

**Robyn Silcox**

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**From:** Steve Johnston - CEO  
**Sent:** Monday, 14 December 2020 10:53 AM  
**To:** [REDACTED] Jon Rutledge; Tony Daniels  
**Cc:** [REDACTED] Amanda Pafumi;  
Gavin Steele; Stuart Randle  
**Subject:** RE: Local Government Remuneration Commission Report 2020

[REDACTED]

[REDACTED] In relation to my salary  
the detail of that remuneration is summarised in the annual report in line with the requirements of S201 of the LGA.

Regards

**STEVE JOHNSTON**  
Chief Executive Officer  
T 4130 4261 M 0459 843 990



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#onemilliontreesbundaberg



**From:** [REDACTED]  
**Sent:** Monday, 14 December 2020 10:30 AM  
**To:** Jon Rutledge <Jon.Rutledge@bundaberg.qld.gov.au>; Steve Johnston - CEO <Steve.Johnston@bundaberg.qld.gov.au>; Tony Daniels <tony.daniels@bundaberg.qld.gov.au>

**Subject:** RE: Local Government Remuneration Commission Report 2020

[REDACTED]

Councillors are held at a 0% increase for 21/22, next financial year. Will this also apply to the CEO [REDACTED]

From what I can gather, this financial year Key Management Personnel, which includes the CEO, [REDACTED] received a 6.9% increase (Page 67 of the BRC Annual report, \$2,984,312 increased to \$3,190,302 total compensation).

<https://www.bundaberg.qld.gov.au/downloads/file/1691/2019-2020-annual-report>



**From:** Jon Rutledge <Jon.Rutledge@bundaberg.qld.gov.au>  
**Sent:** Monday, 14 December 2020 9:37 AM  
**To:** [REDACTED]  
**Subject:** FW: Local Government Remuneration Commission Report 2020



Thanks

**JON RUTLEDGE**  
Manager People, Safety & Culture  
T 07 4130 4256 M 0447 005 552  
E [jon.rutledge@bundaberg.qld.gov.au](mailto:jon.rutledge@bundaberg.qld.gov.au)



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#onemilliontreesbundaberg



**From:** Jon Rutledge  
**Sent:** Monday, 14 December 2020 8:49 AM



**Subject:** Local Government Remuneration Commission Report 2020

Good morning all

**JON RUTLEDGE**  
Manager People, Safety & Culture  
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# Memo

**To:** Mayor  
**From:** CEO  
**cc:** Payroll  
**Date:** 13 November 2019  
**Re:** Remuneration Review - Employment Contract

Jack

As you know, in March this year Council commissioned Mercer to conduct a remuneration review of the CEO and senior staff roles within the organisation. As far as I know this is the first time that Council has conducted an independent review of those roles using a work values assessment model and also comparative remuneration data from other Councils nationally. The report indicates that the current level of remuneration for the CEO role is substantially below what would be regarded as standard for similar CEO roles with like responsibilities and staffing levels for a Council this size. Based on the recommendations contained in that report I seek a two stage review (in six monthly increments) of my remuneration level as follows in order to achieve the mid-point of the salary range within the Mercer report for my role.

**As of 1 October 2019**

Gross Salary: \$328,000

**As of 5 April 2020 (Contract anniversary date)**

Gross salary: \$350,000

[Redacted]

Steve Johnston

Approved...

[Redacted]

Date...

20/11/19

Mayor Jack Dempsey

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**Robyn Silcox**

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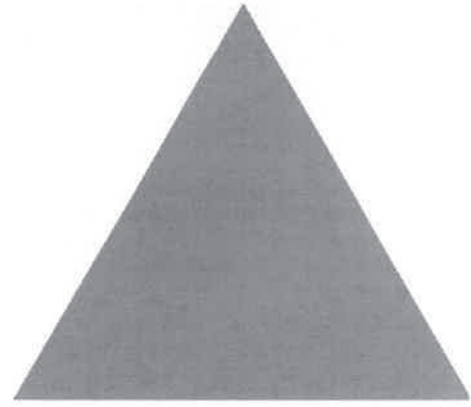
**From:** Steve Johnston - CEO  
**Sent:** Thursday, 15 October 2020 10:20 AM  
**To:** Ken Diehm  
**Subject:** FW: Strictly Confidential - Mercer Final Report  
**Attachments:** lkaate\_Final CEO Rem Review\_1900322.pdf

