

# REVIEW OF GENERAL MANAGER AND SENIOR STAFF REMUNERATION

July 2021

Consultation paper



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# Overview

The position of general manager is pivotal in a council and comes with significant responsibility.

The general manager is the interface between the elected governing body of the council which sets the strategy and monitors performance, and the operational arm of the council which implements the decisions of the governing body.

General managers are responsible for the day-to-day operations of the council, the implementation of the council's strategic plans and objectives, the delivery of services and infrastructure to the community, the management of council staff and the financial management of the council.

General managers have a unique employer/employee relationship with high levels of accountability to their employer, the governing body of the council, who are in turn accountable to the community for the council's performance through the electoral process.

The *Local Government Act 1993* ('the Act'), *Local Government (General) Regulation 2005* ('the Regulation') and the *Standard Contract of Employment for General Managers of Local Councils in NSW* approved by the Departmental Chief Executive of the Office of Local Government provide councils with flexibility in determining general managers' remuneration.

The Act expressly provides that the approved standard contract must not include provisions relating to the level of remuneration or salary (including employment benefits) of the person employed under the contract.

General managers' remuneration is determined by negotiation between general managers and councils but is informed by a range of factors including the skills and experience the individual will bring to the role, the size and operational complexity of the council, the strategic goals and objectives of the council, the particular needs of the council, market conditions and industry benchmarks.

This consultation paper has been issued to explore whether there is a need for greater regulation or prescriptive guidance in setting general managers remuneration and to inform possible policy responses.

In considering whether there should be greater regulation of general manager remuneration, it is also necessary to consider the remuneration of senior staff.

Senior staff of councils that are not employed under the *Local Government (State) Award* are employed under the *Standard Contract of Employment for Senior Staff (other than General Managers) of Local Councils in NSW*.

Like the standard contract for general managers, this is approved by the Departmental Chief Executive and must not include provisions relating to the level of remuneration or salary.

However, for a position to be classified as 'senior staff' under the Act, the holder of the position must be paid at least the same remuneration received by NSW State Government senior executives that are graded at Band 1 (currently, \$192,600).

# Current legislative framework

The Act (section 334) requires councils' governing bodies to appoint a person to be general manager.

The position of general manager is a 'senior staff' position for the purposes of the Act.

As with the appointment of all council staff, councils are required to appoint the general manager using merit selection principles (section 349).

Recruitment using merit selection is a competitive process where the applicant who demonstrates that they have the best qualifications and experience relevant to the position is appointed.

The Act (section 338) requires that general managers be employed under fixed term, performance-based contracts for a duration of one to five years, based on the standard contract for general managers approved by the Departmental Chief Executive. General managers' employment contracts may be renewed.

General managers are held accountable for their performance through performance agreements and regular performance reviews required under the standard contract.

The Act (section 338) stipulates that the standard contract approved by the Departmental Chief Executive cannot set the remuneration or salary (including employment benefits) that will be received by general managers.

The standard contract also cannot stipulate the performance-based requirements of the role or the duration of the contract.

These components are included as schedules to the standard contract that can be tailored and agreed by the council and the employee as part of the recruitment process.

In practice, most councils negotiate remuneration packages with appointees during the recruitment process based on the professional advice of executive recruitment specialists engaged by the council specifically for this task.

Such specialists collate detailed comparative information about the remuneration paid to general managers across NSW and other states and territories, as well as comparable private sector and NSW public sector remuneration levels, so that they can advise councils appropriately.

Under the Regulation (clause 217), total remuneration packages for general managers are considered to include (for reporting purposes) the following components:

- total salary
- total employer superannuation contributions payable
- total value of any non-cash benefits, and
- total fringe benefits tax payable for any non-cash benefits.

General managers are entitled to receive an annual increase in their salary package equivalent to the latest percentage increase in remuneration for NSW public sector senior executive office holders. This increase is determined by the Statutory and Other Offices Remuneration Tribunal ('SOORT').

Unlike the NSW public sector however, they can also receive discretionary increases to their total remuneration package from the council under the provisions of the standard contract as a performance incentive.

The *Guidelines for the Appointment and Oversight of General Managers Guidelines* issued by the Office of Local Government provides further detailed guidance on best practice for the recruitment, appointment and performance oversight of general managers. They can be found at [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au)

## Reporting

Councils are publicly accountable for the remuneration they pay to their general managers.

The Regulation (clause 217) requires councils to publish in their annual report the total remuneration package paid to their general manager each financial year.

This is to include the total amount of:

- the general manager's salary
- any bonus payments, performance payments or other payments made in addition to the general manager's salary
- superannuation contributions made by the council or salary sacrifice to a superannuation scheme
- the total value of any non-cash benefits, and
- any fringe benefits tax paid by the council for any such non-cash benefits.

The Office of Local Government's Guidelines state that all discretionary increases in remuneration received by general managers must be reported to an open meeting of the council, together with the reasons for the increase.

The total remuneration package paid to the general manager of each council for the 2019-2020 financial year, as publicly reported by each council in its 2019-20 annual report, has been used as the basis of analysis and discussion throughout this consultation paper.

Where 2019-2020 data has not been used, for example, due to the inclusion of a termination payment in the total remuneration package or the unavailability of data, figures from either the most recent previous year or a different source have been used.

Any exceptions have been footnoted throughout this consultation paper.

## Role of the general manager

The Act (section 335) gives the general manager responsibility for:

- conducting the day-to-day management of the council in accordance with the strategic plans, programs, strategies and policies of the council
- implementing, without undue delay, the lawful decisions of the council
- advising the governing body on the development and implementation of, and consultation on, the council's plans, programs, strategies and policies
- developing the council's community strategic plan, community engagement strategy, resourcing strategy, delivery program, operational plan and annual report
- ensuring that the mayor and other councillors are given timely information and advice and the administrative and professional support necessary to effectively discharge their functions
- exercising any of the functions of the governing body that are delegated to the general manager
- implementing the council's workforce management strategy, establishing the council's organisational structure and appointing and dismissing council staff, and
- any other functions given to the general manager.

The Regulation (clause 209) also requires the general manager to ensure that:

- the council complies with all legal financial obligations, including the keeping of accounting records
- effective measures are taken to secure the effective, efficient and economical management of financial operations within each division of the council's administration
- authorised and recorded procedures are established to provide effective control over the council's assets, liabilities, revenue and expenditure and secure the accuracy of the accounting records, and
- lines of authority and the responsibilities of members of the council's staff for related tasks are clearly defined.

## Current remuneration levels in NSW

**Appendix 1** lists the total remuneration packages received by the general managers of each council in NSW for the 2019-2020 financial year, as published in each council's 2019-2020 annual report.

Total remuneration package levels have been grouped according to the council categories determined by the Local Government Remuneration Tribunal as part of its 2020 Annual Report and Determination<sup>1</sup> to enable a like-for-like comparison of similar sized and types of councils.

The ten NSW councils that paid the highest total remuneration packages to their general manager in 2019-2020 were:

• Parramatta	\$633,852 <sup>2</sup>
• Northern Beaches	\$512,092
• Sydney	\$511,954
• Canterbury-Bankstown	\$501,938
• Central Coast	\$495,849
• Blacktown	\$486,744
• Fairfield	\$484,588
• Inner West	\$482,353
• Newcastle	\$468,711
• Penrith	\$465,510

This indicates that higher levels of general manager remuneration are paid primarily by the largest metropolitan councils.

General manager remuneration is highly influenced by population levels and the challenges of managing larger councils such as greater operational complexity, higher staffing levels and higher revenue/expenditure bases.

<sup>1</sup> <https://www.remtribunals.nsw.gov.au/statutory-and-other-offices>

<sup>2</sup> Parramatta City Council advises that its 2019-2020 annual report refers to the remuneration paid to several holders of the position of general manager in the 2019-20 financial year. The Council has revisited the methodology it used to calculate the total remuneration package paid to the current general manager for the 2019-20 financial year since this consultation paper was published and determined it to be \$500,000 per annum. This will be re-reported in the Council's upcoming 2020-2021 annual report. Parramatta City Council would be positioned fourth after Canterbury-Bankstown City Council.



The ten councils that paid the lowest total remuneration packages to their general managers in 2019-2020 (excluding county councils) were (per annum):

• Weddin	\$205,000
• Brewarrina	\$210,867
• Central Darling	\$214,663 <sup>3</sup>
• Cabonne	\$220,000
• Lockhart	\$221,299
• Upper Lachlan	\$221,324
• Junee	\$222,373
• Bland	\$226,222
• Greater Hume	\$229,020
• Coolamon	\$230,150

These are all councils that are categorised as 'Rural' by the Local Government Remuneration Tribunal and supports the observation that general manager remuneration is highly influenced by population and council size.

