

**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 last issued its report on the remuneration of local government CEOs on 27 June 2007.

This is the Tribunal's third recommendation report since section 7A of the *Salaries and Allowances Act* brought local government CEOs under the Tribunal's jurisdiction. It has been completed in accordance with the requirement that future reports are to be made at intervals of not more than twelve months. The Tribunal's first report published on 27 June 2006, described the methods used by the Tribunal. (It is available on the Tribunal's website at [www.sat.wa.gov.au](http://www.sat.wa.gov.au) or in the *Government Gazette*.)

The recommendations are made for the purpose specified in section 5.39(7) of the *Local Government Act 1995*, that is, "to be taken into account by the local government before entering into, or renewing, a contract of employment with a CEO".

There are 140 local governments in mainland Western Australia, two less than at the time of last year's recommendation report due to the amalgamations of the Town of Northam and the Shire of Northam, and the City of Geraldton and the Shire of Greenough. The number of local government regional councils has increased over the same period from 11 to 12. The local governments vary significantly in size from 1.5 square kilometres to 378,555 square kilometres. Their populations range from less than 150 to more than 180,000 and are subject to change over time.

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 taken into account. 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. It is not the Tribunal's mandate or intent to restrict this flexibility, but to provide a framework for guidance to local governments by way of recommended Total Reward Packages.

## **CURRENT ENQUIRY**

In discharging the responsibilities given to it by the Parliament, the Tribunal has in the context of its current enquiry adopted the following approach. The Tribunal has:

- advertised for public submissions;
- written to local governments and regional councils inviting submissions about their CEO positions;
- considered relevant labour market and economic data, and
- sought advice from its Statutory Adviser (the Director General, Department of Local Government and Regional Development).

### **Public Submissions**

The Tribunal placed an advertisement in *The West Australian* newspaper on Friday, 9 May 2008 and on its official website calling for submissions from interested persons and organisations. In addition, the Western Australian Local Government Association and the Local Government Managers' Association were contacted to apprise them of the Tribunal's call for submissions.

### **Invitations to Local Governments and Regional Councils**

All Mayors, Presidents and Chairmen were emailed on Monday, 26 May 2008 extending to them the opportunity to bring such matters to the Tribunal's attention that might be pertinent to their local government or regional council areas.

### **Labour Market and Economic Data**

Relevant labour market and economic data were sought from a variety of sources. These included the Wage Price Index, Average Weekly Earnings, the Consumer Price Index and Total Employment Growth. Economic forecasts at a national and state level were also considered.

### **Advice from Statutory Advisor**

The Tribunal sought advice from its statutory advisor on a range of matters including any changes to local government areas or positions, data relating to local government populations, operating and capital budgets and the number of staff employed.

## **CONSIDERATIONS**

In the context of its current enquiry, the Tribunal considered all CEO positions in local governments and regional councils, all submissions, data on the labour market and the Australian economy, as well as remuneration structures for other classes of senior public sector offices.

When determining appropriate bands and levels for CEOs' positions, the model applied by the Tribunal has taken into account a variety of factors including the following:

- Expenditure (Operating and Capital) where the capital expenditure is based on a three year rolling average;
- Population of the community served;
- Staff employed;

- Services delivered;
- Focus of the CEO role and Council profile; and
- Distinguishing features for inclusion in a higher level or band (e.g. major growth and development, significant social, environmental and economic management issues, and demand for services to non-residents).

It also had regard to whether positions had been reviewed during the preceding year and whether they had been affected by structural change.

### **Submissions**

Ten written submissions were received from local governments and regional councils. Five of the submissions requested consideration of increasing the allocated band or level of the relevant office holders. Other issues raised included the following:

- The cost of living in regional communities;
- Lower staff numbers reflected in some local governments due to out-sourcing of services;
- The changing role from Shire Clerk to CEO; and
- The need to make provision for more than one local government sharing a CEO.

Submissions from those local governments and regional councils seeking an increase in their CEO's allocated band or level, generally claimed increased work value for their position or that there was some inequity in the allocation relative to other local governments.

The Tribunal considered all the submissions and the issues they raised.

### **Local Government Remuneration Data**

Local government data considered by the Tribunal included a survey of existing Total Reward Packages provided to CEOs.

The Tribunal has been apprised of the proposed amalgamation of the Shires of Broomehill and Tambellup from 1 July 2008. It proposes to make a recommendation on remuneration as soon as possible following notification of the amalgamation and relevant data in respect of the new local government.