Ken see attached – keep it on the down low please

**STEVE JOHNSTON**  
Chief Executive Officer  
T 4130 4261 M



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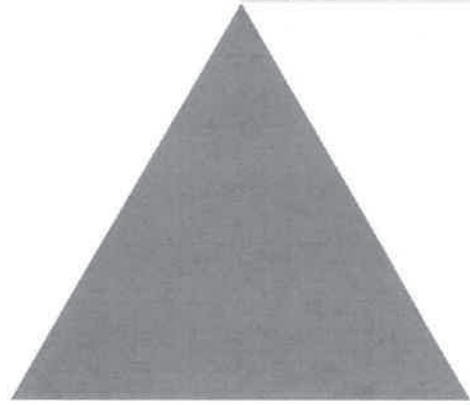
# CEO REMUNERATION REVIEW

BUNDABERG REGIONAL  
COUNCIL

22 MARCH 2019

FINAL REPORT

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# 1

## INTRODUCTION

Mercer has been commissioned by the Bundaberg Regional Council (BRC or Council) to conduct a remuneration review of the CEO role. This report highlights the process undertaken, key findings and recommendations for BRC's consideration.

In conducting the review, Mercer undertook the following activities:

- Obtained and reviewed organisation and role documentation including the position description, organisational chart, 2017/18 annual report, 2018 – 19 Operational Plan, BRC Corporate Plan, to inform our understanding of the current organisational and role context.
- Investigated the scope, complexities and expectations of the role through a discussion with Mayor Jack Dempsey.
- Conducted a work value assessment of the role based on position documentation and information gathered through the consultation process, using the Mercer CED job evaluation methodology.
- Source market remuneration data for the role from Mercer's National General Market (MNGM) remuneration database.
- Developed appropriate remuneration recommendation for the role.
- Compiled the review findings, outcomes and recommendations into this draft report for Council's consideration.

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## 2

### ROLE CONTEXT AND CURRENT REMUNERATION PACKAGE

This section provides an overview of the CEO role and its current remuneration package.

#### ROLE CONTEXT

The Chief Executive Officer (CEO) reports to the Mayor and Council, and has the overall management responsibility for Council's operations. The role acts as the primary link between the Council and the organisation, and is responsible for the development and implementation of policy and executive decisions. It is responsible for the execution of the statutory functions of the Chief Executive Officer in accordance with the Local Government Act. The CEO has 6 direct reports, and manages an annual budget of \$301m. The role is also required to provide a high level leadership to staff in achieving Council's objectives. It also communicates and promotes the Council's policies, programs and initiatives to the Community.

Key challenges of the role include:

- Ensuring strategic priorities and objectives of BRC are achieved and implemented effectively. Facilitating the growth and management of the asset and capital expenditure programs in Council.
- Ensuring economic development opportunities and activities are pursued and delivered in a strategic manner, in line with the organisational priorities and objectives.
- Building strong partnerships with external and internal stakeholders, including the relevant State and Federal government departments, to ensure the successful achievement of Council's strategic priorities
- Building and maintaining strong organisational culture and governance across Council, as well as ensuring succession planning occurs within Council.

To be successful in the role, the incumbent requires extensive experience in leading and managing a local government organisation, significant experience in managing complex change initiatives, demonstrated experience in finance and governance, and demonstrated ability to develop and implement strategic and business improvement initiatives.

**CURRENT REMUNERATION ARRANGEMENTS**

Mercer has calculated the role's current remuneration package (see Table 1) to ensure a 'like to like' comparison with Mercer's market data. BRC's current remuneration package includes base salary, superannuation ( ), and vehicle allowance.