The average total remuneration package received by a general manager in 2019-2020 for each council category was (per annum):

• <b>Principal CBD</b>	<b>\$511,954</b>
• <b>Major CBD</b>	<b>\$633,852<sup>4</sup></b>
• <b>Metropolitan Large</b>	<b>\$457,180</b>
• <b>Metropolitan Medium</b>	<b>\$414,427</b>
• <b>Metropolitan Small</b>	<b>\$334,108</b>
• <b>Major Regional City</b>	<b>\$439,467</b>
• <b>Major Strategic Area</b>	<b>\$495,849</b>
• <b>Regional Strategic Area</b>	<b>\$397,668</b>
• <b>Regional Centre</b>	<b>\$350,420</b>
• <b>Regional Rural</b>	<b>\$310,377</b>
• <b>Rural</b>	<b>\$267,119</b>
• <b>County councils</b>	<b>\$143,270</b>

The average total remuneration package received by a NSW general manager in 2019-2020 was **\$328,287 per annum<sup>5</sup>**.

<sup>3</sup> General manager's remuneration for 2019-2020 was not publicly available. This figure is the total remuneration package paid to the general manager during the 2018-2019 financial year as published in the council's 2018-2019 annual report.

<sup>4</sup> Parramatta City Council is the only council categorised as a 'Major CBD' council. See footnote 2

<sup>5</sup> See footnote 2. The reduction of the total remuneration package paid by Parramatta City Council in 2019-20 will reduce the average total remuneration package received by a NSW general manager in 2019-20 to \$327,241 per annum

# Comparison to mayor's and councillor's remuneration

## Legislative framework

Under the Act, councillor remuneration levels are determined by the Local Government Remuneration Tribunal which is an independent panel established under the Act specifically for this purpose.

The Act (section 239) requires the Local Government Remuneration Tribunal to place each council into a category with like councils, based on the following criteria:

- the size of the local government area
- the physical terrain of the local government area
- the population of the local government area and its distribution
- the nature and volume of business dealt with by each council
- the nature and extent of the development of the local government area
- the diversity of communities served
- the regional, national and international significance of the council
- any other matters considered by the Tribunal to be relevant to the provision of efficient and effective local government, and
- any other matters prescribed by the Regulation.

The Tribunal must report to the Minister for Local Government by 1 May each year what these categories are, and what the minimum and maximum fees are to be paid to mayors, councillors and the chairpersons and members of county councils each year in each category.

Categories are to be reviewed every three years.

When determining the minimum and maximum fees payable in each category, the Act (section 242A(1)) requires the Tribunal to adhere to the same policies on increases in remuneration as those that the Industrial Relations Commission is required to give effect to under the *Industrial Relations Act 1996* (section 146C) when making or varying awards or orders relating to the conditions of employment of NSW public sector employees.

However, the Local Government Remuneration Tribunal can determine under the Local Government Act (section 242(A)(3)) that a council is placed in another existing or new category with a higher range of fees without breaching the NSW Government's wage policy.

The Tribunal's determinations take effect from 1 July each year.

## Remuneration levels

**Appendix 3** details the fees payable to NSW mayors and councillors from 1 July 2020 compared to the total remuneration packages received by general managers during 2019-2020.

General managers' total remuneration packages cannot be directly compared to mayoral or councillor fees given the nature of the roles, and the time commitment, skills, qualifications and experience required vary so greatly.

However, it can be noted that:

- general manager total remuneration packages range from \$205,000 - \$633,852<sup>6</sup> per annum (not including county councils)
- councillor fees range from \$9,190 - \$40,530 per annum (not including county councils), and
- mayoral fees (combined with their councillor fees) range from \$18,970 - \$263,040 (not including county councils).

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<sup>6</sup> Or \$205,000 - \$512,092, see footnote 2



# Comparison to the NSW public sector

## Legislative framework

The *Government Sector Employment Act 2013* creates a single executive structure across the NSW Public Service, with common employment arrangements, including standard written contracts of employment.

The senior executive structure is comprised of the following four broad bands:

- Band 1 – Director level
- Band 2 – Executive Director level
- Band 3 – Deputy Secretary level
- Band 4 – Secretary level

Under the *Statutory and Other Offices Remuneration Act 1975*, the SOORT annually determines the remuneration ranges for each senior executive band. These take effect from 1 October each year.

The SOORT also determines the remuneration payable to judges, magistrates and other public office holders.

Annual increases in remuneration ranges are determined by SOORT considering key national economic indicators and movements in public sector remuneration across Australia, market conditions, CPI and wages growth.

In determining senior executive remuneration, SOORT is also required under the *Statutory and Other Offices Remuneration Act 1975* (section 6AA) to comply with the policies that apply to the Industrial Relations Commission under the *Industrial Relations Act 1996* (section 146C) when the Commission makes or varies awards or orders relating to public sector employment.

Current policy (which may be subject to change), as prescribed in the *Industrial Relations (Public Sector Conditions of Employment) Regulation 2014*, is that public sector wages cannot increase by more than 2.5 per cent.

Any increase beyond 2.5 per cent can only be awarded if sufficient employee-related cost savings have been achieved to fully offset the increased employee-related costs.

When a NSW public sector Secretary or agency head creates a senior executive role in Bands 1 – 3, they can follow the *NSW Public Service Senior Executive Remuneration Management Framework 2020-21*<sup>7</sup> which has been issued as guidance to assist decision-makers to determine where within a senior executive band remuneration range a role is to be placed.

The NSW Public Service Senior Executive Remuneration Management Framework is also to be implemented when applying annual SOORT determination increases and when considering an individual's progression over time within the discretionary remuneration range in accordance with the requirements of the agency's formal performance management system.

Model contracts of employment<sup>8</sup> for senior executives are prescribed under the *Government Sector Employment Act 2013*.

<sup>7</sup> <https://www.psc.nsw.gov.au/legislation-and-policy/senior-executives/senior-executive-remuneration-management-framework>

<sup>8</sup> <https://www.psc.nsw.gov.au/legislation-and-policy/senior-executives/model-contracts-of-employment>

## Comparison of remuneration levels

Under SOORT's current determination, NSW public sector senior executive remuneration packages range from<sup>9</sup> (per annum):

- **Band 1 (i.e. Directors):**  
**\$192,600 - \$274,700**
- **Band 2: (i.e. Executive Directors)**  
**\$274,701 - \$345,550**
- **Band 3: (i.e. Deputy Secretaries)**  
**\$345,551 - \$487,050**
- **Band 4: (i.e. Secretaries)**  
**\$487,051 - \$562,650**

Special determinations are also in place for specific Band 2, Band 3 and Band 4 roles that increase the remuneration packages for these roles.

**Appendix 2** compares the levels of remuneration received by NSW general managers in 2019-2020 to the remuneration bands determined by SOORT for NSW public sector senior executives in 2020-2021.

General managers' remuneration cannot be directly compared to NSW public sector senior executive remuneration because the nature of the roles, the skills and experience of individuals in these positions and the size and operational complexity of government departments and councils vary so greatly.

However, it can be noted that:

- general manager remuneration ranges from \$205,000 - \$633,852<sup>10</sup> per annum (not including county councils), and
- NSW public sector senior executive remuneration ranges from \$192,000 - \$649,500 per annum.

This indicates that remuneration levels across the NSW state and local government sectors for senior executives are roughly equivalent.

## Comparison to other jurisdictions

### Western Australia

Similar to the way mayoral and councillor fees are set in NSW by the Local Government Remuneration Tribunal, under the Western Australian *Local Government Act 1995* (section 5.39), general manager remuneration in Western Australia is determined independently each year by the Western Australian Salaries and Allowances Tribunal under the Western Australian *Salaries and Allowances Act 1975* (section 7A).

Unlike NSW which has three separate remuneration tribunals, Western Australia has established one single tribunal that determines

the remuneration of general managers as well as Western Australian Members of Parliament, mayors and councillors, the judiciary, the Western Australian public service and other significant officeholders.

Under the Tribunal's 2020 determination<sup>11</sup>, there are four remuneration bands for Western Australian general managers (per annum):

- **Band 1:** **\$250,375 - \$379,532**
- **Band 2:** **\$206,500 - \$319,752**
- **Band 3:** **\$157,920 - \$259,278**
- **Band 4:** **\$128,226 - \$200,192**

<sup>9</sup> <https://www.remtribunals.nsw.gov.au/statutory-and-other-offices>

<sup>10</sup> See footnote 2

<sup>11</sup> <https://www.wa.gov.au/government/publications/local-government-chief-executive-officers-and-elected-members-determination-no-1-of-2020>.

These remuneration packages include all salaries, superannuation contributions, allowances, fees and benefits.

Given Western Australia's vast geographic area and the isolation and remoteness of many local government areas, several additional concessions or incentives are also provided to attract individuals to general manager roles.

A Regional/Isolation Allowance can be paid to the general managers of 53 prescribed councils in addition to the general manager's remuneration package, in recognition of regional and isolation factors which may affect the attraction and retention of general managers in remote local government areas.

The amount that can be paid ranges from **\$10,000 – \$80,000 per annum**, depending on the prescribed council.

There is no requirement for these prescribed councils to provide a Regional/Isolation Allowance to a general manager.