Advice has also been received that the Rivers Regional Council was established on 6 June 2008. This resulted from the existing members of the South East Metropolitan Regional Council being joined by the City of Mandurah, Shire of Murray and Shire of Serpentine-Jarrahdale. The Tribunal is expecting a submission at a later date providing relevant data and requesting a review of the existing band allocation for the CEO position.

## Labour Market and Economic Data

The table below shows relevant economic and labour market statistics including the most recent quarterly and annual average increases, both nationally and for Western Australia, as well as public sector and private sector comparisons.

Indicator	Quarterly % Increase	Annual Average % Increase
Perth - Consumer Price Index – Jan 08 Qtr to Mar 08 Qtr	1.4%	4.3%
National - Consumer Price Index – Jan 2008 Qtr to Mar 2008 Qtr	1.3%	4.2%
WA - Wage Price Index – Mar Qtr 2008	1.0%	5.9%
National - Wage Price Index – Mar Qtr 2008	0.9%	4.1%
WA – Wage Price Index – Mar Qtr 2008 – Private Sector	1.0%	6.2%
National – Wage Price Index – Mar Qtr 2008 – Private Sector	0.9%	4.2%
WA – Wage Price Index – Mar Qtr 2008 – Public Sector	0.8%	4.7%
National – Wage Price Index – Mar Qtr 2008 – Public Sector	0.8%	3.9%
WA – Average Weekly Earnings – Feb Qtr 2008	2.3%	9.4%
National - Average Weekly Earnings – Feb Qtr 2008	0.6%	3.2%
WA – Average Weekly Earnings (Full-time Adult Ordinary Time Earnings) – Feb 2008 Qtr	3.7%	9.1%
National - Average Weekly Earnings (Full-time Adult Ordinary Time Earnings) – Feb 2008 Qtr	1.1%	4.8%
WA Total Employment Growth – Apr 2008	-0.1%	3.5%
National Total Employment Growth – Apr 2008	0.2%	2.9%

Source: CPI: ABS Cat. 6401.0; WPI ABS Cat. 6345.0; AWE ABS Cat. 6302.0; EG ABS Cat. 6202.0

Growth in major areas of the Western Australian economy has placed pressure on Government services at all levels, including services provided by local governments. The annual average growth in the Western Australian public sector Wage Price Index to March 2008 was 4.7 per cent, whereas the comparative figure for the Western Australian private sector was 6.2 per cent. The Average Weekly Earnings statistics demonstrate significant upward movement in remuneration in Western Australia compared with national averages. The labour market at both state and national level is characterised by historically low rates of unemployment; Western Australia recording in April 2008, the lowest unemployment in Australia at 3.3 per cent seasonally adjusted. Advice from the Department of Treasury and Finance is that high labour demand

combined with low labour supply is expected to result in wage pressures continuing across most industries for the remainder of 2007/08.

Given the current economic conditions, the Tribunal took into account a range of economic forecasts. These included the Wage Price Index and Consumer Price Index forecasts published in the Government's Mid-Year Financial Projections Statement (December 2007). According to these projections, the annual average growth in the Wage Price Index in 2008/09 is expected to be 4.75 per cent, down from 5.5 per cent in 2007/08 while the growth in the Perth Consumer Price Index for 2008/09 is expected to be 2.75 per cent, down from 3.0 per cent in 2007/08.

## **RECOMMENDATIONS**

In the light of economic indices and conditions, the Tribunal recommends an increase of 3.9 per cent in the remuneration ranges for local government bands and regional council levels of CEOs.

After consideration of the relevant information and application of its band allocation model, the Tribunal recommends that there should be movement of some local governments within the band framework. These recommendations have been determined on the basis of changes in populations, budgets, staffing levels and factors particular to the local governments identified.

The following changes in band allocations have been reflected in the recommendations:

- Claremont                      Band 3 to Band 4
- Port Hedland                  Band 5 to Band 6
- Ravensthorpe                 Band 2 to Band 3

Local governments considering implementing these changes are referred to section 5.39(7) of the *Local Government Act 1995*.

The Tribunal recommends that with effect from 1 July 2008 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 2008.

