

7.15 REVIEW OF MAYORAL AND COUNCILLOR ALLOWANCES

File Number:**Author:** Sophie Brown, Governance and Corporate Services Administration Officer**Authoriser:** Philippa O'Sullivan, Director Corporate Services**Attachments:** 1. December 2019 - Minister Advice regarding Change to Category**RECOMMENDATION**

That Council:

1. Endorse the remuneration levels for Mayoral and Councillor allowances of \$72,268.40 for the Mayoral allowance and \$25,237.58 for Councillor allowances which includes the additional 9.5% that is payable as an equivalent of the Commonwealth Superannuation Guarantee.
2. Invite public submissions on the remuneration levels for Mayoral and Councillor allowances between 27 April 2021 and 25 May 2021, in accordance with the Local Government Act 1989.
3. Note that following receipt and consideration of any submissions, a report recommending the Mayoral and Councillor allowances will be presented to Council for determination at its meeting to be held on 22 June 2021.
4. Where no submissions are received, Council resolve to approve Councillor and Mayoral allowances being Mayoral allowance of \$72,268.40 and Councillor allowances at \$25,237.58 which includes the additional 9.5% that is payable as an equivalent of the Commonwealth Superannuation Guarantee, without further resolution of Council.

EXECUTIVE SUMMARY

Mayors and Councillors are entitled to receive an allowance while performing their duties as an elected official.

A key reform of the Local Government Act 2020 (LGA2020) is the transfer of responsibilities in determining mayoral, deputy mayoral and councillor allowances from the Minister for Local Government to the Victorian Independent Remuneration Tribunal (The Tribunal). However, as the Minister has not yet requested a determination by the Tribunal, Local Government Victoria has advised that the framework under the Local Government Act 1989 (LGA1989) continues to apply until the first determination is made by the Tribunal under the LGA2020.

As such, in accordance with section 74(1) of the LGA89, Council's must review and determine the level of Mayoral and Councillor allowances within 6 months of general election or by 30 June 2021, whichever is later. This also includes a period of public exhibition to allow submissions from the public before a final decision is made by 30 June 2021.

BACKGROUND

The *Local Government Act 2020* (LGA20) transfers responsibility for determining Mayoral, Deputy Mayoral and Councillor allowances from the Minister for Local Government (the Minister) to the Victorian Independent Remuneration Tribunal (the Remuneration Tribunal). As a request from the Minister for the Remuneration Tribunal to make a determination has not yet been made under the LGA20, the allowance framework under the LGA89 continues to apply. Therefore, Council is required to undertake a review of allowances under s74(1) of the LGA89 and a person has a right to make a submission under s223 if the LGA89 in respect of that review.

DISCUSSION

Local Government Victoria classifies Councils (except for Melbourne City Council and City of Greater Geelong that are determined under separate acts) into three categories to determine

Councillor allowances with the categories based on the current income and population for each Council. The category amounts are provided in the table below:

Category 1 (Lowest)	Mayors: Up to \$62,884 per annum	Councillors: \$8,833 - \$21,049 pa
Category 2 (Mid)	Mayors: Up to \$81,204 per annum	Councillors: \$10,914 - \$26,245 pa
Category 3 (Highest)	Mayors: Up to \$100,434 per annum	Councillors: \$13,123 – \$31,444 pa

**The above number exclude the additional superannuation equivalent.*

It is important to note that on 23 December 2019, the Minister for Local Government advised Golden Plains Shire that Golden Plains Shire Council's had been approved to progress from the allowance Category 1 (lowest level) to Category 2 (mid-level) as per the letter presented in Attachment 1. This change was justified due to the increase in number of residents in the shire district and the increase in the Council's recurrent revenue numbers.

As a result, the upper limit of allowances that may now be paid to the Mayor and Councillors in a Category 2 Council are:

- Mayoral allowance: up to \$81,204. (excluding superannuation equivalent)
- Councillor allowances: \$10,914 to \$26,245 (excluding superannuation equivalent)

The Mayor and Councillors at Golden Plains Shire currently receive the following allowances excluding superannuation equivalent:

- Mayoral allowance: \$62,855.75
- Councillor allowances: \$20,952.74

An additional 9.5% of the above allowances is also payable as an equivalent of the Commonwealth Superannuation Guarantee resulting in the total amount of allowance currently being received is:

- Mayoral allowance: \$68,827
- Councillor allowances: \$22,943

The table below presents some historical context for Golden Plains Shire Council (excluding superannuation equivalent)

Year	Mayoral Allowance	Councillor Allowances
2016/17 2.5% adjustment effective 1 December 2016	\$59,230.38	\$19,744.24
2017/18 2.0% adjustment effective 1 December 2017	\$60,414.99	\$20,139.13
2018/19 2.0% adjustment effective 1 December 2018	\$61,623.29	\$20,541.91
2019/20 2.0% adjustment effective 1 December 2019	\$62,855.75	\$20,952.74
2020/21 0.0% adjustment (as per Ministers letter)	\$62,855.75	\$20,952.74
Current allowance Including Superannuation equivalent.	\$68,827.05	\$22,943.25

To assist with the review, the table below provides the level of allowances paid by other councils in the South West Region.

Category 1	Category 2	Category 3
Southern Grampians (top of range)	Surf Coast Shire (top of range)	City of Ballarat (Crs \$30,222 and Mayor at \$96,534)
Ararat Rural City (top of range)	Moorabool Shire (top of range)	
Corangamite Shire (top of range)	Moyne Shire (top of range)	
Borough of Queenscliffe (Crs top of range, Mayor at \$40k)	Warrnambool City (top of range)	
Mansfield Shire (top of range)	Horsham Rural City (top of range)	

Council must determine the level of the Mayoral and Councillor allowance within the category but has no capacity to change the Council's remuneration category.

