

## ITEM NUMBER: 5.1

### CONFIDENTIAL REPORT

#### PERFORMANCE REVIEW – CHIEF EXECUTIVE OFFICER

*Pursuant to Section 87(10) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Executive Committee upon the basis that the Executive Committee consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Executive Committee will receive, discuss or consider:*

- a. **information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of a person or persons (living or dead).**

**Recommendation – Exclusion of the Public – Section 90(3)(a) Order**

1. That pursuant to Section 90(2) of the *Local Government Act 1999* the Executive Committee hereby orders that the public be excluded from attendance at this meeting with the exception of the General Manager, Strategy and Corporate and staff minute taker in attendance at the meeting in order to consider Report No: 320/22 Performance Review – Chief Executive Officer in confidence.
  2. That in accordance with Section 90(3) of the *Local Government Act 1999* the Executive Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 320/22 Performance Review – Chief Executive Officer on the following grounds:
    - a. pursuant to section 90(3)(a) of the Act, the information to be received, discussed or considered in relation to Report No: 320/22 Performance Review – Chief Executive Officer is information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead), being Chief Executive Officer, Mr Roberto Bria, in that details of his performance review will be discussed, which are sensitive and are details only known to those who have participated in the discussion.
  3. The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.
-

Item No: 5.1

Subject: **PERFORMANCE REVIEW – CHIEF EXECUTIVE OFFICER**

Date: 9 August 2022

Written By: General Manager, Strategy and Corporate

General Manager: Strategy and Corporate, Ms P Jackson

---

### **SUMMARY**

The Executive Committee is charged with the responsibility for undertaking the annual performance review of the Chief Executive Officer (CEO).

This report presents for consideration by the Committee the independent report prepared by Ms Christine Molitor, Independent Member of the Executive Committee, pursuant to section 102A of the *Local Government Act 1999*. Following receipt of the independent advice, the Committee will recommend to Council changes to the Chief Executive's remuneration package and/or contract as a result of the review.

---

### **RECOMMENDATION**

The Executive Committee advises Council it has considered the Chief Executive Officer's performance review process and recommends:

1. **Council notes the Chief Executive Officer's annual performance review for the 2021/22 financial year has been completed by the Executive Committee;**
2. **Council endorses the results of the Chief Executive Officer's annual performance review, including the independent report prepared by Ms Molitor; and**
3. **Council approves an \_\_\_\_\_ increase to the Chief Executive's current remuneration package.**

### **RETAIN IN CONFIDENCE - Section 91(7) Order**

4. **That having considered Agenda Item 5.1 320/22 Performance Review – Chief Executive Officer in confidence under section 90(2) and (3)(a) of the *Local Government Act 1999*, the Executive Committee, pursuant to section 91(7) of that Act orders that the Report, Attachments and Minutes be retained in confidence for a period of 24 months and this order be reviewed every 12 months.**
-

**STRATEGIC PLAN**

Statutory compliance

**COUNCIL POLICY**

Not applicable

**STATUTORY PROVISIONS**

Not applicable

**BACKGROUND**

Council established an Executive Committee pursuant to Section 41 of the *Local Government Act* with responsibility for undertaking the annual performance appraisal of the Chief Executive Officer to:

- recommend to Council the form and process of the Chief Executive Officer's annual performance appraisal;
- undertake the annual performance appraisal; and
- provide a report and to make recommendations to Council on any matters arising from the annual performance appraisal.

The Executive Committee's authority extends to making recommendations to Council and does not have any authority to make decisions in relation to the Chief Executive Officer's employment arrangements.

**REPORT**

The process undertaken for the Chief Executives Officer's 2021/22 performance review is outlined below and is consistent with the previous year's review:

- as outlined in the CEO's employment contract, the Chief Executive Officer presents a review of his key performance indicators (based on the 12 KPI's) for the financial year;
- a 360-degree survey was conducted with Elected Members, CEO, Senior Staff and ten other employees selected at random; and
- an annual staff survey was completed of the current head count with feedback received on culture, leadership, safety and organisational values.

In addition, pursuant to section 102A of the Local Government Act 1999, Council must obtain and consider the advice of a qualified independent person for the purposes of the review.

**2021/22 Performance Review Results**

At its meeting on 26 July 2022, the Executive Committee received a report on the outcome of the Chief Executive Officer's Key Performance Indicators and 360-degree survey for the 2021/22 financial year. A summary of the results is provided for information.