Payment of part or all this allowance is at the discretion of the council, taking into consideration the following factors:

- **Remoteness** – distance of the local government area from Perth or a regional centre or issues associated with the vast distances separating communities within the local government area
- **Cost of living** – increased cost of living in the local government area, as evidenced in the Western Australian Regional Price Index
- **Social disadvantage** – reduced specialist health services, schooling opportunities for children, employment opportunities for spouses, lifestyle commodities and access to professional and personal support networks when compared to Perth and regional centres
- **Dominant industry** – the impact that a dominant industry such as mining or agriculture has on a local government area and the ability to attract and retain a general manager in the face of a dominant industry

- **Attraction/retention** – the ability to recruit suitably qualified candidates and being able to retain them considering the above factors in competition with positions in Perth, regional centres and private industry, and
- **Community expectations** – the pressures on the general manager to meet expectations when professional or operational expertise is not readily available.

Councils can also pay an additional Housing Allowance to a general manager where a lack of suitable housing (either permanent or temporary) may impact the council's ability to recruit a general manager, provided the housing is located within or adjacent to the local government area in which the general manager is employed.

The cost of the accommodation or Housing Allowance is not included in the general manager's remuneration package calculations.

For a number of prescribed councils, any motor vehicle provided to the general manager or an allowance provided to a general manager for the use of a private motor vehicle for work-related purposes is considered to be a tool needed to undertake the duties of a general manager in the local government area, and any private benefit received is not considered as part of the general manager's remuneration package.

For these reasons, the actual remuneration received by general managers in remote Western Australian councils is likely to be greater than the bands previously described.

Under the Western Australian *Local Government Act 1995* (section 5.53), each council must publish the remuneration paid to its general manager in its annual report.

## Victoria

The new Victorian *Local Government Act 2020* (section 45) requires each council in Victoria to develop, adopt and apply a CEO Employment and Remuneration Policy from 31 December 2021 to ensure consistent practices in the recruitment and appointment of general managers at the council.

Each council's CEO Employment and Remuneration Policy must:

- provide for the council to obtain independent professional advice on the recruitment and appointment of the general manager
- when setting the general manager's remuneration, ensure that the council has regard to any:
  - Victorian Government wages policy in force with respect to Victorian public sector executives, and
  - any determination in effect under the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (section 21) in relation to remuneration bands for executives employed in the Victorian public sector.

Currently, Victorian public sector executive remuneration bands range from (per annum)<sup>12</sup>:

- **Band 1:** **\$135,000 – \$249,700**
- **Band 2:** **\$249,701 – \$360,000**
- **Band 3:** **\$360,001 – \$479,900**

Victorian councils retain the power to set an individual general manager's remuneration within the relevant band, subject to Guidelines<sup>13</sup> issued by the Victorian Independent Remuneration Tribunal about the placement of executives within the bands.

Prior to the introduction of the new Victorian Local Government Act last year, a review of general manager remuneration conducted in 2019 by the Victorian Local Government Inspectorate<sup>14</sup> found that:

- the average general manager remuneration in Victoria was **\$295,000 per annum**
- the median general manager remuneration in Victoria was:
  - Group 1 (small-medium council): \$234,757
  - Group 2 (large rural, regional or small metro council): \$307,733
  - Group 3 (large regional to large metro council): \$362,038.

A review of Victorian council annual reports for 2019-2020 reveals that the highest paid general manager in Victoria in 2019-20 was employed by the City of Melbourne Council and received **\$498,000 per annum**<sup>15</sup>.

This is only slightly higher than the maximum cap that has since been set for this position.

The second highest paid general manager in Victoria in 2019-20 was employed by the City of Casey Council and received **\$470,000 – \$479,000 per annum**<sup>16</sup>.

## Queensland

Queensland councils, like NSW councils, have complete discretion regarding the remuneration that is paid to their general managers.

The Queensland *Local Government Act 2009* (section 194) only requires that a person who is appointed as the general manager enters a written contract of employment with the council that provides for the chief executive officer's conditions of employment (including remuneration).

<sup>12</sup> <https://www.vic.gov.au/victorian-public-service-executives>

<sup>13</sup> <https://www.vic.gov.au/victorian-public-service-executives>

<sup>14</sup> <https://www.lgi.vic.gov.au/managing-employment-cycle-council-ceo/print-all#current-employment-arrangements>

<sup>15</sup> <https://www.melbourne.vic.gov.au/SiteCollectionDocuments/annual-report-2019-20.pdf>

<sup>16</sup> [https://www.casey.vic.gov.au/sites/default/files/2020-10/15824%20Casey%20-%20Annual%20Report%202019-20\\_Finished%20Art\\_Web%20Spreads.pdf](https://www.casey.vic.gov.au/sites/default/files/2020-10/15824%20Casey%20-%20Annual%20Report%202019-20_Finished%20Art_Web%20Spreads.pdf)

The Queensland *Local Government Act* (section 201) also requires each council to publish in its annual report the remuneration package paid to its general manager each year.

To protect the privacy of general managers, payments are reported in \$100,000 bands, not the actual amount paid.

**Appendix 4** lists the levels of remuneration received by the general managers of each council in Queensland for the 2019-2020 financial year, as published in each council's 2019-2020 annual report.

Remuneration levels have been grouped according to the council categories prescribed by the Queensland Local Government Remuneration Commission when setting mayoral and councillor fees to enable a like-for-like comparison of similar sized and types of Queensland councils.

It shows that the general manager remuneration range for each council category in Queensland in 2019-2020 (per annum) was:

- **Brisbane:** **\$700,000 – \$799,000**
- **Category 8:** **\$601,001 – \$700,000**
- **Category 7:** **\$375,001 – \$600,000**
- **Category 6:** **\$450,000 – \$550,000**
- **Category 5:** **\$300,000 – \$500,000**
- **Category 4:** **\$300,000 – \$500,000**
- **Category 3:** **\$200,000 – \$500,000**
- **Category 2:** **\$200,000 – \$400,000**
- **Category 1:** **\$100,000 – \$400,000**

The highest paid general manager in Queensland in 2019-2020 was the Chief Executive Officer of Brisbane City Council who earned **\$700,000 – \$799,000 per annum**<sup>17</sup>.

The second highest paid general manager in Queensland in 2019-2020 was the Chief Executive Officer of Gold Coast City Council who earned **\$600,001 – \$700,000 per annum**<sup>18</sup>.

These are the largest councils in Queensland indicating that, like NSW, general manager remuneration in Queensland is influenced by population levels and council size.

## South Australia

Like NSW, South Australian councils have complete discretion regarding the remuneration that is paid to their general managers.

The South Australian *Local Government Act 1999* (Schedule 4) requires each council to publish the remuneration package received by the general manager in its annual report from 2020-2021.

There is currently no publicly available data on the remuneration levels paid to South Australian general managers.

Like Western Australia, the South Australian Parliament is currently considering new legislation (the *Statutes Amendment (Local Government Review) Bill 2020* – section 99A) that will require the South Australian Remuneration Tribunal to set the minimum and maximum remuneration levels for general managers.

The Tribunal is currently responsible for setting the annual remuneration of Members of Parliament and the judiciary, mayors and councillors of councils and other public officials.

Under the proposed legislation, the Tribunal's determinations with respect to general manager remuneration will be able to differ based on any factor considered relevant by the Tribunal including, for example, the geographical location of a council or group of councils.

Like in Victoria, South Australian councils will also be required to receive and consider independent advice when appointing, undertaking performance management and, if necessary, terminating its CEO.

<sup>17</sup> <https://www.brisbane.qld.gov.au/sites/default/files/documents/2020-10/Annual-Report-2019-20-Oct%202020.pdf>

<sup>18</sup> <https://www.goldcoast.qld.gov.au/documents/bf/annual-report-2019-20.pdf>

## Tasmania

Like NSW, Tasmanian councils have complete discretion regarding the remuneration that is paid to their general managers.

As councils are not required to publicly report on the remuneration paid to their general managers, there is no data publicly available on current remuneration ranges.

## Northern Territory

Like NSW, Northern Territory councils have complete discretion regarding the remuneration that is paid to their general managers.

Whilst there is currently no data publicly available regarding the remuneration packages paid to general managers of councils in the Northern Territory, under the new Northern Territory *Local Government (General) Regulation 2021* that will commence on 1 July 2021, each council in the Northern Territory will be required to include in their future annual financial statements, the remuneration paid to their general manager during that financial year.

## Comparison of remuneration levels

**Appendix 5** compares the remuneration levels of general managers in NSW to those in Western Australia, Queensland and Victoria.

It is important to note that the data provided for NSW and Queensland reflects the actual total remuneration packages paid to general managers during the 2019-2020 financial year, while:

- the data for Western Australia reflects the remuneration bands that general managers must be paid within, as determined by the Western Australian Salaries and Allowances Tribunal for 2020-2021, and
- the data for Victoria reflects the remuneration bands that senior executives in the Victorian public service must be paid within during 2020-2021 – councils are required to consider these bands when setting their general manager’s remuneration package.

