

## **SALARIES AND ALLOWANCES TRIBUNAL REPORT UNDER SECTION 7A OF THE *SALARIES AND ALLOWANCES ACT 1975*, LOCAL GOVERNMENT CHIEF EXECUTIVE OFFICERS.**

Section 7A of the *Salaries and Allowances Act 1975* provides that the Tribunal shall, from time to time, enquire into and make a report containing recommendations as to the remuneration to be paid or provided to Chief Executive Officers (CEOs) of local governments.

### **BACKGROUND**

The Tribunal's first report and recommendations under section 7A, was issued in June 2006 and there is a requirement that future reports are to be made at intervals of not more than twelve months. Accordingly the Tribunal has undertaken another enquiry.

This report and the recommendations it contains are very different from the usual work assigned to the Tribunal by the Parliament. In general terms, the function of the Tribunal has been to determine (or set) the remuneration for positions under its jurisdiction. Even in the case of the judiciary, where the Tribunal recommends salaries to Parliament, the effect of such a recommendation is to become determinative if not rejected by either House of Parliament.

The recommendations are made for the purpose specified in the *Local Government Act*, that is, to be taken into account by local governments before entering into, or renewing, a contract of employment with a CEO.

There are 142 local governments in mainland Western Australia and also 11 local government regional councils. The local governments vary significantly in size from 1.5 square kilometres to 378,555 square kilometres. Their populations range from 150 to more than 180,000.

Total Reward Packages for CEOs in local government currently include a diversity of reward strategies. The reward package adopted by individual local governments is specific to its business needs, financial constraints and organisational culture. As well, specific attraction and retention issues are addressed. Local governments also exercise discretion in remunerating individual CEOs based on the level of experience and expertise the incumbent brings to the role; the growth in his/her capability over a period of time and specific characteristics of the local government relative to other comparable local governments. It is not the Tribunal's mandate or intent to restrict this flexibility of design, but to provide guidance to local governments by way of recommended Total Reward Packages.

### **CURRENT ENQUIRY**

As part of-conducting its current enquiry, the Tribunal placed an advertisement in "The West Australian" newspaper on Wednesday 2 May 2007 and on its official website calling for submissions from interested persons and organisations. It also emailed all Mayors, Presidents and Chairmen on Monday 30 April 2007 drawing their attention to the advertisement to be placed in the newspaper. The same email was sent to the Western Australian Local Government Association and the Local Government Managers Association.

As part of this process, the Tribunal also consulted its statutory advisor.

The Tribunal made specific enquiries about Australia-wide remuneration movements in the local government sector.

The economic indices considered by the Tribunal were the latest issued by the Australian Bureau of Statistics: the March Quarter 2007 Consumer Price Index and the March Quarter 2007 Labour Price Index. It also considered the most recently available Western Australian Consumer Price Index and Wage Cost Index. The Tribunal also has been mindful of increases received by other officeholders under its jurisdiction over recent months.

Three submissions were received. Two concerned the allocation of two local governments within bands and one suggested the circulation of submissions to all local government areas for their information.

The Tribunal is aware of imminent mergers of local governments in the Geraldton and Northam areas. It will make a recommendation on remuneration as soon as possible following notification of the parameters such as population, budget and number of employees in the merged local governments.

## RECOMMENDATIONS

The Tribunal recommends that with effect from 1 July 2007 the Total Reward Package paid or provided to local government and local government regional council CEOs be as set out in the attached Schedule.

Signed at Perth this 27th day of June 2007.