Based on the Minister's determination to increase Golden Plains Shire Council category from category 1 (lowest category) to category 2 (mid category) which is based on the increasing population and the increased revenue in the shire, it is recommended to increase the Mayoral and Councillor allowances to reflect the increasing population that the Mayor and Council are now serving across the Shire.

As a result, it is recommended The Mayor and Councillors at Golden Plains Shire receive the following allowances excluding superannuation equivalent:

- Mayoral allowance: \$65,998.54
- Councillor allowances: \$23,048.01

An additional 9.5% of the above allowances is also payable as an equivalent of the Commonwealth Superannuation Guarantee resulting in the total amount of allowance currently being received is:

- Mayoral allowance: \$72,268.40
- Councillor allowances: \$25,237.58

If Council resolves to endorse the above levels of remuneration of Mayoral and Councillor allowances, it will remain unchanged until the Remuneration Tribunal makes its first determination.

In addition, the LGA20 now allows Councillors the option to elect to receive the whole allowance, a specified part of the allowance or no allowance.

REPORTING AND COMPLIANCE STATEMENTS

Local Government Act 2020 (LGA 2020)

Implications	Applicable to this Report
Governance Principles (Consideration of the Governance Principles under s.9 of LGA 2020)	Yes
Policy/Relevant Law (Consideration of the Governance Principles under s.9 of LGA 2020)	Yes
Environmental/Sustainability Implications (Consideration of the Governance Principles under s.9 of LGA 2020)	No
Community Engagement (Consideration of Community Engagement Principles under s.56 LGA 2020)	Yes
Public Transparency (Consideration of Public Transparency Principles under s.58 of LGA 2020)	Yes
Strategies and Plans (Consideration of Strategic Planning Principles under s.89 of LGA 2020)	No
Financial Management (Consideration of Financial Management Principles under s.101 of LGA 2020)	Yes
Service Performance (Consideration of Service Performance Principles under s.106 of LGA 2020)	No
Risk Assessment	No
Communication	Yes
Human Rights Charter	No

GOVERNANCE PRINCIPLES

In conducting this statutory review, Council will be ensuring it is giving priority to the Governance Principles contained in the Local Government Act 2020, including the need to achieve best outcomes for the municipal community.

POLICY/RELEVANT LAW

This process ensures Council's compliance with the Local Government Act 1989 which remains in force until such time as the Minister requests a determination by the Victorian Independent Remuneration Tribunal under the new Local Government Act.

COMMUNITY ENGAGEMENT

Following initial adoption of the remuneration levels, the matter will be placed on public exhibition with submissions being invited for Council's consideration prior to final decision being made.

PUBLIC TRANSPARENCY

Mayoral and Councillor allowances are determined in open Council with payments being published on the website and through the Council Chamber on a quarterly basis. A summary is also included in Council's Annual Report.

FINANCIAL MANAGEMENT

A budget for Mayoral and Councillor allowances is in place to cover the costs outlined in this report.

RISK ASSESSMENT**COMMUNICATION**

The initial decision will be placed on public exhibition via Council's website and public notice for comment.

HUMAN RIGHTS CHARTER

It is considered that this report does not impact negatively on any rights identified in the Charter of Human Rights and Responsibilities Act 2006 (Vic).

OPTIONSOption 1 – Determine levels of remuneration and place on exhibition for public submissions

This option is recommended by officers as it will ensure compliance with Council's obligations under the legislation.

Option 2 – Do not determine levels of remuneration

This option is not recommended by officers as failure to carry out the review in accordance with the legislation would be a compliance breach.

CONFLICT OF INTEREST

No officer involved in preparing this report has any conflicts of interest in regard to this matter.

CONCLUSION

Council has one opportunity during its term to set the levels of remuneration for the Mayor and Councillors and is now required to commence that process to ensure compliance with Local Government legislation.



Department of Environment, Land, Water and Planning

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Mr Eric Braslis
Chief Executive Officer
Golden Plains Shire Council
PO Box 111
BANNOCKBURN VIC 3331

File: 12/006458-01


Dear Mr Braslis

I advise that that following a recent review of mayoral and councillor allowance categories under section 73A of the *Local Government Act 1989* (the Act) the Hon Adem Somyurek MP, Minister for Local Government, has approved the alteration of the Golden Plains Shire Council's allowance category.

The review had regard to changes in the number of residents in your council's municipal district and variations in the council's recurrent revenue figures (adjusting for inflation). These factors justified an alteration of your council's category from Category 1 to Category 2. Based on a points system combining population and recurrent revenue, Golden Plains Shire Council currently is 42.8 points *.

The following allowance range and limit currently apply to Category 2 councils:

Mayors: Up to \$81,204 per annum
Councillors: Between \$10,914 and \$26,245 per annum

An additional 9.5% of the above allowances is payable as an equivalent of the Commonwealth Superannuation Guarantee.

As a consequence of this alteration, your council may at its discretion undertake a new review of its mayoral and councillor allowances under section 74(1B) of the Act to determine allowances payable. This review would consider allowance amounts within the range and limit that apply to Category 2 councils. The process for the review would be along the same lines as the mayoral and councillor allowance review required to be conducted after each general election under section 74(1) of the Act, and involve the consideration of public submissions under section 223. Until such review results in different allowances payable, the current allowances previously determined by your council (annually adjusted) continue to be payable.

If you require further information, please contact Tim Presnell, Manager Governance and Integrity on 9948 8508 or via email on tim.presnell@delwp.vic.gov.au.

Yours sincerely



Colin Morrison
Acting Executive Director
Local Government Victoria

23/12/2019

* The points range for a Category 2 council is 40 points or greater.

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