Table 1: Current Remuneration Details

POSITION	BASE SALARY	SUPERANNUATION ( % )	VEHICLE ALLOWANCE	TOTAL
CEO				\$368,600

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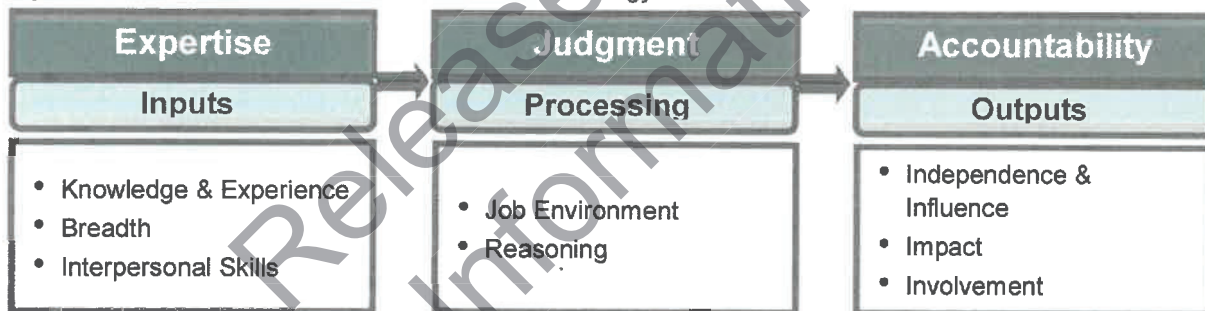
# 3

## WORK VALUE ASSESSMENT

In order to establish remuneration comparisons with positions of a similar size in the market, Mercer has applied its CED Job Evaluation methodology to conduct a work value assessment of the role.

The CED system of job evaluation was developed in Australia to allow for the systematic evaluation of positions at all levels based on job content, skill requirements, the business/organisational environment, job challenges and position accountabilities. The methodology is widely used throughout Australia in many different industries and organisations in the Public, Private and Not-for-Profit Sectors. The methodology is a points-factor system that quantifies the “size” of positions based on eight sub-factors shown by empirical research to be common across all jobs. These sub-factors are grouped together into three factors (see Figure 1). Refer to Appendix A for a more detailed description of the methodology and factors.

Figure 1: Factors and Sub-factors of the CED Methodology



Mercer notes that a wide range of variables affect the scope and complexity (and ultimately, the work value outcomes) of roles. Due to its comprehensive nature, the CED methodology is able to accommodate these variables. Each factor is given a rating which is converted to points. The total points result in an overall work value score for the position. It is important to note that the assessment is of the relative work value of the position, not on the qualities that the individual brings to the job or the standard of the individual’s performance.

Based on our analysis of the position documentation and discussions regarding the organisational and role context, Mercer considers that the evaluation profile in Table 2 appropriately and reasonably reflects the relative contribution of the role.

Table 2: Work Value Assessment

POSITION	IMPACT	EXPERTISE	JUDGMENT	ACCOUNTABILITY	TOTAL
CEO	Direct Op/Cap Exp \$301m	G-4+e (409)	E5 (356)	F-5-d (715)	1480

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# 4

## MARKET REMUNERATION

This section provides market remuneration data for similar sized roles in the National General Market, and establishes current market competitiveness for the CEO role. Mercer's General Market database represents the broadest sample of job data in the Australian market, with the database containing actual remuneration data for over 300,000 positions from over 750 organisations across all industries in Australia, excluding the mainstream Public Service. Remuneration data was sourced by referencing the work value score of the CEO role, thus allowing a direct remuneration comparison to positions of similar size.

The General Market data has been provided at the Employment Cost aggregate of roles of comparable size at the 25<sup>th</sup> percentile (Q1) and median. Please note that:

- The 25th percentile or Q1 is the position at which 25% of organisations pay less for positions of equivalent work value and 75% pay more.
- The median is the position at which 50% of organisations pay less for positions of equivalent work value and 50% pay more

Data is current as at January 2019 and rounded to the nearest \$100.

### TOTAL REMUNERATION PACKAGE BENCHMARKING

Table 3 provides the Employment Cost (EC) or Total Remuneration Package data for similar sized roles in the General Market. Employment Cost consists of Base Salary plus the value of all cash (e.g. superannuation, allowances) and non-cash benefits (e.g. motor vehicles, car parking) plus the cost of Fringe Benefits Tax as applied in a typical corporate environment with no exemptions or rebates applicable.