*Refer Attachment 1*

As the Independent Committee member, Ms Molitor has reviewed the results of the 360-degree survey and KPI outcomes and provided a report and recommendations for consideration by the Executive Committee.

*Refer Attachment 2*

**BUDGET**

This report does not have any budget implications.

**LIFE CYCLE COSTS**

This report does not have any full life cycle cost implications.

CONFIDENTIAL



# Attachment 1







## CHIEF EXECUTIVE OFFICER – REVIEW OF KEY PERFORMANCE INDICATORS 2021/22

Item	Key Performance Indicator (per Position Description)	Evidence	Action by	Comments	On Track? (Traffic Lights)
1	Overall staff satisfaction rating >4 (out of 5)	UniSA Annual Culture Survey	People & Culture	Survey completed April 2022 indicated 4.23. 2020/21 survey was 4.11.	Achieved
2	Overall organisational climate rating >3.5 (out of 5)	UniSA Annual Culture Survey (measuring Trust, Support, Fairness, Innovation, Recognition)	People & Culture	Survey completed April 2022 indicated 3.78. 2020/21 survey was 3.61.	Achieved
3	85% delivery on Annual Business Plan targets	Corporate Management Reporting	Strategy & Governance	End of year reporting has not yet been completed, however, as at the last reporting period, 98% of projects were completed or on-track.	On Track
4	WHS/Risk Strategic Plans and Programs in place and met	WHS Strategic Plan & Programs; Risk Evaluation Plan (attached to rebate)	People & Culture (WHS) Strategy & Governance (Risk)	Quarterly WHS reports to SLT	On Track
5	Long Term Financial Plan in place to ensure Council sustainability	Long Term Financial Plan	Financial Services	Formally updated and reviewed yearly (Audit Committee 16/3/22) – revised regularly as part of annual budget process.	On Track
6	Asset Management Plan in place to ensure Council sustainability	Asset Management Plan	Assets & Delivery	The current Asset Management Plans were endorsed by Council 9 February 2021. The next review to be submitted for Council endorsement by November 2024.	On Track
7	An operating ratio of 0-10% over a five year period	Annual Report/Council Reports	Financial Services	For 5 year period from 17/18 to 21/22 (forecast) consolidated average is 0.52% surplus. Municipal only average is 3.06% surplus.	On Track
8	A net financial liabilities ratio of less than 75%	Annual Report/Council Reports	Financial Services	As at 31/3/22 consolidated ratio 21/22 forecast is 68%. Municipal only 21/22 forecast is 70%.	On Track
9	Decrease the reliance on rate revenue to be within the range of 70%-75% over a 5 year period	Annual Report/Council Reports	Financial Services/ Assets & Delivery	For 5 year period from 17/18 to 21/22 (forecast) average is 76.80%. COVID-19 has reduced non-rate revenue resulting in an increase in the 5-year average above 75%.	Close to on-track
10	Improve asset sustainability ratio to be within the range of 90-110% over a five year period	Annual Report/Council Reports	Financial Services/Assets & Delivery	Current 5 year period consolidated ratio is 105%. Assets are renewed in accordance with latest asset management plans.	On Track
11	Council resolutions are implemented within specified timelines	Council Minutes	Strategy & Governance	All Council resolutions minuted and monitored by Civic Governance	On Track
12	Maintain Quality of Life Survey overall rating average of 7 or above	Survey Results	Strategy & Governance	Survey completed for 2021-22. Overall rating of 8.7 was achieved.	Achieved

## SUMMARY OF SURVEY RESULTS FOR 2021-22

Survey Question	20/21	21/22	Change
<b>Effective Relationships with Elected Members (where 6 is the best rating)</b>			
The CEO develops and maintains positive productive relationships with all Elected Members.	5.09	4.82	↓ 0.27
The CEO delivers effective communication strategies to ensure Elected Members are able to make informed decisions.	4.96	4.55	↓ 0.41
The CEO delivers an effective suite of well researched reports for Elected Members that indicate the status of operations and major projects.	4.75	4.74	↔
The CEO provides balanced advice and makes recommendations to Council on policies, procedures and strategies.	5.28	4.88	↓ 0.4
Officer's reports in the Agenda are well considered, containing data that should have been known at the time of the decision.	4.52	4.33	↓ 0.19
Overall the CEO develops and maintains positive and productive relationships with all Elected Members and provides them with sound advice, professional development, effective communications and support in order for them to meet their responsibilities.	5.26	4.7	↓ 0.56
<b>Implementation of Council's Strategic Plan (where 6 is the best rating)</b>			
The CEO demonstrates leadership in setting Council's strategic plans and effectively communicates and delivers Council's vision and objectives.	4.7	4.62	↔
<b>Financial and Asset Management (where 6 is the best rating)</b>			
The CEO ensures Council's long-term financial sustainability through sound financial and asset planning, budget management and financial reporting.	5.37	4.96	↓ 0.75