Dr M C Wood  
CHAIRMAN

M Nadebaum  
MEMBER

SALARIES AND ALLOWANCES TRIBUNAL

## SCHEDULE

### PART 1 - LOCAL GOVERNMENT TOTAL REWARD PACKAGE

<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>	<b>NUMBER OF LOCAL GOVERNMENTS</b>
Band 1	\$99,180 - \$134,154	30
Band 2	\$110,664 - \$150,336	44
Band 3	\$122,148 - \$165,474	21
Band 4	\$131,544 - \$178,524	2
Band 5	\$144,072 - \$194,706	11
Band 6	\$159,732 - \$216,108	13
Band 7	\$177,480 - \$240,120	8
Band 8	\$193,662 - \$261,522	11
Band 9	\$210,366 - \$285,012	2

### PART 2 - LOCAL GOVERNMENT CLASSIFICATIONS

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Albany	7	\$177,480 - \$240,120
Armadale	7	\$177,480 - \$240,120
Ashburton	5	\$144,072 - \$194,706
Augusta-Margaret River	5	\$144,072 - \$194,706
Bassendean	5	\$144,072 - \$194,706
Bayswater	8	\$193,662 - \$261,522
Belmont	7	\$177,480 - \$240,120
Beverley	2	\$110,664 - \$150,336
Boddington	1	\$99,180 - \$134,154
Boyup Brook	2	\$110,664 - \$150,336
Bridgetown-Greenbushes	3	\$122,148 - \$165,474
Brookton	2	\$110,664 - \$150,336
Broome	6	\$159,732 - \$216,108
Broomehill	1	\$99,180 - \$134,154
Bruce Rock	2	\$110,664 - \$150,336
Bunbury	7	\$177,480 - \$240,120
Busselton	6	\$159,732 - \$216,108
Cambridge	7	\$177,480 - \$240,120
Canning	8	\$193,662 - \$261,522

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Capel	3	\$122,148 - \$165,474
Carnamah	2	\$110,664 - \$150,336
Carnarvon	5	\$144,072 - \$194,706
Chapman Valley	2	\$110,664 - \$150,336
Chittering	2	\$110,664 - \$150,336
Claremont	3	\$122,148 - \$165,474
Cockburn	8	\$193,662 - \$261,522
Collie	3	\$122,148 - \$165,474
Coolgardie	3	\$122,148 - \$165,474
Coorow	2	\$110,664 - \$150,336
Corrigin	2	\$110,664 - \$150,336
Cottesloe	3	\$122,148 - \$165,474
Cranbrook	2	\$110,664 - \$150,336
Cuballing	1	\$99,180 - \$134,154
Cue	1	\$99,180 - \$134,154
Cunderdin	2	\$110,664 - \$150,336
Dalwallinu	2	\$110,664 - \$150,336
Dandaragan	3	\$122,148 - \$165,474
Dardanup	3	\$122,148 - \$165,474
Denmark	3	\$122,148 - \$165,474
Derby-West Kimberley	6	\$159,732 - \$216,108
Donnybrook-Balingup	3	\$122,148 - \$165,474
Dowerin	1	\$99,180 - \$134,154
Dumbleyung	1	\$99,180 - \$134,154
Dundas	1	\$99,180 - \$134,154
East Fremantle	3	\$122,148 - \$165,474
East Pilbara	6	\$159,732 - \$216,108
Esperance	6	\$159,732 - \$216,108
Exmouth	2	\$110,664 - \$150,336
Fremantle	8	\$193,662 - \$261,522
Geraldton	6	\$159,732 - \$216,108
Gingin	3	\$122,148 - \$165,474
Gnowangerup	1	\$99,180 - \$134,154
Goomalling	2	\$110,664 - \$150,336
Gosnells	8	\$193,662 - \$261,522
Greenough	5	\$144,072 - \$194,706
Halls Creek	4	\$131,544 - \$178,524
Harvey	5	\$144,072 - \$194,706