General manager remuneration paid in NSW, Western Australia, Victoria and Queensland ranges from (per annum):

- Queensland: \$200,000 – \$799,000
- NSW: \$205,000 – \$633,852<sup>19</sup>
- Victoria: \$135,000 – \$479,900
- Western Australia: \$128,226 – \$379,532

The average general manager remuneration in Victoria in 2019 compared to NSW in 2019-2020 was (per annum):

- NSW: \$328,287<sup>20</sup>
- Victoria: \$295,000<sup>21</sup>

This indicates that, on average, general managers in Victoria received less remuneration than their counterparts in NSW in 2019-2020.

Average remuneration for other jurisdictions cannot be determined from the data publicly available.

General managers in NSW did not receive the maximum levels of remuneration received by general managers in Queensland in 2019-2020.

<sup>19</sup> Or \$205,000 – \$512,092, see footnote 2

<sup>20</sup> See footnote 6, does not include county councils

<sup>21</sup> <https://www.lgi.vic.gov.au/managing-employment-cycle-council-ceo/print-all#current-employment-arrangements>



A comparison of the top ten remuneration packages (per annum) paid to general managers in NSW and QLD<sup>22</sup> in 2019-2020 reveals that the highest paid general managers in NSW earned less than their highest-paid counterparts in Queensland:

1. NSW: \$633,852 – QLD: \$799,000<sup>23</sup>
2. NSW: \$512,092 – QLD: \$700,000
3. NSW: \$511,954 – QLD: \$600,000
4. NSW: \$501,938 – QLD: \$550,000
5. NSW: \$495,849 – QLD: \$550,000
6. NSW: \$486,744 – QLD: \$539,000
7. NSW: \$484,588 – QLD: \$500,000
8. NSW: \$482,353 – QLD: \$500,000
9. NSW: \$468,711 – QLD: \$500,000
10. NSW: \$465,510 – QLD: \$499,999

The highest paid general managers in NSW and Queensland in 2019-2020 earned (per annum):

- NSW: \$633,852 (Parramatta City Council)<sup>24</sup>
- QLD: \$700,000 – \$799,000 (City of Brisbane Council)<sup>25</sup>.

The general manager of the City of Brisbane Council oversees one of Australia's largest councils that spans the entire Brisbane city and surrounding suburbs and it is to be expected that this position would attract higher remuneration than Northern Beaches Council or City of Sydney Council.

However, a comparison of the second highest paid general managers in Queensland and NSW reveals that NSW general managers of the next largest councils are also remunerated less than their Queensland counterparts (per annum):

- NSW: \$512,092 (Northern Beaches Council)<sup>26</sup>
- QLD: \$600,001 – \$700,000 (City of Gold Coast Council)

A comparison of the lowest ten remuneration packages (per annum) paid to general managers in NSW and QLD in 2019-2020 reveals that eight out of ten NSW general managers earned more than their Queensland counterparts at the lower remuneration range:

1. NSW: \$205,000 – QLD: \$199,000
2. NSW: \$210,867 – QLD: \$200,000
3. NSW: \$214,663 – QLD: \$200,000
4. NSW: \$220,000 – QLD: \$200,000
5. NSW: \$221,299 – QLD: \$200,000
6. NSW: \$221,324 – QLD: \$200,000
7. NSW: \$222,373 – QLD: \$200,000
8. NSW: \$226,222 – QLD: \$225,001
9. NSW: \$229,020 – QLD: \$249,000
10. NSW: \$230,150 – QLD: \$250,000

It is unclear if population levels and council size play a role in this.

<sup>22</sup> The maximum value of the remuneration range reported by Queensland councils as having been paid to general managers in 2019-2020 has been used.

<sup>23</sup> See footnote 2

<sup>24</sup> See footnote 2

<sup>25</sup> <https://www.brisbane.qld.gov.au/sites/default/files/documents/2020-10/Annual-Report-2019-20-Oct%202020.pdf>

<sup>26</sup> Or \$511,954 (City of Sydney Council) – see footnote 2

# Senior staff remuneration

Any regulation of general manager remuneration will have implications for the remuneration of other senior staff of councils.

The Act (section 332(2)) defines 'senior staff' as including the:

- general manager of the council, and
- holders of all other positions identified in the council's organisation structure as "senior staff positions".

Like general managers, the Act provides that 'senior staff' are to be employed under fixed term, performance-based contracts based on the standard contract approved by the Departmental Chief Executive.

Like the standard contract for general managers, the standard contract for senior staff approved by the Departmental Chief Executive must not include provisions relating to the level of remuneration or salary.

Not all senior council executives are necessarily considered 'senior staff' for the purposes of the Act.

It depends on whether the council has identified a position as a 'senior staff' one for the purposes of the Act.

The Act (section 332) requires the governing body to determine the senior staff positions within the organisation structure of the council. A council may not determine a position to be a senior staff position unless:

- the responsibilities, skills and accountabilities of the position are generally equivalent to those applicable to the Executive Band of the *Local Government (State) Award*, and

- the total remuneration package payable with respect to the position is equal to or greater than the minimum remuneration package (within the meaning of Part 3B of the *Statutory and Other Offices Remuneration Act 1975*) payable with respect to senior executives whose positions are graded Band 1 under the *Government Sector Employment Act 2013* (currently \$192,600).

This means that staff positions other than the general manager can only be determined to be a 'senior staff' position if their total remuneration package is equal to or greater than \$192,600<sup>27</sup>.

While the general manager is deemed to be a 'senior staff' position, their remuneration is not subject to this minimum remuneration threshold and general managers' remuneration packages can be less than the threshold.

Senior council executives that are not identified as 'senior staff' under the *Local Government (State) Award* are employed under the *Local Government (State) Award* and are paid at the Executive Band prescribed under the Award.

It is open to councils to have no 'senior staff' other than the general manager and for all senior council executives to be employed under the Award rather than the standard contract.

Current remuneration levels (per annum) under the Executive Bands of the Award between 2020-2021 and 2022-2023 are<sup>28</sup>:

- |                   |                              |
|-------------------|------------------------------|
| • <b>Level 1:</b> | <b>\$96,314 – \$100,204</b>  |
| • <b>Level 2:</b> | <b>\$120,187 – \$125,044</b> |
| • <b>Level 3:</b> | <b>\$149,989 – \$156,047</b> |
| • <b>Level 4:</b> | <b>\$179,790 – \$187,054</b> |

<sup>27</sup> <https://www.remtribunals.nsw.gov.au/statutory-and-other-offices>

<sup>28</sup> <https://usu.org.au/wp-content/uploads/2020/07/Local-Government-State-Award-2020.pdf>

## Other jurisdictions

### VICTORIA

Like NSW, Victorian councils employ 'senior officers' under the Victorian *Local Government Act 2020*.

A senior officer is defined in section 3(1) of the Victorian Act as:

- the chief executive officer of the council
- a member of council staff who has management responsibilities and reports directly to the chief executive officer, and
- any other member of council staff whose total remuneration currently exceeds the threshold amount which is specified by the Minister for Local Government in accordance with the Act (section 97B).

The current threshold for a senior staff member is remuneration equivalent to or above **\$151,000 per annum**.

Each year the senior officer remuneration threshold is reviewed and increased by the Minister.

In 2019-20, the remuneration range for senior staff (not including the general manager) at the:

- City of Melbourne Council was \$325,000 – \$408,784<sup>29</sup>, and
- City of Geelong Council was \$151,000 – \$239,000<sup>30</sup>.

### South Australia

South Australian councils employ 'senior executive officers' under the South Australian *Local Government Act 1999*.

Senior executive staff are defined as an employee of a council:

- who reports directly to the general manager
- whose total remuneration equals or exceeds **\$100,000 per annum**, and

- whose position is identified in the organisational structure of the council as a senior executive officer's position.

Data regarding the current remuneration levels of senior staff in South Australian councils is not publicly available.

### Queensland

'Senior executive employees' in Queensland are considered under the Queensland *Local Government Act 2009* (section 201) to be the general manager and any other local government employee that reports directly to the general manager and whose position would be considered to be a senior position in the council's organisational structure.

There is no minimum remuneration threshold required to be categorised as a senior executive employee in a Queensland council.

The Queensland Act requires the total remuneration a council pays to its senior staff to be published in the council's annual report, as well as the number of employees in senior management who are being paid each band of remuneration.

### Comparison to NSW

The minimum remuneration thresholds for senior staff in NSW, Victoria and South Australia are:

- NSW: \$192,600 per annum
- VIC: \$151,000 per annum
- SA: \$100,000 per annum

The higher minimum threshold indicates that senior staff employed in NSW councils under the standard contract may receive higher remuneration levels than senior staff in other Australian jurisdictions.

However, the remuneration levels for senior council staff employed under the Award in NSW are equivalent to those paid in other jurisdictions.

29 <https://www.melbourne.vic.gov.au/SiteCollectionDocuments/annual-report-2019-20.pdf>

30 <https://www.geelongaustralia.com.au/common/Public/Documents/8d8661974ed16d2-the-city-of-greater-geelong-annual-report-2019-20.PDF>

# Issues to consider

There are several issues to consider when deciding whether further regulation or prescriptive guidance is required with respect to general manager remuneration.

