



No. 1 of 2024

REPORT OF THE REMUNERATION TRIBUNAL

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

INTRODUCTION

1. From 2021 to 2023, the Remuneration Tribunal (**Tribunal**) undertook the inaugural review of setting minimum and maximum remuneration for Local Government Chief Executive Officers (**CEOs**). In 2023, the Tribunal issued Determination 4 of 2023 and noted in its report that it proposed to review the determination in July 2024 to take into account any feedback from Councils and CEOs as well as annual wage and cost of living movements.
2. Despite some indications of concerns from Councils, formal applications containing sufficient grounds to vary the 2023 determination have not been lodged with the Tribunal.
3. On 31 January 2024, the Tribunal issued a consultation paper to each Council. The consultation paper identified options for comment and consideration by Local Government CEOs, Mayors and elected members with responses due by 15 April 2024.
4. The Minister for Local Government and the Local Government Association (**LGA**) were also invited to make submissions and a notice was placed on the Tribunal's website, together with a copy of the consultation paper, inviting submissions by 15 April 2024.
5. As part of that process the Tribunal received 35 responses, with 32 responses containing a submission to the Tribunal. These responses proposed a variety of differing approaches. The responses included a submission put on behalf of a significant number of Council CEOs.
6. The CEOs of Port Adelaide Enfield, Marion and Barunga West sought to meet with the Tribunal on behalf of a cohort of CEOs. The Whyalla City Council also sought to make oral submissions. The Tribunal therefore conducted a hearing on 14 May 2024.
7. The Tribunal is also engaging in discussions with a cross-section of Mayors.
8. Given the Tribunal is in the process of reviewing the basis for the inaugural Determination and this process will surpass the anniversary date of the inaugural Determination (1 July 2024), it has determined to issue this interim Report, and accompanying Determination, which provides a 2% increase to the current maximum of each band. This increase is an interim adjustment

pending the more detailed assessment of minimum and maximum amounts applicable to Council CEOs.

LEGISLATIVE PROVISIONS

9. Section 14 of the *Remuneration Act 1990 (SA) (Act)* provides that the Tribunal has jurisdiction to determine the remuneration, or a specified part of the remuneration, payable in respect of certain offices, if such jurisdiction is conferred upon the Tribunal by any other Act or by the Governor by proclamation.
10. Section 99A of the *Local Government Act 1999 (SA) (LG Act)* confers jurisdiction upon the Tribunal to determine the minimum and maximum remuneration that may be paid or provided to CEOs of Councils constituted under the LG Act.

CONSIDERATION AND CONCLUSION

11. The Tribunal's jurisdiction in relation to Local Government CEOs is confined to making determinations, from time to time, in relation to the minimum and maximum levels of remuneration only.
12. The Tribunal notes that individual Councils can determine, within those minimum and maximum remuneration levels, the specific amount of remuneration to be paid to their CEO, as well as the various components of the remuneration package, such as superannuation, motor vehicles, allowances or other non-monetary benefits, provided that these total remuneration arrangements fall within the minimum and maximum amounts set by the Tribunal.
13. As was explained in its 2023 Report, the Tribunal set the minimum and maximum amounts on the basis of its assessment of current remuneration levels. The additional materials now provided by Councils is of assistance to the Tribunal's more extensive review of Council characteristics. The Tribunal considers that this interim Report and Determination is appropriate to ensure that CEOs and Councils are not disadvantaged by a delay while this more extensive review occurs.
14. The Tribunal's further analysis of CEO remuneration arrangements is occurring in the context of Council characteristics and it proposes to provide additional information to Councils as its review progresses.
15. The Tribunal anticipates that this further analysis will occur over the next few months but is concerned that, unless such an interim adjustment was applied, some CEO's, whose remuneration may be at, or near to the current maximums could be disadvantaged, with a consequent impact on those Councils. In reaching this interim conclusion the Tribunal has noted that its inaugural Determination was substantially informed by the then current CEO remuneration levels. The substantial assessment of Council characteristics now being undertaken means that if a full year adjustment to the maximum remuneration is applied before this assessment is completed this could exacerbate potential inconsistencies in remuneration arrangements applicable to inherently similar Councils.
16. In considering an interim increase, the Tribunal has had regard to the Consumer Price Index for the All Groups Adelaide category, the Reserve Bank forecasts and the June 2024 Federal Remuneration Tribunal statement.
17. No conclusions about the quantum of a full year adjustment to the applicable minimum and maximum amounts should be made on the basis of this interim adjustment.

18. Having considered the economic data, the Tribunal has determined to apply a 2% increase to the maximum amount in each remuneration band.
19. The Tribunal reiterates 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. Indeed, it would be a gross mischaracterisation of this Determination if it was described as a 2% increase in remuneration for Council CEOs.
20. The Tribunal anticipates that its more comprehensive review will be completed this year. That review will take account of the full year adjustment to remuneration minimums and maximums and incorporate recognition of this interim adjustment. In the event of unforeseen delays, the Tribunal will review the current amounts in December 2024.

OPERATIVE DATE

21. The accompanying Determination will come into operation on and from 1 July 2024.



Matthew O'Callaghan
PRESIDENT



Donny Walford
MEMBER



Mark Young
MEMBER

Dated: 28 June 2024