

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL MEETING
18 December 2024**

Item: 10.2

Responsible Officer: Zoë Gill
Executive Governance Officer
Office of the CEO

Subject: 2024 CEO Remuneration Review Process

For: Decision

1. CEO Remuneration Review – Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the CEO Performance Review Panel (the Panel) orders that all members of the public, except:

- CEO, Greg Georgopoulos
- Executive Governance Officer, Zoë Gill

be excluded from attendance at the meeting for Agenda Item 10.2 (2024 CEO Remuneration Review Process) in confidence.

The Panel is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified in (a) above, be excluded to enable the Panel to consider the report at the meeting on the following grounds:

Section 90(3) (a) of the Local Government Act, the information to be received, discussed or considered in relation to this Agenda Item is Information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead);

Accordingly, on this basis the principle that meetings of the Panel should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

2. 2024 CEO Remuneration Review Process – Confidential Item

SUMMARY

This report:

- Proposes a CEO remuneration review process.
- Identifies a potential discrepancy in the CEO's current Total Employment Cost (TEC) Package and proposes seeking further advice on the current TEC Package.

Remuneration review

The Employment Agreement (**Appendix 1**) between Council and the CEO, Mr Gregory Georgopoulos was executed on 18 May 2023, with a start date of 17 July 2023.

Clause 18.1 of the Employment Agreement provides for an annual review of the Total Employment Cost (TEC) Package within one month of the performance review process. The 2024 CEO Remuneration Review, which based on the annual requirement should have occurred before 17 July 2024, has been delayed due to delays in the CEO Performance Review, which was endorsed at the 24 September 2024 Council meeting and will not be complete until April 2025.

At the 24 September 2024 Council meeting, Council resolved that administration would report to the CEO Performance Review Panel (the Panel) on a remuneration review process at the Panel's 18 December 2024 meeting. This administration report satisfies that resolution. It seeks endorsement from the Panel to make the following recommendations to Council:

- That the remuneration review be supported by an external consultant to preserve the integrity and independence of the remuneration review process.
- That Perks People Solutions is engaged as the external consultant to support Council to conduct the remuneration review
- That prior to the remuneration review, administration seek advice in relation to the delay of the remuneration review process

CEO's current TEC Package

The CEO's current TEC Package is \$290,000.

Under Section 99A of the *Local Government Act 1999*, a CEO's TEC Package must be within the minimum and maximum bounds set by the Remuneration Tribunal of South Australia (the Remuneration Tribunal). Under the Remuneration Tribunal's *Determination 4 of 2023 – Inaugural review of remuneration for CEOs* (Determination 4 of 2023) (**Appendix 3**) the minimum and maximum remuneration for CEOs is set for different 'Bands' of Councils, with an effective date of 1 July 2023. Adelaide Hills Councils falls within Band 5 and the minimum and maximum remuneration for CEOs in Band 5 were set at \$299,520-\$317,200. The Remuneration Tribunal's *Determination 1 of 2024 – Inaugural review of remuneration for CEOs* (Determination 1 of 2024) set the minimum and maximum remuneration for CEOs in Band 5 at \$299,520-\$323,544, with effect from 1 July 2024. That is, it did not alter the minimum remuneration but raised the maximum remuneration.

On face value, the CEO's TEC Package is \$9,520 below the minimum remuneration legally required. At the 11 July 2023 Council meeting, on recommendation of the Panel, Council noted the Remuneration Tribunal's Determination 4-2023 - Minimum and Maximum Chief Executive Officer Remuneration and determined not to undertake a Substantive CEO Total Employment Cost Package Review at the time

of the current CEO's appointment (**Appendix 4**). The reasons for this decision are outlined later in this report.

Administration advise that this decision may have had the effect of rendering Council non-compliant with their legislative obligations. This report seeks the Panel's endorsement of recommending to Council to seek advice on whether the TEC Package is outside the legislated range and, if so, options to remedy this. This advice should be sought prior to the remuneration review and inform that review.

RECOMMENDATION

The CEO Performance Review Panel resolves:

Decision 1 – remuneration review

1. That the report be received and noted.
2. To note that clause 18.1 of the Chief Executive Officer's Employment Agreement provides for an annual review of the Total Employment Cost (TEC) Package within one month of the performance review process.
3. To note that the 2024 CEO Remuneration Review has been delayed due to delays in the CEO Performance Review.
4. To recommend to Council the Remuneration Review Process contained within this report.
5. To recommend to Council that the 2024 CEO Remuneration Review is supported by an external consultant.
6. To recommend to Council that Perks People Solutions be engaged as the external consultant to support Council to conduct the 2024 CEO Remuneration Review.
7. To recommend to Council that administration seek advice on the implications of the delayed 2024 CEO Remuneration Review and provide a report to Council on the options available to Council prior to the 2024 CEO Remuneration Review.

Decision 2 –CEO's current TEC package

1. To note that the CEO's current Total Employment Cost (TEC) Package is potentially outside the range determined by the Remuneration Tribunal.
2. To recommend to Council that administration seek advice on whether the TEC Package is outside the legislated range and, if so, options to remedy this and provide a report to Council prior to the 2024 Remuneration Review.

1. BACKGROUND

Appointment of the CEO

The Employment Agreement (the “Agreement”) (**Appendix 1**) between Council and the CEO, Mr Gregory Georgopoulos was executed on 18 May 2023, with a start date of 17 July 2023.

The CEO’s TEC Package

Under Schedule 2 of the Employment Agreement, the CEO’s TEC Package is \$290,000:

SCHEDULE 2 – TOTAL EMPLOYMENT COST PACKAGE

Annual base salary (gross)	\$252,252.25
Employer superannuation contribution*	\$27,747.75
Full and unrestricted private use of a fully maintained motor vehicle**	\$10,000
Total Remuneration Package	\$290,000

*The employer superannuation contribution amount at the Commencement Date will be 11.00% in accordance with *Superannuation Guarantee (Administration) Act 1992*. The Council agrees to pay the CEO a superannuation contribution amount on the Annual Base Salary which may vary from time to time, in accordance with applicable legislation.

** If the CEO has chosen to provide their own personal vehicle in lieu of the Council vehicle, the CEO will be entitled to have the \$10,000 currently sacrificed for the vehicle in Schedule 2 above to be paid to the CEO as part of the TEC Package. Tax and superannuation will apply to the amount.

At the 11 July 2023 meeting, on recommendation of the CEO PRP, Council noted the Remuneration Tribunal’s Determination 4-2023 and determined not to undertake a Substantive CEO Total Employment Cost Package Review at the time of the current CEO’s appointment (part 3 of the resolution copied below):

17.3.1 CEO Performance Review Panel Recommendations to Council

Moved Cr Chris Grant
S/- Cr Pauline Gill

192/23

Council resolves:

1. That the report be received and noted.
2. To determine that the Acting CEO has achieved the following status in relation to the 2022-23 CEO Performance Targets as at 11 July 2023:

Target 1: Fabrik Redevelopment – Project on track, performance target achieved.

Target 2: User Pays Bin Collection Study – Completed, with additional steps taken to progress alternative waste collection options.

Target 3: Savings Strategies – On track and subject to verification in the end of year financial reporting.

Target 4: Gumeracha Library Upgrade – Achieved.

Target 5: New Dog & Cat Facility – Achieved, with further steps taken to explore the broader challenges of longer term animal impounding.

Target 6: Central Irrigation System – Achieved.

Target 7: Unformed Public Roads Review – On track for completion in July 2023, with presentation to Council Members to occur when workshop schedule allows.

3. To note the Remuneration Tribunal's Determination 4-2023 - Minimum and Maximum Chief Executive Officer Remuneration and determine not to undertake a Substantive CEO Total Employment Cost Package Review at this time.
4. To approve the proposed CEO Probationary Period Performance Review Process with the follow key activities/milestones:

Week 1 (w/b 17/7/23)	Substantive CEO commences
Week 2 (w/b 24/7/23)	CEOPRP meets with Substantive CEO and sets out the CPPRP and agrees the broader Performance Review Process (see next section)
Week 11 (w/b 25/9/23)	CEOPRP: - Receives the Interim Performance Review & Development Report from the Substantive CEO - Discusses Key Performance Indicators with Substantive CEO and makes recommendation to Council for adoption of Indicators. - Finalises Probation Review Survey contents
Week 17 (w/b 6/11/23)	Consultant administers the Probation Review Survey
Week 22 (w/b 11/12/23)	CEOPRP: - Receives the Interim Performance Review & Development Report from Substantive CEO - Considers Probation Review Survey Report from the Consultant and makes recommendation to Council.
Week 23 (w/b 18/12/23)	Council considers CEOPRP recommendation regarding performance and determines continuance/cessation.
Week 27 (w/b 15/1/24)	Probation period ends 16/1/24

5. To note that the CEO Performance Review Panel intends to develop annual Key Performance Indicators in accordance with clause 17.4 of the CEO Employment Agreement.
6. To approve an increase in the Governance & Performance Department budget of \$2,000 for the purposes of engaging a consultant to assist the CEO Performance Review Panel with the development of Key Performance Indicators and the development and conduct of the Probation Review Survey as part of the CEO Probationary Period Performance Review Process.

Carried Unanimously

A report detailing the reasoning for this decision was considered by both the CEO PRP and by Council on the 6 July 2023 and 11 July 2023 respectively (**Appendix 4**) (see the Additional Analysis in Appendix 2 of **Appendix 4**):

Clauses 48 – 52 of the Determination Report (Appendix 2) specifically discusses the provision of motor vehicles and the varying values attributed to them in remuneration

packages. Clause 51 provides that a simplistic formula used is car value plus Fringe Benefits Tax (FBT) being a minimum of \$20,000.

For the purposes of the CEO Employment Agreement, the provision of the vehicle is costed at \$10,000. Further Council's estimate of FBT for the vehicle to be provided is \$8,500 (this is not detailed in the TEC Package). This is below the Tribunal's \$20,000 minimum valuation.

Utilising the Remuneration Tribunal's simplistic formula, the value that should be assigned to the vehicle for the purposes of the Determination is \$20,000 which would result in a recalculated TEC Package value (for the purposes of the Determination) of \$300,000 which is above the Determination Band 5 minimum.

The Tribunal (at clause 50 of Appendix 2) urges councils to review their costing formulas and this is a piece of work already underway for packaged vehicles at Council. In the short term with a TEC Package value (for Determination purposes) above the band minimum, there does not appear to be a requirement for Council to adjust the Substantive CEO's TEC Package at this time. However, when the outcome of the packaged vehicles costing analysis is known there may be a need for an adjustment to be made at that time.

2024 Remuneration Review (TEC Package Review)

Clause 18 of the Employment Agreement requires a remuneration review to be undertaken on an annual basis in conjunction with the performance review process. The relevant section is below:

18. TEC PACKAGE REVIEW

- 18.1 The TEC Package specified in Clause 13 and Schedule 2 shall be reviewed annually in conjunction with the performance review process.
- 18.2 The TEC Package review will be conducted within one month of the performance review set out in Clause 17 (if reasonably practicable), and any change to the TEC Package shall take effect from the date on which the performance review is concluded.
- 18.3 The review of the TEC Package will take into account the following:
 - 18.3.1 The key performance indicators;
 - 18.3.2 The Employee's Position Description and Duties;
 - 18.3.3 Remuneration paid to CEOs of similar sized councils in South Australia;
 - 18.3.4 Any applicable range of remuneration rates determined by the RTSA; and
 - 18.3.5 Any other factor the Council considers relevant.
- 18.4 Despite the foregoing, the Employee is not entitled, by right, to any increase in the TEC Package during the Term.

To meet the annual requirement, a review should have occurred prior to 17 July 2024. However, the delay in finalising the CEO review process has impacted the timing of the CEO's remuneration review.

Delayed CEO Performance Review Process

Clause 17 of the CEO's employment agreement provides for an annual performance review.

Council approved the proposed CEO Performance Review Process and Performance Review Criteria at the 24 September 2024 Council meeting, as follows:

19.1.1 CEO Performance Review Panel Recommendations to Council – CEO Review Process Confidential Item

Moved Cr Chris Grant
S/- Cr Kirsty Parkin

356/24

Council resolves:

1. That the report be received and noted.
2. To approve the proposed CEO Performance Review Process in *Appendix 1*.
3. To approve the proposed CEO Performance Review Performance Criteria in *Appendix 2*.
4. To note that the CEO PRP will continue to engage with the CEO on his progress against Key Performance Indicators on a quarterly basis.
5. To note that the Administration will develop a remuneration review process report for consideration at the next CEO PRP Meeting and that the current delay is due to this remuneration review being connected to the performance review process.

Carried Unanimously

The approved CEO Performance Review Process will conclude in April 2025. Under the Employment Agreement, the 2024 Remuneration Review should occur within one month of the CEO Performance Review Process.

2024 Remuneration Review Process

Part 5 of resolution 356/24 (provided above) required administration to develop a remuneration review process report for consideration at the next CEO PRP meeting. This report meets that requirement.

2. ANALYSIS

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2024 – Your Place, Your Space

Goal 4 Organisation

Objective 02 Operate with integrity using best practice governance processes.

Priority 02.1 Demonstrate accountable and transparent decision making.

Priority 02.2 Support decision making through the use of timely data-driven analysis and reporting.

➤ **Legal Implications**

The Panel is a Section 41 Committee of Council under the *Local Government Act 1999*.

Remuneration Review

Clause 18.1 of the Employment Agreement provides for an annual review of the TEC Package within one month of the performance review process. Clause 18.2 provides that the review will be conducted within one month of the performance review, and any changes to the TEC package shall take effect from the date on which the performance review is conducted.

The delay in finalising the CEO's performance review has delayed the remuneration review.

Preliminary legal advice has suggested that it may be possible to delay a remuneration review and back date any decision of that review to the anniversary of employment. Further legal advice needs to be sought to allow administration to provide options for consideration and for the full implications of a delayed process to be considered by the panel and Council.

Remuneration of the Chief Executive Officer – Section 99A

Section 99A of the *Local Government Act 1999* provides that the Remuneration Tribunal of SA makes a determination from time to time setting out the minimum and maximum remuneration that may be paid to CEOs of councils.

While councils will retain the power to negotiate and agree the remuneration of its CEO, s99A(10) states that the remuneration must be within the minimum and maximum bounds set by the Tribunal applicable to that council. Adelaide Hills Council falls within Band 5 and the minimum and maximum remuneration for CEO's in Band 5 were determined to be between \$299,520 and \$317,200 in the 2023 Determination of the Remuneration Tribunal (**Appendix 3**).

Panel Functions

The Panel has specific functions in relation to reviewing the CEO's remuneration under its terms of reference:

3. SPECIFIC FUNCTIONS

- 3.1 The function of the Panel is to provide advice to Council on the CEO's performance and development, including the following matters:
 - 3.1.1 Determining the Performance Targets for the forthcoming 12 month performance period;
 - 3.1.2 Monitoring the progress on the CEO's agreed Performance Targets for the current 12 month performance period;
 - 3.1.3 Reviewing the CEO's performance over the preceding 12 month performance period, in particular the performance against the agreed Performance Targets and position description requirements;
 - 3.1.4 Identifying development opportunities for the CEO; and
 - 3.1.5 Reviewing the remuneration and conditions of employment of the CEO.

➤ **Risk Management Implications**

Undertaking regular review of the CEO's remuneration is an important control in mitigating the risk of:

Deficient CEO performance review practices resulting in a lack of accountability and loss of stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Low (2D)	Low (2D)

Non-achievement of CEO Performance Targets resulting in loss of community benefit and/or opportunities and/or stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3C)	Medium (3C)

Note: there are many other controls that also assist in managing this risk.

➤ **Financial and Resource Implications**

This report makes recommendations that the administration seek advice on the implications of the delayed remuneration review and on the CEO's TEC Package being potentially outside the range determined by the Remuneration Tribunal. These costs are accounted for within the Governance department's budget.

The indicative cost of an external consultant to support the remuneration review is \$2000, which is accounted for within the People and Culture budget.

➤ **Customer Service and Community/Cultural Implications**

There is a community expectation that the CEO is paid in accordance with contractual and legislative requirements.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	CEO PRP
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	Perks People Solutions
<i>Community:</i>	Not Applicable.

➤ **Further Analysis**

Decision 1

External consultant to support the 2024 CEO Remuneration Review

It is best practice to engage an external consultant to support a remuneration review. A specialist consultant will be able to assist the panel in undertaking the review without any conflicts of interest. Administration who assist the panel in this process may be conflicted as the CEO is their employer. The use of an external consultant allows the remuneration review to be undertaken without any perception of lack of integrity or independence. The specialist consultant will have access to the relevant information to allow Council to make an informed decision.

Proposed Timeline for Remuneration Review Process

To enable the remuneration review process to align with the CEO Performance Review Process the below timeline is proposed:

18 December 2024	CEO PRP Meeting	Panel considers Remuneration Review Process report and determines recommendations for Council.
28 January 2025	Ordinary Council Meeting	Council considers CEO PRP recommendations and remuneration process report and determines process.
February 2025	Administration	Seek advice on: • TEC Package being outside range and options to remedy. • Delay of remuneration review process and options to remedy. Engage consultant to undertake remuneration review.
3 March 2025	Workshop	CEO Review Process meeting, the CEO presents the self-assessment presentation. Key internal stakeholders utilise the assessment matrix in assessing the CEO's performance. HR consultant undertakes interviews and prepares a report with outcomes and recommendations to be brought to the panel and then Council.

31 March 2025	Perks People Solutions	Complete CEO Performance Review Report
3 April 2025	Additional CEO PRP Meeting	Panel receives the CEO Performance Review Report and determines the panel recommendations for Council.
8 April 2025	Ordinary Council Meeting	The CEO Performance Review Report and Panel recommendation are submitted to Council for endorsement. The report will be used to inform the Remuneration Review, which will be provided to the CEO PRP.
16 April 2025	Additional CEO PRP Meeting	Panel considers the final Remuneration Review report and determines CEO remuneration recommendations to be provided to Council.
22 April 2025	Ordinary Council Meeting	The final Remuneration Review report and Panel recommendations are provided to Council for endorsement.
End April 2025	Remuneration Review Completed	Paperwork and any pay adjustments are finalised.

Decision 2 – CEO’s current TEC Package

As outlined above, when the CEO was initially appointed Council noted the Remuneration Tribunal’s Determination 4-2023 and determined not to undertake a Substantive CEO TEC Package Review at the time of the appointment. The reasoning behind this decision is provided above.

In summary, it was noted that the CEO’s TEC Package was outside the determination bands at a total value of \$290,000 and had a vehicle value of \$10,000. The report detailed that as the remuneration tribunal had placed a minimum recommended value of \$20,000 on vehicles and fringe benefits tax that for ‘Determination purposes’ the CEO’s TEC Package was therefore above the band minimum.

Administration have reviewed clauses 48 to 51 of the Remuneration Tribunal report (**Appendix 2**), which relate to the value attributed to vehicles. While these clauses suggest that a \$20,000 minimum vehicle and fringe benefits tax value is an appropriate minimum value, this assumption by the Tribunal was for the purposes of the Tribunal’s review (namely

to set minimum and maximum levels of remuneration). It was not for the purposes of determining whether an individual CEO's TEC was within the recommended remuneration range. In addition, while the Tribunal encouraged Councils to review their costing methodologies, this was not a direction to Councils that vehicles must be calculated using their proposed formula.

The CEO's Employment Agreement clearly states that his TEC Package has a value of \$290,000 and, within this, the vehicle is valued at \$10,000. In addition, the Employment Agreement states that "if the CEO has chosen to provide their own personal vehicle in lieu of the Council vehicle, the CEO will be entitled to have the \$10,000 currently sacrificed for the vehicle...to be paid to the CEO as part of the TEC Package".

Given that under the Employment Agreement the CEO would not receive \$20,000 for the vehicle if he had selected to provide his own vehicle, it appears unfair to value his TEC package at an amount that includes a vehicle value of \$20,000 for 'Determination purposes' and contrary to what is specifically stated in his Employment Agreement.

For these reasons, there is a risk that Council's 11 July 2023 decision (Res 192/23) has resulted in Council not complying with its legal requirements. It is suggested that advice is sought on whether a TEC package can be calculated for 'Determination purposes' separately to the value placed in the Employment Agreement.

At the time the Remuneration Tribunal's Determination 4 of 2023 came into effect on 1 July 2023, Mr David Waters was holding office as the Acting CEO. For completeness, any advice sought should include whether there are impacts in regards to Mr Water's remuneration from 1 July 2023-16 July 2023.

3. OPTIONS

The Panel has the following options:

- i. To recommend Council that the Remuneration Review Process be approved and that administration seek advice on the delay of the review and on whether the CEO's TEC Package is outside the legislated range (recommended)
- ii. To not recommend to Council that the Remuneration Review Process be approved and that administration seek advice on the delay of the review and on whether the CEO's TEC Package is outside the legislated range (not recommended).

4. APPENDICES

- (1) CEO's Employment Agreement
- (2) 2023 Determination of the Remuneration Tribunal: Minimum and Maximum Chief Executive Office Remuneration and 2023 Inaugural Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers
- (3) 2024 Determination of the Remuneration Tribunal: Minimum and Maximum Chief Executive Office Remuneration and 2024 Interim Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers
- (4) CEO PRP Recommendations to Council – 11 July 2023

Appendix 1

CEO's Employment Agreement

Appendix 2

*2023 Determination of the Remuneration Tribunal:
Minimum and Maximum Chief Executive Office
Remuneration and 2023 Inaugural Review of
Minimum and Maximum Remuneration for
Local Government Chief Executive Officers*



No. 4 of 2023

DETERMINATION OF THE REMUNERATION TRIBUNAL Minimum and Maximum Chief Executive Officer Remuneration

SCOPE OF DETERMINATION

1. This Determination applies to Chief Executive Officers of Local Government Councils to whom section 99A of the *Local Government Act 1999* (SA) applies.
2. For the reasons provided in the accompanying report, The Municipal Council of Roxby Downs is not covered by this Determination.

MINIMUM AND MAXIMUM REMUNERATION

3. In accordance with section 99A of the *Local Government Act 1999* (SA) (**LG Act**) the Remuneration Tribunal hereby determines the following rates of minimum and maximum remuneration for Chief Executive Officers of Local Government Councils in South Australia:

Band	Total Remuneration Package
1	\$414,000 - \$431,600
2	\$396,240 - \$402,480
3	\$357,760 - \$380,640
4	\$319,280 - \$351,520
5	\$299,520 - \$317,200
6	\$272,480 - \$292,240
7	\$235,040 - \$265,200
8	\$197,600 - \$229,840

4. Remuneration figures are expressed on a total remuneration package basis.
5. A list of council groupings is included at attachment 1.
6. Any decision in relation to an annual increase for CEO remuneration within the bands set by the Tribunal remains a matter for each council in accordance with section 99A(1) of the LG Act.

DATE OF OPERATION

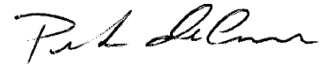
7. This Determination shall have operative effect on and from 1 July 2023.



Matthew O'Callaghan
PRESIDENT



Deborah Black
MEMBER



Peter de Cure AM
MEMBER

Dated this 16th day of June 2023

ATTACHMENT 1

Council	Band
Adelaide Hills Council	5
Adelaide Plains Council	6
Alexandrina Council	5
Barunga West Council	7
Berri Barmera Council	7
Campbelltown City Council	3
City of Adelaide	1
City of Burnside	4
City of Charles Sturt	2
City of Holdfast Bay	4
City of Marion	4
City of Mitcham	3
City of Mount Gambier	5
City of Norwood Payneham & St Peters	4
City of Onkaparinga	3
City of Playford	4
City of Port Adelaide Enfield	2
City of Port Lincoln	7
City of Prospect	5
City of Salisbury	3
City of Tea Tree Gully	4
City of Unley	3
City of Victor Harbor	6
City of West Torrens	2
City of Whyalla	4
Clare & Gilbert Valleys Council	7
Coorong District Council	7
Copper Coast Council	6
Corporation of the Town of Walkerville	5
District Council of Ceduna	6
District Council of Cleve	7
District Council of Coober Pedy	8
District Council of Elliston	8
District Council of Franklin Harbour	7
District Council of Grant	7
District Council of Karoonda East Murray	8

District Council of Kimba	8
District Council of Lower Eyre Peninsula	7
District Council of Loxton Waikerie	7
District Council of Mount Remarkable	7
District Council of Orroroo Carrieton	8
District Council of Peterborough	8
District Council of Robe	8
District Council of Streaky Bay	8
District Council of Tumby Bay	7
District Council of Yankalilla	7
Kangaroo Island Council	7
Kingston District Council	8
Light Regional Council	5
Mid Murray Council	6
Mount Barker District Council	3
Naracoorte Lucindale Council	7
Northern Areas Council	7
Port Augusta City Council	6
Port Pirie Regional Council	6
Regional Council of Goyder	6
Renmark Paringa Council	6
Southern Mallee District Council	7
Tatiara District Council	7
The Barossa Council	4
The Flinders Ranges Council	8
The Rural City of Murray Bridge	5
Town of Gawler	4
Wakefield Regional Council	7
Wattle Range Council	7
Wudinna District Council	8
Yorke Peninsula Council	4



No. 4 of 2023

REPORT OF THE REMUNERATION TRIBUNAL

2023 Inaugural Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers

SUMMARY

1. On 20 September 2021, section 60 of the *Statutes Amendment (Local Government Review) Act 2021* (SA) came into operation. This inserted section 99A into the *Local Government Act 1999* (SA) conferring jurisdiction on the Tribunal to determine the minimum and maximum remuneration that may be paid or provided to chief executive officers of councils constituted under the *Local Government Act 1999* (SA).
2. The Tribunal collected data in relation to the current total remuneration package of chief executive officers by way of two surveys. This occurred over an extended period of time due to the lack of response and inconsistencies of the first survey and the inaccuracies and incomplete information provided through the second survey, which required further consultation with councils.
3. For this inaugural review, the Tribunal has determined to group 67 councils into eight bands. While these bands have some generally common characteristics, the Tribunal recognises differences and potential anomalies in terms of council characteristics within and between some of these bands. Each band is based on the data provided by councils in relation to the total remuneration package of their chief executive officer. The Tribunal has then applied assumptions in relation to the value of the provision of a motor vehicle and any additional leave entitlements beyond that of usual administrative staff. This has resulted in a figure described as an “adjusted total remuneration package” for each chief executive officer who is covered by this review.
4. For the future, the Tribunal proposes to progress toward a review of the minimum and maximum remuneration of chief executive officers on a four yearly basis that is commensurate with the timeframe for local government member allowances. However, because this is the first review of this nature and it is based on data that is conflicting and inconsistent, it is acknowledged that councils may need to refer specific instances to the Tribunal for consideration. The Tribunal proposes to review the minimum and maximum remuneration amounts in July 2024 to take account of any feedback from councils and chief executive officers

and annual wage and cost of living movements. The Tribunal expects any council who, as part of any future review, identifies significant differences in the remuneration package to provide sufficient detail and reasons as to why this is the case.

INTRODUCTION

5. Section 14 of the *Remuneration Act 1990* (SA) (**Act**) provides that the Remuneration Tribunal (**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.
6. On 20 September 2021, section 60 of the *Statutes Amendment (Local Government Review) Act 2021* (SA) (**Amending Act**) came into operation. This inserted section 99A into the *Local Government Act 1999* (SA) (**LG Act**) to confer jurisdiction upon the Tribunal to determine the minimum and maximum remuneration that may be paid or provided to chief executive officers (**CEOs**) of councils constituted under the LG Act.
7. This review marks the first occasion on which the Tribunal has considered remuneration for local government CEOs.