## Councils' financial position and independence

The impact of the drought through most of NSW over the last decade, the destruction caused by the 2019/20 bushfires particularly in south-eastern NSW, and the COVID-19 pandemic, have all significantly impacted the ability of councils to provide essential services and have led many stakeholders to consider that councils should be supported in any way possible to reduce their operating costs in order to return more public money back into their communities.

Minimising employment costs, including in relation to general managers, is seen as one practical option to help achieve this.

However, current general manager remuneration practices allow for flexibility and independent council autonomy particularly when councils vary significantly in their population size and geographical nature.

By maintaining the status quo, and retaining current flexibility, it allows councils to work within their own scope of work and budgets and employ a general manager that best meets the needs of a local council at a particular point in time.

## Community expectations

Media reports in recent times indicate that the Australian public has become increasingly concerned about the disparity between senior executive remuneration across the public and private sectors and average worker wages.

While much of this concern has been focused on the multi-million dollar salaries, benefits, bonuses and share options paid to the chief executive officers of large private sector organisations and publicly listed companies, it has led other jurisdictions such as Victoria and South Australia to review the remuneration paid to the general managers of their councils and place caps on the maximum remuneration that can be paid to ensure they remain in line with community expectations.

## Competition with the private sector

NSW councils need strong, capable, high performing and innovative leadership to ensure that they meet community expectations and deliver their strategic plans and objectives.

Many councils are large and complex enterprises providing a wide range of services, including but not limited to:

- garbage collection
- road building and maintenance
- child-care centres
- aged care facilities
- medical services
- community services
- social events
- community facilities

- lifeguard services
- pest control
- financial investments
- youth events and services
- community-building activities
- citizenship and ceremonial events
- land-use management, and
- planning and development activities.

As outlined on *Your Council*<sup>31</sup>, NSW councils employed over 48,000 staff in 2018-2019 with a diverse range of roles and responsibilities.

In some rural communities, the local council is the main employer and service-provider in the region.

General managers are also required to control large budgets, funded through public monies.

Total operating income for all NSW councils in 2018-19 was \$12.5 billion (\$15.2 billion including capital grants and contributions) and total expenditure was \$12.4 billion.

NSW councils also own and control assets with a total value of over \$153.7 billion, including cash, investments, infrastructure, plant and equipment, receivables, inventory and intangible assets.

They also maintained over 166,904km of roads and determined 63,420 development applications in 2018-2019.

Councils need to be able to offer competitive remuneration packages, particularly compared to the private sector and NSW public sector, to attract suitably qualified and talented general managers.

## Employment vulnerability

The role of a general manager is unique, and complex compared to other chief executive officers in the private and public sectors given the political nature of local government.

As noted in a recent Victorian review of general manager employment<sup>32</sup>, unlike other chief executive officers, a general manager of a council is employed and managed by a public entity comprised of elected community representatives who make decisions by democratic vote.

This creates a unique situation where a group of people, who may have limited capability in managing employment cycles and/or human resource management, control the general manager's employment but no single individual is responsible.

This, along with poor performance review processes in some councils and potential personal or political affiliations of councillors, can cause a general manager's employment to be highly vulnerable to termination.

Contractual and performance arrangements established by inexperienced elected members can also impact on a general manager's ability to perform their duties effectively.

Remuneration negotiations are likely to take this employment vulnerability and uncertainty into account.

Conversely, general managers may also have a disproportionate advantage in negotiating their own contractual conditions with elected members who are inexperienced or do not have the expertise to set appropriate remuneration for their general manager.

31 <https://www.yourcouncil.nsw.gov.au/>

32 <https://www.lgi.vic.gov.au/managing-employment-cycle-council-ceo/print-all>

## Competition within the government sector

The regulatory regime in place in NSW for determining mayoral and councillor fees has been identified by some stakeholders as a possible model to regulate general manager remuneration.

Under this model, the Local Government Remuneration Tribunal, or another independent body, would set the total remuneration package to be paid to general managers based on the size, population and diversity of the local government area, operational complexity, revenue/expenditure of the council and other relevant factors.

However, remote councils may possibly be disadvantaged by any remuneration criteria based on these factors.

Remote NSW councils find it challenging to attract and retain suitably qualified and experienced staff due to the geographical isolation of their communities, and lifestyle, housing, education and climate factors.

Many people who have the skills, qualifications, experience and desire to work in local government often prefer to live near metropolitan centres.

Remote councils often need to offer above market remuneration rates to attract staff compared to similar sized regional and metropolitan councils.

This can also be seen in the NSW Capital Region.

NSW councils that are located near the Australian Capital Territory are more likely to need to pay higher remuneration packages to their general managers and senior staff to be competitive against the Commonwealth and Australian Capital Territory governments in attracting and retaining staff.

However, these councils would likely be considered as smaller councils under any comparative criteria used by an independent remuneration setting body, and their ability to pay above-market remuneration packages to attract staff would likely be restricted.

This would also make it harder for smaller and regional/remote councils to compete against larger and metropolitan councils for high calibre staff.

Any regulatory regime for general manager remuneration in NSW may need to account for the need for smaller and remote councils to be able to compete with other councils and levels of government to attract high-calibre general managers.

Western Australia seeks to overcome this challenge by offering a Regional/Isolation Allowance and a Housing Allowance to general managers of certain remote councils in addition to the set remuneration package that is determined by the Western Australian Salaries and Allowances Tribunal.

An additional incentive may also be required in this way to attract general managers to small and remote NSW councils should remuneration caps be set.



## Parity with the NSW public sector

It is difficult to compare the remuneration received by senior executives in the NSW public sector and general managers in making any assessment of whether general manager remuneration is appropriate.

While there are some similarities, NSW government departments and agencies play a different role and have different responsibilities compared to councils.

They also have different staffing levels, operating budgets, strategic objectives, service delivery and engagement with local communities.

However, in the absence of any other useful comparisons, Victoria uses prescribed public sector remuneration levels to set remuneration bands for Victorian general managers.

NSW also uses the remuneration paid to lower-level senior executives in the NSW public sector as a guide to the minimum remuneration for senior staff at the council other than the general manager.

A comparison of NSW senior executive public service and general manager remuneration packages indicates there is already some level of parity between the different levels of government.

For example, many rural NSW councils currently pay their general manager **\$205,000-\$399,827 per annum** which could be seen to be equivalent to the remuneration paid to a Director of a unit (**\$192,600 - \$274,000 per annum**) or an Executive Director of a branch (**\$274,701 - \$345,550 per annum**) in a NSW government department or agency.

It is noted, however, that general managers of some rural councils may be responsible for a higher operating budget and staffing levels than a Director or Executive Director in the NSW public service.

The largest metropolitan councils paid their general managers **\$397,929 - \$633,852<sup>33</sup> per annum** in 2019-20 which could be seen to be equivalent to the prescribed remuneration bands for a Secretary (**\$487,051 - \$562,650 per annum**) or a Deputy Secretary (**\$345,551 - \$487,050 per annum**) of a NSW public sector department or agency.

Many Secretaries, however, are remunerated above these prescribed bands and receive up to **\$649,500 per annum** via special determinations made by the SOORT.

Many Deputy Secretaries also receive up to **\$599,000 per annum** through special determinations.

It is noted, however, that general managers of some of the largest NSW councils may be responsible for higher operating budgets and staffing levels than Secretaries or Deputy Secretaries of NSW government departments and agencies and responsible for the delivery of a broader range of services and infrastructure to their communities.

Some stakeholders have suggested that the SOORT be commissioned to prescribe remuneration bands for general managers, like they do for the NSW public sector.

To ensure talented general managers are not lost from local government to state government due to reduced remuneration, a mechanism may be required to appropriately set a level of remuneration for general managers that is commensurate with their roles and responsibilities.

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33 See footnote 2

## Parity with other jurisdictions

Based on publicly available data and considering the size and complexity of NSW councils compared to councils in other jurisdictions, general managers in NSW do not appear to be paid significantly higher amounts than general managers in other Australian jurisdictions.

### Victoria and Western Australia

A comparison of the average general manager remuneration package in NSW in 2019-2020 (**\$328,287 per annum**<sup>34</sup>) and Victoria in 2019 (**\$295,000 per annum**) indicates that NSW general managers, on average, are paid more than their Victorian counterparts, but not significantly so.

A comparison of the two highest paid general managers in NSW in 2019-2020 (**\$633,852**<sup>35</sup> and **\$512,092 per annum**) and Victoria (**\$498,000** and **\$479,000 per annum**) also reveals that the general managers of the largest NSW councils receive higher remuneration packages than their Victorian counterparts.

The maximum remuneration package NSW general managers received in 2019-2020 (**\$633,852 per annum**<sup>36</sup>) was also higher than in Western Australia (**\$379,532 per annum**).

It is unclear if the difference in population and council size between the states plays a role in this discrepancy, however, it is noted that current NSW public sector remuneration is also greater than Victoria public sector remuneration, suggesting that it possibly does.

Current NSW public sector remuneration packages range from **\$192,600 – \$562,650 per annum** (current special determinations lifts this to **\$649,500 per annum**) compared to **\$135,000 – \$479,900 per annum** in Victoria.