**Table 3: General Market Employment Cost Data (current as of January 2019)**

POSITION	WORK VALUE	CURRENT EC	Q1	MEDIAN
CEO	1480	\$368,600	\$420,000	\$513,600

The current EC for CEO role is positioned approximately 12.2% below the 25<sup>th</sup> percentile of the Mercer National General Market.

# 5

## REMUNERATION RECOMMENDATIONS

### CONSIDERATIONS IN DETERMINING AN APPROPRIATE REMUNERATION LEVEL

In determining an appropriate remuneration level for the CEO role, consideration should be given to the following factors:

- Comparator market (i.e. General Market)
- Target pay position within the comparator market
- Application of a remuneration range in order to respond to relevant pay-related variables.

#### **Comparator Market**

Mercer recommends the use of the General Market to determine an appropriate remuneration level for the role. Mercer's General Market database provides a broad and robust dataset from which to draw remuneration benchmarks, particularly for executive roles, for which the skillset is generally broader and more transferrable.

#### **Target Pay Position**

Consideration needs to be given to the appropriate target pay position within the General Market (i.e. the level in the market at which to set remuneration for roles), which is influenced by a range of factors including:

- Pay positioning of the relevant industry or sub-sector (e.g. public sector)
- Strategic positioning of the organisation (i.e. stable, rapid growth and market entry)
- Profitability and affordability of the organisation (i.e. capacity to pay)
- Calibre and availability of the required level of skills and capabilities in the market, and
- Extent to which non-remuneration factors exist to attract and retain the CEO role.

Taking into consideration the above factors and the typical pay practice for local government organisations within Queensland and across Australia, Mercer recommends that BRC adopts the 25th percentile of the General Market as its target remuneration positioning. A Q1 positioning places BRC in a conservatively competitive position within the General Market while recognising the community service and local government context in which it operates.



**Application of Remuneration Range**

In the market, it is typical to find that a remuneration range is applied around the market rate (or remuneration midpoint) of a particular work value level in order to provide flexibility in how remuneration is structured and managed and allows organisations to give due consideration to other factors affecting reward, such as to:

- Recognise and reward individual competence and whole-of-job performance
- Recognise the value of particular, scarce individual skills that are not reflected in job sizing or measurement techniques, or
- Provide flexibility to respond to specific market pressures during recruitment or in the need to retain key individuals where the loss of valuable skills would place the organisation at risk.

In practical terms, this process establishes a remuneration range that can be used to guide decisions about the remuneration that should be provided to the individual. Mercer recommends a remuneration range which references the General Market 25th percentile as the range midpoint, with a range spread of +15% around the midpoint. The application of a ±15% remuneration range is consistent with current practice of other local government organisations within Queensland.

**RECOMMENDED EMPLOYMENT COST RANGE**

Mercer’s recommended Employment Cost range for the role is presented in Table 4 below.

Table 4: Recommended Employment Cost Range (January 2019)

POSITION	WORK VALUE	CURRENT EC	MINIMUM (MID-15%)	MIDPOINT (GM Q1)	MAXIMUM (MID +15%)	POSITION AGAINST RANGE
CEO	1480	\$368,600	\$357,000	\$420,000	\$483,000	Within lower range

The table above shows that the current EC of the CEO is positioned within the lower range.

### DETERMINING REMUNERATION WITHIN THE RANGE

The actual placement and progression of an individual within the remuneration range depends on a number of factors including individual performance, experience and competence of the individual, the organisation’s dependence upon retention of the individual, and the need to pay for the job itself in the current market.

Table 5 details how Mercer would recommend that an appropriate position within a range be determined for the role:

- The competitive market rate or midpoint represents competent and complete performance of all aspects of a position.
- Positioning in the bottom half of a range would typically be used for new appointees or where the organisation is able to compete satisfactorily in the market for the salary on offer.
- Remuneration in the upper half of the range would typically be assigned for high calibre and highly experienced executives who demand a premium in the market.

