

Local Government Remuneration Tribunal

Annual Report and Determination

*Annual report and determination under sections 239
and 241 of the Local Government Act 1993*

**13 April
2015**

Local Government Remuneration Tribunal

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Introduction

1. The role of Local Government Remuneration Tribunal (the Tribunal), pursuant to section 235 of the *Local Government Act 1993* (the LG Act) was undertaken by Ms Helen Wright from 13 December 2006 until the expiration of her appointment on 30 June 2014. The Tribunal wishes to express its appreciation of Ms Wright's contributions over those years.
2. On 4 February 2015, Dr Robert Lang was appointed to the role of Tribunal pursuant to section 235 of the LG Act and Mr Ian Reynolds was appointed to the role of Assessor assisting the Tribunal pursuant to section 236 (1) (b) of the LG Act. The role of Assessor assisting the Tribunal pursuant to 236 (1) (a) has been undertaken by Mr Steve Orr, Acting CEO, Office of Local Government, Department of Planning and Environment.

Section 1 Background

3. Pursuant to section 239 of the LG Act the Tribunal determines the categories of councils and mayoral offices and the allocation of each council and mayoral office into one of those categories.
4. Pursuant to section 241 of the LG Act the Tribunal determines in each category of council, the maximum and minimum amount of fees to be paid to mayors and councillors of councils, as well as chairpersons and members of county councils.
5. In determining the maximum and minimum fees payable to each of the categories, the Tribunal is required, pursuant to section 242A of the LG Act, to give effect to the same policies on increases in remuneration as those that the Industrial Relations Commission is required to give effect to under section 146C of the *Industrial Relations Act 1996* (IR Act), when making or varying awards or orders relating to the conditions of employment of public sector employees.
6. The current policy on wages pursuant to section 146(1)(a) of the IR Act is articulated in the *Industrial Relations (Public Sector Conditions of Employment) Regulation 2014* (Regulation). The effect of the Regulation is that public sector wages cannot increase by

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more than 2.5 per cent, and this includes the maximum and minimum fees payable to councillors and mayors.

7. The former Tribunal's Report and Determination of 2014 provided a general increase of 2.5 per cent which was consistent with the Government's policy on wages.

Section 2 Local Government Reform

8. Local government in NSW has been the subject of a significant reform agenda driven by the need to change. This has been supported by Local Government NSW (LGNSW) and the State Government. The process of creating a strong and viable local government sector began with the *Destination 2036* summit held in 2011. The outcome was the "*Destination 2036 Action Plan*" which identified 12 major initiatives to create a strong local government sector.
9. In 2012 the then Minister for Local Government appointed an Independent Local Government Review Panel (Panel) to formulate options for governance models, structures and boundary changes to improve the strength and effectiveness of local government and to help drive the strategic directions set out in the *Destination 2036 Action Plan*. The Local Government Acts Taskforce (Taskforce) was also appointed to review the LG Act and the *City of Sydney Act 1988*.
10. Following an extensive consultation program with stakeholders across NSW during 2012 and 2013 the final reports of the Panel and the Taskforce were released in October 2013. As outlined in the Tribunal's 2014 determination these reports make a broad range of recommendations which, if adopted in full or in part, could deliver significant reforms across local government in NSW.
11. The Government's response to the recommendations of the Panel and the Taskforce was released in September 2014 – '*Fit for the Future, NSW Government Response*'.
12. The Tribunal notes that the Panel has made a number of comments in relation to the adequacy of the existing remuneration arrangements and has proposed structural changes which may have an impact on the roles and responsibilities of councillors and mayors. Suggested changes include amendments to the LG Act to provide greater clarity in relation to the role of councillors and mayors. It has been proposed that in larger councils and in major regional councils, the role of mayor, and in some instances that of

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the deputy mayor, should be expanded to a full time office and remunerated accordingly.

13. The Government has supported these changes in principle, noting in their response:

“Stronger political leadership and effective representation are essential to strengthen local communities. In developing a new Local Government Act, the Government will consider how to embed these principles and achieve these outcomes.

In time for the next local government elections in 2016, the Government will:

- *Amend the legislated role of councillors and mayors to provide greater clarity generally in accordance with the Panel’s recommendations*
- *Introduce minimum two year terms and compulsory voting in mayoral elections for mayors elected by councillors, to facilitate leadership stability.”*

In response to whether the role of mayor should be full time the Government advised:

“The Government recognises the important role of the Mayor in providing leadership to the council and the community. It recognises that the role of Mayor will inevitably vary given the size of the council and the nature of the community and believes it is for the council to determine the appropriate time required to fulfil this important strategic role.”