### Queensland

Compared to Queensland, NSW general managers mostly receive lower remuneration packages than their Queensland counterparts.

In all cases, the top ten highest paid general managers in NSW were paid less than their highest-paid counterparts in Queensland.

The highest paid general manager in NSW (Parramatta City Council) received **\$633,852**<sup>37</sup> **per annum** in 2019-2020 compared to the highest paid general manager in Queensland (Brisbane City Council) who received **\$700,000-\$799,000 per annum**.

Similarly, the second highest paid general manager in NSW (Northern Beaches Council) received **\$512,092 per annum** in 2019-2020 compared to the second highest paid general manager in Queensland (City of Gold Coast Council) who received **\$600,001 – \$700,000 per annum**.

A comparison of the lowest paid general managers in NSW (**\$205,000 – \$230,150 per annum**) and Queensland (**\$199,000 – \$250,000 per annum**<sup>38</sup>) indicates that Queensland has a lower minimum remuneration for its general managers but this becomes comparable to NSW as you move up the lower range.

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<sup>34</sup> See footnote 6

<sup>35</sup> See footnote 2

<sup>36</sup> See footnote 2

<sup>37</sup> See footnote 2

<sup>38</sup> As Queensland reports its general manager remuneration in \$100,000 ranges, the maximum value of a published range has been used.

## Potential increase in remuneration costs for some councils

Regulating general manager remuneration packages may not necessarily reduce costs for all councils.

It is possible that for some councils paying below market remuneration rates to their general manager, it may have the opposite effect and inflate their costs.

## Senior staff impacts

Based on publicly available data, the lowest paid general manager in NSW in 2019-2020 received **\$205,000 per annum**.

Under the Act, the minimum remuneration that can be received by a senior staff member at a council is **\$192,600 per annum** (excluding county councils).

Therefore, in some NSW councils, there are senior staff that receive higher remuneration than general managers in other councils.

Placing caps on general manager remuneration packages, to ensure fairness, may necessarily lead to placing caps on the remuneration of other senior staff members to ensure that the general manager continues to be the highest paid staff member in a council.

Otherwise, councils may find it difficult to attract individuals to more complicated and demanding general manager roles when an individual can occupy a higher paying but lower level senior staff role at another council.

## Transitional arrangements

Any change to general manager remuneration packages that lowers current rates is likely to be disruptive to the local government sector, leading to the loss of experienced and talented general managers to higher paying positions, potentially outside of the local government sector.

It could also see the movement of general managers from smaller lower-paying councils to larger higher-paying ones.

This disruption could be minimised by implementing transitional arrangements that would see the existing employment conditions of general managers already contracted to councils preserved until their current contracts expire, or until they end their employment with the council.

However, the preservation of existing entitlements may result in reduced mobility and staff development as general managers are unlikely to want to end their contract or employment and give up their existing remuneration for potentially lower remuneration.

One way to potentially avoid this is to ensure any remuneration caps set are higher than existing remuneration levels paid to general managers so that they are not disadvantaged when they move councils.

However, this could mean, at least in the short term, that the prescription of remuneration caps would see increases in general manager remuneration rather than a reduction.

# Options

## Maintain status quo

Some stakeholders may consider that government intervention is not required in relation to the remuneration packages paid to general managers of NSW councils.

Advantages to maintaining the status quo include:

- no additional costs to councils through increased remuneration levels prescribed by the NSW Government or some other body
- the way general managers are remunerated in NSW is consistent with current arrangements in South Australia (for the time being), Queensland, Tasmania and the Northern Territory
- councils retain the discretion to offer remuneration packages for general managers that are appropriate to attract the best possible applicants within the council's budgetary constraints
- general manager remuneration packages continue to be determined by market forces which allows councils to remain competitive with other sectors, and

Maintaining the status quo, however, does not address the concerns of some stakeholders that:

- there is a lack of consistency in the remuneration packages of general managers across councils, and
- general managers are overpaid, particularly given the financial pressure facing some councils and compared to other NSW workers.

## Regulate general manager remuneration

Some stakeholders may consider that government intervention is required to place limits on the levels of remuneration general managers receive.

Possible options include amending the Act to:

- empower the Local Government Remuneration Tribunal to set general manager remuneration levels in the same way it does mayoral and councillor fees – this would be similar to the approach used in Western Australia and currently proposed in South Australia
- empower the SOORT to set general manager remuneration levels in the same way it does for senior executives in the NSW public sector – this would be similar to the new approach used in Victoria
- establish a new independent body to set general manager remuneration package levels, or
- prescribe remuneration package limits, as determined by the NSW Government under the Act and Regulation.

The Act could also be amended to grandfather the remuneration packages of existing general managers.

Advantages in regulating general manager remuneration include:

- general manager remuneration packages would be determined by an independent body in a similar way to other NSW public officials, and general managers in Western Australia and Victoria (and possibly South Australia), enhancing equity and transparency
- there would be consistency in remuneration packages for general managers between like councils, and
- the community is more likely to have confidence in the remuneration package levels paid to general managers if they are set by an independent body.

Potential challenges include:

- due to the diversity of councils in NSW prescribed remuneration limits may be problematic as exceptions to those limits are likely to be sought and an individual or body with relevant authority required to assess these
- giving jurisdiction to SOORT or a newly established Tribunal rather than the Local Government Remuneration Tribunal to set general manager remuneration packages may result in two Tribunals determining categories of councils (depending on the model that may be adopted for those purposes) – this could lead to confusion and challenges to determinations made
- giving jurisdiction to SOORT rather than the Local Government Remuneration Tribunal may create confusion as to the roles and authority of the Tribunals as general manager remuneration and councillor fees will be determined by two separate bodies

- councils would be limited by NSW public sector wages policy when setting general manager remuneration packages and prevented from providing possible performance incentives (which are not allowed for NSW public sector employees), which may restrict their ability to attract and retain staff
- it would create a situation where individuals or bodies at arms-length from councils would be responsible for deciding the remuneration of council staff rather than councils themselves
- how to deal with existing employment contracts that see general managers paid more than they would receive under any future remuneration levels set
- how to deal with the possibility that without regulation of senior staff salaries, lower-ranked senior staff at councils could be paid more than a general manager
- having an independent body set general manager remuneration package levels may not lead to more community confidence in remuneration levels – some stakeholders disagree with the Local Government Remuneration Tribunal’s annual determinations in relation to mayoral and councillor fees
- some councils may be required to increase the remuneration packages they pay to their general manager if they currently pay below any assigned remuneration band, and
- additional costs incurred to fund a Tribunal to determine general manager remuneration packages each year – it is possible this cost may need to be met by councils themselves.

## Have your say

**We now want to hear from you.**

### Key questions to consider

- Do you think more regulation is needed in relation to how much councils pay their general managers?
- Why or why not?
- If yes, what should this regulation look like?
- Who should decide how much councils pay their general managers?

Submissions may be made in writing by COB 9 August 2021 to the following addresses.

**Post:**

Locked Bag 3015  
NOWRA NSW 2541

**Email:**

[olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au)

Submissions should be labelled 'Review of General Manager Remuneration' and marked to the attention of OLG's Council Governance Team.

Submissions received by the Office of Local Government may be made publicly available at its discretion. If submissions are made public, contact details will be redacted. The name of the person making the submission may be released unless the person has requested to remain anonymous.

Any submissions received are also subject to the *Government Information (Public Access) Act 2009*.

### Further information

For more information, please contact OLG's Council Governance Team on (02) 4428 4100 or via email at [olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au).



# Appendix 1: General manager total remuneration packages 2019-20<sup>39</sup>

## Total

Total number of councils (excluding county councils):	128
Total remuneration packages paid:	\$42,020,708
<b>Average remuneration package:</b>	<b>\$328,287</b>

## Metropolitan councils

### Principal CBD

• Sydney	<b>\$511,954</b>
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### Major CBD

• Parramatta	<b>\$633,852<sup>40</sup></b>
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## Metropolitan Large

• Northern Beaches	\$512,092
• Canterbury-Bankstown	\$501,938
• Blacktown	\$486,744
• Fairfield	\$484,588
• Inner West	\$482,353
• Penrith	\$465,510
• Sutherland	\$435,102
• Cumberland	\$430,500
• Liverpool	\$419,244
• Ryde	\$412,982
• Hills	\$397,929
• <b>Average =</b>	<b>\$457,180</b>

<sup>39</sup> Council categories have been based on the Local Government Remuneration Tribunal's 2020 Annual Report and Determination (<https://www.remtribunals.nsw.gov.au/>). Total remuneration packages have been based on the total remuneration package paid to general managers during the 2019-2020 financial year, as published in the council's annual report for that financial year. Exceptions to this are listed in the footnotes below. Total remuneration packages include any salary, superannuation payments, non-cash like benefits and fringe benefits tax on non-cash like benefits paid to the general manager as required under the Local Government Regulation (clause 217).

