

Response to the Remuneration Tribunal

Tuesday, 11 March 2025
Council

Strategic Alignment - Our Corporation

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Public

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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 Executive Officers” (draft report) (**Attachment A**), and a draft Determination on SA local government CEO remuneration (**Attachment B**).

The City of Adelaide has prepared feedback on this draft report and Determination (**Attachment C**), with responses due to be received by the Tribunal no later than 12 March 2025.

The Lord Mayor has also provided input to a Local Government Association submission to the Tribunal being drafted on behalf of the sector.

RECOMMENDATION

THAT COUNCIL

1. Notes City of Adelaide feedback has been sought by the Remuneration Tribunal on its draft report titled “2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers” shown as Attachment A to Item 17.1 on the Agenda for the meeting of Council held on 11 March 2025.
2. Notes City of Adelaide feedback has been sought by the Remuneration Tribunal on the draft Remuneration Tribunal Determination on SA local government CEO remuneration shown as Attachment B to Item 17.1 on the Agenda for the meeting of Council held on 11 March 2025.
3. Notes feedback received in relation to the Remuneration Review draft report and Determination from the CEO Performance Review Panel meeting of 3 March 2025
4. Notes the draft feedback prepared to the Remuneration Tribunal shown as Attachment C to Item 17.1 on the Agenda for the meeting of Council held on 11 March 2025.
5. Authorises the Lord Mayor and Chief Operating Officer (or delegate) to make to make minor, typographical, syntactical and technical updates to the response to the Remuneration Tribunal as contained in Attachment C to Item 17.1 on the Agenda for the meeting of Council held on 11 March 2025 to finalise and send the document by 12 March 2025.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation
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. The South Australian Remuneration Tribunal (the Tribunal) recently released a draft report titled “2024 Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers” (draft report) (**Attachment A**) and a draft Determination (**Attachment B**).
2. The Tribunal is seeking feedback from councils on the draft report and Determination by 12 March 2025.
3. 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.
4. Further, the City of Adelaide (CoA) provided input to the Tribunal's review on 8 April 2024 ([Link 1](#)). The Lord Mayor and Acting Chief Operating Officer met the Tribunal Chair on 24 June 2024, and consequently the Lord Mayor provided supplementary information upon request of the Tribunal on 20 July 2024 ([Link 2](#)).
5. Administration is in broad agreement with the draft report, however, in CoA's response to the Tribunal (**Attachment C**), the following feedback will be provided to the Tribunal for their consideration:
 - 5.1. More input was provided to the Tribunal in the 8 April 2024 meeting, relating to how the 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”.
 - 5.2. 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:
 - 5.2.1. the current CEO position description;
 - 5.2.2. 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;
 - 5.2.3. a remuneration summary of the most recent CoA CEOs;
 - 5.2.4. a suggested external consultant to undertake the independent expert review;
 - 5.2.5. a breakdown of CoA approach to CEO salary structuring;
 - 5.2.6. the Mercer review of the CEO role conducted in mid-2024.
 - 5.3. The proposed reduction from \$414,000 to \$386,710 of the minimum CEO pay level in the remuneration band applied to the CoA (noting the increase of the maximum from \$431,600 to \$458,557) creates real attraction and retention barriers. Specifically:
 - 5.3.1. It exacerbates the non-competitiveness of CoA CEO remuneration in comparison to that of CEOs of other Australian capital cities, and CEOs of regional cities across Australia, or metropolitan Eastern seaboard Director-level positions. Examples as comparison:
 - 5.3.1.1. CEO Brisbane City Council - \$700,000 - \$800,000; CEO City of Melbourne - \$550,000 - \$600,000; CEO City of Sydney - \$500,000 - \$550,000; CEO City of Hobart - \$380,000 - \$410,000 (potentially more than CoA under the proposed bands).
 - 5.3.1.2. the regional cities of City of Newcastle, Mackay Regional Council, City of Greater Geelong and the Central Coast Council pay their respective CEOs between \$450,000 - \$500,000.
 - 5.3.2. The proposed minimum payable to the CoA CEO is considerably lower than the maximum paid in the next lower band for other SA local government area CEOs, and its mid-point is only just higher than the next lower band's maximum.
 - 5.3.3. The proposal 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 role's value, creating a retention risk.
 - 5.4. The proposed remuneration band undervalues the complexity which the role entails. Specifically the *City of Adelaide Act (1998)* creates a unique responsibility for the CoA CEO role “to support and advance the role that the City of Adelaide plays as the capital city of South Australia”. This suggests appropriate benchmarking should be with other Capital City CEOs rather than other SA local government areas.

- 5.5. The role's specific challenges include being subject to a greater level of public and media scrutiny than other council CEOs or even state government departmental heads. The degree of visibility, public accountability and political exposure is more that of a large public corporation than a council.
6. Administration recommends considering increasing the minimum and maximum remuneration payable in the band applied to the CoA to at least \$450,000 (minimum bound) and \$500,000 (maximum bound), to mitigate attraction and retention risks outlined above.
7. The Lord Mayor has also provided input on this matter via the Local Government Association (LGA) which requested feedback on its submission to the Tribunal which the LGA is drafting on behalf of the sector.
8. The CEO Performance Panel meeting of 3 March 2025 was provided a report on the Remuneration Tribunal and the feedback being sought in relation the Tribunal's draft report and Determination. It provided the following observations to incorporate in the CoA response:
- 8.1. *City of Adelaide is governed by the City of Adelaide Act 1998;*
- 8.2. *Raise the differences of being a Capital City Council and what that means in terms of infrastructure, institutional activity and visitor numbers and the importance to the State economy;*
- 8.3. *The relationship with State Government and other external key institutional stakeholders;*
- 8.4. *The Chief Executive Officer position at City of Adelaide should be compared with National Public Entities not just Local Government within South Australia;*
- 8.5. *The exceptionally high level of commercial activities and business units compared to other Local Government Councils;*
- 8.6. *The greater expectation and profile as the Chief Executive Officer.*
9. Administration will also incidentally seek clarification regarding whether 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".
10. The draft response to the Tribunal reflects the observations above (paragraphs 5 – 8), and it will be provided to the Tribunal by the Chief Operating Officer on behalf of the City of Adelaide before the Tribunal's deadline of 12 March 2025.

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 – Remuneration Tribunal – draft report

Attachment B - Remuneration Tribunal – draft Determination

Attachment C - Draft CoA response to the Remuneration Tribunal

- END OF REPORT -