

## Attachment C – draft response to Remuneration Tribunal

Matthew O'Callaghan  
Chair  
SA Remuneration Tribunal

12 March 2025

Dear Mr O'Callaghan

Thank you for the opportunity to provide feedback on the Remuneration Tribunal's draft Report "Minimum and Maximum Remuneration for Local Government Chief Executive Officers", and the related draft Determination. The City of Adelaide (CoA) is in broad agreement with the drafts, but offers the following feedback to the Tribunal for consideration:

1. More input was provided by CoA to the Tribunal on 8 April 2024 meeting than is acknowledged in the current draft report (specifically detailing how CEO remuneration is set by the CoA). The draft report currently only states: "City of Adelaide supports the proposal to engage a professional external remuneration specialist to undertake a detailed evaluation of the remuneration framework".
2. Further information was provided consequent on a 24 June 2024 meeting between Tribunal and CoA representatives. 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:
  - the current CEO position description;
  - 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;
  - a remuneration summary of most recent CoA CEOs;
  - a suggested external consultant to undertake the independent expert review;
  - a breakdown of CoA approach to CEO salary structuring;
  - a Mercer review of the CEO role conducted for CoA in mid-2024.
3. 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", which other SA local government CEOs do not have. The CoA CEO role has a critical influence on the social and economic well-being of the State more broadly, and operates in an area of significant public exposure and environment of heightened political sensitivity. The incumbent is required to instigate and lead negotiations and coalition building processes with local and international corporations, statewide community representative groups, large industry and business groups, Ministers and the Premier.

The role's specific challenges include being subject to a greater level of public and media scrutiny than other council CEOs or state government departmental heads. The degree of visibility, public accountability and political exposure is more that of a large public corporation than a council.
4. The scale, visibility and responsibility of the CoA CEO role is qualitatively different from that of other SA local government areas. The role is responsible for the management of 400,000 visitors to the City each day, and the management of the consequent impact on infrastructure and city systems. This means managing a considerably larger operational and capital budget than any other SA local government area - \$282m in 2024/25.
5. 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:

- It exacerbates the non-competitiveness of the CoA CEO remuneration in comparison to that of CEOs of other Australian capital cities, and even CEOs of regional cities across Australia, or metropolitan Eastern seaboard Director-level positions. Examples as comparison:
  - 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 band).
  - 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.
- 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. This potentially disadvantages the incumbent in negotiating reasonable annual salary increases and signals diminished recognition of the role's value, creating a retention risk. It also means the CEO of a large council area could be paid more than the Capital City CEO, in a role with less whole-of-state impact, complexity, political visibility and public scrutiny.

Points 3-5 above all suggest appropriate benchmarking should be with other Capital City CEOs rather than other SA local government areas.

Accordingly the City of Adelaide recommends 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. This would position the CoA CEO remuneration below Melbourne, Sydney and Brisbane, above Hobart, and on a par with larger non-capital cities in the Eastern states.

An incidental clarification is also required in the report as to whether or not the costs of memberships of professional associations are considered salary components. 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".

I appreciate the complexity involved in making determinations about CEOs of local government areas which are all different in their own way. However it is clear the role of the CoA CEO is qualitatively different and sufficiently more complex, akin to a State Government CEO role, and thus requires more than a marginally higher level of compensation than other local government area CEOs.

The feedback on the Remuneration Tribunal's draft Report and Determination outlined above was noted by the City of Adelaide Council at its meeting of 11 March 2025.

Please contact me if you have any further questions.

Best regards

Anthony Spotalis  
Chief Operating Officer