<sup>40</sup> See footnote 2

## Metropolitan Medium

• Georges River	\$460,017
• Bayside	\$447,009
• North Sydney	\$428,000
• Randwick	\$425,196
• Hornsby	\$407,405
• Ku-ring-gai	\$403,584
• Willoughby	\$391,565
• Camden	\$390,158
• Campbelltown	\$376,912
• <b>Average =</b>	<b>\$414,427</b>

## Metropolitan Small

• Lane Cove	\$412,003 <sup>41</sup>
• Woollahra	\$404,875
• Waverley	\$395,860
• Burwood	\$383,519
• Strathfield	\$380,326
• Canada Bay	\$379,703
• Mosman	\$316,578
• Hunters Hill	\$300,404
• <b>Average =</b>	<b>\$334,108</b>

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<sup>41</sup> General manager's total remuneration package for 2019-2020 could not be determined from the council's annual reports. This figure is the total remuneration package paid to the general manager during 2018-2019 as reported on the NSW Know Your Council website

## Non-metropolitan councils

### Major Regional City

• Newcastle	\$468,711
• Wollongong	\$410,223
• <b>Average =</b>	<b>\$439,467</b>

### Major Strategic Area

• Central Coast	<b>\$495,849</b>
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### Regional Strategic Area

• Lake Macquarie	<b>\$397,668</b>
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### Regional Centre

• Maitland	\$450,326
• Wagga Wagga	\$389,161
• Shoalhaven	\$383,952
• Mid-Coast	\$383,750
• Dubbo Regional	\$380,253
• Bathurst Regional	\$376,263
• Coffs Harbour	\$366,147
• Tamworth Regional	\$360,459
• Blue Mountains	\$358,643
• Albury	\$357,044
• Wollondilly	\$354,610
• Port Macquarie-Hastings	\$353,421
• Queanbeyan-Palerang	\$351,655
• Tweed	\$351,376
• Port Stephens	\$344,998
• Ballina	\$333,359
• Wingecarribee	\$330,000
• Shellharbour	\$329,640
• Lismore	\$329,415
• Armidale Regional	\$325,544
• Orange	\$325,348
• Hawkesbury	\$299,428
• Cessnock	\$295,501
• Clarence Valley	\$279,808
• <b>Average =</b>	<b>\$350,420</b>

### Regional Rural

• Kiama	\$346,160
• Mid-Western Regional	\$339,734
• Singleton	\$337,431
• Eurobodalla	\$330,946
• Snowy Monaro Regional	\$319,991
• Goulburn Mulwaree	\$317,493
• Richmond Valley	\$313,091
• Kempsey	\$311,532
• Griffith	\$299,792
• Bega Valley	\$293,960
• Broken Hill	\$286,497
• Byron	\$285,984
• Lithgow	\$252,288
• <b>Average=</b>	<b>\$310,377</b>

### Rural

• Gwydir	\$399,827
• Inverell	\$349,924
• Narrabri	\$339,665
• Walgett	\$322,817
• Murrumbidgee	\$316,159
• Upper Hunter	\$306,448
• Federation	\$304,681
• Snowy Valleys	\$303,156
• Murray River	\$303,111
• Nambucca Valley	\$298,929
• Edward River	\$295,446
• Hilltops	\$290,000
• Liverpool Plains	\$286,947 <sup>42</sup>
• Forbes	\$286,418
• Carrathool	\$285,146
• Warrumbungle	\$283,807
• Bogan	\$282,659
• Gunnedah	\$282,015
• Coonamble	\$279,866

<sup>42</sup> General manager's total remuneration package for 2019-2020 could not be determined from publicly available data. This figure is the total remuneration package paid to the general manager during 2018-2019 as published in the council's 2018-2019 annual report

• Narrandera	\$279,825	• Bland	\$226,222
• Dungog	\$279,447	• Junee	\$222,373
• Gilgandra	\$277,364	• Upper Lachlan	\$221,324
• Cootamundra-Gundagai	\$276,253	• Lockhart	\$221,299
• Tenterfield	\$275,000	• Cabonne	\$220,000
• Wentworth	\$274,094	• Central Darling	\$214,663 <sup>44</sup>
• Moree Plains	\$271,891	• Brewarrina	\$210,867
• Bourke	\$268,624	• Weddin	\$205,000
• Bellingen	\$268,621	• <b>Average =</b>	<b>\$267,119</b>
• Glen Innes Severn	\$263,991		
• Leeton	\$263,859		
• Narromine	\$262,000	<b>County Councils</b>	
• Cowra	\$261,012	• Rous	\$242,987
• Yass	\$260,000	• Goldenfields Water	\$237,251
• Balranald	\$257,954	• Riverina Water	\$235,653
• Lachlan	\$255,000	• Central Tablelands	\$174,917
• Temora	\$249,510	• Hawkesbury River	\$149,000
• Kyogle	\$249,232	• Upper Macquarie	\$104,000
• Berrigan	\$248,742	• Castlereagh-Macquarie	\$69,928
• Uralla	\$246,897	• New England Tablelands	\$59,902
• Cobar	\$245,000	• Upper Hunter	\$15,788
• Blayney	\$244,745	• <b>Average=</b>	<b>\$143,270</b>
• Oberon	\$240,533		
• Muswellbrook	\$240,770 <sup>43</sup>		
• Warren	\$240,360		
• Walcha	\$240,000		
• Hay	\$234,600		
• Parkes	\$232,496		
• Coolamon	\$230,150		
• Greater Hume	\$229,020		

<sup>43</sup> General manager's total remuneration package for 2019-2020 could not be determined from the council's annual reports. This figure is the total remuneration package paid to the general manager during the 2018-2019 financial year as reported on the NSW Know Your Council website

<sup>44</sup> General manager's total remuneration package for 2019-2020 was not publicly available. This figure is the total remuneration package paid to the general manager during the 2018-2019 financial year as published in the council's 2018-2019 annual report

# Appendix 2: Comparison to NSW public sector senior executive remuneration

NSW Public Sector Senior Executives		NSW local government general managers	
Senior Executive remuneration band	\$ per annum (2020-2021) <sup>45</sup>	Local Government Remuneration Tribunal council category	\$ per annum (2019-20) <sup>46</sup>
Band 4 - Secretaries	\$487,051 - \$562,650 (\$599,000 - \$649,500) <sup>47</sup>	Principal CBD	\$511,954
Band 3 - Deputy Secretaries	\$345,551 - \$487,050 (\$533,050 - \$599,000) <sup>48</sup>	Major CBD	\$633,852 <sup>49</sup>
Band 2 - Executive Directors	\$274,701 - \$345,550 (\$378,850 - \$409,500) <sup>50</sup>	Metropolitan Large	\$397,929 - \$512,092
Band 1 - Directors	\$192,600 - \$274,700	Metropolitan Medium	\$376,912 - \$460,017
		Metropolitan Small	\$300,404 - \$404,875
		Major Regional City	\$410,223 - \$468,711
		Major Strategic Area	\$495,849
		Regional Strategic Area	\$397,668
		Regional Centre	\$279,808 - \$450,326
		Regional Rural	\$252,288 - \$346,160
		Rural	\$205,000 - \$399,827
		County councils	\$15,788 - \$242,987

<sup>45</sup> <https://www.remtribunals.nsw.gov.au/statutory-and-other-offices>

<sup>46</sup> Council categories have been based on the Local Government Remuneration Tribunal's 2020 Annual Report and Determination (<https://www.remtribunals.nsw.gov.au/>). Total remuneration packages have been based on the total remuneration package paid to general managers during the 2019-2020 financial year, as published in the council's annual report for that financial year, with the exception of Lane Cove, Liverpool Plains, Muswellbrook and Central Darling Councils (see previous footnotes). Total remuneration packages include any salary, superannuation payments, non-cash like benefits and fringe benefits tax paid on non-cash like benefits to the general manager as required under the Local Government Regulation (clause 217).

<sup>47</sup> A special determination applies to nine specifically named Secretaries lifting their remuneration package above the standard threshold to \$599,000 - \$649,500 per annum

<sup>48</sup> A special determination applies to five specifically named Deputy Secretaries lifting their remuneration package above the standard threshold to \$533,050 - \$599,000 per annum

<sup>49</sup> See footnote 2

<sup>50</sup> A special determination applies to three specifically named Executive Directors lifting their remuneration package above the standard threshold to \$378,850 - \$409,500 per annum

# Appendix 3: Comparison to mayoral and councillor fees

Category		Councillor/Member annual fee 2020-2021 <sup>51</sup>	Mayoral/Chairperson annual fee 2020 - 2021 <sup>52</sup>	General manager remuneration 2019-2020 <sup>53</sup>
<b>General Purpose Councils - Metropolitan</b>	Principal CBD	\$27,640 - \$40,530	\$169,100 - \$222,510	\$511,954
	Major CBD	\$18,430 - \$34,140	\$39,160 - \$110,310	\$633,852 <sup>54</sup>
	Metropolitan Large	\$18,430 - \$30,410	\$39,160 - \$88,600	\$397,929 - \$512,092
	Metropolitan Medium	\$13,820 - \$25,790	\$29,360 - \$68,530	\$376,912 - \$460,017
	Metropolitan Small	\$9,190 - \$20,280	\$19,580 - \$44,230	\$300,404 - \$404,875
<b>General Purpose Councils - Non-metropolitan</b>	Major Regional City	\$18,430 - \$32,040	\$39,160 - \$99,800	\$410,223 - \$468,711
	Major Strategic Area	\$18,430 - \$32,040	\$39,160 - \$99,800	\$495,849
	Regional Strategic Area	\$18,430 - \$30,040	\$39,160 - \$88,600	\$397,668
	Regional Centre	\$13,820 - \$24,320	\$28,750 - \$60,080	\$279,808 - \$450,326
	Regional Rural	\$9,190 - \$20,280	\$19,580 - \$44,250	\$252,288 - \$346,160
	Rural	\$9,190 - \$12,160	\$9,780 - \$26,530	\$205,000 - \$399,827
<b>County Councils</b>		\$1,820 - \$10,140	\$3,920 - \$16,660	\$15,788 - \$242,987

<sup>51</sup> <https://www.remtribunals.nsw.gov.au/>

<sup>52</sup> This fee must be paid in addition to the fee paid to the Mayor/Chairperson as a Councillor/Member under section 249(2) of the Act.

