

9.3 REVIEW AND DETERMINATION OF MAYORAL AND COUNCILLOR ALLOWANCES

Author: Lidia Harding - Manager Governance & Risk

File No: GV/11/005

Attachments: Nil

1. Purpose

- 1.1 This report closes the process of reviewing and determining the level of Mayoral and Councillor allowances within six months of a general election or by 30 June, whichever is later and responds to feedback received from the community as part of the community consultation process.
- 1.2 Councillor remuneration levels are set by the State Government in line with the requirements of the *Local Government Act 1989*,

2. Background

Current arrangements (under the *Local Government Act 1989*)

- 2.1 Under section 74(1) of the *Local Government Act 1989*, councils must review and determine the level of mayoral and councillor allowances within six months of a general election or by 30 June, whichever is later.
- 2.2 In undertaking their reviews, councils must ensure that a person has a right to make a submission under section 223 of the 1989 Act (as required by section 74(4)).

Future arrangements (under the *Local Government Act 2020*)

- 2.3 The power to determine mayoral, deputy mayoral and councillor allowances will transfer to the Remuneration Tribunal.
- 2.4 Under section 23A of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*, the Remuneration Tribunal has six months to make a determination from the date the determination is requested by the Minister.
- 2.5 Before making its determination, the Remuneration Tribunal must review the existing councillor allowance framework.

3. Key Matters

- 3.1 There are three categories of Councils and Mitchell Shire is Category 2 – the category with the mid-range remuneration levels. This is in recognition of the size and complexity of its responsibilities and notable demands on the Mayor and Councillors in a growth municipality. Each Councillor commits considerable time in addition to their employment and personal

REVIEW AND DETERMINATION OF MAYORAL AND COUNCILLOR ALLOWANCES (CONT.)

lives in the execution of their Council responsibilities. The Mayor has an important leadership role in the community.

- 3.2 The Act provides for minimum and maximum allowances payable as set by Order in Council from time to time. Each Council has discretion within the allowable range to determine the allowances it will pay to its Mayor and Councillors, having regard to local circumstances and priorities.
- 3.3 The current levels were set in October 2020 where Council was advised via a letter from Local Government Victoria that no adjustment to allowances will be made in respect of all councils. The current levels allow for a minimum payment of \$10,914 and a maximum payment of \$26,245 to apply for Councillors and the Mayor is entitled to an allowance of up to \$81,204 but is not entitled to receive a Councillor allowance in addition to the Mayoral allowance. The allowances are also subject to the addition of the equivalent superannuation guarantee, which is currently 9.5% which will increase to 10% as of 1 July 2021.

Recommendation

THAT Council resolve that the Councillor allowances and Mayoral allowance for the next four financial years (subject to changes by the Remuneration Tribunal) being fixed at \$26,245 and \$81,204 respectively.

REVIEW AND DETERMINATION OF MAYORAL AND COUNCILLOR ALLOWANCES (CONT.)

4. Financial, Resource and Asset Management Implications

- 4.1 Mayoral and Councillor allowances, based on the maximum level for Category 2, are funded within Council's current budget allocation. Provision for Mayoral and Councillor allowances for the next four financial years will be made within the annual budget.
- 4.2 Any amendment to the allowances will be determined by the Remuneration Tribunal (see section 2.3 above).

5. Consultation

- 5.1 Council gave public notice of the proposal in accordance with Section 223 of the Act for a 28 day period. Four submissions were received anonymously and hence there was no need for the submissions to be heard at a Community Questions and Hearings Committee. The submissions and officer comments are as per below:

Submission	Officer Comment
<p>1. Given the low rate of inflation, it is reasonable for allowances to be frozen at the current rate for the duration of this term</p> <p>2. \$81,000 is too much. Half of it should go back into the budget</p> <p>3. Given the economic contraction of COVID, I would suggest a contraction on allowance is in order, around 2% reduction in line with general trends</p>	<p>The rates are determined by the Minister and there was no increase provided in 2020. Any future rate increase will be determined by the Remuneration Tribunal in accordance with the <i>Local Government Act 2020</i> and is therefore outside of Council's control.</p>
<p>4. I don't believe Councillors and the Mayor should get any allowances as money should be put into the community to fix roads and provide footpaths. Imagine how many footpaths could be installed with that money.</p>	<p>Councillors dedicate several hours a week to their Councillor role and the allowance is provided to compensate them for their service to the community.</p>

6. Sustainability Implications (Social and Environmental)

- 6.1 There are no social and environmental implications.

REVIEW AND DETERMINATION OF MAYORAL AND COUNCILLOR ALLOWANCES (CONT.)

7. Policy and Legislative Implications

7.1 This review is in line with the requirements in section 74(1) of the *Local Government Act 1989*.

8. Alignment to Council Plan

8.1 Item 6.4: Develop and adopt policies and procedures that reflect responsible, transparent and accountable management of Council finances.

9. Conflict of Interest

9.1 7(1)(g) of the *Local Government (Governance and Integrity) Regulations 2020* Act states that a Mayor or Councillor does not have a conflict of interest if the matter only relates to the payment of allowances to the Mayor, Deputy Mayor or Councillors as provided for under section 39(6) of the *Local Government Act 2020*.

9.2 No Officers involved in the preparation of this report have any direct or indirect interest in this matter.

10. Risk Implications

Risk	Risk Ranking	Proposed Treatments	Within Existing Resources?
Not meeting legislative timelines for the review of the allowances	Low	Council report presented adopting the allowances by 30 June	Yes