

# Remuneration Comparability for CEOs

The CMA Standards Council's Policy For Excellence In Remuneration-Setting contains the following paragraph:

The governing body or committee must take reasonable steps to obtain reliable comparability data with respect to the position for which remuneration is being set. Such comparability data must be for: functionally comparable positions; organisations as similar as possible to the organisation; and be updated at least every three years.

This can be quite a daunting task for many Christian charities, as there is a dearth of specific comparability data for the remuneration of CEOs of Christian charities. However, certain general guidelines can apply:

## 1. Every organisation is different

Each organisation is unique. Accordingly, approximations and judgement have to be used in any comparability situation. It is important to recognise this at the outset – our Standard requires the taking of **reasonable** steps, not perfection.

## 2. Identify the key criteria

When setting a CEO's remuneration, either at hiring stage or review stage, it is important to know what characteristics you are seeking in your CEO. These will flow out of what your organisation is trying to achieve. Unlike a for-profit organisation, maximisation of shareholder return (ie, profit) is unlikely to be the key criterion. Advancement of your organisation's purpose/mission is the true measure. Once you isolate the key CEO characteristics necessary to achieve that task, you will have narrowed down the types of other organisations and their CEOs against which you could do a comparison. While remuneration alone is not always the primary motivation for a Christian CEO to accept or stay in a job with a Christian organisation, it is important to be aware of what you may need to offer (or keep paying) your CEO in order to attract someone with the skills you need to advance your mission.

## 3. Look inside

Almost always, the CEO's job is the most important, and therefore the best paid, in any Christian organisation. To maintain normal relativities, the CEO should be paid a margin above the next highest paid person in your organisation. If the CEO or others are part timers, look at hourly rates.

## 4. Look outside

There are some publicly available guides that can at least give you some indication of comparability. Some denominations publish their pay scales for ministry staff. For example, Sydney Anglican diocese ([Stipends, Allowances and Benefits](#)), SA Baptist ministers ([SA Baptists stipends](#)) and Churches of Christ ([CCVT Remuneration](#)) all publish annual pay scales on the internet, as do other denominations. Note, be careful when looking at a minister's stipend, because you may need to add in various allowances (eg housing, car, superannuation etc) when working out the total package. You may also need to adjust for any tax benefits which affect either the organisation you are comparing

against or your own organisation (if necessary, ask your auditor or accountant for advice on this point). If your organisation is a charity rather than a church, look at how closely the key criteria you have identified for your CEO compare against the key criteria for a church leader. There are also annual CEO remuneration surveys undertaken by various organisations for not for profit organisations, although these can require payment of a few hundred dollars to access. Examples are Probono Australia ([Probono salary survey](#)) and Enterprisecare ([enterprisecare benchmarking](#)). A free survey is PayScale ([PayScale non-profit Survey](#)). Again, be careful because these surveys tend to cover larger organisations rather than smaller organisations. Finally, you could check websites advertising for jobs in the Christian sector (eg CMA - [CMA Connect](#)). While those sites will rarely publish a salary range, you may be able to contact the entity running the advertisement and ask what salary range they are expecting to pay.

### 5. Use networks

The Board members of your organisation may well know, or know of, similar not-for-profit organisations. Get them all involved. It may be possible for a confidential board member to board member conversation if there is an existing personal relationship. If not, then there is no harm in trying a cold call from “Chair to Chair” or even “Treasurer to Treasurer” on a confidential basis to share benchmarking information. Alternatively, your Chair or a board member may be a member of a [CMA Network](#) in which the question could be raised. While some organisations will be reluctant to disclose confidential information about salaries, others may be seeking similar information from you for the same purpose. Even if specific information cannot be released, general ballpark information will be helpful. You may also be able to obtain general guidance from your auditor, or other professional advisers.

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Finally, bear in mind that doing your due diligence to obtain comparability data is not an end in itself. This is but one of the inputs for a governing body to take into account when setting the remuneration package for a CEO. For example, Christian CEOs may choose for their own valid, sacrificial reasons, to accept a salary lower than their staff or than they could obtain elsewhere. For a principled guide to how to assess and set remuneration for all members of a Christian organisation, we recommend *CMA’s Essential Standards For Christian Workplaces* (available from [CMA Publications](#)), and in particular section 7, “The Principle of Reasonable Remuneration”.