LEGISLATIVE PROVISIONS

8. Section 99A of the LG Act states:

“99A—Remuneration of chief executive officer

- (1) *Subject to this section, the remuneration of the chief executive officer of a council will be determined by the council.*
- (2) *The Remuneration Tribunal will determine (from time to time) the minimum and maximum remuneration that may be paid or provided to chief executive officers of councils.*
- (3) *In making a determination under subsection (2), the Remuneration Tribunal must have regard to any matter prescribed by the regulations.*
- (4) *A determination under subsection (2)—*
 - (a) *may differ based on any factor including, for example, the geographical location of a council or group of councils (such that different minimum and maximum remuneration may be paid or provided to chief executive officers from different councils); and*
 - (b) *may provide for minimum and maximum remuneration that may be paid or provided to chief executive officers to be indexed in accordance with the determination.*
- (5) *The regulations—*
 - (a) *may make further provision in relation to a determination of the Remuneration Tribunal for the purposes of this section; and*
 - (b) *may modify the application of section 10 of the Remuneration Act 1990 in relation to a determination under this section.*
- (6) *Sections 17 and 19 of the Remuneration Act 1990 do not apply in relation to a determination under this section.*
- (7) *A reference in the Remuneration Act 1990 to determining remuneration payable in respect of an office will, for the purposes of this section, be taken to include a reference to determining the minimum and maximum remuneration payable in respect of the office.*

(8) *Despite any other Act or law, the reasonable costs of the Remuneration Tribunal in making a determination under this section are to be paid by the LGA under an arrangement determined by the Minister from time to time after consultation with the LGA and the President of the Tribunal.*

(9) *The LGA may recover the reasonable costs incurred by the Remuneration Tribunal in making a determination under this section as a debt from the councils to which the determination relates.*

(10) *A council must ensure that the remuneration of its chief executive officer is within the relevant minimum and maximum remuneration determined by the Remuneration Tribunal for the purposes of this section."*

9. The Tribunal has noted that some limited guidance about the intention of the above legislative provision can be drawn from the second reading speech in the following terms:

*"The bill also proposes that the South Australian Remuneration Tribunal should set salaries for council chief executive officers to provide assurances to communities that CEOs are paid appropriately for the work that they do."*¹

10. The Tribunal has considered the function of CEOs as these are expressed in the LG Act:

"99—Role of chief executive officer

(1) *The functions of the chief executive officer include—*

- (a) *to ensure that the policies and lawful decisions of the council are implemented in a timely and efficient manner;*
- (b) *to undertake responsibility for the day-to-day operations and affairs of the council;*
- (c) *to provide advice and reports to the council on the exercise and performance of its powers and functions under this or any other Act;*
- (d) *to co-ordinate proposals for consideration by the council for developing objectives, policies and programs for the area;*
- (e) *to provide information to the council to assist the council to assess performance against its strategic management plans;*
- (f) *to ensure that timely and accurate information about council policies and programs is regularly provided to the council's community, and to ensure that appropriate and prompt responses are given to specific requests for information made to the council;*
- (g) *to ensure that the assets and resources of the council are properly managed and maintained;*
- (h) *to ensure that records required under this or another Act are properly kept and maintained;*
- (i) *to give effect to the principles of human resource management prescribed by this Act and to apply proper management practices;*
- (j) *to exercise, perform or discharge other powers, functions or duties conferred on the chief executive officer by or under this or other Acts, and to perform other functions lawfully directed by the council.*

(2) *The chief executive officer must consult with the council (to a reasonable degree) when determining, or changing to a significant degree—*

- (a) *the organisational structure for the staff of the council; or*

¹ South Australia, Parliamentary Debates, House of Assembly, 17 June 2020 (Stephan Knoll).

- (b) *the processes, terms or conditions that are to apply to the appointment of senior executive officers; or*
- (c) *the appraisal scheme that is to apply to senior executive officers.”*

11. The Act provides a definition of remuneration, as follows:

“3—Interpretation

In this Act—

remuneration *includes—*

- (a) *salary; and*
- (b) *allowances; and*
- (c) *expenses; and*
- (d) *fees; and*
- (e) *any other benefit of a pecuniary nature;*

the Tribunal *means the Remuneration Tribunal established under Part 2.”*

12. The Tribunal has also noted the transitional provisions at section 147(5) of the Amending Act as follows:

“The remuneration of a chief executive officer holding office on the commencement of section 99A of the principal Act (as inserted by this Act) is not affected during the term of that office by a determination under section 99A.”

PROCEDURAL HISTORY

13. Section 10(2) of the Act provides that prior to making a determination affecting the remuneration of a particular person, or persons of a particular class, the Tribunal must allow that person, or the persons of that class, a reasonable opportunity to make submissions orally or in writing to the Tribunal.
14. Section 10(4) of the Act provides that the Minister responsible for the Act may intervene, personally or by counsel or other representative, in proceedings before the Tribunal for the purpose of introducing evidence, or making submissions, on any question relevant to the public interest.
15. On 13 December 2021, the Tribunal met with the Local Government Association of South Australia (**LGA**) to discuss the Tribunal’s proposed process and guidelines for submissions.
16. On 20 December 2021, the Tribunal wrote to the Premier of South Australia, as the Minister responsible for the Act, the Minister for Local Government, as the Minister responsible for the LG Act, the LGA and local government CEOs, inviting submissions.
17. Additionally, on 20 December 2021, a public notification of the review and a guideline for the making of submissions was published on the Tribunal’s website.
18. The guidelines advised the Tribunal would consider the following factors in making its determination:
 - 18.1. The role of local government CEOs generally, including the diversity and complexity of the functions and duties performed by CEOs.

- 18.2. Any factors that demonstrate effective service delivery and responsible expenditure of public resources, including, but not limited to, any observations on the significance of this consideration.
 - 18.3. The impact of council elected member code of conduct issues on the role of local government CEOs.
 - 18.4. The impact of any mergers or amalgamations of local government councils on the role of the CEO.
 - 18.5. Any regional issues, for example, housing entitlements or remote locality entitlements in regional local government areas.
 - 18.6. The geographical size (area) of the council.
 - 18.7. The revenue (\$) of the council.
 - 18.8. Number of electors (persons) of the council.
 - 18.9. The impact of council staff numbers (FTE) on the role of the CEO and the extent to which CEOs of smaller councils undertake a diversity of roles.
 - 18.10. The methodology by which any determination of minimum and maximum CEO remuneration bands should be indexed (CPI for example), and the frequency of further reviews of the remuneration bands by the Tribunal (4 yearly cycle as per elected members, for example).
 - 18.11. Any other relevant information for the Tribunal's consideration.
19. These guidelines took into account the provisions of section 99A of the LG Act which states:
- “(3) In making a determination under subsection (2), the Remuneration Tribunal must have regard to any matter prescribed by the regulations.*
- (4) A determination under subsection (2)—*
- (a) may differ based on any factor including, for example, the geographical location of a council or group of councils (such that different minimum and maximum remuneration may be paid or provided to chief executive officers from different councils); and*
- (b) may provide for minimum and maximum remuneration that may be paid or provided to chief executive officers to be indexed in accordance with the determination.”*
20. The closing date for written submissions was 11 March 2022.
21. On 10 January 2022, the LGA wrote to the Tribunal offering its support with this review and proposing to conduct a survey of CEOs remuneration. The Tribunal provided examples of the elements of remuneration that could be collected through a survey.
22. On 23 February 2022, the LGA provided an update to the Tribunal that it had received 30 responses from a total of 68 CEOs. The LGA advised it was uncertain as to whether the data from 30 councils constituted a fair and representative sample of CEOs remuneration. The Tribunal was of the view that a broader sample of information was required, noting there was real potential for a decision of the Tribunal to profoundly affect CEOs whose remuneration information had not been provided.
23. The Tribunal also noted that some CEOs may be reticent to provide information relating to their remuneration to the LGA and, on this basis, the Tribunal wrote to CEOs on 17 March 2022 requesting a spreadsheet be completed and returned directly to the Tribunal by 1 April 2022.

24. The Tribunal is sensitive to the potential confidentiality issues in relation to the information provided and as a result will not be disclosing individual names or information within this report or the accompanying determination.
25. As part of this process, the Tribunal received a further 12 surveys.
26. The Tribunal conducted a hearing on 2 May 2022 for councils and individuals seeking to make oral submissions to the Tribunal.
27. The Tribunal received eight submissions from the following councils and individuals:

Council / Individual	Type of submission	Summary of Issues raised
Coorong District Council	Council	- Data and information provided in relation to review criteria - Regional / remote locality issues
Adelaide Hills Council	Council	- Data and information provided in relation to review criteria - Indexation should be 3 to 4 years to align with local government members
Tim Jackson, Administrator, Coober Pedy Council	Individual	- Remote locality issues - Attraction and retention issues
District Council of Kimba	Council	- Data and information provided in relation to review criteria - Issues specific to smaller councils - Remote locality issues, such as remote housing consideration - Indexation should be ABS Wage Price Index over 4 years
City of Norwood, Payneham & St Peters Council	Council	Data and information provided in relation to review criteria
Port Adelaide Enfield Council	CEO	- Data and information provided in relation to review criteria - Key result areas for CEO provided. 4 yearly cycle for reviews is reasonable
City of Tea Tree Gully Council	Council	- Data and information provided in relation to review criteria 4 yearly cycle should include a CPI increase similar to local government members
Whyalla Council	Council	- Data and information provided in relation to review criteria - Attraction and retention issues - Regional / remote locality issues - WA model should be considered

28. This represents a small proportion of the councils and CEOs that were given the opportunity to make submissions.
29. While the submissions generally provided information about the characteristics of these councils against the guidelines provided by the Tribunal, the information provided did not assist the Tribunal to determine a coherent and sustainable approach to establishing minimum and maximum levels of remuneration.
30. The Tribunal noted information provided by the City of Port Adelaide Enfield's CEO. This information provided a useful summary of the role of the CEO, covering oversight of the diverse assets and effective service delivery to a demographically diverse community together with engagement with the local and broader communities, and the development of that council area. This submission incorporated consideration of unique geographic, demographic, social, historical characteristics of that council.
31. The Tribunal also noted the City of Norwood, Payneham and St Peters advice that CEO experience, performance reviews and annual remuneration reviews are pertinent issues when councils are considering CEO remuneration.

32. Additionally, the Tribunal noted submissions made by primarily regional councils that they expected their CEOs to be more operationally focussed because of fewer middle management levels within the organisation.
33. The regional council submissions also noted greater distance and travel commitments and challenges associated with staffing. Some councils argued strongly in favour of attraction and retention payments. The Tribunal particularly noted difficulties experienced by the Coober Pedy Council in attracting and retaining CEOs.
34. The Tribunal noted that councils have unique requirements of their CEOs and require flexibility to negotiate remuneration arrangements to best meet these needs. For example, some councils may require a strategic leader to lead a complex organisation, while a small council may prefer a leader with exceptional technical expertise.
35. The Tribunal was unable to identify any objective or standard approach to setting remuneration levels between councils.
36. On 15 September 2022, the Tribunal provided an update to the LGA that it had obtained information from all councils and had spent some time assessing the data. The Tribunal's capacity to reach accurate conclusions about the remuneration arrangements was severely limited by quite disparate approaches to different components of remuneration recorded by councils and their CEOs. This was exemplified in differing approaches to recording superannuation arrangements, including defined benefit superannuation arrangements and to motor vehicle costings which varied substantially. The Tribunal suggested it might engage an external professional consultancy to assist in this process.
37. The LGA provided a response on 11 October 2022 in which it expressed concern about the costs of an external consultancy. The LGA suggested the Tribunal contact CEOs with questions of clarification designed to fill in any gaps in the data already available, rather than undertaking the survey process anew, advising this would reduce the costs associated with the review.
38. On 29 November 2022, the Tribunal advised the LGA that the remuneration data it had was problematic in that the information provided by councils reflected very different approaches to calculating current significant elements of total remuneration and hence would result in a flawed and inconsistent assessment of maximum and minimum remuneration levels. The Tribunal also advised of its intention to conduct a further survey of CEO salary levels, requiring councils to provide costing instructions consistent with normal salary and accounting practices. Consistent with the request of the LGA, and to reduce the cost imposts on councils, the Tribunal agreed to conduct the further survey 'in house' using its own resources.
39. Prior to distributing the updated survey to all CEOs, the Tribunal tested the revised survey approach on a small number of CEOs to identify any issues that councils may have with it. The LGA nominated four CEOs for this purpose.
40. Following the conclusion of this trial process, the revised survey was sent to all CEOs on 16 December 2022. CEOs were requested to complete the survey by 25 January 2023.
41. All survey responses were ultimately received by 7 March 2023 but inaccuracies and incomplete information required further consultation with councils to clarify the information provided. In a small number of instances, particularly relating to vehicle costing approaches, the Tribunal has had to make an estimate of total costs, including Fringe Benefits Tax implications.

CONSIDERATION

42. 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.
43. 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.
44. In determining what constitutes remuneration, the Tribunal has taken into account the following components:
 - Monetary remuneration
 - Superannuation, including the statutory minimum employer contributions, any salary sacrifice component and any additional payments made by a council
 - Annual leave loading
 - Additional leave entitlements
 - Bonuses and performance incentives - in cash or otherwise
 - The private benefit value of any motor vehicle and/or equipment (excluding mobile telephones and portable computing equipment provided to the CEO by the council)
 - School or childcare fees, including school uniforms
 - Newspaper/magazine/online subscriptions
 - 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 allowances
 - Any other form of payment - cash or otherwise
 - Any Fringe Benefits Tax paid by council in respect of any of the above
45. The Tribunal concluded that mobile telephones and portable computing equipment provided to CEOs, fundamentally for work purposes, but which may be used for reasonable personal use, should not be regarded as remuneration for these purposes. The Tribunal considers that these items are inherent requirements for a CEO function and, in any event, any additional reasonable use represents a minimal additional cost such that separating personal and business use involves unreasonable administrative costs.
46. The Tribunal has not included professional development costs that directly relate to the performance of CEO duties and membership of professional associations related to the performance of CEO functions in its assessment of remuneration.
47. The Tribunal has not included one-off payments that relate directly and solely to relocation expenses in its consideration of remuneration.

(a) Motor Vehicles

48. The December 2022 survey required councils to include the annual amount of the personal benefit value of the provision of a motor vehicle for private use or cash in lieu of a motor vehicle. The personal benefit value was to be determined by multiplying the percentage of personal use of the vehicle, by the annual cost to the council for that vehicle, including all annual costs of maintenance, fuel, taxes, registration, running costs, as well as an annual depreciation.

Depreciation was to be calculated using the rate of 12.5% (prime cost method) or 25% (diminishing value method).

49. There were significant variations in motor vehicle arrangements amongst councils, reflecting different costing approaches, obvious differences in motor vehicles, the extent to which motor vehicle use was for business purposes and Fringe Benefits Tax recognition.
50. The Tribunal has concluded that a sustainable basis for some of these estimates has not been established and urges councils to review their costing methodologies. The Tribunal suggests the application of a consistent approach to motor vehicle costing arrangements for the future based on actual annual cost of provision of any motor vehicle provided by the council, less an assessed component for business use. The methodology outlined above is proposed as an appropriate approach for the future.
51. To assist the Tribunal in setting minimum and maximum levels of remuneration, for the purpose of this review, it has built an assumption into the data obtained for motor vehicles. Where the value of the motor vehicle and Fringe Benefits Tax was below \$20,000, the Tribunal added the difference to the total package of remuneration (i.e. if the council provided a value of \$15,000 for the motor vehicle and Fringe Benefits Tax, then the Tribunal has added \$5,000 to the total package of remuneration). Where a Council has not provided Fringe Benefits Tax information, the Tribunal has estimated that value and incorporated that estimate into its assessment of total remuneration. For clarity, this does not propose an actual increase in the remuneration payable to those CEOs, but rather, ensures a more consistent and realistic approach to the valuation of vehicles.
52. To the extent that councils negotiate new contractual arrangements, it is appropriate that motor vehicle costs that relate to all private use are separately recognised as remuneration components.

(b) Additional leave per year

53. Councils were requested to provide any additional leave entitlements that CEOs receive beyond the standard four week entitlement and to confirm if that additional leave was “purchased” through a salary deduction or whether it was simply an added employment benefit.
54. The total remuneration package of CEOs for the purpose of assessing minimum and maximum remuneration was then adjusted to take into account the monetary value of any additional leave entitlements.

(c) Superannuation

55. The Tribunal noted that some CEOs are members of defined benefit funds but access to these superannuation arrangements is not available to more recent appointees. The Tribunal has also recognised that some CEOs contribute extra payments to these defined benefit funds. The difficulties associated with comparing defined benefit funds with accumulation funds are significant. For the purposes of this assessment, the Tribunal has universally recognised the minimum Superannuation Guarantee legislative provisions, and any explicit amounts paid by councils in excess of these national minimum standards irrespective of whether a defined benefit scheme is in operation.

(d) Allowances

56. As discussed above, the Tribunal has considered any and all allowances to form part of remuneration. This includes any housing allowance, remote allowance, attraction or retention allowance, utilities allowance or reimbursement or direct payment, grooming or clothing allowance and any entertainment related allowances or entitlements.
57. The Tribunal recognises that the characteristics of some councils means they may place more significance on some allowances. For example, an additional remuneration element in the form of an allowance may need to be agreed between a council and its CEO to recognise either distance or remoteness issues.
58. The Tribunal has adopted the position that the Coober Pedy Council should be recognised as facing particular recruitment challenges given the combination of its remoteness and unique characteristics.
59. Whilst the current minimum and maximum amounts set for each remuneration level take into account all allowances, the Tribunal urges councils to notify it of any substantial issues or adjustments that may need to be made or taken into account in the next review.

(e) Fringe Benefits Taxes

60. The minimum and maximum remuneration amounts have been set on the basis that councils will recognise any applicable Fringe Benefits Tax in the total remuneration costing for CEOs.

(f) The Municipal Council of Roxby Downs

61. The Tribunal has noted the unique position of the Municipal Council of Roxby Downs. This reflects the indenture agreement applicable to that area and the unique funding arrangements that apply. Accordingly, the Tribunal has not included this council in this review.

REMUNERATION LEVELS

(a) Other Jurisdictions

62. In the conduct of this review, the Tribunal considered available information relating to local government CEO remuneration in other Australian jurisdictions.
63. The April 2023 determination of the Western Australian Salaries and Allowances Tribunal reviewed remuneration bands for local government CEOs and allowances for certain elected members. In that determination, a four-band structure was adopted with total reward package bands ranging from \$136,023 to \$404,488 per annum. In addition, maximum separate isolation allowance amounts for nominated councils were identified, taking into account the remoteness, cost of living, social disadvantage, the impact of a dominant industry, attraction and retention issues and community expectations. The quantum of these maximum payments depended on the assessed circumstances of the local council concerned. The determination provided for a discretionary housing allowance where there was a lack of suitable housing, or recruitment issues. The determination considered the private benefit value of motor vehicles provided to CEOs for reporting purposes.
64. Information relative to other States and Territories is not uniformly published, thereby limiting the usefulness of any comparative analysis, and there is no regulatory arrangement equivalent to the Western Australia Salaries and Allowances Tribunal.

65. The Tribunal has historically applied a six-level grouping system for the consideration of allowances applicable to members of councils. In its 2022 Report, the Tribunal expressed reservations about the usefulness of this arrangement and has indicated that it proposes to invite submissions about a review of that arrangement in 2026.² Notwithstanding these observations, the Tribunal has considered the extent to which the current groupings could provide a basis for the determination of minimum and maximum remuneration levels. There are significant impediments to such an approach. Firstly, the characteristics of councils within the established groups that may be particularly relevant to CEOs vary substantially within and between the groups such that use of the groups for this purpose appears illogical. Secondly, the Tribunal considers that exclusive reliance on factors such as overall staff numbers does not equate to a measure of CEO skill requirements.
66. The Tribunal has taken into account national salary surveys of the local government sector. Because of the substantial range between low and high remuneration levels, and uncertainties about just how employment benefits are assessed, this information is of limited value in setting minimum and maximum levels in South Australia, consistent with the legislative requirements. It has, however, confirmed that the CEO remuneration levels are generally consistent with the indicative survey data.

(b) Minimum and maximum remuneration levels in South Australia

67. The Tribunal's preference is to progress toward establishing minimum and maximum remuneration levels founded on an assessment of skill and competence levels. Such an approach would allow the flexibility to set remuneration consistent with the challenges confronting a given council. However, the limited information available to the Tribunal, combined with the very small number of submissions, simply does not support such an approach at this time. Councils are encouraged to make submissions about such an approach in the future.
68. The Tribunal is not in a position to determine the minimum and maximum remuneration levels based on factors such as the geographical size of the council, revenue of the council and other factors as listed in paragraph 18 above. It considers these factors to be sensible criterion to guide any future determinations of the Tribunal, however, under the current legislation such an approach requires the cooperation of councils.
69. For this inaugural review, the Tribunal has determined to group councils into eight bands. While these bands have some generally common characteristics, the Tribunal recognises differences and potential anomalies in terms of council characteristics within and between some of these bands. Each band is based on the data provided by councils in relation to the total remuneration package of their CEO. The Tribunal has then applied assumptions in relation to the value of the provision of a motor vehicle and any additional leave entitlements beyond that of usual administrative staff. This has resulted in a figure described as an "adjusted total remuneration package" for each CEO who is covered by this review.
70. With the exception of the band consisting of the City of West Torrens, City of Charles Sturt and City of Port Adelaide Enfield, the bandwidths range from \$17,680 to \$32,240. This group of three councils has a much smaller bandwidth because its total remuneration amounts are significantly higher than most other metropolitan councils. The Tribunal was cognisant of the fact that remuneration discrepancies between councils meant that clearly definable criterion

² South Australian Remuneration Tribunal, *Report of the Remuneration Tribunal: 2022 Allowances for Members of Local Government Councils, Report 2 of 2022*, p.9 [<https://www.remtribunal.sa.gov.au/documents/2022/20220705-Report-2-of-2022-Members-of-Local-Government.pdf>]

such as that listed in paragraph 18 could not be used to define bands without resulting in very large band remuneration diversity inconsistent with the function of the legislation.

71. The Tribunal has determined that the Adelaide City Council should be separated from councils generally for the purpose of considering CEO remuneration. This recognises that separate legislation covers that council. As no submission was received from the Adelaide City Council in relation to this review, the Tribunal's consideration is entirely based on the current total remuneration for the Adelaide City Council CEO.
72. The Tribunal has differentiated between the City of West Torrens, City of Charles Sturt and City of Port Adelaide Enfield and other significant metropolitan councils. This distinction is entirely based on current remuneration arrangements which differ substantially from other significant metropolitan councils and large provincial centres.
73. A further group of metropolitan, near metropolitan councils and larger regional councils have been grouped together. The Tribunal has placed the Corporation of the Town of Walkerville in this group but notes that the characteristics of that Corporation are fundamentally different from all other metropolitan councils. Finally, the Tribunal has established two groupings of regional councils, largely distinguished by population characteristics.
74. While the approach the Tribunal has taken in this review restricts the extent to which exceptional circumstances of a particular council can be properly recognised and provides limited explanation of the basis for existing remuneration levels to the community, this reflects the disparate current remuneration levels and lack of information about how these were arrived at. A more accurate assessment of remuneration bands based on council characteristics and performance measures is not possible on the information made available to the Tribunal. The Tribunal suggests that it may be appropriate for discussions with the LGA in advance of the next review to identify minimum and maximum remuneration levels based on agreed council criteria, with the potential for separate recognition of attraction incentives and defined performance measures.
75. The Tribunal considers that wage price movements should be recognised within the framework of minimum and maximum remuneration levels, particularly given the time period that has lapsed between the commencement of the inaugural review and the operative date of the Determination.
76. The Tribunal has considered the wage movements and current rate of inflation and has factored these into the minimum and maximum amounts of remuneration but notes that the increase applied is substantially less than CPI.
77. Any decision in relation to an annual increase for CEO remuneration within the bands set by the Tribunal remains a matter for each council in accordance with section 99A(1) of the LG Act.
78. Furthermore, in accordance with section 147(5) of the *Statutes Amendment (Local Government Review) Act 2021 (SA)*, if the current remuneration level for a CEO is below the minimum band level set by the Tribunal, this may be increased to within the band limits at the discretion of the council. Conversely, if the remuneration level for a CEO is above the band level maximum, the Tribunal would expect no further increase in remuneration during the term of that appointment unless the remuneration level was to fall below the maximum remuneration level following any annual adjustments established by the Tribunal.

FREQUENCY OF REVIEWS

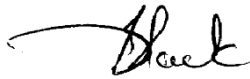
79. The Tribunal proposes to progress toward a review of the minimum and maximum remuneration of CEOs on a four yearly basis that is commensurate with the timeframe for local government member allowances. However, because this is the first review of this nature and it is based on data that is conflicting and inconsistent, it is acknowledged that councils may need to refer specific instances to the Tribunal for consideration. The Tribunal will review the minimum and maximum remuneration levels in July 2024 to take account of any feedback from councils or CEOs and wage and cost of living adjustments. The Tribunal expects any council who, as part of any future review, identifies significant differences in the remuneration package to provide sufficient detail and reasons as to why this is the case.

OPERATIVE DATE

80. The accompanying Determination will come into operation on and from 1 July 2023.



Matthew O'Callaghan
PRESIDENT



Deborah Black
MEMBER



Peter de Cure AM
MEMBER

Dated this 16th day of June 2023

Appendix 3

*2024 Determination of the Remuneration Tribunal:
Minimum and Maximum Chief Executive Office
Remuneration and 2024 Interim Review of
Minimum and Maximum Remuneration for
Local Government Chief Executive Officers*



No. 1 of 2024

DETERMINATION OF THE REMUNERATION TRIBUNAL
Minimum And Maximum Chief Executive Officer Remuneration

SCOPE OF DETERMINATION

1. This Determination applies to Chief Executive Officers of Local Government Councils to whom section 99A of the *Local Government Act 1999* (SA) applies.
2. The Municipal Council of Roxby Downs is not covered by this Determination.

MINIMUM AND MAXIMUM REMUNERATION

3. In accordance with section 99A of the *Local Government Act 1999* (SA) the Remuneration Tribunal hereby determines the following rates of minimum and maximum remuneration for Chief Executive Officers of Local Government Councils in South Australia:

Band	Total Remuneration Package
1	\$414,000 - \$440,232
2	\$396,240 - \$410,530
3	\$357,760 - \$388,253
4	\$319,280 - \$358,550
5	\$299,520 - \$323,544
6	\$272,480 - \$298,085
7	\$235,040 - \$270,504
8	\$197,600 - \$234,437

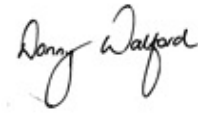
4. Remuneration figures are expressed on a total remuneration package basis.
5. A list of council groupings is included at attachment 1.
6. Any decision in relation to an annual increase for CEO remuneration within the bands set by the Tribunal remains a matter for each Council in accordance with section 99A(1) of the LG Act.