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Irwin	2	\$110,664 - \$150,336
Jerramungup	2	\$110,664 - \$150,336
Joondalup	8	\$193,662 - \$261,522
Kalamunda	6	\$159,732 - \$216,108
Kalgoorlie-Boulder	7	\$177,480 - \$240,120
Katanning	2	\$110,664 - \$150,336
Kellerberrin	2	\$110,664 - \$150,336
Kent	2	\$110,664 - \$150,336
Kojonup	3	\$122,148 - \$165,474
Kondinin	2	\$110,664 - \$150,336
Koorda	2	\$110,664 - \$150,336
Kulin	2	\$110,664 - \$150,336
Kwinana	6	\$159,732 - \$216,108
Lake Grace	2	\$110,664 - \$150,336
Laverton	3	\$122,148 - \$165,474
Leonora	3	\$122,148 - \$165,474
Mandurah	8	\$193,662 - \$261,522
Manjimup	5	\$144,072 - \$194,706
Meekatharra	2	\$110,664 - \$150,336
Melville	8	\$193,662 - \$261,522
Menzies	1	\$99,180 - \$134,154
Merredin	3	\$122,148 - \$165,474
Mingenew	1	\$99,180 - \$134,154
Moora	3	\$122,148 - \$165,474
Morawa	2	\$110,664 - \$150,336
Mosman Park	3	\$122,148 - \$165,474
Mount Magnet	2	\$110,664 - \$150,336
Mount Marshall	2	\$110,664 - \$150,336
Mukinbudin	1	\$99,180 - \$134,154
Mullewa	2	\$110,664 - \$150,336
Mundaring	6	\$159,732 - \$216,108
Murchison	1	\$99,180 - \$134,154
Murray	5	\$144,072 - \$194,706
Nannup	2	\$110,664 - \$150,336
Narembeen	2	\$110,664 - \$150,336
Narrogin Shire of	1	\$99,180 - \$134,154
Narrogin Town of	2	\$110,664 - \$150,336
Nedlands	6	\$159,732 - \$216,108

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Ngaanyatjarraku	2	\$110,664 - \$150,336
Northam Shire of	2	\$110,664 - \$150,336
Northam Town of	3	\$122,148 - \$165,474
Northampton	2	\$110,664 - \$150,336
Nungarin	1	\$99,180 - \$134,154
Peppermint Grove	1	\$99,180 - \$134,154
Perenjori	2	\$110,664 - \$150,336
Perth	9	\$210,366 - \$285,012
Pingelly	1	\$99,180 - \$134,154
Plantagenet	4	\$131,544 - \$178,524
Port Hedland	5	\$144,072 - \$194,706
Quairading	2	\$110,664 - \$150,336
Ravensthorpe	2	\$110,664 - \$150,336
Rockingham	8	\$193,662 - \$261,522
Roebourne	6	\$159,732 - \$216,108
Sandstone	1	\$99,180 - \$134,154
Serpentine-Jarrahdale	5	\$144,072 - \$194,706
Shark Bay	2	\$110,664 - \$150,336
South Perth	7	\$177,480 - \$240,120
Stirling	9	\$210,366 - \$285,012
Subiaco	7	\$177,480 - \$240,120
Swan	8	\$193,662 - \$261,522
Tambellup	1	\$99,180 - \$134,154
Tammin	1	\$99,180 - \$134,154
Three Springs	1	\$99,180 - \$134,154
Toodyay	2	\$110,664 - \$150,336
Trayning	1	\$99,180 - \$134,154
Upper Gascoyne	1	\$99,180 - \$134,154
Victoria Park	6	\$159,732 - \$216,108
Victoria Plains	2	\$110,664 - \$150,336
Vincent	6	\$159,732 - \$216,108
Wagin	2	\$110,664 - \$150,336
Wandering	1	\$99,180 - \$134,154
Wanneroo	8	\$193,662 - \$261,522
Waroona	2	\$110,664 - \$150,336
West Arthur	1	\$99,180 - \$134,154
Westonia	1	\$99,180 - \$134,154
Wickepin	1	\$99,180 - \$134,154
Williams	1	\$99,180 - \$134,154

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Wiluna	2	\$110,664 - \$150,336
Wongan-Ballidu	2	\$110,664 - \$150,336
Woodanilling	1	\$99,180 - \$134,154
Wyalkatchem	1	\$99,180 - \$134,154
Wyndham-East Kimberley	5	\$144,072 - \$194,706
Yalgoo	1	\$99,180 - \$134,154
Yilgarn	3	\$122,148 - \$165,474
York	3	\$122,148 - \$165,474

\* Christmas Island and Cocos Keeling Islands are not included as they are Commonwealth Territories.

