

5.2 Chief Executive Officer Review 2008/09

Following consideration of the report on the results of the survey of all elected members regarding the performance of the Chief Executive Officer during the 2008/09 financial year the Panel is to consider the remuneration package that is to apply to this position from 1 July 2009.

This is an update on a previously reported project, concept or issue.

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File Reference:
Attachments: 1 – Clause 10 from the contract of employment (1 page)
2 – Clause 9 and Schedule 4 from the contract of employment (1 page)

1 Executive summary

1.1 Topic

Following consideration of the report on the results of the survey of all elected members regarding the performance of the Chief Executive Officer (CEO) during the 2008/09 financial year the Panel is to consider the remuneration package that is to apply to this position from 1 July 2009.

1.2 Context

In accordance with the contract of employment for the CEO, the remuneration package for this position is reviewed every 12 months following the completion of the performance review. The Expense of Office Payments detailed in the contract also require review at this time. The finalisation of these actions will complete the CEO Review for 2008/09

1.3 Suggested outcome

It is suggested that the Chief Executive Officer Review Panel consider this item in Confidence. Section 90(3)(a) of the Local Government Act 1999 is suggested as the most appropriate to use for this purpose.

This item is presented as a confidential item because consistent with accepted principles of professional human resources practice, remuneration reviews are managed in a confidential manner.

The implications of not considering this item in Confidence are that the premature release of confidential employment information is inappropriate and contrary to accepted HR management and good administrative decision making.

2 Recommendation(s)

1. (a) That under the provisions of Section 90(2) of the Local Government Act 1999 an order be made upon the basis of Section 90(3)(a) of the Act that the public be excluded from attendance at the meeting in order to consider in confidence this item.
- (b) That the Chief Executive Officer Review Panel is satisfied that it is necessary that the public be excluded to enable the Chief Executive Officer Review Panel to receive and consider the information/report at the meeting on the following grounds:
 - (a) information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead);
2. That accordingly, on this basis the principle that meetings of the Chief Executive Officer Review Panel should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.
3. That the Chief Executive Officer Review Panel determine the level of remuneration to be recommended to Council as being appropriate for the position of Chief Executive Officer from 1 July 2009.
4. That the Chief Executive Officer Review Panel determine the level of increase to be recommended to Council as being appropriate to apply to the items listed in Schedule 4 of the Chief Executive Officer's contract of employment.
5. That an order be made under the provisions of Section 91(7) of the Local Government Act 1999 that:
 - (i) the report of the Chief Executive Officer Review Panel relating to discussion of the subject matter (including the attachments to the report being Clause 9 and schedule 4 and Clause 10 of the Chief Executive Officer's Contract of Employment), having been dealt with on a confidential basis under Section 90(3)(a) of the Act, be kept confidential until 31 December 2011.
 - (ii) the minutes of the Chief Executive Officer Review Panel relating to discussion of the Chief Executive Officer's remuneration, having been dealt with on a confidential basis under Section 90(3)(a) of the Act, be kept confidential until the matter has been determined by Council.

Key Factors**3 Discussion**

Clause 10 of the CEO's contract of employment details the steps to be considered in the annual review of remuneration. A copy of that clause from the contract is provided as Attachment 1 to this report.

Clause 9 of the contract specifies how amounts allowed for expenses will be reviewed. A copy of the relevant clause and Schedule 4 from the contract of employment is provided as Attachment 2 to this report. The only clauses specifying an amount are clauses 2 and 9 from Schedule 4; all other payments/allowances are a direct cost paid to the supplier of the goods or services on behalf of the CEO. In the 2007/08 review Schedule 4 was not formally reviewed by the CEO Review Panel, however, through automatic payment systems set up at the commencement of this contract, CPI for the 12 months ending 30 June 2008 for Adelaide of 4.6% was applied to both of these clauses. With the application of that percentage, the base figures to be reviewed are as follows:

- clause 2 - \$418.40
- clause 9 - \$1569.00.

The Consumer Price Index (CPI) for the June quarter 2009 for the *'weighted average of eight capital cities'* was 1.5% and for Adelaide for the same period it was 1.6%. As a comparison, in March 2009, CPI for the year ending 31 March 2009 for the *'weighted average of eight capital cities'* was 2.5% and for Adelaide for the same period it was 2.3%.

6. Closure

Attachment 5.2

Chief Executive Officer Review 2008/09

2 pages

Extract from the Chief Executive Officer's contract of employment

10 REMUNERATION PACKAGE REVIEW

- 10.1 The remuneration package as provided for in Schedule 1 (as increased from time to time by further application of this clause) shall be reviewed annually.
- 10.2 The annual review of the remuneration package shall be conducted within one month following the performance review set out in Clause 11 if reasonably practicable, and any change to the remuneration package shall be "backdated", to take effect from 1 July in that year.
- 10.3 The review of the remuneration package will take into account an assessment of performance based upon the following:
 - 10.3.1 the agreed criteria referred to in Schedule 3, the acquisition and satisfactory utilisation of new or enhanced skills by the Officer if beneficial to or required by the Council;
 - 10.3.2 movements in the Consumer Price Index (all groups) Adelaide as issued by the Australia Bureau of Statistics; and
 - 10.3.3 remuneration packages available to Chief Executive Officers of Australian Councils of similar size to the Council and other government agencies.
- 10.4 Notwithstanding clause 10.3 the parties acknowledge that in undertaking any review of the remuneration package, the Officer shall not be entitled as of right to an annual increase of the remuneration package in accordance with any increase of the Consumer Price Index, or at all.

Extract from the Chief Executive Officer's contract of employment

9 EXPENSE OF OFFICE PAYMENTS AND ALLOWANCES

- 9.1 Council shall meet the range of Expense of Office Payments and Allowances detailed in Schedule 4. The amount allowed for these expenses will be reviewed annually with a minimum increase in accordance with the Consumer Price Index for Adelaide as at 30 June each year.

SCHEDULE 4

EXPENSE OF OFFICE PAYMENTS AND ALLOWANCES

NOTE: Where an expense is incurred by the Officer on any item referred to in this schedule the Council will, upon production of accounts or receipts, provide reimbursement to the Officer. Reimbursement does not apply to the items in this schedule where a service or facility is provided by Council without cost being incurred by the Officer (ie Item 4). The Allowance paid by Council referred to in Item 9 does not require production of accounts or receipts as this is not a reimbursement.

1. Entertainment and executive expenses necessarily incurred by the Officer in accordance with the Council Guidelines for Reimbursement of General Manager Expenses.
2. The cost of rental of home telephone services and reimbursement of all home telephone calls in excess of \$20.00 to a limit of \$400.00 per quarter.
3. The cost of work related mobile telephone calls, and the provision of mobile telephone/PDA communication technology. Council will meet the cost of business calls.
4. The provision of a home desktop computer (or, in the alternative, a laptop computer), fax machine and printer, with dedicated telephone line.
5. The cost of three annual professional organisation subscriptions (provided such are reasonably consistent with the Officer's duties).
6. The cost of an entitlement by the Officer to airline travel in economy class interstate and overseas in the course of duties for the Council.
7. The cost of entitlement of the Officer to have Qantas Club (or equivalent) membership of a domestic airline.
8. An additional superannuation contribution of 3% of the Officer's salary in lieu of death and disability insurance.
9. The Officer will be paid an annual Civic Allowance of \$1,500.00 (paid in equal quarterly instalments in advance) to compensate for the cost of home entertainment on Council business, charity functions, and other similar attendances.