DATE OF OPERATION

7. This Determination shall have operative effect on and from 1 July 2024.



Matthew O'Callaghan
PRESIDENT



Donny Walford
MEMBER



Mark Young
MEMBER

Dated: 28 June 2024

ATTACHMENT 1

Council	Band
Adelaide Hills Council	5
Adelaide Plains Council	6
Alexandrina Council	5
Barunga West Council	7
Berri Barmera Council	7
Campbelltown City Council	3
City of Adelaide	1
City of Burnside	4
City of Charles Sturt	2
City of Holdfast Bay	4
City of Marion	4
City of Mitcham	3
City of Mount Gambier	5
City of Norwood Payneham & St Peters	4
City of Onkaparinga	3
City of Playford	4
City of Port Adelaide Enfield	2
City of Port Lincoln	7
City of Prospect	5
City of Salisbury	3
City of Tea Tree Gully	4
City of Unley	3
City of Victor Harbor	6
City of West Torrens	2
City of Whyalla	4
Clare & Gilbert Valleys Council	7
Coorong District Council	7
Copper Coast Council	6
Corporation of the Town of Walkerville	5
District Council of Ceduna	6
District Council of Cleve	7
District Council of Coober Pedy	8
District Council of Elliston	8
District Council of Franklin Harbour	7
District Council of Grant	7
District Council of Karoonda East Murray	8

District Council of Kimba	8
District Council of Lower Eyre Peninsula	7
District Council of Loxton Waikerie	7
District Council of Mount Remarkable	7
District Council of Orroroo Carrieton	8
District Council of Peterborough	8
District Council of Robe	8
District Council of Streaky Bay	8
District Council of Tumby Bay	7
District Council of Yankalilla	7
Kangaroo Island Council	7
Kingston District Council	8
Light Regional Council	5
Mid Murray Council	6
Mount Barker District Council	3
Naracoorte Lucindale Council	7
Northern Areas Council	7
Port Augusta City Council	6
Port Pirie Regional Council	6
Regional Council of Goyder	6
Renmark Paringa Council	6
Southern Mallee District Council	7
Tatiara District Council	7
The Barossa Council	4
The Flinders Ranges Council	8
The Rural City of Murray Bridge	5
Town of Gawler	4
Wakefield Regional Council	7
Wattle Range Council	7
Wudinna District Council	8
Yorke Peninsula Council	4



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

Appendix 4

CEO PRP Recommendations to Council – 11 July 2023

**ADELAIDE HILLS COUNCIL
ORDINARY COUNCIL MEETING
Tuesday 11 July 2023
AGENDA BUSINESS ITEM**

Item:	17.3 1
Responsible Officer:	Lachlan Miller Executive Manager Governance & Performance Office of the Chief Executive
Subject:	CEO Performance Review Panel - Recommendations to Council – 6 July 2023
For:	Decision

SUMMARY

The CEO Performance Review Panel (the “Panel”) held its most recent meeting on 6 July 2023.

At the meeting, the Panel considered two reports and made a series of recommendations to Council for its decision.

Each item is briefly summarised in this report and the full Panel Reports are included as appendices.

RECOMMENDATION

Council resolves:

- 1. That the report be received and noted.**
- 2. To determine that the Acting CEO has achieved the following status in relation to the 2022-23 CEO Performance Targets as at 11 July 2023:**

Target 1: Fabrik Redevelopment – Project on track, performance target achieved.

Target 2: User Pays Bin Collection Study – Completed, with additional steps taken to progress alternative waste collection options.

Target 3: Savings Strategies – On track and subject to verification in the end of year financial reporting.

Target 4: Gumeracha Library Upgrade – Achieved.

Target 5: New Dog & Cat Facility – Achieved, with further steps taken to explore the broader challenges of longer term animal impounding.

Target 6: Central Irrigation System – Achieved.

Target 7: Unformed Public Roads Review – On track for completion in July 2023, with presentation to Council Members to occur when workshop schedule allows.

3. To note the Remuneration Tribunal's *Determination 4-2023 - Minimum and Maximum Chief Executive Officer Remuneration* and determine not to undertake a Substantive CEO Total Employment Cost Package Review at this time.
4. To approve the proposed CEO Probationary Period Performance Review Process with the follow key activities/milestones:

Week 1 (w/b 17/7/23)	Substantive CEO commences
Week 2 (w/b 24/7/23)	CEOPRP meets with Substantive CEO and sets out the CPPRP and agrees the broader Performance Review Process (see next section)
Week 11 (w/b 25/9/23)	CEOPRP: • Receives the Interim Performance Review & Development Report from the Substantive CEO • Discusses Key Performance Indicators with Substantive CEO and makes recommendation to Council for adoption of Indicators. • Finalises Probation Review Survey contents
Week 17 (w/b 6/11/23)	Consultant administers the Probation Review Survey
Week 22 (w/b 11/12/23)	CEOPRP: • Receives the Interim Performance Review & Development Report from Substantive CEO • Considers Probation Review Survey Report from the Consultant and makes recommendation to Council.
Week 23 (w/b 18/12/23)	Council considers CEOPRP recommendation regarding performance and determines continuance/cessation.
Week 27 (w/b 15/1/24)	Probation period ends 16/1/24

5. To note that the CEO Performance Review Panel intends to develop annual Key Performance Indicators in accordance with clause 17.4 of the CEO Employment Agreement.
6. To approve an increase in the Governance & Performance Department budget of \$2,000 for the purposes of engaging a consultant to assist the CEO Performance Review Panel with the development of Key Performance Indicators and the development and conduct of the Probation Review Survey as part of the CEO Probationary Period Performance Review Process

1. BACKGROUND

The Panel Terms of Reference (the "TOR") sets out that the overall role of the Panel is to provide advice to Council on matters relating to the performance and development of the CEO. The TOR further provides for the following specific functions:

- 3.1 The function of the Panel is to provide advice to Council on the CEO's performance and development, including the following matters:
- 3.1.1 Determining the Performance Targets for the forthcoming 12 month performance period;
 - 3.1.2 Monitoring the progress on the CEO's agreed Performance Targets for the current 12 month performance period;
 - 3.1.3 Reviewing the CEO's performance over the preceding 12 month performance period, in particular the performance against the agreed Performance Targets and position description requirements;
 - 3.1.4 Identifying development opportunities for the CEO; and
 - 3.1.5 Reviewing the remuneration and conditions of employment of the CEO.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal A Progressive Organisation

Objective O1 We have the right people with the right knowledge and skills in the right jobs and they are supported and developed

Priority O1.4 Continue to support all staff through training, mentoring, coaching and development to enable the achievement of organisational and community goals

➤ Legal Implications

The CEO Performance Review Panel is a Section 41 Committee of Council under the *Local Government Act 1999*.

➤ Risk Management Implications

Undertaking regular review of the CEO's performance is an important control in mitigating the risk of:

Deficient CEO performance review practices resulting in a lack of accountability and loss of stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Low (2D)	Low (2D)

Non-achievement of CEO Performance Targets resulting in loss of community benefit and/or opportunities and/or stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3C)	Medium (3C)

Note: there are many other controls that also assist in managing these risks.

➤ **Financial and Resource Implications**

There are no financial or resource implications in reporting on projects against the 2022-23 CEO Performance Targets.

The financial implications associated with the agreed CEO remuneration package have been incorporated into the 2023-24 Budget.

Any financial implications associated with the matters discussed in this report such as the use of external consultants for elements of the probationary period review or to make any adjustments to the remuneration package prior to 2024-25 have not been incorporated into the adopted 2023-24 Budget.

The resource implications associated the Panel's processes are borne by the Governance & Performance Department.

➤ **Customer Service and Community/Cultural Implications**

There is a community expectation that the CEO will perform competently and meet expectations to achieve the required outcomes for the organisation.

➤ **Sustainability Implications**

Not applicable

➤ **Engagement/Consultation conducted in the development of the report**

Engagement and/or consultation on the development of this report was as follows:

Council Committees: The CEOPRP considered the matters raised in this report at their 6 July 2023 meeting and made recommendations to Council contained herein.

Council Workshops: Not applicable.

Advisory Groups: Not applicable.

External Agencies: McArthur Pty Ltd
KelledyJones Lawyers

Community: Not applicable

➤ **Additional Analysis**

Quarter 4, 2022-23 CEO Performance Report

Information relating to the Quarter4 2022-23 CEO Performance Report is discussed in the 6 July 2023 Panel report continued in **Appendix 1**.

In summary the Acting CEO, David Waters, provided the Quarter 4 report to the Panel utilising the Expanded Quarterly Performance Review & Development Process (the “EQPRDP”) to detail observations against the key responsibilities of the CEO Position Description and to report on the status of the 2022-23 CEO Performance Targets.

As this was the first use of the EQPRDP, a number of observations were made about the format from both the Acting CEO and the Panel Members and these will be incorporated into future revisions.

In consideration of the Performance Report (**Appendix 1**) the Panel resolved as follows:

7.1 Quarterly Performance Report

Moved Cr Kirsty Parkin

S/- Independent Member Janet Miller

PRP5/23

The CEO Performance Review Panel resolves:

- 1. That the report be received and noted.**
- 2. To recommend to Council that the Acting CEO has achieved the following status in relation to the 2022-23 CEO Performance Targets:**

Target 1: Fabrik Redevelopment – Project on track, performance target achieved.

Target 2: User Pays Bin Collection Study – Completed, with additional steps taken to progress alternative waste collection options.

Target 3: Savings Strategies – On track and subject to verification in the end of year financial reporting.

Target 4: Gumeracha Library Upgrade – Achieved.

Target 5: New Dog & Cat Facility – Achieved, with further steps taken to explore the broader challenges of longer term animal impounding.

Target 6: Central Irrigation Facility – Achieved.

Target 7: Unformed Public Roads Review – On track for completion in July 2023, with presentation to Council Members to occur when workshop schedule allows.

Carried Unanimously

Substantive CEO Employment

Information relating to matters associated with the Substantive CEO Employment are discussed in the 6 July 2023 Panel report at **Appendix 2**.

In summary, the report discussed matters in relation to the Remuneration Tribunal of SA’s CEO Determination, proposed a performance review process for the Substantive CEO’s probationary period, identified considerations for the development of a suite of Key Performance Indicators (“KPI”) and the broader Annual Performance Review process.

The Panel identified a number of minor date changes to the proposed CEO Probationary Period Performance Review Process (the “CPPPRP”) which are to move the Week 10 activities to Week 11 and to bring forward the Week 19 activity to Week 17. These have been incorporated in the recommendations in this Council report.

The Panel enjoyed an exploratory discussion regarding the development of a suite of KPIs covering both probationary period and annual metrics and milestones. This will be a focus for the Panel at coming meetings.

In consideration of the Substantive CEO Employment Report (**Appendix 2**) the Panel resolved as follows:

7.2 Substantive CEO Employment

Moved Cr Kirsty Parkin

S/- Independent Member Janet Miller

PRP6/23

The CEO Performance Review Panel resolves:

- 1. That the report be received and noted.**
- 2. To recommend to Council that the CEO Performance Review Panel has noted the Remuneration Tribunal of SA's '2023 Inaugural Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers' Report and Determination 4-2023 and does not recommend a TEC Package Review be undertaken at this time.**
- 3. To recommend to Council to approve the proposed CEO Probationary Period Performance Review Process as detailed in Item 7.2, CEO Performance Review Panel Agenda – 6 July 2023.**
- 4. To advise Council that the CEO Performance Review Panel intends to develop annual Key Performance Indicators in accordance with clause 17.4 of the CEO Employment Agreement.**
- 5. To recommend to Council that an appropriate budget is allocated to enable the engagement of an external consultant to assist the CEO Performance Review Panel with the development of Key Performance Indicators and the development and conduct of the Probation Review Survey as part of the CEO Probationary Period Performance Review Process.**

Carried Unanimously

In relation to the proposed engagement of an external consultant to assist with KPI development and the conduct of the Probation Review Survey, the current 2023-24 budget for the CEO Performance Review of \$4,100 is unlikely to be sufficient and a recommendation has been included for an increase of \$2,000 to the Governance & Performance Department budget.

3. OPTIONS

Council has the following options:

- I. That in relation to the 2022-2023 CEO Performance Targets:
 - a. To determine the achievement status of the 2022-2023 CEO Performance Targets at the end of the performance period as per the recommendation (Recommended)
 - b. To determine an alternative achievement status of the 2022-2023 CEO Performance Targets at the end of the performance period (Not Recommended)
- II. That in relation to the Substantive CEO Employment Report:
 - a. To note the Remuneration Tribunal's CEO Determination and the Panel's recommendation that a TEC Package Review is not required at this time (Recommended)
 - b. To approve the proposed CEO Probationary Period Performance Review Process, with or without minor amendment (Recommended). If the process is not approved or substantially altered, it is recommended that it is referred back to the Panel to provide advice.
 - c. To note that the Panel intends to develop annual Key Performance Indicators in accordance with clause 17.4 of the CEO Employment Agreement (Recommended)
 - d. To approved the proposed increase in the Governance & Performance Department budget to provide for the engagement of an external consultant to assist with probationary period activities (Recommended).

4. APPENDICES

- (1) *CEO Performance Review Panel Report - Quarter 4, 2022-23 CEO Performance Report – 6 July 2023*
- (2) *CEO Performance Review Panel Report - Substantive CEO Employment – 6 July 2023*

Appendix 1

*CEO Performance Review Panel Report - Quarter 4,
2022-23 CEO Performance Report – 6 July 2023*

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL MEETING
Thursday 7 July 2023
AGENDA BUSINESS ITEM**

Item: 7.1

Responsible Officer: David Waters
Acting Chief Executive Officer
Office of the Chief Executive

Subject: Quarter 4, 2022-23 CEO Performance Report

For: Decision

SUMMARY

At its 26 July 2022 meeting, Council adopted the suite of CEO Performance Targets covering the 2022-2023 financial year.

On 20 September 2022, Council appointed David Waters as Acting Chief Executive Officer (the 'CEO') following the Substantive CEO, Andrew Aitken's, resignation.

The role of the CEO Performance Review Panel (the "Panel") includes reviewing the performance of the CEO against the agreed Performance Targets. This activity is defined in the Panel's Terms of Reference contained in the Specific Functions clauses and specifically Clause 3.1.2.

At its 23 March 2023 meeting, the Panel resolved to adopt the Expanded Quarterly Performance Review & Development Process (the "EQPRDP").

The purpose of this report is to provide the Panel with its inaugural EQPRDP report setting out commentary against the key responsibilities of the CEO Position Description along with the status of each of the 2022-23 CEO Performance Targets.

RECOMMENDATION

The CEO Performance Review Panel resolves:

1. That the report be received and noted.
2. To recommend to Council that the Acting CEO has achieved the following status in relation to the 2022-23 CEO Performance Targets:

Target 1: Fabrik Redevelopment – Project on track, performance target achieved.

Target 2: User Pays Bin Collection Study – Completed, with additional steps taken to progress alternative waste collection options.

Target 3: Savings Strategies – On track and subject to verification in the end of year financial reporting.

Target 4: Gumeracha Library Upgrade – Achieved.

Target 5: New Dog & Cat Facility – Achieved, with further steps taken to explore the broader challenges of longer term animal impounding.

Target 6: Central Irrigation Facility – Achieved.

Target 7: Unformed Public Roads Review – On track for completion in July 2023, with presentation to Council Members to occur when workshop schedule allows.

1. BACKGROUND

CEO Performance Review Panel Functions

The Panel has specific functions in relation to the CEO's Performance Targets as set out in clauses 3.1.2 and 3.3.3, as follows:

3. SPECIFIC FUNCTIONS

- 3.1 The function of the Panel is to provide advice to Council on the CEO's performance and development, including the following matters:
 - 3.1.1 Determining the Performance Targets for the forthcoming 12 month performance period;
 - 3.1.2 Monitoring the progress on the CEO's agreed Performance Targets for the current 12 month performance period;
 - 3.1.3 Reviewing the CEO's performance over the preceding 12 month performance period, in particular the performance against the agreed Performance Targets and position description requirements;
 - 3.1.4 Identifying development opportunities for the CEO; and
 - 3.1.5 Reviewing the remuneration and conditions of employment of the CEO.

2022-23 CEO Performance Targets

Council adopted a new suite of CEO Performance Targets on 26 July 2022 covering the 2022-2023 financial year.

12.9 Proposed CEO Performance Targets 2022-2023

Moved Cr Chris Grant
S/- Cr Mark Osterstock

191/22

Council resolves:

1. That the report be received and noted
2. To adopt the 2022-23 CEO Performance Targets as per *Appendix 1* and summarised below.

Target 1 – Fabrik Redevelopment
Target 2 – User Pays Bin Collection Study
Target 3 – Savings Strategies
Target 4 – Gumeracha Library Upgrade
Target 5 – New Dog and Cat Facility
Target 6 – Central Irrigation System
Target 7 – Unformed Roads Review

Carried unanimously

Acting Chief Executive Officer

On 26 July 2022, the then Substantive CEO, Andrew Aitken, provided the Principal Member, Mayor Jan-Claire Wisdom, with a notice of resignation. A termination (settlement) date was to be negotiated and resolved by the Council under the provisions of the Employment Agreement.

At the 20 September 2022 Special meeting, Council considered a report on the outcomes of the recruitment process and resolved:

8.1.2 Appointment of Acting CEO – Confidential Item

Moved Cr Ian Bailey
S/- Cr Leith Mudge

246/22

Council resolves:

1. That the report be received and noted
2. To appoint David Waters to the position of Acting Chief Executive Officer of the Adelaide Hills Council for a period commencing 4.01pm Friday 30 September 2022 and concluding upon the commencement of the successful candidate in the (substantive) Chief Executive Officer Recruitment process.
3. To authorise the Mayor to negotiate the final terms and conditions of the Acting Chief Executive Officer's Employment Agreement being materially similar to the draft Employment Agreement in Appendix 1 and with a Total Remuneration Package value of no greater than \$269,582.00.

Carried Unanimously

The Employment Agreement (the "Agreement") between Council and the Acting CEO was executed on 21 September 2022. The Agreement provides for a performance review process. The Agreement requires the review of the CEO's performance against the position description and any performance indicator(s).

The default position is that the 2022-23 CEO Performance Targets adopted on 26 July 2022 will now apply to the Acting CEO, albeit the Panel can only properly review the Acting CEO's performance based on progressing achievement of the targets during his time in the role.

Expanded Quarterly Performance Review & Development Process

At its 23 March 2023 meeting, the Panel considered a proposal to expand the (then) one-dimensional CEO performance target quarterly reporting regime to include communication between the Panel and the CEO on a quarterly basis in relation to performance against the key responsibilities set out in the CEO Position Description.

This process would provide a more holistic monitoring of performance and allow the CEO to present achievements and areas of focus or challenge. The process would then be followed by a discussion of professional development requirements and the formulation and execution of a development program.

In consideration of the proposal the Panel resolved (Res PRP3/23) as follows:

- 3. To adopt the Expanded Quarterly Performance Review & Development Process (EQPRDP) as set out in this report and to advise Council of this decision.**

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal	Organisation
Objective O1	We have the right people with the right knowledge and skills in the right jobs and they are supported and developed.
Priority O1.4	Continue to support all staff through training, mentoring, coaching and development to enable the achievement of organisational and community goals.
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community.
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

The requirement for the Panel to undertake regular reviews of performance against the agreed CEO Performance Targets enables accountability to be demonstrated and any recommendations on performance and development of the CEO to be identified, supported and managed.

➤ Legal Implications

The CEO Performance Review Panel is a Section 41 Committee of Council under the *Local Government Act 1999*.

The Performance Targets are part of the CEO Performance Review process. Section 102A of the Act is a newer provision which requires the council to review the performance of its CEO at least once each year and, if relevant, before the reappointment of its CEO. Further in the course of the performance review, the council must obtain and consider the advice of a qualified independent person.

➤ Risk Management Implications

Undertaking regular review of the CEO's performance will assist in mitigating the risk of:

Deficient CEO performance review practices resulting in a lack of accountability and loss of stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Low (2D)	Low (2D)

Non-achievement of CEO Performance Targets resulting in loss of community benefit and/or opportunities and/or stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3C)	Medium (3C)

Note: there are many other controls that also assist in managing these risks.

➤ **Financial and Resource Implications**

There are no financial or resource implications in reporting on projects against the 2022-23 CEO Performance Targets.

Any specific financial or resource implications have been addressed in the *2022-23 Annual Business Plan* or will be dealt with in budget reviews, as required.

The resource implications associated with the Panel's performance review processes are borne by the Governance & Performance Department.

➤ **Customer Service and Community/Cultural Implications**

There is a presumed community expectation that the CEO will manage the organisation's human, financial and physical resources to ensure they are utilised for the best outcomes for the community.

It follows that there is a community expectation that the CEO is accountable for, and performs against, the agreed Performance Targets.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>External Agencies:</i>	Not Applicable
<i>Community:</i>	Not Applicable

➤ **Additional Analysis**

Expanded Quarterly Performance Review & Development Process (EQPRDP)

In accordance with the Panel's resolution, the Acting CEO has completed the inaugural version of the EQPRDP (**Appendix 1**). Any feedback from the Panel on the structure of the EQPRDP form would be appreciated to enable enhancements.

The CEO Position Description is contained in **Appendix 2** to provide the context of the responsibilities contained in the EQPRDP.

2022-23 CEO Performance Targets

The status of the 2022-23 CEO Performance Targets, as submitted by the Acting CEO, is contained in **Appendix 3**. This enables the Panel to undertake a final analysis of the work completed for each CEO Performance Target and to make a recommendation to Council on the outcomes achieved for each of the 2022-2023 CEO Performance Targets.

This recommendation presented in this report reflects the status as presented by the Acting CEO.

3. OPTIONS

The Panel has the following options:

- I. That the report be received and noted (*Recommended*).
- II. To recommend to Council the status of the 2022-2023 CEO Performance Targets as per the recommendation. (*Recommended*)
- III. That the Panel makes alternative/additional recommendations to Council relating to the status of the 2022-2023 CEO Performance Targets. (*Not Recommended*)

4. APPENDICES

- (1) Key Position Responsibility Commentary and Professional Development, Quarter 4, 2022-23
- (2) CEO Position Description
- (3) 2023-23 CEO Performance Targets -Quarter 4 Status

Appendix 1

*Key Position Responsibility Commentary and
Professional Development, Quarter 4, 2022-23*



CHIEF EXECUTIVE OFFICER - QUARTERLY PERFORMANCE REVIEW AND DEVELOPMENT PROCESS

Key Position Responsibility Commentary and Professional Development

Quarter 4, 2022-23

Key Responsibility 1: Advice to and Relationship with Council Members

Commentary (Activities, Achievements and Challenges):

- Continued advice and guidance to Members both within and outside of formal meetings.
- The additional challenge of a Council election required significant time and attention to on-board new Council Members.
- Two rounds of planned one on one meetings with Council Members over the past 9 months and numerous ad hoc 'catch ups' with Members to provide advice and guidance on various matters. The Acting CEO has made himself available as required, including meeting Members after hours when that has better suited their availability.

Key Responsibility 2: Leadership and Management of Council's Employees

Commentary (Activities, Achievements and Challenges):

- Made a number of visits to teams in the field and at sites other than the Stirling base to get a first-hand understanding of the challenges and achievements of staff right across the organisation as well as taking the opportunity to provide staff with encouragement and updates on organisational priorities.
- Have formulated and applied approaches to management and executive staff remuneration reviews (generally with increases lower than the general workforce) with a view to taking the opportunity to achieve greater parity across management roles with similar levels of responsibility and complexity.
- Have provided staff with update and message of support regarding the transition to a new CEO.
- Have led transition planning with the Executive Team and Senior Leadership Team.
- Management and executive remuneration reviews in 2023-24 will present a challenge for the incoming CEO as most employees in these categories have accepted increases lower than the general workforce over the last 12 – 18 months (an approach which is not necessarily reflective of what has occurred across the sector).

Key Responsibility 3: Stakeholder Management and Communication

Commentary (Activities, Achievements and Challenges):

- Exploring changes to ensure Council Members are made aware of matters we have received media enquiries about before reading about it in a paper first (still to be implemented).
- Carefully managing time allocation to direct stakeholder engagement but stepping in and undertaking direct engagement where necessary (for instance, recent customer complaint example).

CHIEF EXECUTIVE OFFICER - QUARTERLY PERFORMANCE REVIEW AND DEVELOPMENT PROCESS

- Supported the Mayor with advocacy on a range of issues to various state and federal MPs and Ministers. This includes the drafting of letters, in person attendance at meetings and one on one meetings and discussions.
- Supported other senior staff with advice and guidance on appropriate advocacy actions.
- Provided numerous media comments for print media and on-air radio interviews as required.

A particular challenge in this space is determining an appropriate allocation of the CEO's time among other priorities as stakeholder management and communication can be particularly consuming.

In the advocacy space, the Acting CEO recommends the development of an Advocacy Framework which would include the development of appropriate skill sets within the Administration, elected body and with the support of external resources, to undertake effective advocacy to external stakeholders.

Key Responsibility 4: Financial and Asset Management

Commentary (Activities, Achievements and Challenges):

- Worked closely with the Director Corporate Services to determine realistic and achievable savings targets as part of the LTFP development.
- Led and promoted the identification, development and ranking of opportunities for savings within the above-mentioned targets, including the promotion of same through processes with the elected body. Through this work, achieved the greatest single year saving from the Council's annual operating budget (\$830,000) in current corporate memory. Along with a range of other key decisions, the Council has now achieved arguably its strongest position (from a financial sustainability perspective) since its formation in 1997.

A particular challenge going forward will be to support the elected body to maintain the existing strong position while appropriately resourcing any new priorities identified through the Strategic Plan review.

Key Responsibility 5: Growth and Economic Development

Commentary (Activities, Achievements and Challenges):

- Continued to hold the position of Board Member at Adelaide Hills Tourism (had been the CEO's nominee in substantive Director Community Capacity role), to keep abreast of the tourism sector in this crucial 'recovery from COVID' period.
- Worked closely with the Director Development and Regulatory Services on approaches to respond to the current government's clear assertion that local councils need to do more to open up land for further residential development.

A particular challenge in this space continues to be facilitation sustainable development which fosters both economic growth and preservation of character and amenity.

CHIEF EXECUTIVE OFFICER - QUARTERLY PERFORMANCE REVIEW AND DEVELOPMENT PROCESS

Key Responsibility 6: Work, Health and Safety

Commentary (Activities, Achievements and Challenges):

- Introduced automated reporting of WHS incidents to executive leadership to improve awareness of incident occurrence and the identification of patterns and trends in this space.
- Worked closely with the Director Corporate Services to determine appropriate WHS support resourcing going forward.

Key Responsibility 7: Strategic Planning

Commentary (Activities, Achievements and Challenges):

- Provided support and guidance to the development of a plan to review the Council's Strategic Plan, including the engagement plan associated with same.
- A particular challenge this year has been a desire from the Chamber, since the Council Elections, to establish and move on new priorities prior to the commencement of the Strategic Plan review, while at the same time the Administration's focus for Council Member support has been on induction, on-boarding and the statutory annual reviews of the LTFP and ABP and Budget.

Key Responsibility 8: Human Resources Management

Commentary (Activities, Achievements and Challenges):

- Provided support to other senior staff with a range of people management and industrial matters.
- Provided leadership and guidance to the prioritisation of HR initiatives during late 2022 when there were two key HR advisory vacancies in the organisation.
- Together with the Director Corporate Services, reviewed resourcing requirements in the (then) Organisational Development team and re-branded the function as People & Culture to provide a more positive signal to the organisation and increase the focus on culture and employee experience.
- Continued to promote and support a high standard of recruitment across the organisation.