14. The Panel also suggested that professional development programs be made available to councillors and that remuneration should be increased in recognition of enhanced skills.

15. The Government has not supported the Panel’s recommendation that councillors and mayors who successfully complete recognised professional development programs receive increased remuneration. In response to that recommendation the Government advised:

“The Government recognises the dedication of councillors across NSW to their local council and their communities and supports councillors receiving a fair level of remuneration, which reflects the nature of the role and the communities’ expectations of prudent use of ratepayer funds.

The Government believes an independent process, currently undertaken by the Independent Remuneration Tribunal, provides a fair means of setting councillor remuneration, with the current criteria taking into account, among other things, the size and the significance of the council.

The Minister for Local Government will ask the Tribunal to give further consideration to the criteria to better reflect the objectives of local government

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reform with a focus on those councils that have made the necessary changes to become "Fit for the Future".

The Government also believes that professional development, particularly for new councillors but importantly for all councillors, is essential for being an effective councillor rather than a justification for increasing councillor remuneration and expects all councils to have in place a professional development program for councillors."

16. In providing their response the Government also announced a package of support to strengthen communities and support councils to become Fit for the Future.
17. The Government intends to provide funding of up to \$1 billion to help NSW councils become Fit for the Future. The Fit for the Future package includes:
 - \$258 million to assist councils who decide to merge and make the changes needed to provide better services to communities;
 - Potential savings of up to \$600 million from cheaper finance for Fit for the Future councils to invest in local infrastructure;
 - Up to \$100 million savings through reductions in red tape and duplications;
 - Improvements to the local government system, including the laws that govern it, the way the State works with councils and the support that councils receive.
18. As part of a broad range of local government initiatives, councils have been asked to assess their current situation and consider the future needs of its community. The Panel recommended a range of structures for councils across NSW, based on the Panel's extensive consultation and research. Those options include:
 - voluntary mergers
 - forming regional joint organisations
 - a new model for the far west
 - a rural council option
19. Councils have been asked to prepare a roadmap for becoming Fit for the Future. The Roadmap is to address the viability of introducing one of the structures proposed having regard to:
 - scale and capacity
 - sustainability
 - efficiency, and
 - effective services and infrastructure.

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20. Councils have been asked to assess their current position and submit a Fit for the Future proposal by 30 June 2015. The proposals will be assessed by an independent expert panel which will make recommendations to the Minister for Local Government. It is expected that from October 2015 Fit for the Future councils will commence the implementation of their proposals.
21. The Tribunal also notes that a new local government act is expected to be introduced following the local government elections in September 2016.

Section 3 2015 Review

Scope of the Review - Categories

22. Section 239 of the LG Act requires the Tribunal to determine the categories of councils and mayoral offices at least once every 3 years. In accordance with the Act, the Tribunal has reviewed the categories as part of the 2015 annual review.
23. Pursuant to section 240 of the Act the Tribunal is required to determine categories according to the following matters:

“240 (1)

- *the size of areas*
- *the physical terrain of areas*
- *the population of areas and the distribution of the population*
- *the nature and volume of business dealt with by each Council*
- *the nature and extent of the development of areas*
- *the diversity of communities served*
- *the regional, national and international significance of the Council*
- *such matters as the Remuneration Tribunal considers relevant to the provision of efficient and effective local government*
- *such other matters as may be prescribed by the regulations. “*

24. The former Tribunal undertook a fundamental review of the categories in 2012. In undertaking that review, the former Tribunal found that there was no strong case to significantly alter the current categories of councillor or mayoral office or to move

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individual councils between categories. The Tribunal notes that since 2012 there has been no reduction in the number of councils or significant changes to local government boundaries but significant progress has been made by the Government, LGNSW and local councils in progressing the reform process.

25. In reviewing the categories for 2015 the Tribunal considers the current reform initiatives, in particular Fit for the Future, to be relevant to the provision of efficient and effective local government.
26. On 4 March 2015, the Tribunal wrote to all mayors advising of the commencement of the 2015 Annual Review. The Tribunal invited submissions from councils as to whether Fit for the Future councils should be recognised in any future or alternative categorisation model. This proposal was consistent with the Government's response to the recommendations of the Panel. The Tribunal also wrote to the President of LGNSW in similar terms, and subsequently met with the President and Chief Executive of LGNSW. The Tribunal wishes to place on record its appreciation to the President and Chief Executive for meeting with the Tribunal.