Table 5: Positioning Remuneration within the Range

	Experience and Competency	Performance Consideration	Market Considerations
Range Maximum	Highly competent leadership skills. Considered an expert within the role.	Contribution consistently exceeds all performance expectations. Working beyond the requirements of the position.	Highly specialised skills that are scarce and critical for the organisation. Premium necessary to attract/retain suitability qualified and experienced people.
Range Midpoint	Competent in all respects. No further development is required. Considered capable/competent within the role. Required competencies possessed and demonstrated.	Consistently excellent performer. Meets unusual challenges and demands. Effective job performance that is meeting all requirements of the role.	Need to make a sufficient salary offer to attract suitably qualified candidates.
Range Minimum	Key competencies developed and demonstrated. Further development may be required.	Adequate performance but capable of improvement. Some performance limitations.	Skills available in the market. Succession plan in place and identified internal candidates are available. No premium required.

# 6

## SUMMARY OF RECOMMENDATIONS

In reviewing the CEO role, Mercer recommends a remuneration range which references the General Market 25<sup>th</sup> percentile as the midpoint, with a range spread of  $\pm 15\%$  around the midpoint. This target positioning and range is consistent with practice of local government organisations in Queensland. Based on the recommended target positioning and range, the recommended Employment Cost range for the role is outlined in Table 6 below.

Table 6: Recommended EC Remuneration Range

POSITION	WORK VALUE	CURRENT EC	MINIMUM (MID-15%)	MIDPOINT (GM Q1)	MAXIMUM (MID +15%)	POSITION AGAINST RANGE
CEO	1480	\$368,600	\$357,000	\$420,000	\$483,000	Within lower range

The table above shows that the current EC of the CEO is positioned within the lower range.

In determining an appropriate remuneration level for the incumbent, consideration should be given to the guidelines provided in Section 5.

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# APPENDIX A

## MERCER CED FACTORS



### EXPERTISE

The expertise factor measures the requirements of the position for education, training and work experience, the diversity of individual tasks as well as interpersonal skills.



### JUDGEMENT

The judgement factor evaluates reasoning components of a job, focusing on the task definition and complexity, the constraining within which employees need to resolve problems and other thinking challenges of the position.



### ACCOUNTABILITY

This factor evaluates the nature of the position's authority and involvement in managing the organisation's resources. It includes the influence of the position's advice and accountability for results of decisions.

### KNOWLEDGE & EXPERIENCE

This subfactor measures the education, training and work experience requirements of the position. As knowledge is the result of education and training and experience, both the nature and extent of knowledge are considered. When evaluating a position, we consider the training and experience required to do the job. This does not necessarily reflect the training and experience of the current job holder.

### BREADTH

This aspect of expertise measures the diversity of functions performed by the position. It considers not only the breadth of knowledge requirements for the position, but also the impact of various environmental influences on the position. Such influences may include geographic considerations or the variety and nature of product/ services and suppliers/ clients. The breadth sub factor also considers the need to integrate diverse or related activities.

### INTERPERSONAL SKILLS

This subfactor measures the position's requirement for skill in managing people and in negotiations. It is NOT meant to be a measure of the amount of interpersonal skills possessed by any incumbent, but rather is concerned with the people management, persuasive and negotiating skills required to achieve the position objectives.

### JOB ENVIRONMENT

Job environment identifies the clarity, objectives, guidelines and policies as well as the nature and variety of tasks, steps, processes, methods or activities in the work performed. It measures the degree to which a position holder must vary the work and develop new techniques.

### REASONING

This facet of judgement focuses on the requirements in the position for reasoning, analysis and creativity. Its emphasis is on the need for analysing and solving problems.

### IMPACT

This subfactor is measured in terms of the resources for which the position is primarily held accountable or the impact made by the policy advice or service given. It may be measured in monetary terms or on a policy/advice significance scale.

### INDEPENDENCE & INFLUENCE

This subfactor focuses on the position's level of accountability and independence in the commitment of resources, provision of advice or delivery of services. The requirement for acting as a spokesperson for the organisation is also considered. The extent of accountability is considered in conjunction with the position impact measure chosen.

### INVOLVEMENT

The involvement subfactor is concerned with the nature of the position's accountability for the management of, or influence over, organisation resources. For example, one consideration might be whether the position has accountability for a particular resource fully delegated to it or shared with other positions.

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