Key Responsibility 9: Operational Management, Governance & Major Projects

Commentary (Activities, Achievements and Challenges):

- Have improved the efficiency of decision making at executive level through appropriate delegation, decision making and triaging.
- Continued the exemplary approach of this council to upholding the highest standards of governance and integrity.
- Led the organisation through the 2022 Council Elections, providing updates to the workforce and leadership to the on-boarding process for new members.

CHIEF EXECUTIVE OFFICER - QUARTERLY PERFORMANCE REVIEW AND DEVELOPMENT PROCESS

Professional Development

Commentary (Development Needs, Activities Planned, Activities Completed):

The opportunity to undertake CEO duties for an extended period of time has itself provided an invaluable development opportunity. Development has occurred mainly through peer support, including:

- Reached out to and met personally with a number of other council CEOs (and the LGA CEO) in late 2022 to establish a support network and to better understand issues facing the sector at that time.
- Attended, and contributed at, all CEO network meetings held during the 9 months in the role, including one held regionally in Berri.
- Made particularly strong connections with other CEOs in the SHLGA region, who have been a good source of support.
- Made a particular effort to attend all CEO briefings (on a range of topics) convened by the LGA; attending online when necessary. Attendance at these briefings varies, but they are valuable and should be better attended.

It is challenging for the CEO to prioritise their own professional and personal development and there is a clear opportunity for the elected body to support this through setting appropriate expectations and giving appropriate 'permissions' in this regard.

As the Acting CEO is finishing up in July, no formal development activities are planned or proposed.

Other Comments

As identified above, the opportunity to act in the CEO role, and undertake the full range of duties of that position, has in and of itself provided a significant development opportunity for the Acting CEO.

Appendix 2

CEO Position Description

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

POSITION SPECIFICATION

PURPOSE

The Chief Executive Officer (CEO) is responsible for the implementation of Adelaide Hills Council's (AHC) strategies, policies and decisions through effective leadership and strategic management of the organisation. The CEO is primarily responsible for ensuring all Council's activities are delivered to best practice standards and that they are compliant with all legal, legislative and corporate governance requirements.

The CEO is accountable for:

- ensuring appropriate fiscal and asset oversight
- positive stakeholder management and communication
- providing outstanding leadership for Council employees
- implementing and managing Council's direction and policies
- providing high-level policy advice and guidance to the Council Members
- ensuring the provision of effective and efficient customer/community focused services
- developing, implementing and monitoring the financial, strategic plan and annual reports
- ensuring the promotion and marketing of the distinctive Council brand in the local and wider communities.

REPORTING / WORKING RELATIONSHIPS

The CEO reports to the Mayor and Council Members (CMs) and is responsible for communicating Council directives through the Executive Leadership Team to AHC employees, ensure their effective and timely implementation.

The CEO is also responsible for developing appropriate relationships in order to represent the interests of Council to federal and state government, appropriate agencies and industry bodies and maintain clear, open and effective communication with the Adelaide Hills community and stakeholder groups.

DELEGATIONS AND AUTHORITY

The Chief Executive Officer will make judgments and decisions in accordance with the Local Government Act, established AHC policy and within all legislative requirements. In particular:

1. sign certificates, contracts, agreements and cheques issued or entered into by AHC in accordance with the relevant decisions and delegations
2. ensure that employees, in carrying out their duties, act in accordance with legislative requirements and established policies, code of conduct and delegations
3. spend monies in accordance with budgets and approved delegations
4. handle industrial disputes, grievances and union issues
5. determine matters relating to the appointment, remuneration and assessment of employees.

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

KEY RESPONSIBILITIES

Advice to and Relationship with Council Members

1. develop and maintain an open and engaged working relationship with the Mayor and all CMs
2. ensure a high degree of satisfaction with CMs in relation to support, guidance, service quality and accuracy of information, recommendations and related matters provided by the CEO and the Executive Leadership Team
3. ensure the CMs are provided with an acceptable cycle of reporting actions that indicate the status, success and effectiveness of all operations and major projects
4. ensure that the AHC's statutory and governance obligations are met in a timely and effective manner
5. ensure CMs are provided with appropriate professional development opportunities, resources and services
6. support the Mayor in upholding the mandated Council Member Code of Conduct
7. ensure that effective communication and working relationships exist between the CMs and the administration, including attending meetings and regular and effective communication processes
8. provide professional, thorough and objective advice to CMs
9. remain up to date in regard to legislative and other major developments affecting local government and advising CMs as to the ramifications.

Leadership and Management of Councils Employees

1. lead all aspects of AHC through contemporary people management styles and techniques
2. provide a positive, safe and engaging work environment which fosters a good working relationship between all employees
3. provide approachable, visible and encouraging leadership
4. ensure decision-making processes are innovative and suitable
5. communicate decisions and all other relevant information to employees through a variety of mediums
6. ensure employees are held accountable for their work
7. provide development opportunities for employees
8. promote equitable work practices
9. promote a safe and healthy workplace
10. provide an internal procedure for managing disputes and grievances
11. support and encourage an environment where CMs and employees work together to create best practice services for the community.

Stakeholder Management and Communication

1. liaise with the community and business groups to assist in the achievement of AHC's objectives
2. develop and enhance the internal and external communications strategies for the organisation
3. initiate and respond to media so that the AHC is positioned as a progressive and responsive entity
4. ensure positive relationships are established with television, radio, press and various electronic media
5. provide input to any commonwealth, state or local government initiatives affecting the council area ensure the development of the local economy
6. effectively liaising with local government authorities, the Local Government Association and other government authorities and agencies
7. ensure effective community consultation programs are developed, conducted, analysed and incorporated in the strategic planning process

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

8. lobby the various arms of government and other stakeholders on behalf of the community
9. liaise with community and business groups to facilitate economic growth and community development for the AHC district
10. represent the AHC at appropriate events to maintain, and if necessary, enhance the AHC's public profile within the community and amongst stakeholders
11. ensure Council activities and initiatives are appropriately promoted and communicated
12. address public meetings in a positive and effective manner
13. establish and maintain quality relationships with resident and business representative groups, educational institutions, community service providers, governmental agencies, regional development boards, local business leaders, individual residents and other customers
14. promptly and diligently responding to requests for service and advice from employees and community
15. act as a champion and advocate for the AHC.

Financial and Asset Management

1. optimise the grants and subsidies available to AHC and the broader community
2. ensure annual and long term financial plans are prepared, monitored and controlled
3. oversee the annual budgeting process in close consultation with the executive management team
4. ensure monitoring and control of budgets including variance analysis and reporting to the CMs
5. ensure CMs are provided with timely and accurate financial reports
6. ensure the financial systems and processes are sound and that technology is used effectively
7. ensure long term asset management plans (community and corporate) are in place and closely monitored
8. ensure well researched business cases / project plans are prepared to support major projects.

Work, Health and Safety

1. As an Officer ensure Council complies with all relevant Work, Health and Safety legislation.

Strategic Planning

1. work with CMs to develop, implement and review the AHC Strategic Plan
2. ensure Annual Business and other relevant strategies and plans are prepared to implement AHC's Strategic Plan
3. effectively communicating the AHC vision and strategy to all key internal and external stakeholders
4. ensure Annual Business Plans are completed and communicated on time
5. ensure the preparation of long term asset management and financial management plans
6. ensure positive progress towards sustainability in all council's activities
7. ensure continuous review of the progress in attaining the objectives of strategic plans.

Human Resources Management

1. create a positive organisational culture with a strong customer service focus
2. lead, develop, motivate and manage the human resources of the organisation
3. regularly review the organisational structure to ensure it meets the functional and business requirements of the AHC Strategic Plan

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

4. ensure recruitment is undertaken in line with contemporary and equal opportunity principles and practices
5. ensure strategies to attract and retain appropriately skill employees are in place
6. ensure professional development and training opportunities, programs, records and policies are in place
7. ensure contemporary performance management procedures are in place and remuneration reviews are regularly conducted
8. ensure that organisational development and associated plans are in place
9. ensure a positive, innovative and productive employee culture and industrial relations environment
10. be accountable for obligations in accordance with various legislation including; EEO Act, WH&S Act, commonwealth / state industrial laws and various other statutory obligations.

Operational Management, Governance & Major Projects

1. ensure regular review of policies, procedures, authorities, controls, workplace agreements, delegations, authorities and systems
2. provide a regular overview of the various operational areas of AHC
3. report to CMs and section 41 committees on a regular and formal basis regarding the progress of the AHC's operations
4. endeavor to have major projects are completed on time and within budget and project status is regularly monitored and communicated to CMs
5. improve performance of the Council by proactively embracing best practice and continuous improvement initiatives, eg Business Excellence Framework
6. enhance AHC's systems and technology is consistent with the Strategic Plan

CAPABILITY STATEMENT

EDUCATION

Formal tertiary qualifications are considered an essential requirement as is a demonstrated commitment to ongoing professional development.

EXPERIENCE

1. Demonstrated success in a senior management position that has a similar level of complexity, size and diversity
2. A proven track record of working in an environment that delivers best practice methodology, in the way in which it operates, is considered highly desirable
3. An in-depth understanding of local government legislation is highly desirable; however an appreciation of the workings of local government achieved through dealings in either a public or private sector organisation would be highly regarded.

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

KEY CAPABILITY ELEMENTS

OPERATIONAL

1. able to motivate the employees to deliver high levels of performance
2. has the capacity and willingness to create organisation efficiencies
3. has a progressive leadership style which encourages a 'can do' attitude in the organisation
4. has highly developed Emotional Intelligence skills and understanding
5. encourages an environment where feedback is constructive

POLITICAL

1. able to work with CMs in a constructive and positive way to deliver progressive outcomes for the community
2. able to provide well researched reports discussing all options with a firm recommendation.
3. able to assist in the professional development of the CMs
4. able to champion the interests of the community and promote the Adelaide Hills

STAKEHOLDERS

1. able to listen and respond empathetically to the wants and needs of the community
2. able to develop a partnership between AHC and the community
3. able to be firm but fair with all internal and external stakeholders to create positive solutions for all parties
4. able to foster and develop strong partnerships with the community, government and other key stakeholders

PERSONAL ATTRIBUTES

1. is sociable
2. is strategic thinker
3. is enthusiastic and motivated
4. has unwavering integrity and honesty
5. has highly developed communication and interpersonal skills
6. takes an innovative approach to decision making and problem solving
7. has a strong, positive, open and engaging contemporary management style
8. is entrepreneurial, has commercial business skills and can see opportunities

Appendix 3

2023-23 CEO Performance Targets -Quarter 4 Status

	Project ID	Performance Target (as per Initiatives and brief description)	Strategic Link	Status
1	C6001	Fabrik Redevelopment Progress the construction of the Fabrik Arts and Heritage Hub redevelopment. Report on progress against key construction milestones through the quarterly corporate performance report. Key Construction Milestones: - Re-locate Council staff, secure the site, and complete the demolition of building 12 – Estimated 30 September 2022 - Complete the re-development of Building 21 – Estimated 31 December 2022 - Complete the re-development of Building 14 – Estimated 31 March 2023 - Complete the construction of the new Pavilion Building attached to building 14 – Estimated 30 June 2023	Strategic Priority C6.1 Develop Fabrik as a vibrant cultural hub for the Adelaide Hills, fostering community connections and creativity and presenting the significant history of the Woollen Mill site.	Status: Project on track. Performance target achieved. Construction work is now approximately 55% completed with 25 weeks remaining in the construction schedule. There have been a number of design issues and construction issues requiring an intense focus to resolve within the project team and various external stakeholders including engineering consultants and Heritage SA. All issues to date have been resolved quickly with minimal impact on construction time and cost. Building 21 remains 90% complete and will have final finishes completed as construction on Building 20 and the pavilion draw to a close. Building 14 and the pavilion are approximately 45% complete and Building 20 is approximately 40% completed. The agreed construction schedule has a practical completion date of 15 December 2023 and at this point in time Council is still on track to meet this delivery date. Contingency plans have been developed with the builders to manage some identified risks in achieving the timeline. The most difficult of these is the persistent wet weather. The A/CEO reported to both prior CEO PRP meetings during his tenure that the project build has always been planned to be completed in December 2023, i.e. beyond 30 June 2023. The project remains on track for overall completion within the adopted budget and timeframe, albeit the estimated milestone dates adopted in the CEO performance targets for 2022-23 were not achieved. The performance target requirement, which was specifically to progress the construction and report on progress quarterly, has been achieved.



	Project ID	Performance Target (as per Initiatives and brief description)	Strategic Link	Status
2	N4001	User Pays Bin Collection Study Complete the following high level studies by November 2022 which considers: 1. introducing a fee incentive for use of the kerbside bin service 2. benefits of providing a weekly green organic bin collection, and 3. voluntary fortnightly waste collection. Outcomes from the studies are to inform November 2022 LTFP and subsequent budget considerations.	Strategic Priority N4.1 We will work with partners to analyse the benefits and feasibility of introducing a fee incentive to property owners to produce less waste in relation to the kerbside bin service	Status: Completed, with additional steps taken to progress alternative waste collection options. This CEO Performance Target was completed in November 2022. Based on the high-level studies completed and the discussions with Council Members at the 11 February 2023 LTFP workshop \$150k (in total) has been included in the draft 2023-24 budget and 2024-25 LTFP to undertake a trial of kerbside bin collection frequency change and provision of green organic bins to rural properties. The Acting CEO provided support and direction to this project to ensure it went beyond just the high-level studies and ultimately became a (since adopted) proposal to conduct a trial of different waste collection regimes in 2023-24.



	ABP ID	Performance Target	Strategic Link	Additional Notes/Context
3	No ID	Savings Strategies Achieve the agreed savings and efficiencies measures captured within the 2022/23 Annual Business Plan by 30 June 2023. Report on progress against these through the quarterly corporate performance report.	Strategic Priority 03.1 Ensure the delivery of agreed strategic plan requirements whilst meeting endorsed long-term targets for a sustainable operating surplus and level of debt.	Status: On track and subject to verification in the end of year financial reporting. An update of the saving strategy achievements was included in the 2022-23 Q3 Quarterly Performance Report presented to Audit Committee and Council separately at its April 2023 Meetings. This showed a realisation of \$501k out of overall saving target of \$650k. As at the time of reporting (June 2023), further savings including waste savings identified as part of Budget Review 3 have increased the amount of savings to \$545k out of the overall saving target of \$650k. The remaining balance will be calculated at part of year end reporting. This includes \$100k relating to Leave Management which will be confirmed as part of the finalisation of the year end employee entitlements for Annual Leave and Long Service Leave due to be completed by the end of July 2023. The Acting CEO has continued to scrutinise the identified areas of budget spend to ensure the savings are achieved and ongoing. The Acting CEO also ensured that while the identified savings opportunities were being implemented, work started in late 2022 on the identification of further savings which have subsequently been incorporated into the LTFP and the 2023-24 ABP and Budget.
4	C1004	Gumeracha Library Upgrade Upgrade the Gumeracha Library with a new layout configuration to make a more welcoming and functional space for the local community. Report on the progress of this project through the quarterly corporate performance report.	Strategic Priority C1.1 Provide welcoming spaces and places for the community through our libraries, community centres, and Council and community facilities	Status: Achieved. Building and fit-out works commenced on Wednesday 17th May, with the refurbished library planned to re-open in the first week of July 2023. The foyer space is also being updated with refreshed furniture and a new service desk for community centre volunteers. Interim library services are being provided via the mobile library while the library is closed for building works. The Acting CEO reported to the previous CEO PRP meeting that this target was at risk due to: 1. Slight delays introduced through the Acting CEO determining that additional work should occur to address issued identified during community consultation, and 2. Difficulty in securing a suitable construction contractor. Since that meeting, the Acting CEO has supported staff to explore other avenues to complete the work. This resulted in the identification and engagement of an appropriate builder who was able to get work underway and achieve completion in the last week of June.



	ABP ID	Performance Target	Strategic Link	Additional Notes/Context
5	N2011	New Dog and Cat Facility Complete Scoping Study and present options to Council Members for impounding dogs and cats, including the option of upgrading the current holding facility at Heathfield. Outcomes from the studies are to inform November 2022 LTFP and subsequent budget considerations.	Strategic Priority 05.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.	Status: Achieved, with further steps taken to explore the broader challenges of longer term animal impounding. The adopted performance target was met when the scoping study was completed and options presented to Council Members as part of the LTFP review and subsequent ABP and Budget development (in which funding was ultimately allocated). The Acting CEO supported staff to further explore and progress this matter, particularly with evolving challenges for longer term impounding as a consequence of capacity issues at both RSPCA and Animal Welfare League. The overall project 'problem statement' has therefore broadened beyond just the issue of short term impounding of cats. The matter was most recently considered by Council at its meeting on 13 June 2023, where it resolved: 1. That the report be received and noted. 2. To commit a portion of the capital funding included in the 2023-24 Annual Business Plan for a New Dog and Cat Facility, to make upgrades to the current facilities at Heathfield to provide immediate additional capacity to hold dogs and cats whilst medium to long term options are further explored. 3. To delegate to the CEO and Mayor to write to both the Local Government Association and the Dog & Cat Management Board and all State Members of Parliament advocating for their leadership to develop a solution to the current issues impacting the whole of the Local Government sector in relation to the housing and rehoming of dogs and cats. 4. To delegate to the CEO (or his delegate) to commence formal discussions with Council's immediate adjoining Councils, or other Councils or stakeholders, to investigate options for a regional solution should there be no solution put forward by either the Local Government Association or the Dog & Cat Management Board.



	ABP ID	Performance Target	Strategic Link	Additional Notes/Context
6	B3002	Central Irrigation System Investigate and implement the central irrigation control system. Report on the progress of this project through the quarterly corporate performance report.	Strategic Priority B3.1 <i>Improve water security by maximising water reuse opportunities, reducing reliance on ground water and improving water efficiencies for open space irrigation and building facilities</i> Strategic Priority N1.2 <i>Manage reserves and open space to support the community, whilst balancing biodiversity conservation, resource use and environmental impacts</i>	Status: Achieved. Nine sites have now had central control irrigation systems installed. Key staff have completed training in the system and others will be trained as necessary. Further analysis is now being completed to ascertain if further infrastructure is required such as flow sensors (these pick-up leaks and faults in the irrigation systems)

	ABP ID	Performance Target	Strategic Link	Additional Notes/Context
7	N2004	Unformed Public Roads Review Complete a review of Unformed Public Roads to ascertain connectivity potential and habitat value. Present the outcomes of this review to Council Members. Deliverables include a robust and accessible dataset and GIS layer (SSA) for Council staff to use to inform Unformed Public Roads queries from the public and internally. This will include the determination of values such as biodiversity, conservation, landscape context, recreational, cultural, heritage, trail condition/slope and other land features such as watercourses, broad vegetation association, species of conservation significance, etc.	Strategic Priority N2.1 <i>Monitor and manage areas of high biodiversity or habitat value on Council reserves and Native Vegetation Marker Scheme (NVMS) sites using best practice Methodologies.</i> AHC Biodiversity Strategy 2018-2023 Goal 1: Protect highlights the need to <i>Proactively review Unformed Public Roads to ascertain connectivity potential and habitat value. Prioritise biodiversity value /connectivity potential for future management.</i>	Status: On track for completion in July 2023, with presentation to Council Members to occur when workshop schedule allows. Project deliverables as specified in the target have been achieved and the new data sets are currently being reviewed and integrated into Council's systems for easy access. A workshop to present the outcomes to Council Members is being scheduled for when time allows among other workshop priorities (most likely in September – October 2023). The data will be available for Council staff to use to inform Unformed Public Roads queries from the public and internally. In particular, the information will assist in evaluating the retention value of surplus unformed road reserves. The datasets developed specifically include dominant land use (and adjacent land use), biodiversity values (vegetation condition and broad vegetation associations, threatened flora and fauna species, threatened ecological communities), presence of declared weeds, conservation values (Bush for Life / Adj NPWS reserves), landscape context (i.e. fragmented or continuous vegetation), recreational value (existence of trails), fire tracks or vehicle access, aspect/slope/terrain and other landscape features such as presence of watercourses, dams and encroachments etc. This project proved to be more complex than initially envisaged and while it continues to be on track for completion, there has not been an opportunity to finalise the integration of the new data sets into Council's systems by the date of writing this update and to present the outcomes to Council Members by 30 June 2023.

Appendix 2

*CEO Performance Review Panel Report - Substantive
CEO Employment – 6 July 2023*

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL MEETING
Thursday 6 July 2023
AGENDA BUSINESS ITEM**

Item: 7.2

Responsible Officer: Lachlan Miller
Executive Manager Governance & Performance
Office of the Chief Executive

Subject: Substantive CEO Employment

For: Decision

SUMMARY

Council has appointed a Substantive CEO and entered into an Employment Agreement (**Appendix 1**).

The Employment Agreement contains provisions relating to a probationary period, key performance indicators, and performance review. The CEO Performance Review Panel (the “Panel”) plays a key role in each of these processes both in terms of the role allocated to it via its Terms of Reference and through references within the Employment Agreement.

Further, since the execution of the CEO Employment Agreement, the Remuneration Tribunal of South Australia has issued Determination 4-2023 which sets out minimum and maximum remuneration bands for council CEOs. There are implications for the remuneration level set out in the CEO Employment Agreement.

The purpose of this report is to provide information to the Panel for consideration in relation the initial stages of the Substantive CEO employment and the provisions of the Employment Agreement. In consideration of the report, the Panel may determine to make a recommendation(s) to Council.

RECOMMENDATION

The CEO Performance Review Panel resolves:

1. That the report be received and noted.
2. To recommend to Council that the CEO Performance Review Panel has noted the Remuneration Tribunal of SA’s ‘2023 Inaugural Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers’ Report and Determination 4-2023 and does not recommend a TEC Package Review be undertaken at this time.
3. To recommend to Council to approve the proposed CEO Probationary Period Performance Review Process as detailed in Item 7.2, CEO Performance Review Panel Agenda – 6 July 2023.
4. To advise Council that the CEO Performance Review Panel intends to develop annual Key Performance Indicators in accordance with clause 17.4 of the CEO Employment Agreement.

5. **To recommend to Council that an appropriate budget is allocated to enable the engagement of an external consultant to assist the CEO Performance Review Panel with the development of Key Performance Indicators and the development and conduct of the Probation Review Survey as part of the CEO Probationary Period Performance Review Process.**
-

1. **BACKGROUND**

CEO Performance Review Panel Functions

The Panel has specific functions in relation to CEO performance monitoring, remuneration and professional development as set out below:

3. SPECIFIC FUNCTIONS

- 3.1 The function of the Panel is to provide advice to Council on the CEO's performance and development, including the following matters:
- 3.1.1 Determining the Performance Targets for the forthcoming 12 month performance period;
 - 3.1.2 Monitoring the progress on the CEO's agreed Performance Targets for the current 12 month performance period;
 - 3.1.3 Reviewing the CEO's performance over the preceding 12 month performance period, in particular the performance against the agreed Performance Targets and position description requirements;
 - 3.1.4 Identifying development opportunities for the CEO; and
 - 3.1.5 Reviewing the remuneration and conditions of employment of the CEO.

Substantive CEO Employment

The Panel has previously been advised (13 October 2022) of the resignation of the previous CEO, Andrew Aitken, and the appoint of the Acting CEO, David Waters, until the commencement of a Substantive CEO.

Since that time, the new (post 2022 election) Council appointed a CEO Selection Panel which conducted the selection process with the assistance of Recruitment Consultant, Rebecca Hunt of McArthur.

Following a fulsome selection process consistent with the requirements of the *Local Government Act 1999*, the Selection Panel made a recommendation for appointment of a Substantive CEO which Council considered in confidence at its 12 May 2023 Special Meeting. Council resolved (Res: 122/23) as follows (released from confidence on 19 May 2023):

3. To appoint Gregory Georgopoulos as the Chief Executive Officer of the Adelaide Hills Council under s98(5) of the *Local Government Act 1999* for a five (5) year period in accordance with the terms and conditions of an Employment Agreement to be finalised, as per Part 4 below, and with a Total Remuneration Package value of no greater than \$290,000.
4. To authorise the Mayor to negotiate and execute the final terms and conditions of the Employment Agreement between Gregory Georgopoulos and the Council consistent with the provisions of Part 3 above and being materially similar to the draft Employment Agreement in *Appendix 3*.

On 18 May 2023, Mayor Wisdom (under delegation from Council) executed the Employment Agreement with Gregory Georgopoulos for a five (5) year period commencing 17 July 2023.

The clauses of the executed Employment Agreement relevant to the Panel's role (role, performance, remuneration and professional development) are contained in a redacted version of the Agreement at *Appendix 1*.

2. ANALYSIS

➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

Strategic Plan 2020-24 – A brighter future

Goal Organisation

Objective O1 We have the right people with the right knowledge and skills in the right jobs and they are supported and developed.

Priority O1.4 Continue to support all staff through training, mentoring, coaching and development to enable the achievement of organisational and community goals.

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community.

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

➤ Legal Implications

The CEO Performance Review Panel is a Section 41 Committee of Council under the *Local Government Act 1999*.

➤ Risk Management Implications

Undertaking regular review of the CEO's performance is an important control in mitigating the risk of:

Deficient CEO performance review practices resulting in a lack of accountability and loss of stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Low (2D)	Low (2D)

Non-achievement of CEO Performance Targets resulting in loss of community benefit and/or opportunities and/or stakeholder confidence.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3C)	Medium (3C)

Note: there are many other controls that also assist in managing these risks.

➤ **Financial and Resource Implications**

The financial implications associated with the agreed CEO remuneration package have been incorporated into the 2023-24 Budget.

Any financial implications associated with the matters discussed in this report such as the use of external consultants for elements of the probationary period review or to make any adjustments to the remuneration package prior to 2024-25 have not been incorporated into the 2023-24 Budget and would need to be dealt with as a Budget Review.

The resource implications associated the Panel's processes are borne by the Governance & Performance Department.

➤ **Customer Service and Community/Cultural Implications**

There is a community expectation that the CEO will perform competently and meet expectations to achieve the required outcomes for the organisation.

➤ **Sustainability Implications**

Not applicable

➤ **Engagement/Consultation conducted in the development of the report**

Engagement and/or consultation on the development of this report was as follows:

Council Committees: Not applicable.

Council Workshops: Not applicable.

Advisory Groups: Not applicable.

External Agencies: McArthur Pty Ltd
KelladyJones Lawyers

Community: Not applicable

➤ **Additional Analysis**

Remuneration Tribunal CEO Determination

The Panel has previously been advised (17 February 2022) of the new provisions arising from the *Statutes Amendment (Local Government Review) Act 2021* (the “Amendment Act”) which provide that, under s99A of the Local Government Act 1999 (the “Act”), the Remuneration Tribunal of SA (the “Remuneration Tribunal”) can determine the minimum and maximum remuneration that may be paid the council CEOs.

To this effect, the Panel developed a submission to the Remuneration Tribunal which was approved and lodged by Council in February 2022 regarding the development of the CEO remuneration determination. Council further participated in two surveys regarding remuneration payable to the CEO.

On 16 June 2023, the Remuneration Tribunal issued their Report (**Appendix 2**) and Determination 4-2023 (**Appendix 3**) on the ‘2023 Inaugural Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers’.

Determination 4-2023 - Minimum and Maximum Chief Executive Officer Remuneration (which accompanies the report) places the Adelaide Hills Council in Band 5 with a Total Remuneration Package range of \$299,520 - \$317,200 (**Appendix 3**).