Submissions Received

27. In response to this review the Tribunal received 15 submissions from individual councils and a submission from LGNSW. The key points from those submissions are summarised below.

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28. The association's view is that a wholesale review of the categories is not practical until the conclusion of the Fit for the Future proposal and approval period and therefore a detailed analysis of the factors set out in Section 240 of the Act was not included in their submission.
29. However, the association has requested that a new category of 'Peri-Urban' be created to contain those councils that occupy a landscape on a major city fringe that is neither fully urban nor completely rural. Councils that would fit into this new category include Wollondilly and Hawkesbury River councils.
30. Given the statutory limitations in place LGNSW has also requested that councillor and

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mayoral fees be increased by the full 2.5 percent for 2015/16. LGNSW continues to advocate that councillors face an immense task juggling council workload, family responsibilities as well as paid work and such a significant time involvement is not appropriately recompensed through the current remuneration levels. The roles of councillor and mayor have expanded due to the introduction of new forms of strategic and corporate planning and, more recently, additional workloads are attributable to Fit for the Future and Joint Organisation pilots.

Major City

31. Wollongong City Council has sought the inclusion of transitional remuneration arrangements in this year's determination, rather than future determinations, to reflect extra responsibilities being undertaken through Fit for the Future and as a Pilot Joint Organisation. The Council argues that this was articulated and acknowledged in discussions concerning the scope and structure of Joint Organisations during workshops facilitated by the Office of Local Government.

Metropolitan Major

32. Penrith City Council has sought re-categorisation to Major City in view of the Council's identified role as a regional city for North Western Sydney and its expanding regional role for housing, transport, jobs and services. The Council supports a future categorisation model that provides a bonus or incentives for those councils that successfully demonstrate ongoing sustainability through their Fit for the Future proposals and Improvement Plans.

Metropolitan Centre

33. Submissions were received from Liverpool City Council, Sutherland Shire Council, The Hills Shire Council and Wyong Shire Council. All councils in this group have sought re-categorisation to a higher group.
34. Liverpool City Council has sought re-categorisation to either Metropolitan Major as a minimum or Major City. The Council argues that its similarities with Penrith City Council and Parramatta City Council support a consistent categorisation with either of these councils.

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35. The Hills Council argues that the current categorisation system does not recognise the complexities faced by Councillors in 'growth' councils. The Council also notes that it has a similar population and growth forecast to Penrith City Council which is in the Metropolitan Major category.
36. Wyong Shire Council has sought re-categorisation to Metropolitan Major on the basis that its functions are parallel to councils in that category.
37. Sutherland Shire Council has sought re-categorisation to Metropolitan Major and argues that it compares with Penrith City Council and Blacktown City Council which are categorised as Metropolitan Major.

Metropolitan

38. Submissions were received from Pittwater Council and Camden Council.
39. Pittwater Council has requested the Tribunal to make appropriate representations for changes to legislation to require councils to pay compulsory employer superannuation contributions for councillors. Under current law councillors are not deemed employees of a council and employer superannuation contributions are not required.
40. Camden Council has sought re-categorisation to Metropolitan Centre or alternatively to a new category for growth centres. Camden is a major growth centre and expects exponential growth over the next 25 years with a significant increase in population and dwellings and related increases to the Council's staffing, budget, services and councillors' workloads and obligations.

Regional Rural

41. Individual submissions were received from Albury City Council, Bathurst Regional Council, Bega Valley Shire Council and Hawkesbury City Council.
42. Albury City Council has requested that the Tribunal consider the provision of a deputy mayoral allowance in the fee structure noting that this may require a change to the LG Act. The experience of Albury City Council is that there are an increasing number of civic commitments on the mayor averaging five or more per week with the deputy mayor often required to assist in these matters.
43. Bathurst Regional Council has sought an increase of fees to reflect the increased role

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and responsibilities that councillors undertake.

44. Bega Valley Shire Council argue that the current remuneration levels are a barrier to many younger and working people standing for election. Also, the Council requests that any proposed categorisation model recognising Fit for the Future status should recognise not only councils that intend to amalgamate but also councils which participate in Joint Regional Organisations.
45. Hawkesbury City Council has sought re-categorisation to a higher or new category on the basis that it is different to other councils in Regional Rural.

Rural

46. Forbes Shire Council has sought an additional increase above 2.5% to account for the additional complexity and time obligations that are over and above councillors' business as usual work, as a result of the Integrated Planning and Reporting Framework, Independent Panels review report and Fit for the Future.