### **PART 3 –LOCAL GOVERNMENT REGIONAL COUNCILS TOTAL REWARD PACKAGE**

<b>LEVEL</b>	<b>TOTAL REWARD PACKAGE</b>	<b>NUMBER OF LOCAL GOVERNMENT REGIONAL COUNCILS</b>
<b>Level 1</b>	\$65,563 - \$88,636	2
<b>Level 2</b>	\$83,416 - \$112,856	2
<b>Level 3</b>	\$99,180 - \$134,154	0
<b>Level 4</b>	\$110,664 - \$150,336	1
<b>Level 5</b>	\$122,148 - \$165,474	0
<b>Level 6</b>	\$131,544 - \$178,524	0
<b>Level 7</b>	\$144,072 - \$194,706	1
<b>Level 8</b>	\$159,732 - \$216,108	1
<b>Level 9</b>	\$177,480 - \$240,120	1
<b>Level 10</b>	\$193,662 - \$261,522	0
<b>Level 11</b>	\$210,366 - \$285,012	0

### **PART 4 –LOCAL GOVERNMENT REGIONAL COUNCIL CLASSIFICATIONS**

<b>LOCAL GOVERNMENT REGIONAL COUNCIL **</b>	<b>LEVEL</b>	<b>TOTAL REWARD PACKAGE</b>
Bunbury-Harvey	1	\$65,563 - \$88,636
Eastern Metropolitan	8	\$159,732 - \$216,108
Geraldton-Greenhough	2	\$83,416 - \$112,856
Mindarie	7	\$144,072 - \$194,706
Murchison	1	\$65,563 - \$88,636
South East Metropolitan	2	\$83,416 - \$112,856

Southern Metropolitan	9	\$177,480 - \$240,120
Tamala Park	4	\$110,664 - \$150,336
Wildflower Country	2	\$83,416 - \$112,856

**The Pilbara Regional Council and the Western Metropolitan Regional Council are not included as their CEOs are not in receipt of remuneration
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## **PART 5 – TOTAL REWARD PACKAGE INCLUSIONS**

Each of the following is considered an appropriate component of a CEO's Total Reward Package.

- Base salary
- Annual leave loading
- Associated FBT accrued
- Association membership fees
- Attraction/retention allowance
- Benefit value of provision of motor vehicle for private use
- Cash bonus and performance incentives
- Cash in lieu of vehicle
- Fitness club fees
- Grooming/clothing allowance
- Health insurance subsidy
- Private phone
- Recognition programme benefits
- School fees and child's uniforms (ongoing)
- Superannuation
- Travel or any other benefit taken in lieu of salary
- Unrestricted entertainment allowance

## **PART 6 – TOTAL REWARD PACKAGE EXCLUSIONS**

Each of the following components is considered an appropriate exclusion from the CEO's Total Reward Package.

- Airfare to home base
- Appointment/relocation expenses
- Computer provision
- Entertainment allowance (business restricted)
- Expense of office (business restricted)
- Isolation/location allowance
- Mobile phone
- Professional development and library allowance
- Rental subsidy \*
- Travel on business
- Water/power subsidies \*

\* The payment of these subsidies maybe appropriate in some cases such as in remote locations in the state.

The above are considered either a tool of trade benefit (eg mobile phone, computer, library allowance) or a reimbursement for genuine work related expenses (eg expense of office) or compensation for specific disadvantages (eg isolation/location allowances, rental subsidy, water/power subsidy, travel benefits). Mercer's advice is that these benefits are typically not included in Total Reward Packages in other companies and organisations. The payment of these benefits, where such payment is judged to be fair, not excessive and transparent, maybe considered appropriate but such payments should not be used to artificially inflate the employee's Total Reward Package.

Signed at Perth this 27th day of June 2007.

Dr M C Wood  
CHAIRMAN

M Nadebaum  
MEMBER

SALARIES AND ALLOWANCES TRIBUNAL