remuneration package, which is greater than \$5,000 per annum, in which case compliance is to be achieved over a two year period.
- **Obtaining CEOs current total remuneration package amount:** the Tribunal strongly urges elected members of Councils to seek from their staff a complete explanation of their current CEO remuneration against the component elements of the total remuneration which is explained in the draft report and determination. Without such an understanding, there is a substantial risk that the draft report could be misunderstood and misapplied because the component parts of a CEO's remuneration under the terms of a contract or even traditional reporting structure may differ from the approach adopted by the Tribunal.
- **Frequency of Reviews:** the Tribunal is proposing that the remuneration amounts of each band subsequently be reviewed annually. Whether a Council meets the criteria to be within a band, is proposed to be reviewed every two years.
- **Providing Comment:** 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 potential implementation issues are particularly invited. Written submissions must be sent to remunerationtribunal@sa.gov.au by no later than 5.00pm (ACDT) 12 March 2025.

Yours sincerely



Matthew O'Callaghan
PRESIDENT