Tribunal's Findings

Categorisation

47. The Tribunal has reviewed the existing categories and finds that no change is warranted at this time. While LGNSW have put forward a proposal to create a new "peri urban" category, any consideration of new categories is not considered appropriate at this time given the current reform agenda. It is probable, should Fit for the Future initiatives proceed, that the structure of local government in NSW will change over the next few years. Any future Tribunal will need to consider categorisation based on the structure and composition of councils in NSW at that time.
48. The Tribunal has also considered those requests for re-categorisation from individual councils as outlined in the submissions. The Tribunal finds that the current categorisation of individual councils is appropriate at this time and no changes are warranted.
49. In making submissions councils were also asked to comment on whether Fit for the Future councils should be recognised in any future or alternative categorisation model.

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50. In seeking these views the Tribunal acknowledged that a number of Fit for the Future milestones will not be achieved prior to the Tribunal making its determination. The Tribunal's intention was to seek preliminary views on what factors should inform any future categorisation model, should changes to the structure of local government occur following the implementation of Fit of the Future. The Tribunal notes the preliminary view of LGNSW that any new set of factors for describing council categories should be capable of being applied to all councils rather than segregating councils based on their Fit for the Future status. LGNSW went on to acknowledge that, should the NSW local government sector undergo transition, in addition to revising the factors already prescribed by the Act that there will be a need to develop contemporary factors that recognise progressive change at the council level.
51. A number of submissions also raised with the Tribunal the additional work associated with participating in Fit for the Future and other reform initiatives, including work associated with the Integrated Planning and Reporting Framework and participation in Pilot Joint Organisations of Councils. The Tribunal acknowledges the significant work that has been undertaken by the Office of Local Government, LGNSW and individual councils in driving reform across the sector but considers that this does not warrant re-categorisation of councils at this time.
52. The Tribunal has not formed a view on any future categorisation framework at this point in time. While the Panel has proposed a number of alternative models for the governance of communities in NSW, any proposed changes will not be known until after the release of the Fit for the Future findings later in 2015.
53. Based on the existing Fit for the Future timeframes, the Tribunal may need to consider a revised categorisation model, including the fees that apply to those categories, during the 2016 annual review. Should the structure of any council areas in NSW change before then, the Minister for Local Government may direct the Tribunal to make a special determination to alter the existing determination to take account of any new arrangements.
54. The Tribunal is of the view that significant changes should prompt a revision of the criteria for determining categories and fees. Any new categorisation model may need to

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have regard to a broader or different set of criteria than those currently provided for in section 240 of the LG Act.

55. In reviewing the LG Act the Government may wish to consider the range of factors any future Tribunal should have regard to in determining categories. As one example, the Government has released "*A Plan for Growing Sydney*" that will guide land use planning decisions in Metropolitan Sydney for the next 20 years. The Greater Sydney Commission will work with local councils to implement growth and infrastructure plans. The expertise and work load expected of councillors and mayors with responsibilities associated with "*A Plan for Growing Sydney*" may be factors which the Tribunal should have regard to in determining categorisation and remuneration. The Tribunal expects that similar pressures will be placed on rural and regional councils to drive economic and social growth throughout NSW.
56. The Tribunal also notes that any revision to the fees as a result of any new categorisation model would need to balance the need to attract and retain experienced and capable elected representatives with the ability of councils to afford any potential increases. While money is not the primary motivator for undertaking public office, fees should adequately recognise the roles and responsibilities of councillors and mayors and assist in attracting suitably qualified and experienced candidates.
57. Finally, the Tribunal notes that it has received legal advice which would suggest that any re-categorisation of an existing council, which would have the effect of increasing the employee related costs in respect of those councillors by more than 2.5 per cent may contravene the intent of section 242A of the LG Act. This would appear to limit the Tribunal's ability to undertake its independent statutory functions. While the Tribunal has decided not to re-categorise any of the existing councils as part of this review, the ability of the Tribunal to determine revised categories or fees for a future local government structure may be limited by the scope of the existing legislation. The Tribunal will write to the Minister for Local Government to seek advice on this matter.

Fees

58. The Tribunal notes the comments made in submissions in regard to the payment of fees for deputy mayors. As noted by the former Tribunal the LG Act prevents the Tribunal

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from determining any fees for deputy mayors. The Government may wish to consider this matter in its review of the LG Act.

59. The Tribunal is required to have regard to the Government's wages policy when determining the increase to apply to the maximum and minimum fees that apply to the councillors and mayors. The public sector wages policy currently provides for a cap on increases of 2.5 per cent.