Survey Question	20/21	21/22	Change
<b>People Management (where 6 is the best rating)</b>			
The CEO demonstrates leadership in driving positive outcomes in relation to recruitment, retention, remuneration, training, performance appraisal, induction, professional development and industrial relations and actively develops a positive staff culture and safe working environment.	4.88	4.35	↓ 0.53
<b>Delivery of Major Projects and Operational Services (where 6 is the best rating)</b>			
The CEO oversees the Council's operations to ensure effective delivery of effective, efficient and high-quality services to the community and the delivery of major projects on time and within budget.	4.89	4.46	↓ 0.43
<b>Effective Engagement/Reputation (Internal/External) (where 6 is the best rating)</b>			
The CEO develops and maintains positive effective relationships and communications with Council's stakeholders, but not limited to ratepayers, Commonwealth and State Government.	4.96	4.83	↓ 0.13

<b>Holdfast's Leadership Capability (where 5 is the best rating)</b>			
Accept Accountability – take responsibility and delivery on promises	4.33	4.08	↓ 0.25
Relationship Driven – build positive relationships	4.3	4.04	↓ 0.26
Innovate and Change – lead change and embrace new ideas	4.0	3.69	↓ 0.31
Strategic Focused – create and communicate a clear vision	4.15	3.92	↓ 0.23
Empower Others – support people to do their best	4.11	3.81	↓ 0.3



# Attachment 2







**Independent Report:  
Chief Executive Officer  
Annual Performance Review 2021/22**



Contents

Executive Summary ..... 3

Performance of the Chief Executive Officer (CEO) for 2021/22..... 4

    Review Components..... 4

    Results of the Review ..... 4

    Comments and opinion on CEO review results..... 5

        Environmental factors ..... 5

        Qualitative review information ..... 5

    Remuneration of the CEO ..... 6

Recommendations ..... 8

    In relation to the 2021/22 CEO Review ..... 8

    In preparation for the 2022/23 CEO Review ..... 8



## Executive Summary

The 2021/22 Annual Performance Review of the CEO of the City of Holdfast Bay, Mr Roberto Bria, has been assessed utilising an array of mechanisms and metrics aligned to the organisation's strategy and key result areas.

A robust and thorough process has taken place, along with good opportunity for key stakeholders, including the CEO, to provide feedback and comments regarding the CEO's performance.

The following pages provide a summary of the information pertaining to the CEO's performance throughout 2021/22, and insights and opinions regarding his performance. Overall, in my opinion, the CEO's performance is deemed to be **'Good'** to **'Very Good.'**

Additionally, recommendations have been included in this report regarding how to deal with the CEO's performance for 2021/22 and the preparation and planning towards the 2022/23 performance review processes.

Performance reviews (at any level) have the potential to have positive impact if they can be made *meaningful* in an ongoing sense, for the recipient. All stakeholders can play a role in helping the review to be as meaningful as possible at every stage of the process; whether it be connecting the performance framework to the metrics / indicators that are the right metrics / indicators for the organisation looking ahead, through to the actual methods of evaluation, through to the actual performance discussions that take place.

**Christine Molitor**  
**CEO – Be Sustained Pty Ltd**  
**29 July 2022**



This report is provided to the Executive Committee of the City of Holdfast Bay, as the opinion of the Independent Member in the matter of the 2021/22 Annual Performance Review (appraisal) for CEO for the City of Holdfast Bay, Mr Roberto Bria. The purpose of this report is to provide an independent view and report for the Executive Committee in order to make any recommendations to Council on any matters arising from the appraisal.

## Performance of the Chief Executive Officer (CEO) for 2021/22

### Review Components

The CEO for the City of Holdfast Bay, Mr Roberto Bria's performance for 2021/22 has been assessed using the following processes:

1. A review by the CEO of the progress and achievements towards the Key Performance Indicators for 2021/22. There are 12 Indicators, including the Annual Business Plan targets.
2. An extensive 360-degree survey conducted during April-May 2022 with the CEO, Elected Members, the General Managers, one Direct Report and 10 randomly chosen Council staff.
3. An annual staff survey of all current staff employed by the Council completed in April 2022.