The Report, in summary, sets out the legislative history, the procedural actions taking in the development of the determination, interstate regimes, the establishment of the minimum and maximum remuneration bands. Further the report, documents the considerable difficulties that the Remuneration Tribunal encountered in the collection of remuneration information from the councils and, in turn, in the development of the minimum and maximum remuneration bands. This was in part due to the myriad of different allowances and calculation methods used by councils (see clause 44, **Appendix 2** for examples of different remuneration components).

The Determination takes effect from 1 July 2023 and once in effect s99A(10) of the Act provides:

- (10) A council must ensure that the remuneration of its chief executive officer is within the relevant minimum and maximum remuneration determined by the Remuneration Tribunal for the purposes of this section.

However, as part of the Amendment Act Transitional Provisions, section 147(5) of the Amendment Act provides:

- (5) The remuneration of a chief executive officer holding office on the commencement of section 99A of the principal Act (as inserted by this Act) is not affected during the term of that office by a determination under section 99A.

Analysis

Notwithstanding that the CEO Employment Agreement was executed on 18 May 2023 and that this was prior to the Determination coming into effect, as the Substantive CEO will not be ‘holding office’ for the purposes of s147(5) above until his commencement of 17 July 2023, the Determination will apply to the Substantive CEO’s remuneration.

The CEO Employment Agreement Total Employment Cost Package (the “TEC Package”) is set at \$290,000 (consisting of annual gross salary, employer superannuation contribution and full and unrestricted private use of vehicle). As such the agreed TEC Package is lower than the minimum remuneration for a Band 5 council (i.e. \$299,520).

Clauses 48 – 52 of the Determination Report (**Appendix 2**) specifically discusses the provision of motor vehicles and the varying values attributed to them in remuneration packages. Clause 51 provides that a simplistic formula used is car value plus Fringe Benefits Tax (FBT) being a minimum of \$20,000.

For the purposes of the CEO Employment Agreement, the provision of the vehicle is costed at \$10,000. Further Council’s estimate of FBT for the vehicle to be provided is \$8,500 (this is not detailed in the TEC Package). This is below the Tribunal’s \$20,000 minimum valuation.

Utilising the Remuneration Tribunal’s simplistic formula, the value that should be assigned to the vehicle for the purposes of the Determination is \$20,000 which would result in a recalculated TEC Package value (for the purposes of the Determination) of \$300,000 which is above the Determination Band 5 minimum.

The Tribunal (at clause 50 of **Appendix 2**) urges councils to review their costing formulas and this is a piece of work already underway for packaged vehicles at Council.

In the short term with a TEC Package value (for Determination purposes) above the band minimum, there does not appear to be a requirement for Council to adjust the Substantive CEO’s TEC Package at this time. However, when the outcome of the packaged vehicles costing analysis is known there may be a need for an adjustment to be made at that time.

Probationary Period

The executed CEO Employment Agreement (**Appendix 1**) contains the following clause regarding probation:

4. **PROBATIONARY PERIOD**

- 4.1 The Council engages the CEO for a probationary period of six months from the Commencement Date. The Parties agree that the probationary period is a fair and reasonable period for the Council to assess the CEO’s performance.
- 4.2 The Council (or any established CEO Review Panel) may review the CEO’s performance and discuss it with the CEO before the end of the probationary period. The Council (or any established CEO Review Panel) may also discuss the CEO’s performance with the CEO during the probationary period.
- 4.3 At any time during the probationary period, either party may terminate the Employment for any reason by giving one month’s notice to the other Party.
- 4.4 If the Council terminates the CEO’s employment during the probationary period, it may pay one month’s pay to the CEO in lieu of notice. This right of termination (if exercised) is at the Council’s absolute discretion and without further liability.
- 4.5 The Council may, at its absolute discretion, pay in lieu of the whole or part of that notice period.

Analysis

Given the wording of clause 4.2 above and the Panel’s specific function in relation to performance review, it is appropriate for the Panel to consider and make recommendations to Council on a process reviewing the Substantive CEO’s performance during the probationary period.

There is also the matter as to whether there should be Performance Indicators to be achieved within the probation period (as opposed to annual Key Performance Indicators which is discussed in the next section). While this is a matter for the Panel and, ultimately for Council, care needs to be exercised to ensure that any indicators are consistent with the CEO role and areas of priority focus.

The following CEO Probationary Period Performance Review Process (the “CPPPRP”) is proposed for consideration:

Week 1 (w/b 17/7/23)	Substantive CEO commences
Week 2 (w/b 24/7/23)	CEOPRP meets with Substantive CEO and sets out the CPPPRP and agrees the broader Performance Review Process (see next section)
Week 10 (w/b 18/9/23)	CEOPRP: • Receives the Interim Performance Review & Development Report from the Substantive CEO • Discusses Key Performance Indicators with Substantive CEO and makes recommendation to Council for adoption of Indicators. • Finalises Probation Review Survey contents
Week 19 (w/b 20/11/23)	Consultant administers the Probation Review Survey
Week 22 (w/b 11/12/23)	CEOPRP: • Receives the Interim Performance Review & Development Report from Substantive CEO • Considers Probation Review Survey Report from the Consultant and makes recommendation to Council.
Week 23 (w/b 18/12/23)	Council considers CEOPRP recommendation regarding performance and determines continuance/cessation.
Week 27 (w/b 15/1/24)	Probation period ends 16/1/24

The Interim Performance Review & Development Report (the “IPRDPR”) is proposed to be identical in format to the current Expanded Quarterly Performance Review & Development Process (the “EQPRDP”) report (see Item 7.1 in this meeting’s agenda) to allow discussion on the how the Substantive CEO is performing in each of the CEO Position Description responsibilities, to discuss any professional development that is required, Key Performance Targets/Indicators (if set), and any other pertinent matters.

It is further proposed to engage the services of a consultant to provide advice in relation to the development of Key Performance Indicators (discussed in next section) and to administer the Probation Review Survey (modelled on the annual survey discussed in the next section).

For the probationary period (17/7/23 – 16/1/24), the IPRDPR will replace the need for the EQPRDP, which will recommence in (post-probation) late January 2024 for Quarter 2, 2023-24.

Performance Review

The executed CEO Employment Agreement (**Appendix 1**) contains the following clause regarding performance review:

17. PERFORMANCE REVIEW

- 17.1 The Parties agree that the CEO will, if so directed by the Council or the CEO Review Panel, participate in such annual and/or periodical performance review process as is required and determined by the Council or the CEO Review Panel.
- 17.2 When undertaking a review of the CEO's performance under this Clause, the Council or the CEO Review Panel, whichever is applicable, will obtain and consider the advice of a qualified independent person in accordance with Section 120A(2) of the *Local Government Act 1999* (SA).
- 17.3 The Parties agree that the performance review process will be established by the CEO Review Panel. The CEO Review Panel will determine the appropriate CEO performance review process against which the CEO's performance will be assessed and the review will be completed within three (3) months of the end of each financial year of the Term.
- 17.4 The CEO Review Panel will, within three (3) months of the Commencement Date, develop Key Performance Indicators in consultation with the CEO, and following that consultation, the Key Performance Indicators will be as advised by the CEO Review Panel to the CEO and as mutually agreed.
- 17.5 Key Performance Indicators will be reviewed annually and/or periodically. The CEO Review Panel may alter the Key Performance Indicators at its discretion following reasonable consultation with the CEO.
- 17.6 The composition of the CEO Review Panel will be determined by the Council.
- 17.7 Unless otherwise agreed between the CEO and the CEO Review Panel, a minimum of 25 working days' notice, in writing, that a performance review is to be conducted will be provided to the CEO to enable time to prepare for the review.
- 17.8 The CEO will prepare and submit an assessment of their own performance prior to the assessment of the CEO's performance being undertaken by the CEO Review Panel.
- 17.9 The CEO Review Panel will assess the CEO's performance by reference to the process to be determined in clause 17.3 of this Agreement, measured against the CEO's Duties as outlined in this Agreement, Position Description and any other factors considered relevant by the CEO Review Panel. The CEO Review Panel will evaluate the extent to which the CEO has discharged the CEO's goals, objectives, responsibilities and Duties outlined in Schedule 1 and the Key Performance Indicators.

- 17.10 A written report (including comparison against the CEO's self-assessment) shall be compiled with respect to the performance review and a copy provided to the CEO. The report shall set out in detail any particular aspects of the CEO's performance that are commendable and any aspects that require improvement, together with reasonable time frames within which the CEO Review Panel expects those areas of performance to be improved to a specified standard. The CEO will be given at least 28 days (or a longer period as agreed with the CEO Review Panel) within which the CEO Review Panel expects those areas of performance to be improved to a specified standard.
- 17.11 A final report on the assessment of the CEO is to be forwarded to the Council for consideration.
- 17.12 The Council must provide whatever reasonable counselling, advice and assistance as reasonably necessary to enable the CEO to improve their performance during any specified timeframes referred to in clause 17.10.
- 17.13 If, at the conclusion of the timeframes referred to in Clause 17.10 of this Agreement, after taking into account the written report referred to in this Clause (and such other matters as the Council considers relevant), the CEO will either:
- 17.13.1 be informed that their performance has improved to the satisfaction of the Council and that no further action will be taken; or
 - 17.13.2 be provided an extended timeframe for specified improvement for a further specified period; or
 - 17.13.3 the CEO's performance has not improved to the specified standards or requirements and the Council may terminate the Agreement in accordance with Clause 19.

Historically, the CEO performance review process has consisted of:

- Approximately quarterly CEOPRP meetings in which the CEO has reported progress against the yearly CEO Performance Targets (which are key projects for that year's Annual Business Plan) and then commencing for Quarter 4 2022-23 (see item 7.1) the EQPRDP, which included providing commentary against the CEO Position Description key responsibilities; and
- An annual survey process involving Council Members and the Executive Leadership Team rating the CEO's performance, using a defined rating system, against the CEO Position Description key responsibilities. This process coincides with the annual TEC Package Review.

While the focus for the Substantive CEO and the Panel needs to be on the probationary period, it is important that the Panel considers the broader Performance Review Process that needs to be put in place. Contemplating this early and communicating it to the Substantive CEO will assist with managing expectations and will satisfy the requirements of clause 17.3 of the Employment Agreement (as above). It is further proposed to use the same consultant to administer the same survey as used in the CPPPRP.

As identified in the Probationary Period section above, a matter that does need to be considered early is the Key Performance Indicators (if any) that will be used as part of the Performance Review as set out in clause 17.4 of the Employment Agreement (as above). The proposed CPPPRP above, has advice being sought from the consultant and CEOPRP discussion in Week 9 for recommendation to Council for adoption (i.e., to be determined prior to the 3 month timeframe).

The design and conduct of the annual performance review process as provided for in clause 17 of the Employment Agreement will be the subject of a separate report following the completion of the probationary period.

3. OPTIONS

The Panel has the following options:

- I. Consider the Remuneration Tribunal's CEO Determination and determine whether to make any recommendations to Council in relation to the Substantive CEO Employment Agreement TEC Package and the Determination Group 5 minimum (Recommended)
- II. Consider the requirements of the Probationary Period clause in the CEO Employment Agreement and make any recommendations to Council regarding the proposed CEO Probationary Period Performance Review Process (the "CPPPRP") or an alternative (Recommended)
- III. Consider the matter of the development of Key Performance Indicators and whether they would be for the year and/or for the probationary period and, if appropriate, make any recommendations to Council (Recommended)
- IV. Consider the role that an external consultant may play in assisting the development of Key Performance Indicators and/or conduct of a Probation Review Survey and, if appropriate, make any recommendations to Council (Recommended)

4. APPENDICES

- (1) CEO Employment Agreement – redacted
- (2) 2023 Inaugural Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers – Report
- (3) 2023 Inaugural Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers – Determination 4-2023

Appendix 1

CEO Employment Agreement - redacted



EMPLOYMENT AGREEMENT

BETWEEN

ADELAIDE HILLS COUNCIL

'the Council'

- and -

GREGORY GEORGOPOULOS

Note: this is a redacted version of the Agreement

TABLE OF CONTENTS

1.	DEFINITIONS AND INTERPRETATION.....	3
2.	APPLICATION OF OTHER INDUSTRIAL INSTRUMENTS	4
3.	POSITION	5
4.	PROBATIONARY PERIOD.....	5
5.	TERM OF EMPLOYMENT	5
6.	FURTHER AGREEMENT	5
7.	HOURS OF WORK	5
8.	REQUIREMENTS OF POSITION.....	6
9.	DUTIES AND RESPONSIBILITIES	7
10.	ACCOUNTABILITY	8
11.	DISCLOSURE OF INTERESTS	8
12.	OUTSIDE INTERESTS	8
13.	TOTAL EMPLOYMENT COST PACKAGE (TEC PACKAGE)	9
14.	PROVISION OF WORK RELATED EQUIPMENT	11
15.	PROFESSIONAL DEVELOPMENT AND MEMBERSHIPS	11
16.	WORK-RELATED EXPENSES	11
17.	PERFORMANCE REVIEW	11
18.	TEC PACKAGE REVIEW.....	13
19.	TERMINATION OF AGREEMENT	13
20.	LEAVE.....	15
21.	DISCLOSURE OF CONTRACTUAL TERMS.....	16
22.	CONFIDENTIALITY OF INFORMATION	16
23.	INTELLECTUAL PROPERTY AND OTHER PROPERTY OF THE COUNCIL	17
24.	WARRANTY OF QUALIFICATIONS.....	18
25.	STATEMENTS TO THE MEDIA	18
26.	GOVERNING LAW	18
27.	NO WAIVER	18
28.	SEVERABILITY	18
29.	NOTICES.....	19
30.	VARIATION	19
31.	ENTIRE AGREEMENT	20
	SCHEDULE 1 Duties (Position Description)	
	SCHEDULE 2 Total Employment Cost Package	

16 May 2023

Between

ADELAIDE HILLS COUNCIL of 63 Mt Barker Road, STIRLING 5152 in the State of South Australia (**the Council**)

and

GREGORY GEORGOPOULOS of [REDACTED] (**the CEO**)

BACKGROUND

- A. The Council is a body corporate constituted by proclamation pursuant to the *Local Government Act 1999* (SA).
- B. The Council wishes to offer fixed-term employment to the CEO in accordance with Section 96 of the *Local Government Act 1999* (SA).
- C. The CEO has agreed to accept the employment on terms and conditions set out herein.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Act means the *Fair Work Act 1994* (SA);

Agreement means this employment agreement;

Award means the South Australian Municipal Salaried Officers Award or a successor award;

CEO Review Panel means a performance review panel established pursuant to the *Local Government Act 1999* (SA) for the purpose of reviewing the performance of the CEO;

Commencement Date means 17 July 2023;

Competent Performance means the achievement of the KPI's established by the CEO Review Panel;

Confidential Information means:

- (a) information relating to the business affairs and employees of the Council;
- (b) matters of a technical nature, future directives and policies, technical data pertaining to the general affairs of the Council, internal procedures and information, financial information, information pertaining to other employees, salaries, strategic and business plans and like information relating to the Council;

- (c) other information which the Council tells the CEO is confidential or which, if disclosed, the CEO knows or should reasonably know would be detrimental to the Council; and
- (d) all other information which is imparted to the CEO in circumstances from which the CEO knows or should reasonably know that the information is confidential to the Council or any other person with whom the Council is concerned; and
- (e) excludes any information that is public knowledge otherwise than as a consequence of a breach by the CEO of obligations under this Agreement or a breach by some other person of a duty of confidence to the Council.

Council means the elected body of the Adelaide Hills Council constituted pursuant to the *Local Government Act 1999* (SA);

Duties means the responsibilities, duties and functions of the CEO specified in this Agreement including in Schedule 1;

Employment means the employment of the CEO pursuant to this agreement;

Expiry Date means the date on which this agreement expires on 17 July 2028, being five (5) years from the Commencement Date unless otherwise terminated in accordance with Agreement;

Parties means the Council and the CEO;

Performance Criteria means the criteria which the CEO's performance is assessed under the Performance Review Process, specified in Clause 17;

TEC Package means the monetary and non-monetary entitlements of the CEO specified at Clause 13 and Schedule 2;

Term means the CEO's employment commences on the Commencement Date and will continue under this Agreement for five (5) years, concluding on the Expiry Date.

1.2 BACKGROUND AND SCHEDULES

The Background and Schedules are correct and form part of this Agreement.

2. APPLICATION OF OTHER INDUSTRIAL INSTRUMENTS

- 2.1 This Agreement shall be read in conjunction with the Act.
- 2.2 This Agreement shall not be read in conjunction with the Award, or any other industrial award or agreement arising from the Act.
- 2.3 No enterprise agreement or award applies to the CEO's employment.

3. POSITION

- 3.1 The Council appoints the CEO to the position of Chief Executive Officer on a full-time basis in accordance with the terms of this Agreement.
- 3.2 The Parties agree that the terms and conditions of this Agreement shall apply to the position for the life of this Agreement, as amended from time to time.

4. PROBATIONARY PERIOD

- 4.1 The Council engages the CEO for a probationary period of six months from the Commencement Date. The Parties agree that the probationary period is a fair and reasonable period for the Council to assess the CEO's performance.
- 4.2 The Council (or any established CEO Review Panel) may review the CEO's performance and discuss it with the CEO before the end of the probationary period. The Council (or any established CEO Review Panel) may also discuss the CEO's performance with the CEO during the probationary period.
- 4.3 At any time during the probationary period, either party may terminate the Employment for any reason by giving one month's notice to the other Party.
- 4.4 If the Council terminates the CEO's employment during the probationary period, it may pay one month's pay to the CEO in lieu of notice. This right of termination (if exercised) is at the Council's absolute discretion and without further liability.
- 4.5 The Council may, at its absolute discretion, pay in lieu of the whole or part of that notice period.

5. TERM OF EMPLOYMENT

- 5.1 The Employment commences on the Commencement Date and expires on the Expiry Date unless the Employment is:
 - 5.1.1 terminated pursuant to clause 19, in which case the Employment terminates at that time; or
 - 5.1.2 the subject of a new employment agreement pursuant to clause 6; or
 - 5.1.3 terminated within the probationary period pursuant to clause 4, in which case the CEO's Employment terminates at that time.
- 5.2 The Employment is not ongoing but continues only for the Term subject to this clause.

6. FURTHER AGREEMENT

- 6.1 The Parties may at any time during the Term commence negotiations for a further Agreement.
- 6.2 There is no automatic extension of the Term.

- 6.3 If the CEO accepts any offer of a new employment agreement, the terms of that employment must be set out in a further written agreement. In the absence of any such written and mutually signed agreement, the employment terminates upon the Expiry Date.
- 6.4 If a new employment agreement has been entered into between the Parties under this clause, the CEO is deemed to have continuity of service with the Council for the purpose of determining the CEO's accrued benefits under the new employment agreement.
- 6.5 If the terms of a new employment agreement cannot be agreed between the Parties by the Expiry Date, the CEO's employment will conclude on the Expiry Date.

7. HOURS OF WORK

- 7.1 The CEO's hours of work average 38 hours per week including reasonable additional hours and will be as required for the CEO to perform the Duties and the other functions pursuant to this Agreement, including attendance at Council meetings.
- 7.2 The CEO must devote their whole time and attention during the hours reasonably required to properly perform the Duties.
- 7.3 The TEC Package referred to in clause 13 of this Agreement is in full satisfaction for all hours worked by the CEO, including reasonable additional hours and attendance at Council meetings. No additional remuneration is paid as loadings, penalties or for overtime worked by the CEO, including weekends and public holidays, it being noted that the salary component of the TEC Package is loaded in consideration of such hours.

8. REQUIREMENTS OF POSITION

- 8.1 The CEO must perform the Duties set out in clause 9 and Schedule 1 of this Agreement.
- 8.2 The Council may change any of the Duties set out in clause 9 and Schedule 1 of this Agreement, in consultation with the CEO, as long as those Duties remain within the skills and expertise of the CEO.

9. DUTIES AND RESPONSIBILITIES

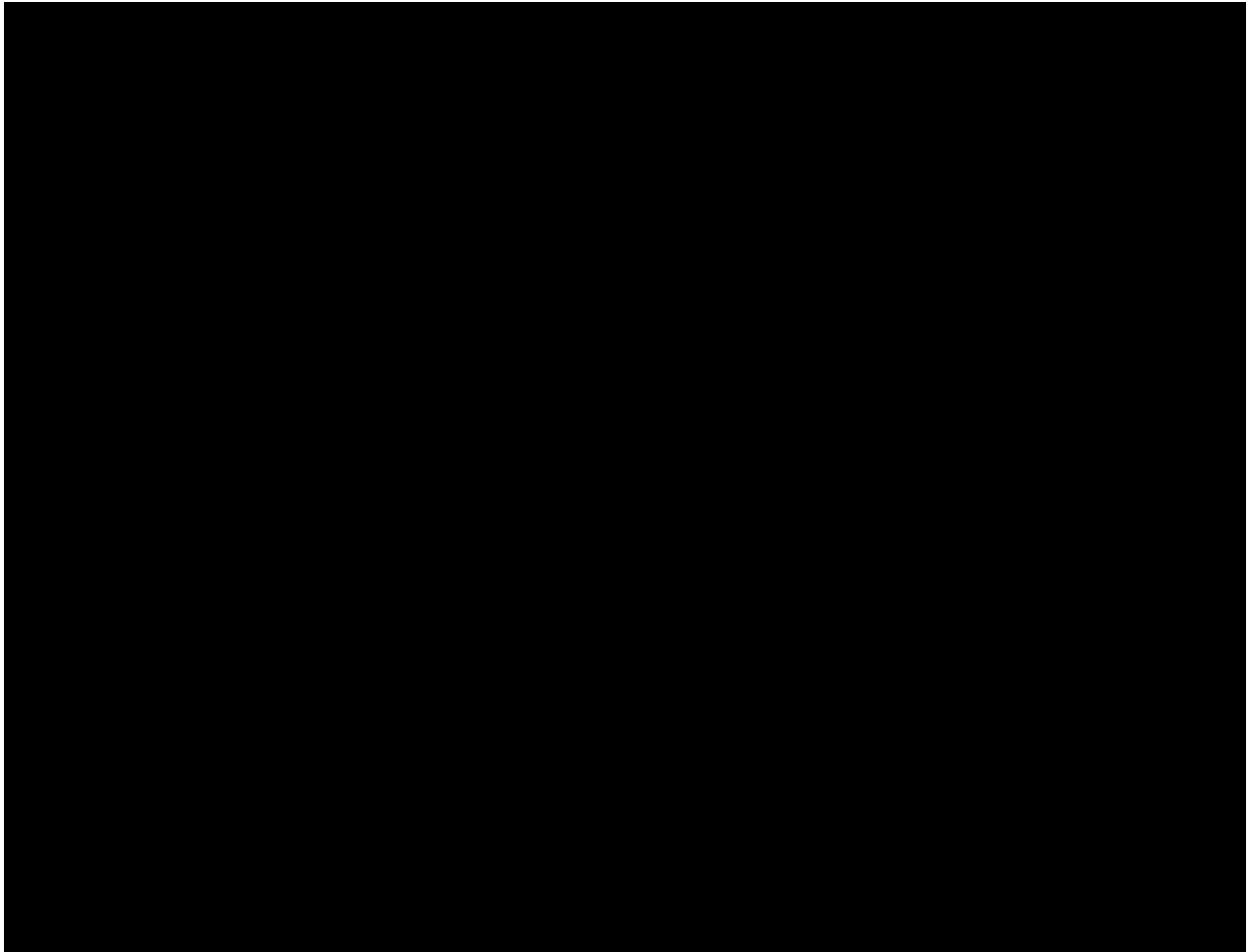
- 9.1 The CEO must:
- 9.1.1 comply with any applicable Employee Behavioural Standards or Code of Conduct for Council Employees, as amended or replaced from time to time by statute or otherwise;
 - 9.1.2 observe and comply with statutory responsibilities arising from the *Local Government Act 1999 (SA)* and all other applicable legislation;
 - 9.1.3 observe and comply with all lawful directions and instructions of the Council;
 - 9.1.4 perform the Duties with such a degree of skill, care and diligence, which is appropriate to the Duties;

- 9.1.5 be just and faithful to the Council and shall promptly give to the Council full information and truthful explanations of all matters relating to their Duties and responsibilities under this Agreement;
- 9.1.6 act in the best interests of the Council at all times;
- 9.1.7 account and declare to the Council for any remuneration or other benefit received from a third party in the CEO's capacity as an employee in any business conducted or promoted by the Council or any related corporation;
- 9.1.8 be informed and up to date on issues and developments that affect all areas of responsibility;
- 9.1.9 attend meetings of the Council and other bodies as required, subject to personal leave or compelling circumstances;
- 9.1.10 exercise responsibilities and Duties where the Council has delegated authority;
- 9.1.11 personally observe and comply with the requirements of the Council's policies and procedures in force from time to time;
- 9.1.12 carry out and perform the Duties:
 - 9.1.12.1 lawfully;
 - 9.1.12.2 with proper decorum;
 - 9.1.12.3 to the best of the CEO's ability and judgement; and
 - 9.1.12.4 to the satisfaction of the Council;
- 9.1.13 promote the aims and objectives of the Council; and
- 9.1.14 maintain a current, unimpeded Australian driver's licence throughout the Term; and
- 9.1.15 at all times comply with the *Local Government Act 1999* (SA) and any other legislation applying to matters within the scope of the CEO's employment.
- 9.2 The CEO accepts that the Council may require them to carry out any and all Duties which are within their skills and competence, including those duties specifically outlined in Schedule 1.

10. ACCOUNTABILITY

- 10.1 The CEO is accountable to the Council and is required to satisfactorily carry out the responsibilities, Duties and functions set out in the position description in Schedule 1, which forms part of this Agreement.
- 10.2 The CEO will be subject to the direction and control of the Council at all times.

- 10.3 The CEO will devote their whole time and attention during the hours reasonably required to carry out and perform the Duties to the best of their ability and judgement in a manner that is lawful, safe, and to the satisfaction of Council.



13. TOTAL EMPLOYMENT COST PACKAGE (TEC PACKAGE)

- 13.1 In consideration of performing the Duties, the CEO is entitled to the TEC Package outlined in this Clause and in Schedule 2.
- 13.2 Regardless of Clause 13.1, the Parties may agree to enter into any lawful salary packaging arrangement by mutual agreement between them, which will be recorded in writing and annexed to this Agreement. The Council will bear the cost of Fringe Benefits Tax (if any) associated with any salary packaging arrangements reached with the CEO.
- 13.3 The Parties acknowledge that, in accordance with Section 99A (10) of *the Local Government Act 1999* (SA), the TEC Package may be reviewed and adjusted, by mutual agreement, to ensure compliance with applicable rates as determined by the Remuneration Tribunal of South Australia (RTSA).
- 13.4 No additional remuneration is paid as loadings, penalties or for overtime worked by the CEO, including weekends and public holidays, it being noted that the salary component of the TEC Package is loaded in consideration of all such hours.

- 13.5 The cash component of the TEC Package will be paid in arrears in equal fortnightly instalments, or as otherwise provided by the Council, by direct deposit to an account nominated by the CEO.

13.6 Superannuation

- 13.6.1 The council must make superannuation contributions in accordance with its obligations under the *Superannuation Guarantee (Administration) Act 1992* (Cth), and as necessary to ensure that the Council is not subject to the charge under the *Superannuation Guarantee (Administration) Act 1992* (Cth).
- 13.6.2 The CEO must nominate a compliant superannuation fund within 30 days of the Commencement Date.
- 13.6.3 Any statutory increase to superannuation will be borne by the Council as an addition to the TEC Package, as it applies at the time of the statutory increase.
- 13.6.4 The CEO may, within constraints imposed by the Australian Taxation Office salary sacrifice a component of the CEO's TEC into the superannuation fund or an approved private fund.

