

 <b>Adelaide Plains Council</b>	<b>21.3</b>	<b>General Managers – Contractual Agreements</b>
	<b>Department:</b>	<b>Executive Office</b>
	<b>Report Author:</b>	<b>Chief Executive Officer</b>
<b>Date: 20 November 2017</b>	<b>Container No:</b>	<b>CON16/19</b>
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## **OVERVIEW**

- The elected body presides over the formulation and adoption of the Annual Business Plan and Budget and the Chief Executive Officer is then responsible for administration of the budget. In respect of salaries and labour, the 2017/18 budget forecast was \$4.74 million.
- Prior to the organisation restructure in mid-2016, the administration worked within a vertical structure and with two General Managers. For a range of reasons this structure did not serve the Council well (lack of managerial presence at all sites, little alignment of function, multiple and diverse reports to management). The base salary of the two General Managers was \$125,000 (General Manager – Corporate and Community) and \$140,000 (General Manager – Infrastructure and Planning) respectively (excluding super and vehicle allowances).
- In mid-2016, an organisational review was completed. The review and resultant restructure created four departments with a concerted focus on Governance, Finance, Development and Infrastructure. Through McArthur Management, four highly competent leaders were secured, which are now twelve months in to their contracts.
- In order to make the restructure ‘stack-up’ from a budgeting perspective, base salary levels were set at a very low \$105,000 – some \$20,000 to \$40,000 less than under the previous structure.
- In recent times, McArthur Management was commissioned to undertake a review of salaries of the General Managers. That review is provided as **(Attachment 1)**.

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- With the departures of a number of middle managers in recent times and delays in replacing them, or not replacing at all, savings have been made in the overall budget to enable a moderate increase of the General Managers' salary – up from \$105,000 to \$112,500. With annual percentage increases to remuneration, the General Managers at their anniversary will be on \$117,000.
- The overall package awarded to the General Managers is well below the industry average in accordance with the remuneration report of McArthur Management. Comparing like-for-like councils, Adelaide Plains Council's (APC) General Managers are approximately \$30,000 below industry standard.
- The newly formed executive management team was consolidated in mid-2016 and since that time the organisation has advanced. With reference to the earlier report in the 20 November 2017 agenda "*Our Journey: Two Years On...*", Members will note that the Executive Management Team inherited instability, poor culture, disunity, poor systems and processes, and in many instances infrastructure projects that were failing such as the Mallala CWMS. In addition, GRFMA had previously not had the due scrutiny it needed by management and the Hickinbotham development deeds had questions marks all through them.
- It is the current day Management Team that has had to claw back the ascendancy. One cannot underestimate the importance of stability at the executive leadership level and unless APC look to review and increase remuneration for its Executive Management Team, the likelihood in losing the next tier of management is heightened. An unstable Executive Leadership Team with regular departures gives rise to lack of continuity and failures in process and procedure. As a means of ameliorating these concerns, I advise the Chamber that it is my intention to increase General Managers' base salary from \$117,000 to \$130,000, effective 1 January 2018. While still well below industry average, it goes toward retention of APC's leadership team for a prolonged period such that Council can continue to consolidate and deliver on the ever growing list of priorities and opportunities that lay ahead.
- From a budget impact perspective, and being only a six (6) month period of variation to the current budget, the impact will be minimal. With the positions of Senior Planner, Engineer, Finance Coordinator and Governance Administration Officer yet to be filled or replaced, the budget impact will be to some extent negated and this will be further understood as part of the second quarter budget review process. Ignoring what savings have been made from not having secured or replaced staff, a \$13,000 increase to each General

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Manager effective 1 January 2018 will equate to a budget variation of \$26,000 for the six month period or 0.55 per cent.

- The below recommendation is therefore commended to Council.

## **RECOMMENDATION(S)**

1. **“that Council, having considered Item 21.3 – *General Managers – Contractual Agreements*, dated 20 November 2017, receives and notes the report and in doing so hereby endorses the intentions of the Chief Executive Officer to revising and increasing remuneration for General Managers from 1 January 2018 as a means of remaining competitive within the sector and maintaining a settled executive leadership team.”**

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## **Attachments**

1. **McArthur – Remuneration review for Leadership Team**

## **References**

### Legislation

*Not Applicable*

### Council Policies

Not Applicable