### Results of the Review

Analysis of the CEO Performance Review components demonstrates that the overall performance of the CEO during the review period is best described as **'Good'** to **'Very Good'** based on:

- Of the 12 Key Performance Indicators, 11 of 12 (92%) are **'On track / Achieved'**. The only indicator not on track, is indicator #9 *"Decrease the reliance on rate revenue to be within the range of 70%-75% over a 5-year period"* - this indicator is rated as **'Close to on track'**. Commentary provided by the CEO regarding this indicator suggests that the rolling forecast for the 5-year period is averaging 1.8% outside (i.e. above) the target parameter.
- The 2021/22 results of the 360-degree feedback survey show an overall rating (based on the weighted averages reported) that places the CEO in the realm of what would be deemed as **'Good' to 'Very Good'** when considering his performance across the six (6) key areas surveyed:
  - Effective Relationships with Elected Members
  - Implementation of Council's Strategic Plan
  - Financial and Asset Management
  - People Management
  - Delivery of Major Projects and Operational Services
  - Effective Engagement/Reputation (Internal and External)
- The ratings against the City of Holdfast Bay's Leadership Capability (Leaders ARISE) for the 2021/22 review show an overall rating as **'Good'** based on five (5) criteria:
  - Accept Accountability
  - Relationship Driven
  - Innovate and Change
  - Strategic Focused
  - Empower Others
- The annual staff survey for 2021/22 shows a staff satisfaction rating of **4.23** (out of 5) which is both above the target of 4 and an increase on the 2020/21 result of 4.11 (out of 5).

## Comments and opinion on CEO review results

The metrics chosen to measure the CEO's performance are quite expansive and appear well aligned to the organisation's overall strategy. The data/results themselves provide a good starting point to review the CEO's performance during 2021/22, which has been described in the previous section as **'Good' to 'Very Good'**.

It is important, for the review to be as meaningful as possible to Council and to the CEO, to look beyond the metrics. It is important to consider both the environmental factors that have been in play during the review period and how they can impact results, and also to draw insights from the qualitative information provided through the measurement process / review process.

### Environmental factors

The obvious and most significant disruption to the business environment during the past two years has been the impact of the COVID-19 pandemic. There is no one industry or business enterprise that has been unaffected by the pandemic and its ramifications, which will be likely felt for years ahead.

The business of Local Government where the public is a key stakeholder is a complex area, made even more complex with these circumstances. Added to this is of course the fact that Council is comprised of people – another set of key stakeholders – all in turn impacted by these global events.

The fact that the CEO has managed the City of Holdfast Bay in such a manner that not only have almost all the intended business results been achieved or met (refer Key Result Indicators), that the strong, positive organisation culture – as evident from the staff survey and can be inferred from the 360-degree survey results – has remained stable and strong, is a significant achievement.

### Qualitative review information

The 360-degree survey provides both a vast amount of qualitative information in the form of comments, as well as the opportunity to consider key themes and linkages that may exist in the data.

The main points to highlight for the purpose of the 2021/22 performance review are:

- **Relativities:**

'Financial and Asset Management' has been assessed as the CEO's strong suite as evidenced by both the Key Performance Indicator metrics and the overall 360-degree results.

Likewise, 'Effective Engagement/Reputation' – which is also aligned to organisational culture and staff satisfaction - is seen an area of relative strength for the CEO.

When looking at relativity, the CEO's performance is less strong, but nevertheless still seen as 'Good' to 'Very Good' in the area of 'People Management'. Overall, all the data points (e.g., scores, ratings) from the 2021/22 review allow us to conclude that the CEO is very capable in this area, but slightly less so compared to his performance in other areas.

- **Themes in room for improvement:**

The key themes in terms of areas for potential improvement in the CEO's performance going forward, as drawn from the entire review information, are:

- The CEO's performance in 'People Management' despite the considerable impact that the external environment has had on leadership, has been rated as strong. However, there are intimations in the review that the CEO could improve in the areas of delegation (empowerment) and management (accountability) of his direct team.
- The CEO's attention to all details / necessity (or perceived necessity) to be across all of the details warrants further discussion. This appears to be getting in the way of his ability to lead effectively at times.
- Communication with different stakeholder groups and how the CEO may need to adapt or alter his approach to those different groups is also an area for exploration.

In most performance reviews where there is an extensive level of consultation and feedback, there are outlier comments and ratings that need to be considered. Points in relation to any outlier comments considered to be of significance in this instance are made in the recommendations section of this report.