13.7 Deductions

The Council must:

- 13.7.1 deduct from the cash component of the TEC Package and remit to the Australian Taxation Office instalments of income tax in compliance with its obligations under the *Income Tax Assessment Act 1936* (Cth); and
- 13.7.2 make any other deduction which the Council is lawfully authorised or obliged to make.

13.8 Vehicle

- 13.8.1 The Council requires the CEO to have a current and unimpeded Australian driver's licence so as to fulfil the Duties in this Agreement. The Council will provide the CEO with a fully maintained vehicle for business and private use, if the CEO so chooses.
- 13.8.2 If the CEO accepts the fully maintained vehicle, the CEO will have unrestricted personal use of the vehicle, provided that the vehicle shall not be used for any other commercial or income producing activity or pursuits.
- 13.8.3 The type of vehicle and any other vehicle-related matters shall be determined in accordance with the Council's motor vehicle management policies and any other applicable Council policies (as amended from time to time).

- 13.8.4 The Council will be responsible for any fuel purchases or maintenance costs of the Council vehicle including fuel used for intrastate travel. The CEO will be responsible for fuel purchases for interstate travel, except where that travel is for approved work-related travel.
- 13.8.5 The parties agree that the CEO's spouse or partner, or a member of the CEO's immediate family, may be nominated as a driver of the vehicle.
- 13.8.6 In the event that the CEO is absent from duties for a period exceeding forty (40) days, the CEO agrees to return the Council vehicle to the Council until such time that the CEO returns to duties. This clause does not apply where the CEO chooses to use the CEO's own vehicle.
- 13.8.7 If the CEO chooses to use the CEO's personal vehicle in lieu of the Council vehicle, the CEO is entitled to receive \$10,000 (as set out in Schedule 2) as part of the TEC Package (subject to tax and superannuation) sacrificed for the vehicle.
- 13.8.8 The Council will be responsible for the payment of the Fringe Benefits Tax associated with the vehicle (if any). From time to time a record of the CEO's motor vehicle travel may be requested by Council's Finance Department in accordance with the Fringe Benefits Taxation legislation.

14. PROVISION OF WORK-RELATED EQUIPMENT

- 14.1 The Council shall provide the CEO with the following equipment, and ensure payment in respect of the following services to assist in the performance of their Duties:
- 14.1.1 Mobile phone; and
- 14.1.2 Personal computer and/or iPad (or relevant other technological devices).
- 14.2 The CEO is required to return the mobile phone, iPad and personal computer to the Council by the Expiry Date, unless otherwise agreed with the Council.
- 14.3 The mobile phone number remains the property of the Council.

15. PROFESSIONAL DEVELOPMENT AND MEMBERSHIPS

- 15.1 The Council agrees to provide the CEO with professional development opportunities to meet the performance measurement requirements throughout the term of the Agreement, as mutually agreed, up to the value of \$5,700 per annum.
- 15.2 The Council will fund professional development opportunities throughout the Term of this Agreement up to the value specified in Clause 15.1, excluding interstate and/or overseas travel, as nominated by the CEO, by agreement with the Council.
- 15.3 That the Council foster the view that for the Chief Executive Officer to be strategically creative in the development, recommendation and provision of future visions for the Council, the CEO be encouraged to expand their professional development and knowledge through opportunities and programs designed for such a purpose.

- 15.4 The Council will pay for the cost of the CEO's professional membership(s) to bodies relevant to the CEO's Duties up to the value of \$1,300 per annum.

16. WORK-RELATED EXPENSES

The Council agrees to reimburse the CEO for work-related expenses incurred by the CEO in the course of their employment upon the provision of relevant invoices.

17. PERFORMANCE REVIEW

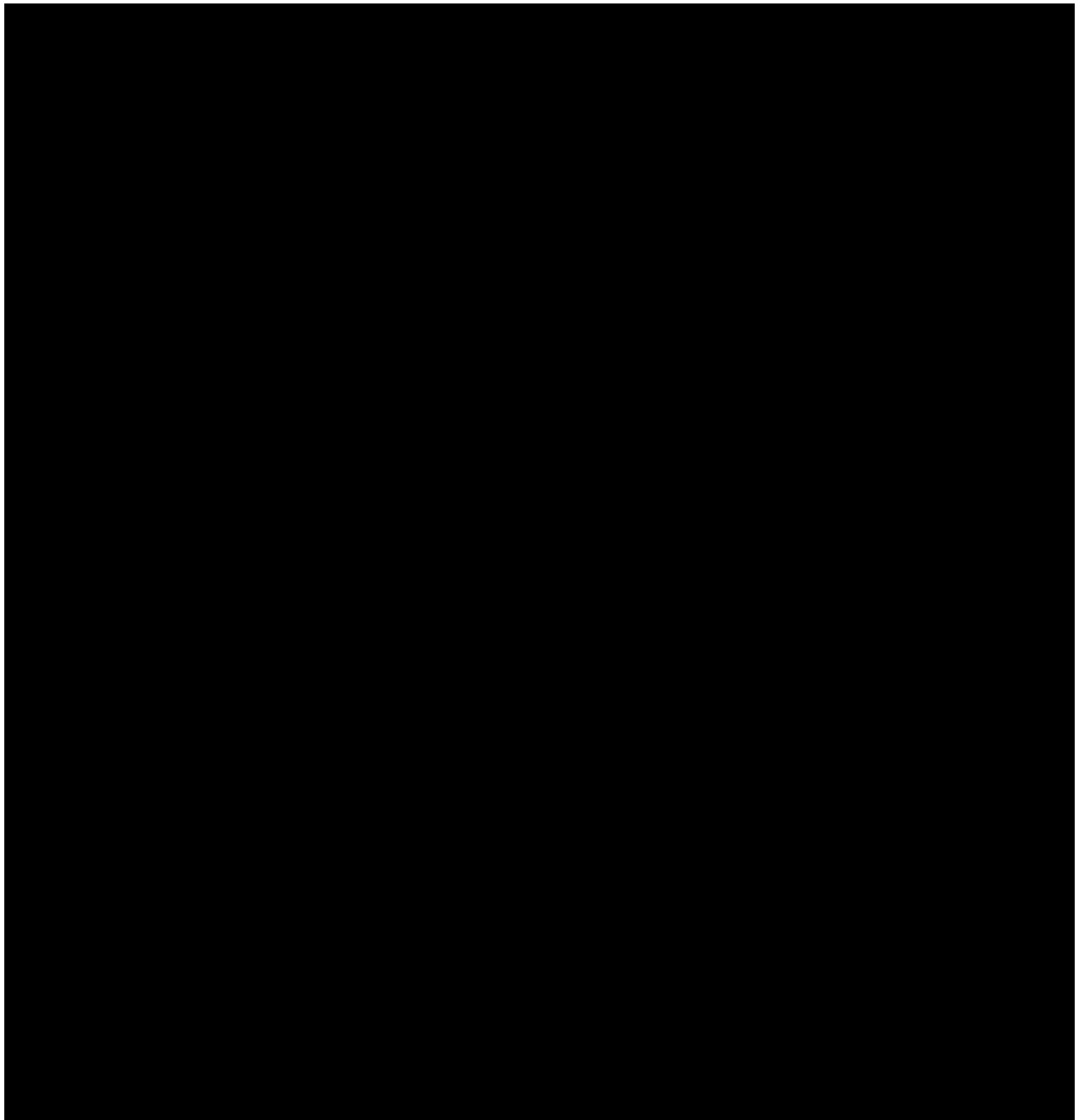
- 17.1 The Parties agree that the CEO will, if so directed by the Council or the CEO Review Panel, participate in such annual and/or periodical performance review process as is required and determined by the Council or the CEO Review Panel.
- 17.2 When undertaking a review of the CEO's performance under this Clause, the Council or the CEO Review Panel, whichever is applicable, will obtain and consider the advice of a qualified independent person in accordance with Section 120A(2) of the *Local Government Act 1999* (SA).
- 17.3 The Parties agree that the performance review process will be established by the CEO Review Panel. The CEO Review Panel will determine the appropriate CEO performance review process against which the CEO's performance will be assessed and the review will be completed within three (3) months of the end of each financial year of the Term.
- 17.4 The CEO Review Panel will, within three (3) months of the Commencement Date, develop Key Performance Indicators in consultation with the CEO, and following that consultation, the Key Performance Indicators will be as advised by the CEO Review Panel to the CEO and as mutually agreed.
- 17.5 Key Performance Indicators will be reviewed annually and/or periodically. The CEO Review Panel may alter the Key Performance Indicators at its discretion following reasonable consultation with the CEO.
- 17.6 The composition of the CEO Review Panel will be determined by the Council.
- 17.7 Unless otherwise agreed between the CEO and the CEO Review Panel, a minimum of 25 working days' notice, in writing, that a performance review is to be conducted will be provided to the CEO to enable time to prepare for the review.
- 17.8 The CEO will prepare and submit an assessment of their own performance prior to the assessment of the CEO's performance being undertaken by the CEO Review Panel.
- 17.9 The CEO Review Panel will assess the CEO's performance by reference to the process to be determined in clause 17.3 of this Agreement, measured against the CEO's Duties as outlined in this Agreement, Position Description and any other factors considered relevant by the CEO Review Panel. The CEO Review Panel will evaluate the extent to which the CEO has discharged the CEO's goals, objectives, responsibilities and Duties outlined in Schedule 1 and the Key Performance Indicators.

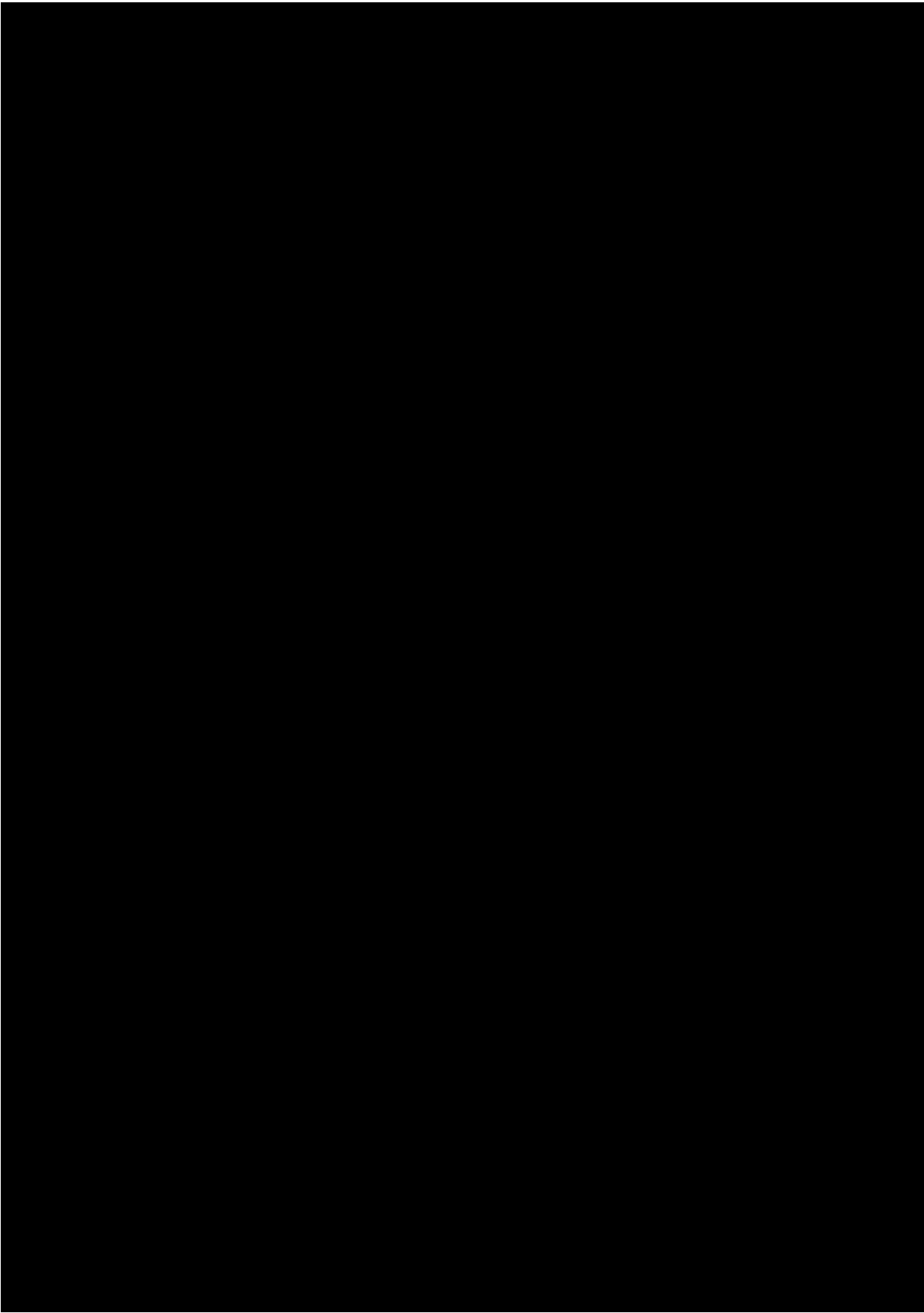
- 17.10 A written report (including comparison against the CEO's self-assessment) shall be compiled with respect to the performance review and a copy provided to the CEO. The report shall set out in detail any particular aspects of the CEO's performance that are commendable and any aspects that require improvement, together with reasonable time frames within which the CEO Review Panel expects those areas of performance to be improved to a specified standard. The CEO will be given at least 28 days (or a longer period as agreed with the CEO Review Panel) within which the CEO Review Panel expects those areas of performance to be improved to a specified standard.
- 17.11 A final report on the assessment of the CEO is to be forwarded to the Council for consideration.
- 17.12 The Council must provide whatever reasonable counselling, advice and assistance as reasonably necessary to enable the CEO to improve their performance during any specified timeframes referred to in clause 17.10.
- 17.13 If, at the conclusion of the timeframes referred to in Clause 17.10 of this Agreement, after taking into account the written report referred to in this Clause (and such other matters as the Council considers relevant), the CEO will either:
- 17.13.1 be informed that their performance has improved to the satisfaction of the Council and that no further action will be taken; or
 - 17.13.2 be provided an extended timeframe for specified improvement for a further specified period; or
 - 17.13.3 the CEO's performance has not improved to the specified standards or requirements and the Council may terminate the Agreement in accordance with Clause 19.

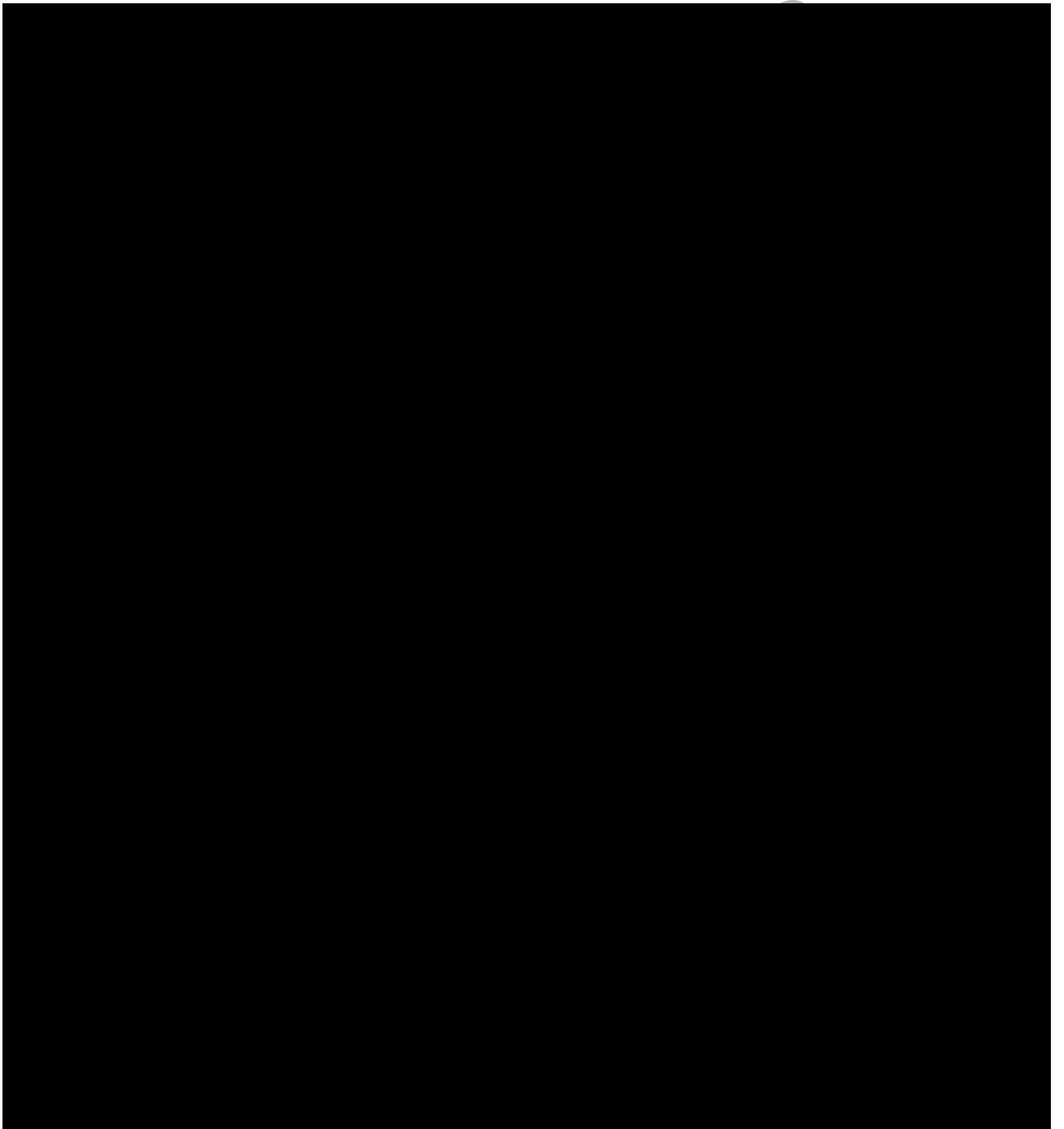
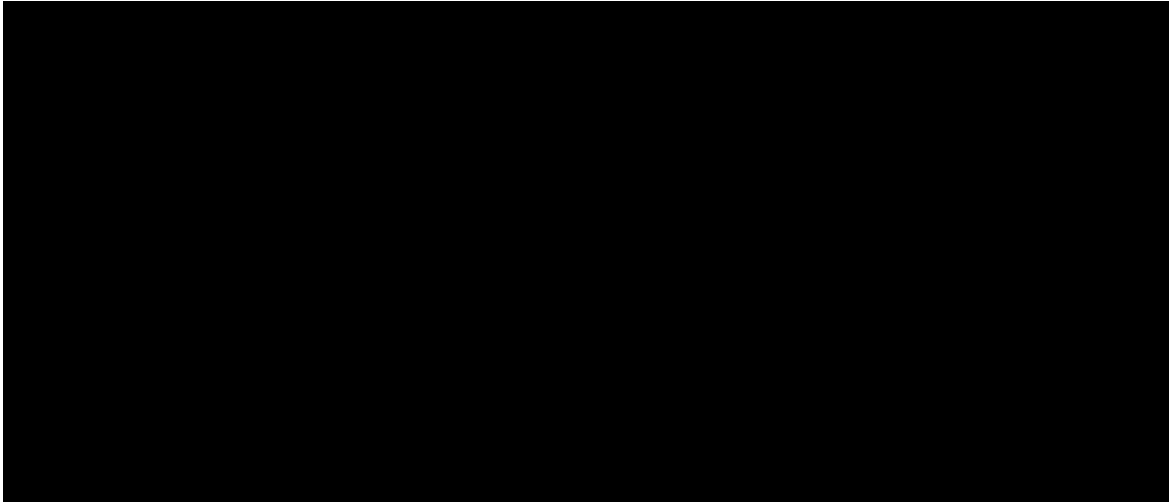
18. TEC PACKAGE REVIEW

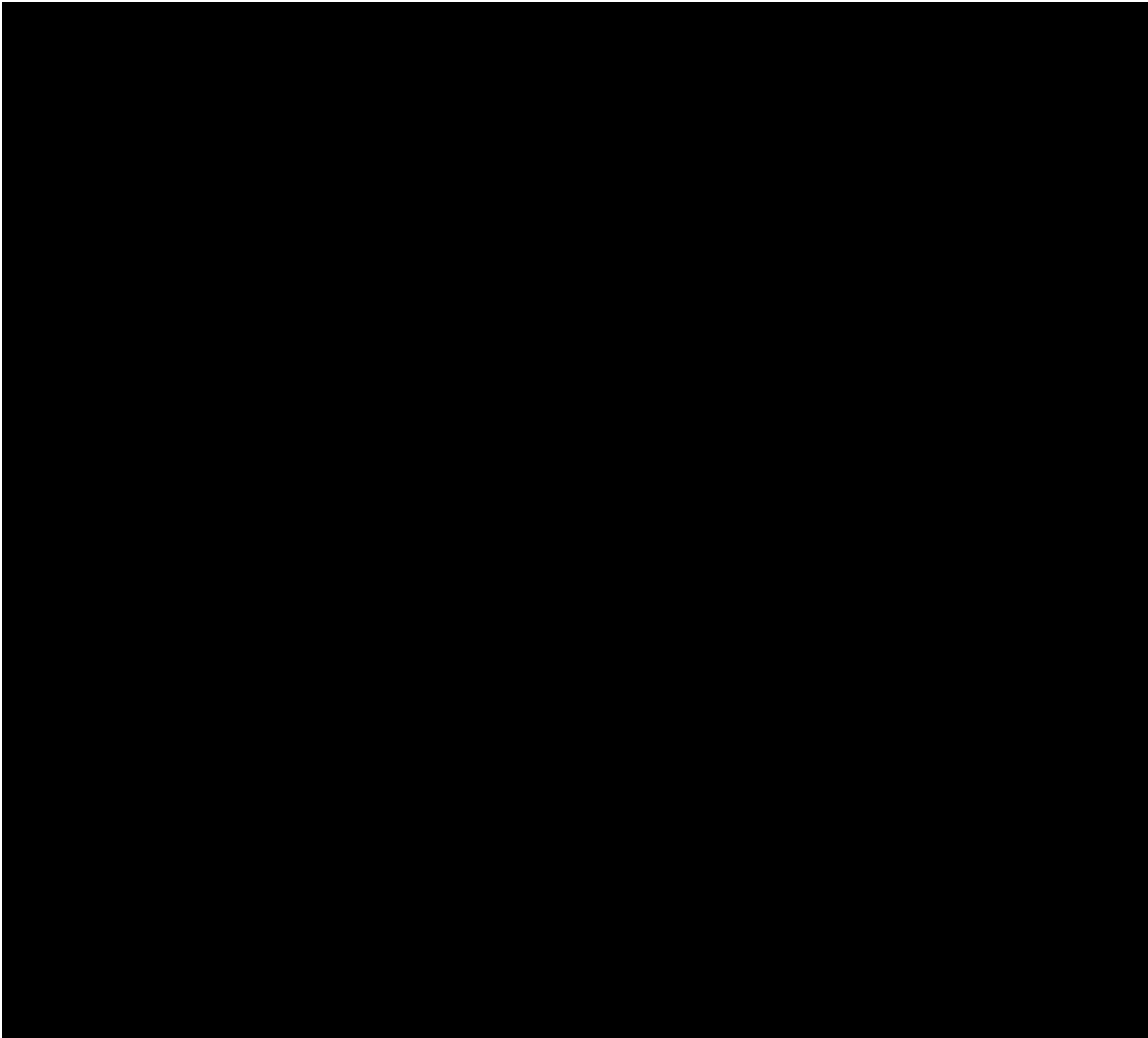
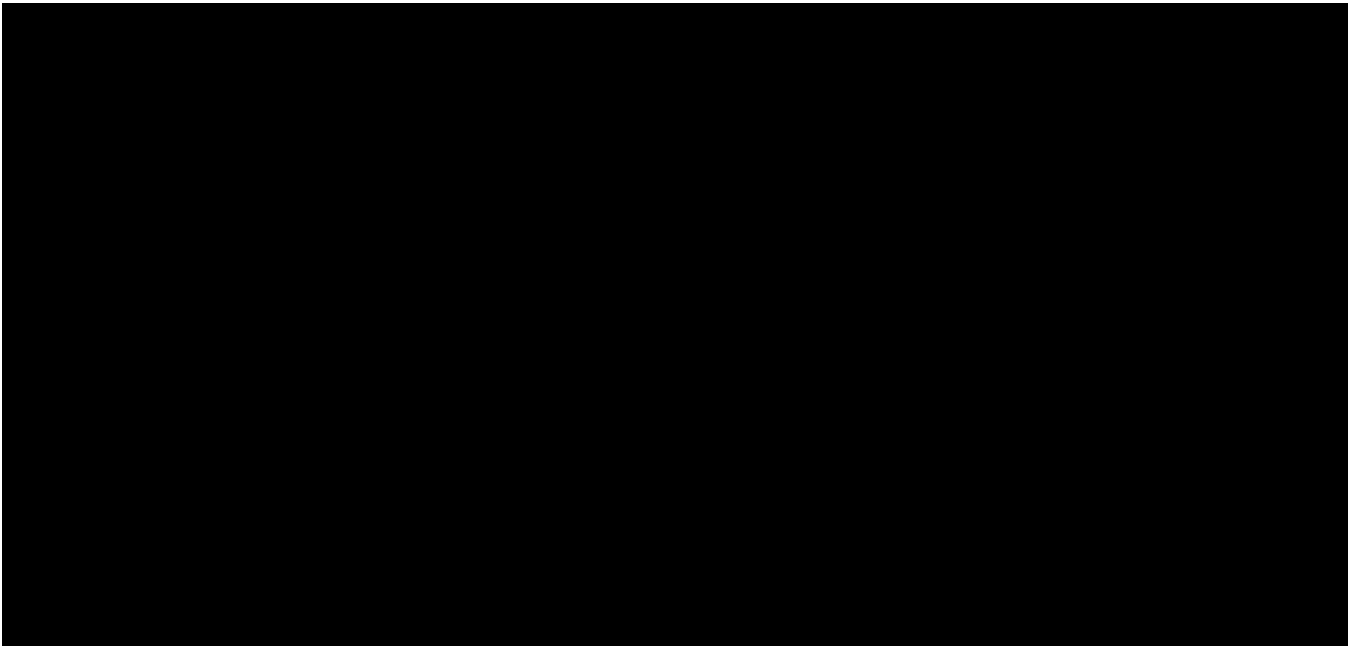
- 18.1 The TEC Package specified in Clause 13 and Schedule 2 shall be reviewed annually in conjunction with the performance review process.
- 18.2 The TEC Package review will be conducted within one month of the performance review set out in Clause 17 (if reasonably practicable), and any change to the TEC Package shall take effect from the date on which the performance review is concluded.
- 18.3 The review of the TEC Package will take into account the following:
- 18.3.1 The key performance indicators;
 - 18.3.2 The Employee's Position Description and Duties;
 - 18.3.3 Remuneration paid to CEOs of similar sized councils in South Australia;
 - 18.3.4 Any applicable range of remuneration rates determined by the RTSA; and
 - 18.3.5 Any other factor the Council considers relevant.