Professor M C Wood  
CHAIRMAN

W S Coleman AM  
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	\$103,048 - \$139,386	30
Band 2	\$114,980 - \$156,199	42
Band 3	\$126,912 - \$171,927	20
Band 4	\$136,674 - \$185,486	3
Band 5	\$149,691 - \$202,300	10
Band 6	\$165,962 - \$224,536	12
Band 7	\$184,402 - \$249,485	10
Band 8	\$201,215 - \$271,721	11
Band 9	\$218,570 - \$296,127	2

### PART 2 - LOCAL GOVERNMENT CLASSIFICATIONS

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Albany	7	\$184,402 - \$249,485
Armadale	7	\$184,402 - \$249,485
Ashburton	5	\$149,691 - \$202,300
Augusta-Margaret River	5	\$149,691 - \$202,300
Bassendean	5	\$149,691 - \$202,300
Bayswater	8	\$201,215 - \$271,721
Belmont	7	\$184,402 - \$249,485
Beverley	2	\$114,980 - \$156,199
Boddington	1	\$103,048 - \$139,386
Boyup Brook	2	\$114,980 - \$156,199
Bridgetown-Greenbushes	3	\$126,912 - \$171,927
Brookton	2	\$114,980 - \$156,199
Broome	6	\$165,962 - \$224,536
Broomehill	1	\$103,048 - \$139,386
Bruce Rock	2	\$114,980 - \$156,199
Bunbury	7	\$184,402 - \$249,485
Busselton	7	\$184,402 - \$249,485
Cambridge	7	\$184,402 - \$249,485
Canning	8	\$201,215 - \$271,721

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Capel	3	\$126,912 - \$171,927
Carnamah	2	\$114,980 - \$156,199
Carnarvon	5	\$149,691 - \$202,300
Chapman Valley	2	\$114,980 - \$156,199
Chittering	2	\$114,980 - \$156,199
Claremont	4	\$136,674 - \$185,486
Cockburn	8	\$201,215 - \$271,721
Collie	3	\$126,912 - \$171,927
Coolgardie	3	\$126,912 - \$171,927
Coorow	2	\$114,980 - \$156,199
Corrigin	2	\$114,980 - \$156,199
Cottesloe	3	\$126,912 - \$171,927
Cranbrook	2	\$114,980 - \$156,199
Cuballing	1	\$103,048 - \$139,386
Cue	1	\$103,048 - \$139,386
Cunderdin	2	\$114,980 - \$156,199
Dalwallinu	2	\$114,980 - \$156,199
Dandaragan	3	\$126,912 - \$171,927
Dardanup	3	\$126,912 - \$171,927
Denmark	3	\$126,912 - \$171,927
Derby-West Kimberley	6	\$165,962 - \$224,536
Donnybrook-Balingup	3	\$126,912 - \$171,927
Dowerin	1	\$103,048 - \$139,386
Dumbleyung	1	\$103,048 - \$139,386
Dundas	1	\$103,048 - \$139,386
East Fremantle	3	\$126,912 - \$171,927
East Pilbara	6	\$165,962 - \$224,536
Esperance	6	\$165,962 - \$224,536
Exmouth	2	\$114,980 - \$156,199
Fremantle	8	\$201,215 - \$271,721
Geraldton - Greenough	7	\$184,402 - \$249,485
Gingin	3	\$126,912 - \$171,927
Gnowangerup	1	\$103,048 - \$139,386
Goomalling	2	\$114,980 - \$156,199
Gosnells	8	\$201,215 - \$271,721
Halls Creek	4	\$136,674 - \$185,486
Harvey	5	\$149,691 - \$202,300
Irwin	2	\$114,980 - \$156,199

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Jerramungup	2	\$114,980 - \$156,199
Joondalup	8	\$201,215 - \$271,721
Kalamunda	6	\$165,962 - \$224,536
Kalgoorlie-Boulder	7	\$184,402 - \$249,485
Katanning	2	\$114,980 - \$156,199
Kellerberrin	2	\$114,980 - \$156,199
Kent	2	\$114,980 - \$156,199
Kojonup	3	\$126,912 - \$171,927
Kondinin	2	\$114,980 - \$156,199
Koorda	2	\$114,980 - \$156,199
Kulin	2	\$114,980 - \$156,199
Kwinana	6	\$165,962 - \$224,536
Lake Grace	2	\$114,980 - \$156,199
Laverton	3	\$126,912 - \$171,927
Leonora	3	\$126,912 - \$171,927
Mandurah	8	\$201,215 - \$271,721
Manjimup	5	\$149,691 - \$202,300
Meekatharra	2	\$114,980 - \$156,199
Melville	8	\$201,215 - \$271,721
Menzies	1	\$103,048 - \$139,386
Merredin	3	\$126,912 - \$171,927
Mingenew	1	\$103,048 - \$139,386
Moora	3	\$126,912 - \$171,927
Morawa	2	\$114,980 - \$156,199
Mosman Park	3	\$126,912 - \$171,927
Mount Magnet	2	\$114,980 - \$156,199
Mount Marshall	2	\$114,980 - \$156,199
Mukinbudin	1	\$103,048 - \$139,386
Mullewa	2	\$114,980 - \$156,199
Mundaring	6	\$165,962 - \$224,536
Murchison	1	\$103,048 - \$139,386
Murray	5	\$149,691 - \$202,300
Nannup	2	\$114,980 - \$156,199
Narembeen	2	\$114,980 - \$156,199
Narrogin Shire of	1	\$103,048 - \$139,386
Narrogin Town of	2	\$114,980 - \$156,199
Nedlands	6	\$165,962 - \$224,536
Ngaanyatjarraku	2	\$114,980 - \$156,199