### Remuneration of the CEO

A market-based remuneration benchmarking analysis in relation to the CEO's remuneration package was undertaken by an independent consultant in March 2021. As a result, Council subsequently approved an increase in the CEO's remuneration package, in line with the 2020/21 performance assessment.

A further market-based benchmarking process has not been undertaken for the 2021/22 year, however Council will need to assure itself that it has delivered on its obligations in terms of the CEO's employment contract to appropriately review the CEO's Total Employment Cost (TEC) package (remuneration). For those reasons, commentary regarding the current external market for CEO and Executive remuneration changes is warranted in this report.

In the context of the current economic climate, this week the Australian Bureau of Statistics (ABS) released the latest data for the Consumer Price Index (CPI); the June Quarter of 2022 showed that Australia's inflation continued its upward trend. For the quarter, it showed prices rose 1.8% and annually by 6.1%. Locally, CPI for Adelaide rose 2.1% for the quarter and 6.4% annually.

We are experiencing the tension that almost all businesses and organisations are experiencing in the desire to retain and continue to develop good talent and manage increasing costs and ongoing complexity. The overall market for CEO (and Executive) remuneration has come under pressure (as have most levels of wages), and in the main we are witnessing modest remuneration increases in the order of 1% - 5% depending upon circumstances and individual considerations. It should be noted that the Public sector wage average growth was 2.1% for March 2022 according to ABS data.

The ability to fund ongoing recurring costs is one key consideration an organisation must make. In light of the fact that the CEO's TEC package was benchmarked to market just on 12 months previously, and subsequently increased by 12.5% at the time, it would be reasonable to conclude based on the information informally gathered at this time that the current TEC for the CEO is appropriate.

However, it would be sensible and appropriate to recognise and reward the strong performance by the CEO during this review period – e.g. the clear evidence of strong performance as shown by the performance review data – and, also take action to signal Council’s motivation to retain the current high performing CEO.

There are potentially a few options that would be appropriate to consider in this regard:

- A modest TEC package increase of 2-3% which is at the mid-point of CPI and more in line with public sector wages growth.
- A development allowance (e.g. \$10-20,000) as a one off payment to be utilised towards an Executive-level professional development opportunity, ideally aligned to the CEO’s areas for development.

## Recommendations

### In relation to the 2021/22 CEO Review

The following summary recommendations are made to ensure a successful completion of the 2021/22 CEO performance review:

- A nominated member(s) of Council holds a balanced and meaningful discussion\* with the CEO regarding his performance during the review period, recognising primarily the strong and consistent performance and contribution that he has made during very difficult circumstances.

At a deeper level, it is important that the discussion\* seeks to ensure that the CEO understands where others believe his relative strengths and his areas for ongoing development are, alongside understanding the CEO's own views of his performance; where in his opinion are his strengths and his areas of development / what his development intentions are. (These discussions can also help to inform the preparation for the 2022/23 CEO review).

- A nominated member(s) of Council discusses with the CEO the rationale regarding the approach to the TEC package review this year and seeks to consult with him on the preferred option of Council.

\* Specifically, the areas mentioned in the previous pages need to be included in the CEO discussion, along with discussion about some of the outlier comments/ratings. For example; being open/curious as to why some stakeholders may have concerns about 'Delivery of Major Projects and Operational Services'. In addition; 'Financial and Asset Management' whilst strong, there are inferences in the comments about possible room for improvement (more so intimating potential differences in opinion about the CEO's approach rather than the results). Likewise; 'Effective Engagement/Reputation' – which is also aligned to organisational culture and staff satisfaction - is an area of strength for the CEO, yet it is also a very broad subject area for respondents to assess and there is suggestion in the comments by respondents that there is room for improvement in the CEO's performance in this area, it would be worthwhile delving a little further to assess what might sit within this.

### In preparation for the 2022/23 CEO Review

The following points are offered in preparation for an effective 2022/23 CEO review processes:

- Enhancing the meaning, impact and/or value that the 360-degree survey has on the review process, and on the CEO's ongoing development, may be gained by allowing 'break-out' reporting of the data (e.g. CEO view compared to view from others, and CEO view compared to view from selected groups' perspectives {de-identification of data being possible}).
- The opportunity to undertake additional qualitative analysis with select stakeholder groups, including the CEO. This could be undertaken in conjunction with the review, or in advance of the review.
- Consideration given to further breaking down quite complex areas in the 360-degree survey so that they can be more appropriately assessed and more relevant and useful feedback to the CEO provided. A good example of this is the question about 'People Management' – the question is very broad and covers tactical and strategic issues, and with careful re-work could provide meaningful information for all.