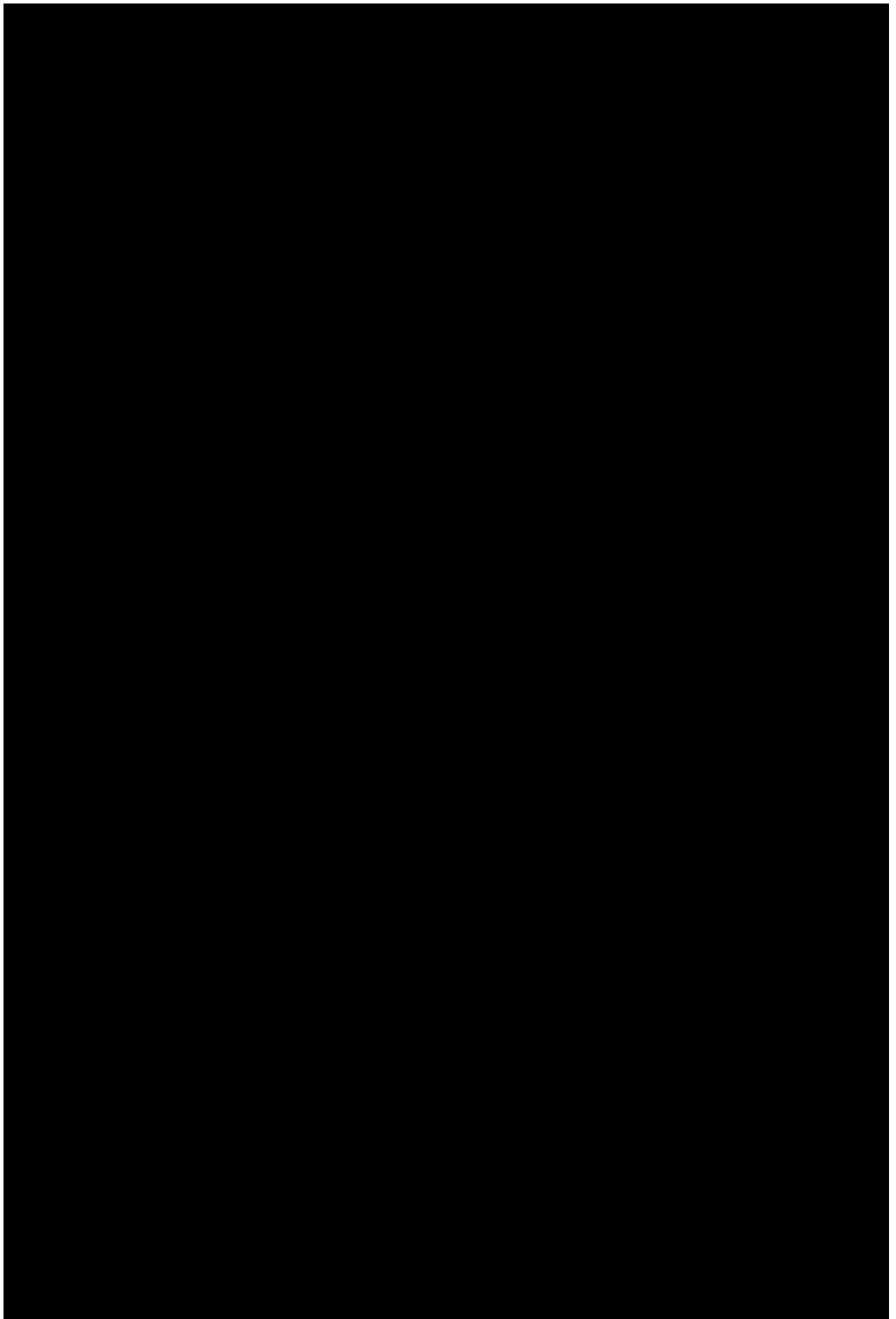
- 18.4 Despite the foregoing, the Employee is not entitled, by right, to any increase in the TEC Package during the Term.

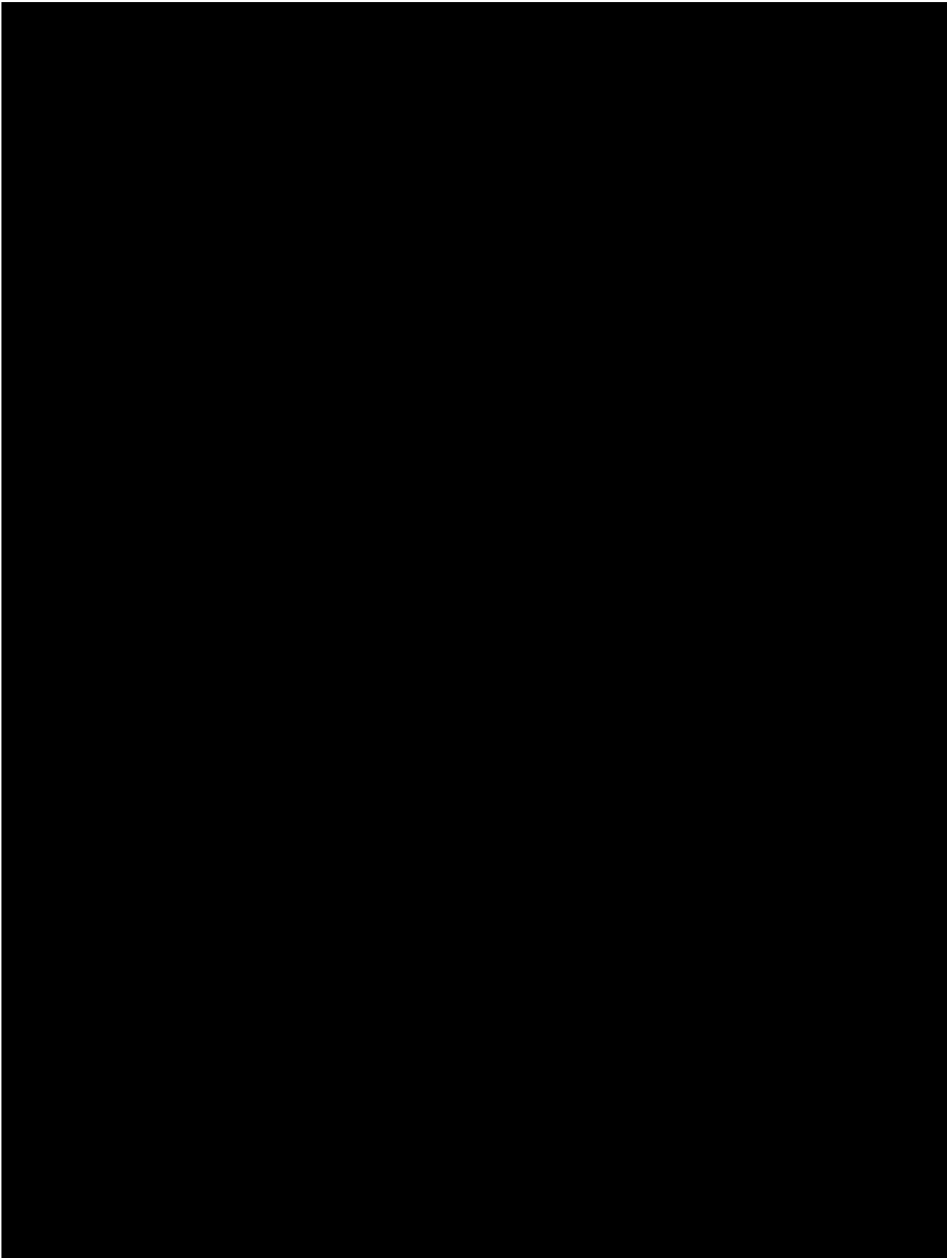








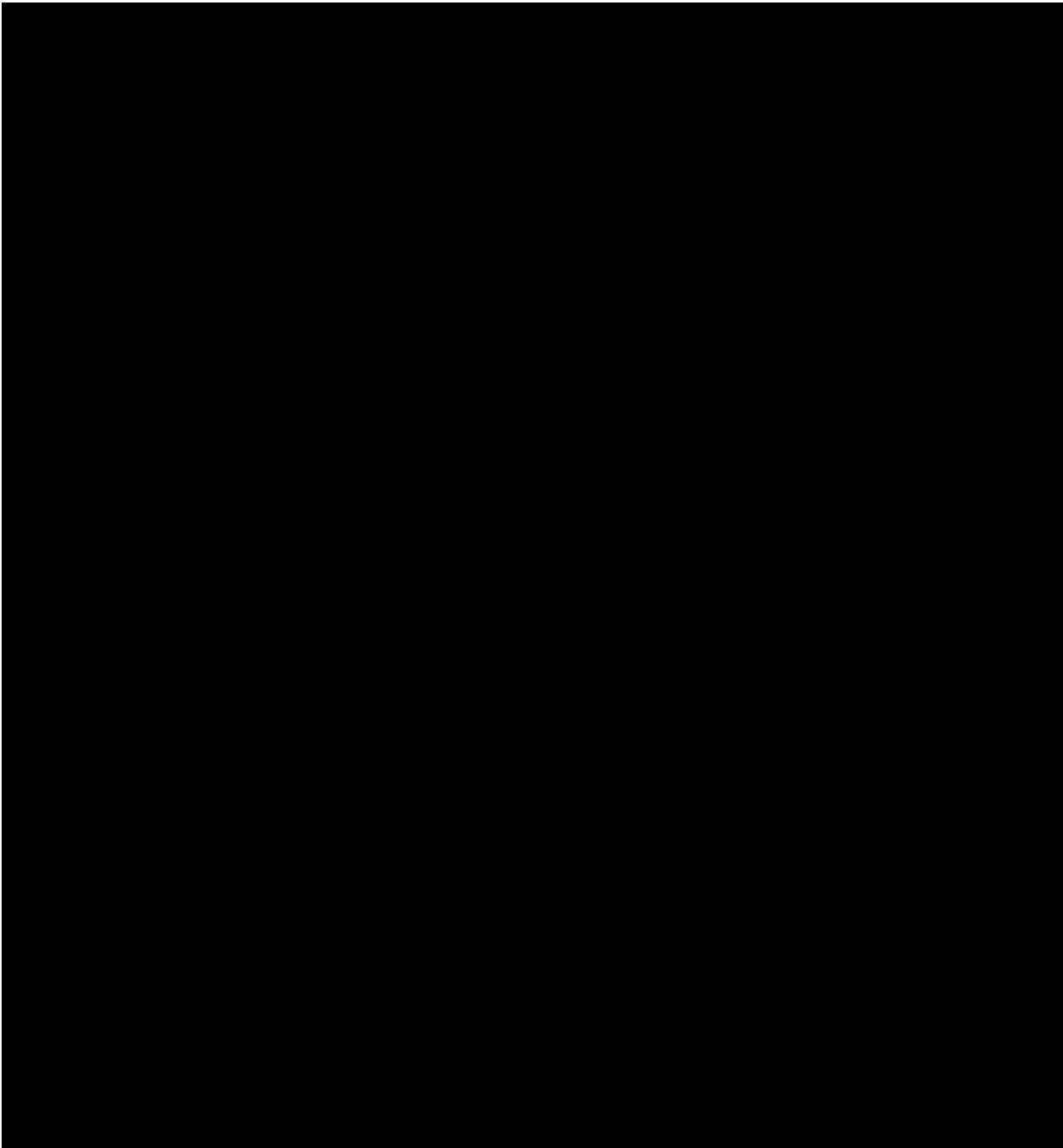






(the rest of this page has intentionally been left blank)

APPENDIX 2



SCHEDULE 1 – DUTIES (POSITION DESCRIPTION)

APPENDIX 2

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

POSITION SPECIFICATION

PURPOSE

The Chief Executive Officer (CEO) is responsible for the implementation of Adelaide Hills Council's (AHC) strategies, policies and decisions through effective leadership and strategic management of the organisation. The CEO is primarily responsible for ensuring all Council's activities are delivered to best practice standards and that they are compliant with all legislative and corporate governance requirements.

The CEO is accountable for:

1. Ensuring appropriate fiscal, asset and risk oversight
2. Positive stakeholder management and communication
3. Providing outstanding leadership for Council employees
4. Implementing and managing Council's direction and policies
5. Providing high-level policy advice and guidance to the Council Members
6. Ensuring the provision of effective and efficient customer/community focused services
7. Developing, implementing and monitoring the strategic management and annual business plans
8. Ensuring the promotion and marketing of the distinctive Council brand in the local and wider communities.
9. Ensuring Council meets its legislative responsibilities.

REPORTING / WORKING RELATIONSHIPS

The CEO reports to the Mayor and Council Members (CMs) and is responsible for communicating Council directives through the Executive Leadership Team to AHC employees, ensure their effective and timely implementation.

The CEO is also responsible for developing appropriate relationships in order to represent the interests of Council to federal and state government, appropriate agencies and industry bodies and maintain clear, open and effective communication with the Adelaide Hills community and stakeholder groups.

DELEGATIONS AND AUTHORITY

The Chief Executive Officer will make judgments and decisions in accordance with established AHC policy and within all legislative requirements. In particular:

1. Sign certificates, contracts, agreements and cheques issued or entered into by AHC in accordance with the relevant decisions and delegations
2. Ensure that employees, in carrying out their duties, act in accordance with legislative requirements and established policies, code of conduct and delegations
3. Spend monies in accordance with budgets and approved delegations
4. Handle industrial disputes, grievances and union issues
5. Determine matters relating to the appointment, remuneration and assessment of employees.

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

KEY RESPONSIBILITIES

Advice to and Relationship with Council Members

1. Develop and maintain a collaborative, open and engaged working relationship with the Mayor and all CMs
2. Ensure a high degree of satisfaction with CMs in relation to support, guidance, service quality and accuracy of information, recommendations and related matters provided by the CEO and the Executive Leadership Team
3. Ensure the CMs are provided with an acceptable cycle of reporting actions that indicate the status, success and effectiveness of all operations and major projects
4. Ensure that the AHC's statutory and governance obligations are met in a timely and effective manner
5. Ensure CMs are provided with appropriate professional development opportunities, resources and services
6. Support the Mayor in upholding the mandated Behavioural Standards Framework
7. Ensure that effective communication and working relationships exist between the CMs and the administration, including attending meetings and regular and effective communication processes
8. Provide professional, thorough and objective advice to CMs
9. Remain up to date in regard to legislative and other major developments affecting local government and advising CMs as to the ramifications.

Leadership and Management of Councils Employees

1. Lead all aspects of AHC through contemporary people management styles and techniques
2. Coach and mentor staff in the delivery of high-quality community and customer services
3. Provide a positive, safe and engaging work environment which fosters a good working relationship between all employees
4. Provide approachable, visible and encouraging leadership
5. Ensure decision-making processes are clear, timely and innovative
6. Communicate decisions and all other relevant information to employees through a variety of mediums
7. Ensure employees are held accountable for their work
8. Promote equitable work practices
9. Promote a safe and healthy workplace
10. Provide an internal procedure for managing disputes and grievances
11. Support and encourage an environment where CMs and employees work together to create best practice services for the community.
12. Drive high performance standards across all operational areas and encourage ownership, dedication, integrity, professional growth and continuous improvement

Stakeholder Management and Communication

1. Liaise with the community and business groups to assist in the achievement of AHC's objectives
2. Develop and activate effective communication and engagement strategies to foster a positive reputation for AHC
3. Initiate and respond to media so that the AHC is positioned as a progressive and responsive entity
4. Ensure positive relationships are established with television, radio, press and various electronic media
5. Provide input to any commonwealth, state or local government initiatives affecting the council area to ensure the development of the local economy

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

6. Effectively liaise with local government authorities, the Local Government Association and other government authorities and agencies
7. Ensure effective community consultation programs are developed, conducted, analysed and incorporated in the strategic planning process
8. Lobby the various arms of government and other stakeholders on behalf of the community
9. Liaise with community and business groups to facilitate economic growth and community development for the AHC district
10. Represent the AHC at appropriate events to maintain, and if necessary, enhance the AHC's public profile within the community and amongst stakeholders
11. Ensure Council activities and initiatives are appropriately promoted and communicated
12. Address public meetings in a positive and effective manner
13. Establish and maintain quality relationships with resident and business representative groups, educational institutions, community service providers, governmental agencies, regional development boards, local business leaders, individual residents and other customers
14. Promptly and diligently respond to requests for service and advice from employees and community
15. Act as a champion and advocate for the AHC

Financial and Asset Management

1. Optimise the grants and subsidies available to AHC and the broader community
2. Ensure the long-term financial sustainability of AHC
3. Ensure annual and long term financial plans are prepared, monitored and controlled
4. Oversee the annual budgeting process in close consultation with the management team
5. Ensure monitoring and control of budgets including variance analysis and reporting to the CMs
6. Ensure CMs are provided with timely and accurate financial reports
7. Ensure the financial systems and processes are sound and that technology is used effectively
8. Ensure long term asset management plans (community and corporate) are in place and closely monitored
9. Ensure well researched business cases / project plans are prepared to support major projects.
10. Ensure the efficient and effective management and monitoring of the Council's revenue and expenditure

Growth and Economic Development

1. Lead the development and delivery of strategies and initiatives designed to facilitate economic development.
2. Support and encourage continued growth, new investment and appropriate development, and the sustainability of existing business
3. Promote the Council area as the region of choice to live, work and invest.

Work, Health and Safety

1. As an Officer of the PCBU ensure Council complies with all relevant Work, Health and Safety legislation and regulations to ensure a safe and positive working environment

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

Strategic Planning

1. Work with CMs to develop, implement and review the AHC Strategic Plan
2. Ensure Annual Business and other relevant strategies and plans are prepared to implement AHC's Strategic Plan
3. Effectively communicate the AHC vision and strategy to all key internal and external stakeholders
4. Ensure Annual Business Plans are completed and communicated on time
5. Ensure the preparation of Long Term Asset Management and Financial Management Plans
6. Ensure consultation with ratepayers and other key private and public stakeholders in the development of Strategic and Business Plans
7. Ensure positive progress towards sustainability in all council's activities
8. Ensure continuous review of the progress in attaining the objectives of Strategic Plans.

Human Resources Management

1. Nurture a positive organisational culture with a strong customer service focus
2. Lead, develop, motivate and manage the human resources of the organisation
3. Regularly review the organisational structure to ensure it meets the functional and business requirements of the AHC Strategic Plan
4. Ensure recruitment is undertaken in line with contemporary and equal opportunity principles and practices
5. Ensure strategies to attract and retain appropriately skilled employees are in place and position Council as an 'employer of choice'
6. Ensure professional development and training opportunities, programs, records and policies are in place
7. Ensure contemporary performance management procedures are in place and remuneration reviews are regularly conducted
8. Ensure that organisational development and associated plans are in place
9. Ensure a positive, inclusive, innovative and productive employee culture and consultative industrial relations environment
10. Be accountable for obligations in accordance with various legislation including: *Equal Opportunity Act 1984*, *Work Health & Safety Act 2012*, commonwealth / state industrial laws and various other statutory obligations.

Operational Management, Governance & Major Projects

1. Ensure regular reviews of policies, procedures, authorities, controls, workplace agreements, delegations, authorities and systems
2. Identify, manage and report on areas of risk
3. Provide a regular overview of the various operational areas of AHC
4. Report to CMs and section 41 committees on a regular and formal basis regarding the progress of the AHC's operations
5. Endeavor to have major projects completed on time and within budget and project statuses are regularly monitored and communicated to CMs
6. Improve performance of the Council by proactively embracing best practice and continuous improvement initiatives
7. Enhance AHC's systems and technology consistent with the Strategic Plan.

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

CAPABILITY STATEMENT

EDUCATION

Tertiary qualifications will be highly regarded &/or demonstrated experience at an executive level.

EXPERIENCE

1. Demonstrated success in a senior management position that has a similar level of complexity, size and diversity
2. A proven track record of working in an environment that delivers best practice methodology, in the way in which it operates, is considered highly desirable
3. Demonstrated capacity to think, plan and act strategically and to engage and influence across an organisation with diverse stakeholders
4. Excellent leadership with experience in creating high-performing teams and initiating and implementing change in a complex and politically sensitive environment
5. An in-depth understanding of local government legislation is highly desirable; however an appreciation of the workings of local government achieved through dealings in either a public or private sector organisation would be highly regarded.

KEY CAPABILITY ELEMENTS

OPERATIONAL

1. Able to motivate the employees to deliver high levels of performance
2. Has the capacity and willingness to create organisation efficiencies
3. Has a progressive leadership style which encourages a 'can do' attitude in the organisation and leads by example
4. Has highly developed Emotional Intelligence skills and understanding
5. Has innovative skills to identify opportunities and initiate new ideas and practices
6. Encourages an environment where feedback is constructive.

POLITICAL

1. Able to work with CMs in a constructive and positive way to deliver progressive outcomes for the community
2. Has sound business acumen and political nous
3. Able to provide well researched reports discussing all options with a firm recommendation.
4. Able to assist in the professional development of the CMs
5. Able to champion the interests of the community and promote the Adelaide Hills.

CEO POSITION DESCRIPTION AND CAPABILITY STATEMENT

STAKEHOLDERS

1. Able to actively listen and respond empathetically to the wants and needs of the community
2. Able to develop an effective partnership between AHC and the community
3. Has a strong customer service ethos
4. Able to be firm but fair with all internal and external stakeholders to create positive solutions for all parties
5. Able to foster and develop strong connections and partnerships with the community, government and other key stakeholders.

PERSONAL ATTRIBUTES

1. Is sociable
2. Is inspiring and outcome focused
3. Is a strategic thinker
4. Is enthusiastic and motivated
5. Is resilient and responsive
6. Has unwavering integrity and honesty
7. Has highly developed communication and interpersonal skills
8. Has a cooperative and consultative manner
9. Takes an innovative approach to decision making and problem solving
10. Has a strong, positive, collegial, open and engaging contemporary management style
11. Is entrepreneurial, has business skills and can see opportunities.

SCHEDULE 2 – TOTAL EMPLOYMENT COST PACKAGE

Annual base salary (gross)	\$252,252.25
Employer superannuation contribution*	\$27,747.75
Full and unrestricted private use of a fully maintained motor vehicle**	\$10,000
Total Remuneration Package	\$290,000

*The employer superannuation contribution amount at the Commencement Date will be 11.00% in accordance with *Superannuation Guarantee (Administration) Act 1992*. The Council agrees to pay the CEO a superannuation contribution amount on the Annual Base Salary which may vary from time to time, in accordance with applicable legislation.

** If the CEO has chosen to provide their own personal vehicle in lieu of the Council vehicle, the CEO will be entitled to have the \$10,000 currently sacrificed for the vehicle in Schedule 2 above to be paid to the CEO as part of the TEC Package. Tax and superannuation will apply to the amount.

Appendix 2

*2023 Inaugural Review of Minimum and Maximum
Remuneration for Local Government Chief
Executive Officers – Report*



No. 4 of 2023

REPORT OF THE REMUNERATION TRIBUNAL

2023 Inaugural Review of Minimum and Maximum Remuneration for Local Government Chief Executive Officers

SUMMARY

1. On 20 September 2021, section 60 of the *Statutes Amendment (Local Government Review) Act 2021* (SA) came into operation. This inserted section 99A into the *Local Government Act 1999* (SA) conferring jurisdiction on the Tribunal to determine the minimum and maximum remuneration that may be paid or provided to chief executive officers of councils constituted under the *Local Government Act 1999* (SA).
2. The Tribunal collected data in relation to the current total remuneration package of chief executive officers by way of two surveys. This occurred over an extended period of time due to the lack of response and inconsistencies of the first survey and the inaccuracies and incomplete information provided through the second survey, which required further consultation with councils.
3. For this inaugural review, the Tribunal has determined to group 67 councils into eight bands. While these bands have some generally common characteristics, the Tribunal recognises differences and potential anomalies in terms of council characteristics within and between some of these bands. Each band is based on the data provided by councils in relation to the total remuneration package of their chief executive officer. The Tribunal has then applied assumptions in relation to the value of the provision of a motor vehicle and any additional leave entitlements beyond that of usual administrative staff. This has resulted in a figure described as an “adjusted total remuneration package” for each chief executive officer who is covered by this review.
4. For the future, the Tribunal proposes to progress toward a review of the minimum and maximum remuneration of chief executive officers on a four yearly basis that is commensurate with the timeframe for local government member allowances. However, because this is the first review of this nature and it is based on data that is conflicting and inconsistent, it is acknowledged that councils may need to refer specific instances to the Tribunal for consideration. The Tribunal proposes to review the minimum and maximum remuneration amounts in July 2024 to take account of any feedback from councils and chief executive officers

and annual wage and cost of living movements. The Tribunal expects any council who, as part of any future review, identifies significant differences in the remuneration package to provide sufficient detail and reasons as to why this is the case.

INTRODUCTION

5. Section 14 of the *Remuneration Act 1990* (SA) (**Act**) provides that the Remuneration Tribunal (**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.
6. On 20 September 2021, section 60 of the *Statutes Amendment (Local Government Review) Act 2021* (SA) (**Amending Act**) came into operation. This inserted section 99A into the *Local Government Act 1999* (SA) (**LG Act**) to confer jurisdiction upon the Tribunal to determine the minimum and maximum remuneration that may be paid or provided to chief executive officers (**CEOs**) of councils constituted under the LG Act.
7. This review marks the first occasion on which the Tribunal has considered remuneration for local government CEOs.

LEGISLATIVE PROVISIONS

8. Section 99A of the LG Act states:

“99A—Remuneration of chief executive officer

- (1) *Subject to this section, the remuneration of the chief executive officer of a council will be determined by the council.*
- (2) *The Remuneration Tribunal will determine (from time to time) the minimum and maximum remuneration that may be paid or provided to chief executive officers of councils.*
- (3) *In making a determination under subsection (2), the Remuneration Tribunal must have regard to any matter prescribed by the regulations.*
- (4) *A determination under subsection (2)—*
 - (a) *may differ based on any factor including, for example, the geographical location of a council or group of councils (such that different minimum and maximum remuneration may be paid or provided to chief executive officers from different councils); and*
 - (b) *may provide for minimum and maximum remuneration that may be paid or provided to chief executive officers to be indexed in accordance with the determination.*
- (5) *The regulations—*
 - (a) *may make further provision in relation to a determination of the Remuneration Tribunal for the purposes of this section; and*
 - (b) *may modify the application of section 10 of the Remuneration Act 1990 in relation to a determination under this section.*
- (6) *Sections 17 and 19 of the Remuneration Act 1990 do not apply in relation to a determination under this section.*
- (7) *A reference in the Remuneration Act 1990 to determining remuneration payable in respect of an office will, for the purposes of this section, be taken to include a reference to determining the minimum and maximum remuneration payable in respect of the office.*

(8) *Despite any other Act or law, the reasonable costs of the Remuneration Tribunal in making a determination under this section are to be paid by the LGA under an arrangement determined by the Minister from time to time after consultation with the LGA and the President of the Tribunal.*

(9) *The LGA may recover the reasonable costs incurred by the Remuneration Tribunal in making a determination under this section as a debt from the councils to which the determination relates.*

(10) *A council must ensure that the remuneration of its chief executive officer is within the relevant minimum and maximum remuneration determined by the Remuneration Tribunal for the purposes of this section."*

9. The Tribunal has noted that some limited guidance about the intention of the above legislative provision can be drawn from the second reading speech in the following terms:

*"The bill also proposes that the South Australian Remuneration Tribunal should set salaries for council chief executive officers to provide assurances to communities that CEOs are paid appropriately for the work that they do."*¹

10. The Tribunal has considered the function of CEOs as these are expressed in the LG Act:

"99—Role of chief executive officer

- (1) *The functions of the chief executive officer include—*

- (a) *to ensure that the policies and lawful decisions of the council are implemented in a timely and efficient manner;*
- (b) *to undertake responsibility for the day-to-day operations and affairs of the council;*
- (c) *to provide advice and reports to the council on the exercise and performance of its powers and functions under this or any other Act;*
- (d) *to co-ordinate proposals for consideration by the council for developing objectives, policies and programs for the area;*
- (e) *to provide information to the council to assist the council to assess performance against its strategic management plans;*
- (f) *to ensure that timely and accurate information about council policies and programs is regularly provided to the council's community, and to ensure that appropriate and prompt responses are given to specific requests for information made to the council;*
- (g) *to ensure that the assets and resources of the council are properly managed and maintained;*
- (h) *to ensure that records required under this or another Act are properly kept and maintained;*
- (i) *to give effect to the principles of human resource management prescribed by this Act and to apply proper management practices;*
- (j) *to exercise, perform or discharge other powers, functions or duties conferred on the chief executive officer by or under this or other Acts, and to perform other functions lawfully directed by the council.*

- (2) *The chief executive officer must consult with the council (to a reasonable degree) when determining, or changing to a significant degree—*

- (a) *the organisational structure for the staff of the council; or*

¹ South Australia, Parliamentary Debates, House of Assembly, 17 June 2020 (Stephan Knoll).