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Northam	5	\$149,691 - \$202,300
Northampton	2	\$114,980 - \$156,199
Nungarin	1	\$103,048 - \$139,386
Peppermint Grove	1	\$103,048 - \$139,386
Perenjori	2	\$114,980 - \$156,199
Perth	9	\$218,570 - \$296,127
Pingelly	1	\$103,048 - \$139,386
Plantagenet	4	\$136,674 - \$185,486
Port Hedland	6	\$165,962 - \$224,536
Quairading	2	\$114,980 - \$156,199
Ravensthorpe	3	\$126,912 - \$171,927
Rockingham	8	\$201,215 - \$271,721
Roebourne	6	\$165,962 - \$224,536
Sandstone	1	\$103,048 - \$139,386
Serpentine-Jarrahdale	5	\$149,691 - \$202,300
Shark Bay	2	\$114,980 - \$156,199
South Perth	7	\$184,402 - \$249,485
Stirling	9	\$218,570 - \$296,127
Subiaco	7	\$184,402 - \$249,485
Swan	8	\$201,215 - \$271,721
Tambellup	1	\$103,048 - \$139,386
Tammin	1	\$103,048 - \$139,386
Three Springs	1	\$103,048 - \$139,386
Toodyay	2	\$114,980 - \$156,199
Trayning	1	\$103,048 - \$139,386
Upper Gascoyne	1	\$103,048 - \$139,386
Victoria Park	6	\$165,962 - \$224,536
Victoria Plains	2	\$114,980 - \$156,199
Vincent	6	\$165,962 - \$224,536
Wagin	2	\$114,980 - \$156,199
Wandering	1	\$103,048 - \$139,386
Wanneroo	8	\$201,215 - \$271,721
Waroona	2	\$114,980 - \$156,199
West Arthur	1	\$103,048 - \$139,386
Westonia	1	\$103,048 - \$139,386
Wickepin	1	\$103,048 - \$139,386
Williams	1	\$103,048 - \$139,386
Wiluna	2	\$114,980 - \$156,199
Wongan-Ballidu	2	\$114,980 - \$156,199

<b>LOCAL GOVERNMENT *</b>	<b>BAND</b>	<b>TOTAL REWARD PACKAGE</b>
Woodanilling	1	\$103,048 - \$139,386
Wyalkatchem	1	\$103,048 - \$139,386
Wyndham-East Kimberley	5	\$149,691 - \$202,300
Yalgoo	1	\$103,048 - \$139,386
Yilgarn	3	\$126,912 - \$171,927
York	3	\$126,912 - \$171,927

\* 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>
Level 1	\$68,120 - \$92,093	2
Level 2	\$86,669 - \$117,257	2
Level 3	\$103,048 - \$139,386	0
Level 4	\$114,980 - \$156,199	1
Level 5	\$126,912 - \$171,927	0
Level 6	\$136,674 - \$185,486	0
Level 7	\$149,691 - \$202,300	1
Level 8	\$165,962 - \$224,536	1
Level 9	\$184,402 - \$249,485	1
Level 10	\$201,215 - \$271,721	0
Level 11	\$218,570 - \$296,127	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	\$68,120 - \$92,093
Eastern Metropolitan	8	\$165,962 - \$224,536
Mid West	2	\$86,669 - \$117,257
Mindarie	7	\$149,691 - \$202,300
Murchison	1	\$68,120 - \$92,093
Rivers	2	\$86,669 - \$117,257
Southern Metropolitan	9	\$184,402 - \$249,485
Tamala Park	4	\$114,980 - \$156,199

\*\*The Pilbara Regional Council and the Western Metropolitan Regional Council are not included as their CEOs are not in receipt of remuneration

## **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). The Tribunal has been advised 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, may be 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 2008.

Professor M C Wood  
CHAIRMAN

W S Coleman AM  
MEMBER

SALARIES AND ALLOWANCES TRIBUNAL