<sup>53</sup> Council categories have been based on the Local Government Remuneration Tribunal's 2020 Annual Report and Determination (<https://www.remtribunals.nsw.gov.au/>). Total remuneration packages have been based on the total remuneration package paid to general managers during the 2019-2020 financial year, as published in the council's annual report for that financial year, with the exception of Lane Cove, Liverpool Plains, Muswellbrook and Central Darling Councils (see previous footnotes). Total remuneration packages include any salary, superannuation payments, non-cash like benefits and fringe benefits tax on non-cash like benefits paid to the general manager as required under the Local Government Regulation (clause 217).

<sup>54</sup> See footnote 2

# Appendix 4: Queensland general manager remuneration 2019-20<sup>55</sup>

## City of Brisbane Council

- Brisbane \$700,000 – \$799,000

## Category 8

- City of Gold Coast \$601,001 – \$700,000

## Category 7

- Logan \$500,000 – \$600,000
- Moreton Bay \$440,000 – \$539,000
- Sunshine Coast \$375,001 – \$475,000

## Category 6

- Ipswich \$450,000 – \$550,000
- Townsville \$450,000 – \$550,000

## Category 5

- Redland \$400,000 – \$500,000
- Mackay \$400,000 – \$499,999
- Toowoomba \$300,000 – \$400,000
- Cairns \$300,000 – \$399,000

## Category 4

- Fraser Coast \$400,000 – \$500,000
- Bundaberg \$350,000 – \$450,000
- Gladstone \$300,000 – \$399,000
- Rockhampton not available

## Category 3

- Livingstone \$400,000 – \$500,000
- Western Downs \$300,000 – \$400,000
- Central Highlands \$300,000 – \$400,000
- Lockyer Valley \$300,000 – \$400,000
- Noosa \$300,000 – \$400,000
- Whitsunday \$300,000 – \$400,000
- Isaac \$300,000 – \$400,000
- Southern Downs \$300,000 – \$399,999
- Scenic Rim \$300,000 – \$399,000
- Cassowary Coast \$250,000 – \$350,000
- Tablelands \$250,000 – \$350,000
- Gympie \$250,000 – \$349,000
- South Burnett \$200,000 – \$299,000
- Maranoa not available

## Category 2

- Mareeba \$300,000 – \$400,000
- Somerset \$300,000 – \$399,000
- Mt Isa \$200,000 – \$300,000

<sup>55</sup> Council categories have been based on the Queensland Local Government Remuneration Commission's 2020 Annual Report ([https://www.dlgrma.qld.gov.au/\\_data/assets/pdf\\_file/0031/47947/local-government-remuneration-commission-report-2020.pdf](https://www.dlgrma.qld.gov.au/_data/assets/pdf_file/0031/47947/local-government-remuneration-commission-report-2020.pdf)). Remuneration packages have been based on the remuneration band paid to general managers during the 2019-2020 financial year, as published in the council's annual report for that financial year. Where data is not available this is because the general manager's remuneration was not able to be determined based on the information provided in the council's annual report, or the report was not available online at the time of writing.



## Category 1

• Diamantina	\$300,000 - \$400,000	• Northern Peninsula	\$100,000 - \$200,000
• Aurukun	\$300,000 - \$399,000	• Pormpuraaw	\$100,000 - \$200,000
• Mornington	\$380,000 - \$389,999	• Wujal Wujal	\$100,001 - \$200,000
• Torres Strait Island	\$250,001 - \$350,000	• Yarrabah	\$100,000 - \$200,000
• Burdekin	\$250,001 - \$350,000	• Cloncurry	\$100,000 - \$200,000
• Charters Towers	\$250,000 - \$350,000	• Boulia	\$100,000 - \$200,000
• Balonne	\$200,001 - \$300,000	• Flinders	\$100,000 - \$199,000
• North Burnett	\$200,000 - \$300,000	• Woorabinda	not available
• Blackwall-Tambo	\$200,000 - \$300,000	• Palm Island	not available
• Goondiwindi	\$200,000 - \$300,000	• Douglass	not available
• Hinchinbrook	\$200,000 - \$300,000	• Lockhart River	not available
• Cook	\$200,000 - \$300,000	• Mapoon	not available
• Kowanyama	\$200,000 - \$300,000	• Napranum	not available
• Burke	\$200,000 - \$300,000	• Weipa	not available
• Croydon	\$200,000 - \$300,000	• McKinlay	not available
• Carpentaria	\$200,000 - \$300,000	• Richmond	not available
• Longreach	\$200,000 - \$300,000	• Barcoo	not available
• Bulloo	\$200,000 - \$300,000	• Paroo	not available
• Murweh	\$200,000 - \$300,000	• Cherbourg	not available
• Quilpie	\$200,000 - \$300,000		
• Barcaldine	\$201,000 - \$300,000		
• Doomadgee	\$200,000 - \$299,999		
• Banana	\$200,000 - \$299,999		
• Torres Shire	\$200,000 - \$250,000		
• Etheridge	\$150,000 - \$250,000		
• Winton	\$200,000 - \$249,000		
• Hope Vale	\$125,001 - \$225,001		

# Appendix 5: Comparison to other jurisdictions

NSW 2019-2020 <sup>56</sup>	WA 2020-2021 <sup>57</sup>	VIC 2020-2021 <sup>58</sup>	QLD 2019-2020 <sup>59</sup>
Principal CBD: \$511,954	Band 1: \$250,375 - \$379,532	Band 3: \$360,001 - \$479,900	Brisbane: \$700,000 - \$799,000
Major CBD: \$633,852 <sup>60</sup>	Band 2: \$206,500 - \$319,752	Band 2: \$249,701 - \$360,000	Category 8: \$601,001 - \$700,000
Metropolitan Large: \$397,929 - \$512,092	Band 3: \$157,920 - \$259,278	Band 1: \$135,000 - \$249,700	Category 7: \$375,001 - \$600,000
Metropolitan Medium: \$376,912 - \$460,017	Band 4: \$128,226 - \$200,192		Category 6: \$450,000 - \$550,000
Metropolitan Small: \$300,404 - \$404,875			Category 5: \$300,000 - \$500,000
Major Regional City: \$410,223 - \$468,711			Category 4: \$300,000 - \$500,000
Major Strategic Area: \$495,849			Category 3: \$200,000 - \$500,000
Regional Strategic Area: \$397,668			Category 2: \$200,000 - \$400,000
Regional Centre: \$279,808 - \$450,326			Category 1: \$100,000 - \$400,000
Regional Rural: \$252,288 - \$346,160			
Rural: \$205,000 - \$399,827			
County councils: \$15,788 - \$242,987			

**56** Council categories have been based on the NSW Local Government Remuneration Tribunal's 2020 Annual Report and Determination (<https://www.remtribunals.nsw.gov.au/>). Total remuneration packages have been based on the total remuneration package paid to general managers during the 2019-2020 financial year, as published in the council's annual report for that financial year, with the exception of Lane Cove, Liverpool Plains, Muswellbrook and Central Darling Councils (see previous footnotes). Total remuneration package includes any salary, superannuation payments, non-cash like benefits and fringe benefits tax paid on non-cash like benefits to the general manager as required under the Local Government Regulation (clause 217).

**57** <https://www.wa.gov.au/government/publications/local-government-chief-executive-officers-and-elected-members-determination-no-1-of-2020>.

**58** General manager remuneration in Victoria must take into consideration current Victorian public sector senior executive remuneration levels (<https://www.vic.gov.au/victorian-public-service-executives>).

**59** Council categories have been based on the Queensland Local Government Remuneration Commission's 2020 Annual Report and Determination ([https://www.dlgrma.qld.gov.au/\\_data/assets/pdf\\_file/0031/47947/local-government-remuneration-commission-report-2020.pdf](https://www.dlgrma.qld.gov.au/_data/assets/pdf_file/0031/47947/local-government-remuneration-commission-report-2020.pdf)). Remuneration packages have been based on the remuneration paid to general managers during the 2019-2020 financial year, as published in the council's annual report for that financial year.

**60** See footnote 2