- (b) *the processes, terms or conditions that are to apply to the appointment of senior executive officers; or*
- (c) *the appraisal scheme that is to apply to senior executive officers.”*

11. The Act provides a definition of remuneration, as follows:

“3—Interpretation

In this Act—

remuneration *includes—*

- (a) *salary; and*
- (b) *allowances; and*
- (c) *expenses; and*
- (d) *fees; and*
- (e) *any other benefit of a pecuniary nature;*

the Tribunal *means the Remuneration Tribunal established under Part 2.”*

12. The Tribunal has also noted the transitional provisions at section 147(5) of the Amending Act as follows:

“The remuneration of a chief executive officer holding office on the commencement of section 99A of the principal Act (as inserted by this Act) is not affected during the term of that office by a determination under section 99A.”

PROCEDURAL HISTORY

13. Section 10(2) of the Act provides that prior to making a determination affecting the remuneration of a particular person, or persons of a particular class, the Tribunal must allow that person, or the persons of that class, a reasonable opportunity to make submissions orally or in writing to the Tribunal.
14. Section 10(4) of the Act provides that the Minister responsible for the Act may intervene, personally or by counsel or other representative, in proceedings before the Tribunal for the purpose of introducing evidence, or making submissions, on any question relevant to the public interest.
15. On 13 December 2021, the Tribunal met with the Local Government Association of South Australia (**LGA**) to discuss the Tribunal’s proposed process and guidelines for submissions.
16. On 20 December 2021, the Tribunal wrote to the Premier of South Australia, as the Minister responsible for the Act, the Minister for Local Government, as the Minister responsible for the LG Act, the LGA and local government CEOs, inviting submissions.
17. Additionally, on 20 December 2021, a public notification of the review and a guideline for the making of submissions was published on the Tribunal’s website.
18. The guidelines advised the Tribunal would consider the following factors in making its determination:
 - 18.1. The role of local government CEOs generally, including the diversity and complexity of the functions and duties performed by CEOs.

- 18.2. Any factors that demonstrate effective service delivery and responsible expenditure of public resources, including, but not limited to, any observations on the significance of this consideration.
 - 18.3. The impact of council elected member code of conduct issues on the role of local government CEOs.
 - 18.4. The impact of any mergers or amalgamations of local government councils on the role of the CEO.
 - 18.5. Any regional issues, for example, housing entitlements or remote locality entitlements in regional local government areas.
 - 18.6. The geographical size (area) of the council.
 - 18.7. The revenue (\$) of the council.
 - 18.8. Number of electors (persons) of the council.
 - 18.9. The impact of council staff numbers (FTE) on the role of the CEO and the extent to which CEOs of smaller councils undertake a diversity of roles.
 - 18.10. The methodology by which any determination of minimum and maximum CEO remuneration bands should be indexed (CPI for example), and the frequency of further reviews of the remuneration bands by the Tribunal (4 yearly cycle as per elected members, for example).
 - 18.11. Any other relevant information for the Tribunal's consideration.
19. These guidelines took into account the provisions of section 99A of the LG Act which states:
- “(3) In making a determination under subsection (2), the Remuneration Tribunal must have regard to any matter prescribed by the regulations.*
- (4) A determination under subsection (2)—*
- (a) may differ based on any factor including, for example, the geographical location of a council or group of councils (such that different minimum and maximum remuneration may be paid or provided to chief executive officers from different councils); and*
- (b) may provide for minimum and maximum remuneration that may be paid or provided to chief executive officers to be indexed in accordance with the determination.”*
20. The closing date for written submissions was 11 March 2022.
21. On 10 January 2022, the LGA wrote to the Tribunal offering its support with this review and proposing to conduct a survey of CEOs remuneration. The Tribunal provided examples of the elements of remuneration that could be collected through a survey.
22. On 23 February 2022, the LGA provided an update to the Tribunal that it had received 30 responses from a total of 68 CEOs. The LGA advised it was uncertain as to whether the data from 30 councils constituted a fair and representative sample of CEOs remuneration. The Tribunal was of the view that a broader sample of information was required, noting there was real potential for a decision of the Tribunal to profoundly affect CEOs whose remuneration information had not been provided.
23. The Tribunal also noted that some CEOs may be reticent to provide information relating to their remuneration to the LGA and, on this basis, the Tribunal wrote to CEOs on 17 March 2022 requesting a spreadsheet be completed and returned directly to the Tribunal by 1 April 2022.

24. The Tribunal is sensitive to the potential confidentiality issues in relation to the information provided and as a result will not be disclosing individual names or information within this report or the accompanying determination.
25. As part of this process, the Tribunal received a further 12 surveys.
26. The Tribunal conducted a hearing on 2 May 2022 for councils and individuals seeking to make oral submissions to the Tribunal.
27. The Tribunal received eight submissions from the following councils and individuals:

Council / Individual	Type of submission	Summary of Issues raised
Coorong District Council	Council	- Data and information provided in relation to review criteria - Regional / remote locality issues
Adelaide Hills Council	Council	- Data and information provided in relation to review criteria - Indexation should be 3 to 4 years to align with local government members
Tim Jackson, Administrator, Coober Pedy Council	Individual	- Remote locality issues - Attraction and retention issues
District Council of Kimba	Council	- Data and information provided in relation to review criteria - Issues specific to smaller councils - Remote locality issues, such as remote housing consideration - Indexation should be ABS Wage Price Index over 4 years
City of Norwood, Payneham & St Peters Council	Council	Data and information provided in relation to review criteria
Port Adelaide Enfield Council	CEO	- Data and information provided in relation to review criteria - Key result areas for CEO provided. 4 yearly cycle for reviews is reasonable
City of Tea Tree Gully Council	Council	- Data and information provided in relation to review criteria 4 yearly cycle should include a CPI increase similar to local government members
Whyalla Council	Council	- Data and information provided in relation to review criteria - Attraction and retention issues - Regional / remote locality issues - WA model should be considered

28. This represents a small proportion of the councils and CEOs that were given the opportunity to make submissions.
29. While the submissions generally provided information about the characteristics of these councils against the guidelines provided by the Tribunal, the information provided did not assist the Tribunal to determine a coherent and sustainable approach to establishing minimum and maximum levels of remuneration.
30. The Tribunal noted information provided by the City of Port Adelaide Enfield's CEO. This information provided a useful summary of the role of the CEO, covering oversight of the diverse assets and effective service delivery to a demographically diverse community together with engagement with the local and broader communities, and the development of that council area. This submission incorporated consideration of unique geographic, demographic, social, historical characteristics of that council.
31. The Tribunal also noted the City of Norwood, Payneham and St Peters advice that CEO experience, performance reviews and annual remuneration reviews are pertinent issues when councils are considering CEO remuneration.

32. Additionally, the Tribunal noted submissions made by primarily regional councils that they expected their CEOs to be more operationally focussed because of fewer middle management levels within the organisation.
33. The regional council submissions also noted greater distance and travel commitments and challenges associated with staffing. Some councils argued strongly in favour of attraction and retention payments. The Tribunal particularly noted difficulties experienced by the Coober Pedy Council in attracting and retaining CEOs.
34. The Tribunal noted that councils have unique requirements of their CEOs and require flexibility to negotiate remuneration arrangements to best meet these needs. For example, some councils may require a strategic leader to lead a complex organisation, while a small council may prefer a leader with exceptional technical expertise.
35. The Tribunal was unable to identify any objective or standard approach to setting remuneration levels between councils.
36. On 15 September 2022, the Tribunal provided an update to the LGA that it had obtained information from all councils and had spent some time assessing the data. The Tribunal's capacity to reach accurate conclusions about the remuneration arrangements was severely limited by quite disparate approaches to different components of remuneration recorded by councils and their CEOs. This was exemplified in differing approaches to recording superannuation arrangements, including defined benefit superannuation arrangements and to motor vehicle costings which varied substantially. The Tribunal suggested it might engage an external professional consultancy to assist in this process.
37. The LGA provided a response on 11 October 2022 in which it expressed concern about the costs of an external consultancy. The LGA suggested the Tribunal contact CEOs with questions of clarification designed to fill in any gaps in the data already available, rather than undertaking the survey process anew, advising this would reduce the costs associated with the review.
38. On 29 November 2022, the Tribunal advised the LGA that the remuneration data it had was problematic in that the information provided by councils reflected very different approaches to calculating current significant elements of total remuneration and hence would result in a flawed and inconsistent assessment of maximum and minimum remuneration levels. The Tribunal also advised of its intention to conduct a further survey of CEO salary levels, requiring councils to provide costing instructions consistent with normal salary and accounting practices. Consistent with the request of the LGA, and to reduce the cost imposts on councils, the Tribunal agreed to conduct the further survey 'in house' using its own resources.
39. Prior to distributing the updated survey to all CEOs, the Tribunal tested the revised survey approach on a small number of CEOs to identify any issues that councils may have with it. The LGA nominated four CEOs for this purpose.
40. Following the conclusion of this trial process, the revised survey was sent to all CEOs on 16 December 2022. CEOs were requested to complete the survey by 25 January 2023.
41. All survey responses were ultimately received by 7 March 2023 but inaccuracies and incomplete information required further consultation with councils to clarify the information provided. In a small number of instances, particularly relating to vehicle costing approaches, the Tribunal has had to make an estimate of total costs, including Fringe Benefits Tax implications.

CONSIDERATION

42. 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.
43. 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.
44. In determining what constitutes remuneration, the Tribunal has taken into account the following components:
 - Monetary remuneration
 - Superannuation, including the statutory minimum employer contributions, any salary sacrifice component and any additional payments made by a council
 - Annual leave loading
 - Additional leave entitlements
 - Bonuses and performance incentives - in cash or otherwise
 - The private benefit value of any motor vehicle and/or equipment (excluding mobile telephones and portable computing equipment provided to the CEO by the council)
 - School or childcare fees, including school uniforms
 - Newspaper/magazine/online subscriptions
 - 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 allowances
 - Any other form of payment - cash or otherwise
 - Any Fringe Benefits Tax paid by council in respect of any of the above
45. The Tribunal concluded that mobile telephones and portable computing equipment provided to CEOs, fundamentally for work purposes, but which may be used for reasonable personal use, should not be regarded as remuneration for these purposes. The Tribunal considers that these items are inherent requirements for a CEO function and, in any event, any additional reasonable use represents a minimal additional cost such that separating personal and business use involves unreasonable administrative costs.
46. The Tribunal has not included professional development costs that directly relate to the performance of CEO duties and membership of professional associations related to the performance of CEO functions in its assessment of remuneration.
47. The Tribunal has not included one-off payments that relate directly and solely to relocation expenses in its consideration of remuneration.

(a) Motor Vehicles

48. The December 2022 survey required councils to include the annual amount of the personal benefit value of the provision of a motor vehicle for private use or cash in lieu of a motor vehicle. The personal benefit value was to be determined by multiplying the percentage of personal use of the vehicle, by the annual cost to the council for that vehicle, including all annual costs of maintenance, fuel, taxes, registration, running costs, as well as an annual depreciation.

Depreciation was to be calculated using the rate of 12.5% (prime cost method) or 25% (diminishing value method).

49. There were significant variations in motor vehicle arrangements amongst councils, reflecting different costing approaches, obvious differences in motor vehicles, the extent to which motor vehicle use was for business purposes and Fringe Benefits Tax recognition.
50. The Tribunal has concluded that a sustainable basis for some of these estimates has not been established and urges councils to review their costing methodologies. The Tribunal suggests the application of a consistent approach to motor vehicle costing arrangements for the future based on actual annual cost of provision of any motor vehicle provided by the council, less an assessed component for business use. The methodology outlined above is proposed as an appropriate approach for the future.
51. To assist the Tribunal in setting minimum and maximum levels of remuneration, for the purpose of this review, it has built an assumption into the data obtained for motor vehicles. Where the value of the motor vehicle and Fringe Benefits Tax was below \$20,000, the Tribunal added the difference to the total package of remuneration (i.e. if the council provided a value of \$15,000 for the motor vehicle and Fringe Benefits Tax, then the Tribunal has added \$5,000 to the total package of remuneration). Where a Council has not provided Fringe Benefits Tax information, the Tribunal has estimated that value and incorporated that estimate into its assessment of total remuneration. For clarity, this does not propose an actual increase in the remuneration payable to those CEOs, but rather, ensures a more consistent and realistic approach to the valuation of vehicles.
52. To the extent that councils negotiate new contractual arrangements, it is appropriate that motor vehicle costs that relate to all private use are separately recognised as remuneration components.

(b) Additional leave per year

53. Councils were requested to provide any additional leave entitlements that CEOs receive beyond the standard four week entitlement and to confirm if that additional leave was “purchased” through a salary deduction or whether it was simply an added employment benefit.
54. The total remuneration package of CEOs for the purpose of assessing minimum and maximum remuneration was then adjusted to take into account the monetary value of any additional leave entitlements.

(c) Superannuation

55. The Tribunal noted that some CEOs are members of defined benefit funds but access to these superannuation arrangements is not available to more recent appointees. The Tribunal has also recognised that some CEOs contribute extra payments to these defined benefit funds. The difficulties associated with comparing defined benefit funds with accumulation funds are significant. For the purposes of this assessment, the Tribunal has universally recognised the minimum Superannuation Guarantee legislative provisions, and any explicit amounts paid by councils in excess of these national minimum standards irrespective of whether a defined benefit scheme is in operation.

(d) Allowances

56. As discussed above, the Tribunal has considered any and all allowances to form part of remuneration. This includes any housing allowance, remote allowance, attraction or retention allowance, utilities allowance or reimbursement or direct payment, grooming or clothing allowance and any entertainment related allowances or entitlements.
57. The Tribunal recognises that the characteristics of some councils means they may place more significance on some allowances. For example, an additional remuneration element in the form of an allowance may need to be agreed between a council and its CEO to recognise either distance or remoteness issues.
58. The Tribunal has adopted the position that the Coober Pedy Council should be recognised as facing particular recruitment challenges given the combination of its remoteness and unique characteristics.
59. Whilst the current minimum and maximum amounts set for each remuneration level take into account all allowances, the Tribunal urges councils to notify it of any substantial issues or adjustments that may need to be made or taken into account in the next review.

(e) Fringe Benefits Taxes

60. The minimum and maximum remuneration amounts have been set on the basis that councils will recognise any applicable Fringe Benefits Tax in the total remuneration costing for CEOs.

(f) The Municipal Council of Roxby Downs

61. The Tribunal has noted the unique position of the Municipal Council of Roxby Downs. This reflects the indenture agreement applicable to that area and the unique funding arrangements that apply. Accordingly, the Tribunal has not included this council in this review.

REMUNERATION LEVELS

(a) Other Jurisdictions

62. In the conduct of this review, the Tribunal considered available information relating to local government CEO remuneration in other Australian jurisdictions.
63. The April 2023 determination of the Western Australian Salaries and Allowances Tribunal reviewed remuneration bands for local government CEOs and allowances for certain elected members. In that determination, a four-band structure was adopted with total reward package bands ranging from \$136,023 to \$404,488 per annum. In addition, maximum separate isolation allowance amounts for nominated councils were identified, taking into account the remoteness, cost of living, social disadvantage, the impact of a dominant industry, attraction and retention issues and community expectations. The quantum of these maximum payments depended on the assessed circumstances of the local council concerned. The determination provided for a discretionary housing allowance where there was a lack of suitable housing, or recruitment issues. The determination considered the private benefit value of motor vehicles provided to CEOs for reporting purposes.
64. Information relative to other States and Territories is not uniformly published, thereby limiting the usefulness of any comparative analysis, and there is no regulatory arrangement equivalent to the Western Australia Salaries and Allowances Tribunal.

65. The Tribunal has historically applied a six-level grouping system for the consideration of allowances applicable to members of councils. In its 2022 Report, the Tribunal expressed reservations about the usefulness of this arrangement and has indicated that it proposes to invite submissions about a review of that arrangement in 2026.² Notwithstanding these observations, the Tribunal has considered the extent to which the current groupings could provide a basis for the determination of minimum and maximum remuneration levels. There are significant impediments to such an approach. Firstly, the characteristics of councils within the established groups that may be particularly relevant to CEOs vary substantially within and between the groups such that use of the groups for this purpose appears illogical. Secondly, the Tribunal considers that exclusive reliance on factors such as overall staff numbers does not equate to a measure of CEO skill requirements.
66. The Tribunal has taken into account national salary surveys of the local government sector. Because of the substantial range between low and high remuneration levels, and uncertainties about just how employment benefits are assessed, this information is of limited value in setting minimum and maximum levels in South Australia, consistent with the legislative requirements. It has, however, confirmed that the CEO remuneration levels are generally consistent with the indicative survey data.

(b) Minimum and maximum remuneration levels in South Australia

67. The Tribunal's preference is to progress toward establishing minimum and maximum remuneration levels founded on an assessment of skill and competence levels. Such an approach would allow the flexibility to set remuneration consistent with the challenges confronting a given council. However, the limited information available to the Tribunal, combined with the very small number of submissions, simply does not support such an approach at this time. Councils are encouraged to make submissions about such an approach in the future.
68. The Tribunal is not in a position to determine the minimum and maximum remuneration levels based on factors such as the geographical size of the council, revenue of the council and other factors as listed in paragraph 18 above. It considers these factors to be sensible criterion to guide any future determinations of the Tribunal, however, under the current legislation such an approach requires the cooperation of councils.
69. For this inaugural review, the Tribunal has determined to group councils into eight bands. While these bands have some generally common characteristics, the Tribunal recognises differences and potential anomalies in terms of council characteristics within and between some of these bands. Each band is based on the data provided by councils in relation to the total remuneration package of their CEO. The Tribunal has then applied assumptions in relation to the value of the provision of a motor vehicle and any additional leave entitlements beyond that of usual administrative staff. This has resulted in a figure described as an "adjusted total remuneration package" for each CEO who is covered by this review.
70. With the exception of the band consisting of the City of West Torrens, City of Charles Sturt and City of Port Adelaide Enfield, the bandwidths range from \$17,680 to \$32,240. This group of three councils has a much smaller bandwidth because its total remuneration amounts are significantly higher than most other metropolitan councils. The Tribunal was cognisant of the fact that remuneration discrepancies between councils meant that clearly definable criterion

² South Australian Remuneration Tribunal, *Report of the Remuneration Tribunal: 2022 Allowances for Members of Local Government Councils, Report 2 of 2022*, p.9 [<https://www.remtribunal.sa.gov.au/documents/2022/20220705-Report-2-of-2022-Members-of-Local-Government.pdf>]

such as that listed in paragraph 18 could not be used to define bands without resulting in very large band remuneration diversity inconsistent with the function of the legislation.

71. The Tribunal has determined that the Adelaide City Council should be separated from councils generally for the purpose of considering CEO remuneration. This recognises that separate legislation covers that council. As no submission was received from the Adelaide City Council in relation to this review, the Tribunal's consideration is entirely based on the current total remuneration for the Adelaide City Council CEO.
72. The Tribunal has differentiated between the City of West Torrens, City of Charles Sturt and City of Port Adelaide Enfield and other significant metropolitan councils. This distinction is entirely based on current remuneration arrangements which differ substantially from other significant metropolitan councils and large provincial centres.
73. A further group of metropolitan, near metropolitan councils and larger regional councils have been grouped together. The Tribunal has placed the Corporation of the Town of Walkerville in this group but notes that the characteristics of that Corporation are fundamentally different from all other metropolitan councils. Finally, the Tribunal has established two groupings of regional councils, largely distinguished by population characteristics.
74. While the approach the Tribunal has taken in this review restricts the extent to which exceptional circumstances of a particular council can be properly recognised and provides limited explanation of the basis for existing remuneration levels to the community, this reflects the disparate current remuneration levels and lack of information about how these were arrived at. A more accurate assessment of remuneration bands based on council characteristics and performance measures is not possible on the information made available to the Tribunal. The Tribunal suggests that it may be appropriate for discussions with the LGA in advance of the next review to identify minimum and maximum remuneration levels based on agreed council criteria, with the potential for separate recognition of attraction incentives and defined performance measures.
75. The Tribunal considers that wage price movements should be recognised within the framework of minimum and maximum remuneration levels, particularly given the time period that has lapsed between the commencement of the inaugural review and the operative date of the Determination.
76. The Tribunal has considered the wage movements and current rate of inflation and has factored these into the minimum and maximum amounts of remuneration but notes that the increase applied is substantially less than CPI.
77. Any decision in relation to an annual increase for CEO remuneration within the bands set by the Tribunal remains a matter for each council in accordance with section 99A(1) of the LG Act.
78. Furthermore, in accordance with section 147(5) of the *Statutes Amendment (Local Government Review) Act 2021 (SA)*, if the current remuneration level for a CEO is below the minimum band level set by the Tribunal, this may be increased to within the band limits at the discretion of the council. Conversely, if the remuneration level for a CEO is above the band level maximum, the Tribunal would expect no further increase in remuneration during the term of that appointment unless the remuneration level was to fall below the maximum remuneration level following any annual adjustments established by the Tribunal.

FREQUENCY OF REVIEWS

79. The Tribunal proposes to progress toward a review of the minimum and maximum remuneration of CEOs on a four yearly basis that is commensurate with the timeframe for local government member allowances. However, because this is the first review of this nature and it is based on data that is conflicting and inconsistent, it is acknowledged that councils may need to refer specific instances to the Tribunal for consideration. The Tribunal will review the minimum and maximum remuneration levels in July 2024 to take account of any feedback from councils or CEOs and wage and cost of living adjustments. The Tribunal expects any council who, as part of any future review, identifies significant differences in the remuneration package to provide sufficient detail and reasons as to why this is the case.

OPERATIVE DATE

80. The accompanying Determination will come into operation on and from 1 July 2023.



Matthew O'Callaghan
PRESIDENT



Deborah Black
MEMBER



Peter de Cure AM
MEMBER

Dated this 16th day of June 2023

APPENDIX 2

Appendix 3

*2023 Inaugural Review of Minimum and Maximum
Remuneration for Local Government Chief
Executive Officers – Determination 4-2023*



No. 4 of 2023

DETERMINATION OF THE REMUNERATION TRIBUNAL Minimum and Maximum Chief Executive Officer Remuneration

SCOPE OF DETERMINATION

1. This Determination applies to Chief Executive Officers of Local Government Councils to whom section 99A of the *Local Government Act 1999* (SA) applies.
2. For the reasons provided in the accompanying report, The Municipal Council of Roxby Downs is not covered by this Determination.

MINIMUM AND MAXIMUM REMUNERATION

3. In accordance with section 99A of the *Local Government Act 1999* (SA) (**LG Act**) the Remuneration Tribunal hereby determines the following rates of minimum and maximum remuneration for Chief Executive Officers of Local Government Councils in South Australia:

Band	Total Remuneration Package
1	\$414,000 - \$431,600
2	\$396,240 - \$402,480
3	\$357,760 - \$380,640
4	\$319,280 - \$351,520
5	\$299,520 - \$317,200
6	\$272,480 - \$292,240
7	\$235,040 - \$265,200
8	\$197,600 - \$229,840

4. Remuneration figures are expressed on a total remuneration package basis.
5. A list of council groupings is included at attachment 1.
6. Any decision in relation to an annual increase for CEO remuneration within the bands set by the Tribunal remains a matter for each council in accordance with section 99A(1) of the LG Act.

DATE OF OPERATION

7. This Determination shall have operative effect on and from 1 July 2023.



Matthew O'Callaghan
PRESIDENT



Deborah Black
MEMBER



Peter de Cure AM
MEMBER

Dated this 16th day of June 2023

APPENDIX 2

ATTACHMENT 1

Council	Band
Adelaide Hills Council	5
Adelaide Plains Council	6
Alexandrina Council	5
Barunga West Council	7
Berri Barmera Council	7
Campbelltown City Council	3
City of Adelaide	1
City of Burnside	4
City of Charles Sturt	2
City of Holdfast Bay	4
City of Marion	4
City of Mitcham	3
City of Mount Gambier	5
City of Norwood Payneham & St Peters	4
City of Onkaparinga	3
City of Playford	4
City of Port Adelaide Enfield	2
City of Port Lincoln	7
City of Prospect	5
City of Salisbury	3
City of Tea Tree Gully	4
City of Unley	3
City of Victor Harbor	6
City of West Torrens	2
City of Whyalla	4
Clare & Gilbert Valleys Council	7
Coorong District Council	7
Copper Coast Council	6
Corporation of the Town of Walkerville	5
District Council of Ceduna	6
District Council of Cleve	7
District Council of Coober Pedy	8
District Council of Elliston	8
District Council of Franklin Harbour	7
District Council of Grant	7
District Council of Karoonda East Murray	8

District Council of Kimba	8
District Council of Lower Eyre Peninsula	7
District Council of Loxton Waikerie	7
District Council of Mount Remarkable	7
District Council of Orroroo Carrieton	8
District Council of Peterborough	8
District Council of Robe	8
District Council of Streaky Bay	8
District Council of Tumby Bay	7
District Council of Yankalilla	7
Kangaroo Island Council	7
Kingston District Council	8
Light Regional Council	5
Mid Murray Council	6
Mount Barker District Council	3
Naracoorte Lucindale Council	7
Northern Areas Council	7
Port Augusta City Council	6
Port Pirie Regional Council	6
Regional Council of Goyder	6
Renmark Paringa Council	6
Southern Mallee District Council	7
Tatiara District Council	7
The Barossa Council	4
The Flinders Ranges Council	8
The Rural City of Murray Bridge	5
Town of Gawler	4
Wakefield Regional Council	7
Wattle Range Council	7
Wudinna District Council	8
Yorke Peninsula Council	4

3. 2024 CEO Remuneration Review Process – Duration of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 10.2 in confidence under sections 90(2) and 90(3)(a) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	Until further order
Related Attachments	Until further order
Minutes	Until further order
Other (presentation, documents, or similar)	Until further order

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.