60. The Tribunal has reviewed the key economic indicators, including the Consumer Price Index and Wage Price Index, and finds that the full increase of 2.5 per cent available to it is warranted. On that basis, having regard to the above, and after taking the views of the Assessors into account, the Tribunal considers that an increase of 2.5 per cent in the maximum and minimum fee for each category of councillor and mayoral office, including county councils, is appropriate and so determines.

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Signed

Dr Robert Lang

Dated: 13 April 2015

Section 4 Determinations

Determination No. 1- Determination Pursuant to Section 239 of Categories of Councils and County Councils Effective From 1 July 2015

Table 1: General Purpose Councils

Table 1: General Purpose Councils (152)		
Category	Council	
Principal City (1)	Sydney	
Major City (3)	Newcastle Parramatta Wollongong	
Metropolitan Major (2)	Blacktown Penrith	
Metropolitan Centre (16)	Bankstown Campbelltown Fairfield Gosford The Hills Hornsby Hurstville Lake Macquarie	Liverpool North Sydney Randwick Ryde Sutherland Warringah Willoughby Wyong
Metropolitan (21)	Ashfield Auburn Botany Burwood Camden Canada Bay Canterbury Holroyd Hunters Hill Kogarah Ku-ring-gai	Lane Cove Leichhardt Manly Marrickville Mosman Pittwater Rockdale Strathfield Waverley Woollahra

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Table 1: General Purpose Councils (152)			
Category	Council		
Country Rural (32)	Albury Armidale Dumaresq Ballina Bathurst Bega Valley Blue Mountains Broken Hill Byron Cessnock Clarence Valley Coffs Harbour Dubbo Eurobodalla Great Lakes Goulburn Mulwaree Queanbeyan	Greater Taree Griffith Hawkesbury Kempsey Lismore Maitland Orange Port Macquarie-Hastings Port Stephens Shellharbour Shoalhaven Tamworth Tweed Wagga Wagga Wingecarribee Wollondilly	
Rural (77)	Balranald Bellingen Berrigan Bland Blayney Bogan Bombala Boorowa Bourke Brewarrina Cabonne Carrathool Central Darling Cobar Conargo Coolamon Cooma-Monaro Coonamble Cootamundra Corowa Cowra Deniliquin Dungog Forbes Gilgandra Glen Innes Severn	Gloucester Greater Hume Gundagai Gunnedah Guyra Gwydir Harden Hay Inverell Jerilderie Junee Kiama Kyogle Lachlan Leeton Lithgow Liverpool Plains Lockhart Mid-Western Moree Plains Murray Murrumbidgee Muswellbrook Nambucca Narrabri Narrandera	Narromine Palerang Parkes Oberon Richmond Valley Singleton Snowy River Temora Tenterfield Tumbarumba Tumut Upper Hunter Upper Lachlan Uralla Urana Wakool Walcha Walgett Warren Warrumbungle Weddin Wellington Wentworth Yass Valley Young

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Table 2: County Councils

Table 2: County Councils (14)	
Category	Council
Water (5)	Central Tablelands Goldenfields Water MidCoast Riverina Water Rous
Other (9)	Castlereagh – Macquarie Central Murray Far North Coast Hawkesbury River New England Tablelands Richmond River Southern Slopes Upper Hunter Upper Macquarie

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Determination No. 2- Determination Pursuant to Section 241 of Fees for Councillors and Mayors

Pursuant to s.241 of the Local Government Act 1993, the annual fees to be paid in each of the categories to Councillors, Mayors, Members and Chairpersons of County Councils effective on and from 1 July 2015 are determined as follows:

Table 3: Fees for General Purpose and County Councils

Table 3: Fees for General Purpose and County Councils				
Category	Councillor/Member Annual Fee		Mayor/Chairperson Additional Fee	
	Minimum	Maximum	Minimum	Maximum
General Purpose Councils				
Principal City	25,040	36,720	153,200	201,580
Major City	16,690	27,550	35,470	80,260
Metropolitan Major	16,690	27,550	35,470	80,260
Metropolitan Centre	12,520	23,370	26,600	62,090
Metropolitan	8,330	18,380	17,740	40,090
Regional Rural	8,330	18,380	17,740	40,090
Rural	8,330	11,010	8,860	24,030
County Councils				
Water	1,660	9,180	3,550	15,080
Other	1,660	5,490	3,550	10,020

*This fee must be paid in addition to the fee paid to the Mayor/Chairperson as a Councillor/Member (s.249(2)).

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Signed

Dr Robert Lang

Dated: 13 April 2015