

**Local
Government
Remuneration
Tribunal**

Annual Report
and
Determination

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

**29 March
2016**

Local Government Remuneration Tribunal

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Section 1 Background

1. Pursuant to section 239 of the *Local Government Act 1993* (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.
2. 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.
3. In determining the maximum and minimum fees payable to office holders in 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.
4. 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* (the Regulation). The effect of the Regulation is that public sector wages cannot increase by more than 2.5 per cent, and this includes the maximum and minimum fees payable to councillors and mayors and chairpersons and members of county councils.
5. The Tribunal's Report and Determination of 2015 (the 2015 Determination) provided a general increase of 2.5 per cent which was consistent with the Government's policy on wages.

Section 2 Local Government Reform

Background

6. The NSW Government has been working with councils since 2011 to help strengthen local communities. The Tribunal's 2015 Determination outlined the Government's significant reforms, beginning with the *Destination 2036* summit in 2011 up to the

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release of the Fit for the Future initiative in 2014. At the date of the making of the 2015 Determination the status of the reforms was noted by the Tribunal as follows:

“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.

The Tribunal also notes that a new local government act is expected to be introduced following the local government elections in September 2016.”

Progress since the last determination

7. On 28 April 2015 the Minister for Local Government (the Minister) announced that the Independent Pricing and Regulatory Tribunal (IPART) would undertake the role of the Expert Panel in assessing councils' Fit for the Future proposals. The Minister noted that the Terms of Reference for the Expert Panel were developed in consultation with Local Government NSW, Local Government Professionals Australia and the United Services Union.
8. The NSW Government released IPART's *Assessment of Council Fit for the Future Proposals* report on 16 October 2015. The IPART report found that nearly two-thirds of NSW councils are not fit for the future and found that savings of up to \$2 billion could be achieved through council mergers. Funding will be available for council mergers that are supported by merging partners and supported by the Government through a Stronger Communities Fund.
9. On 6 January 2016, the Minister for Local Government announced 35 proposals for council mergers. If approved, those proposals would reduce the number of councils in Greater Sydney from 43 to 25 and the number of regional councils from 109 to 87. The Minister referred those proposals to the Chief Executive of the Office of Local Government for examination and report under the LG Act. The Chief Executive delegated this function to a number of people (Delegates). The Delegates are required to report on the proposals against the factors in section 263(3) of the LG Act, having

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regard to written submissions and comments raised in public meetings. The Minister will consider the Delegates' reports and the comments of the Local Government Boundaries Commission on the Delegates' reports before determining the outcome of merger proposals. It is expected that the outcomes of the proposal examination and reporting processes will be known by around mid-2016.

10. In respect to the amendments to the LG Act, on 8 January 2016 the NSW Government announced the commencement of the first phase :

"...Consultation on phase 1 amendments to the Local Government Act 1993 has commenced. The proposed amendments will:

- clarify roles and responsibilities of councillors, mayors, administrators and general managers;*
- introduce new guiding principles for local government;*
- improve governance of councils and professional development for councillors;*
- expand on the framework for strategic business planning and reporting;*
- prioritise community engagement and financial accountability; and streamline council administrative processes, including in relation to delegations and community grants.*

While the fundamentals of the Local Government Act 1993 remain sound, both the Independent Local Government Review Panel and Local Government Acts Taskforce recommended changes to modernise the legislation and to ensure it meets the future needs of councils and communities.

Phase 1 of the reform program focuses mainly on changes to the governance and strategic business planning processes of councils. Phase 2 will focus on the way in which councils raise revenue and exercise their regulatory functions." (Source: Circular to Councils - No 16-01)

Section 3 2016 Review

11. It is not expected that a decision on, or implementation of structural or legislative reforms to local government will be finalised prior to the Tribunal making its determination on or before 30 April 2016.
12. On that basis, and given the limitations placed on the Tribunal in respect of determining increases in fees, mayors were advised on 20 January 2016 that general submissions from individual councils were not required for the 2016 review.
13. The Tribunal did however seek a submission from Local Government NSW (LGNSW) 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.

LGNSW Submission

14. The association's submission highlighted the areas of reform in local government in NSW and is of the view that the anticipated changes flowing from the reforms warrant, and provide the opportunity to introduce, a new remuneration structure that properly reflects the diverse and evolving roles of mayors and councillors. The association would like to commence a review of the remuneration structure as soon as possible.
15. Given the statutory limitations in place LGNSW has also requested that councillor and mayoral fees be increased by the full 2.5 percent for 2016/17. LGNSW continues to assert that councillor and mayoral fees should increase on the basis of a number of factors, including cost of living pressures, ongoing increase in workload and responsibilities and additional tasks relating to implementing the Government's reform process.

Tribunal's Findings

16. The Tribunal notes that the Government's significant program of local government reform, including proposed changes to the LG Act, is aimed at creating stronger councils and improving performance and governance of local councils. The Tribunal continues to

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support initiatives which will bring about improvements in the local government sector, in that those reforms should result in greater structural efficiencies and should contribute to the long term viability of local government in NSW.

Categorisation

17. The Tribunal notes that the process for determining merger proposals and creation of new councils, if any, is expected to be finalised in mid-2016, with consequent implications for categorisation of councils for the purposes of determining fees. If required the Minister may direct the Tribunal to make special determination(s) in accordance with s. 242 of the LG Act.
18. The Tribunal is still of the view that significant changes to the structure of councils should prompt a revision of the criteria for determining categories and fees as noted in the 2015 Determination:

“Any new categorisation model may need to have regard to a broader or different set of criteria than those currently provided for in section 240 of the LG Act.

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.

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

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undertaking public office, fees should adequately recognise the roles and responsibilities of councillors and mayors and assist in attracting suitably qualified and experienced candidates.”

2016 Increase

19. 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.
20. 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, 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.
21. The Tribunal notes that in the Fit for the Future *Progress Report – Stronger Councils, Stronger Communities* the Government has identified a number of strategies to strengthen local leadership. These include a review of councillor remuneration during 2016. In undertaking this review the Government may wish to consider the impact of the Government’s wages policy on increases in mayoral and councillor fees and the limitations this may impose on any future remuneration model.

The Local Government Remuneration Tribunal

Signed

Dr Robert Lang

Dated: 29 March 2016

Section 4 Determinations

Determination No. 1- Determination Pursuant to Section 239 of Categories of Councils and County Councils Effective From 1 July 2016

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		
Regional 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 2016 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	25,670	37,640	157,030	206,620
Major City	17,110	28,240	36,360	82,270
Metropolitan Major	17,110	28,240	36,360	82,270
Metropolitan Centre	12,830	23,950	27,260	63,640
Metropolitan	8,540	18,840	18,180	41,090
Regional Rural	8,540	18,840	18,180	41,090
Rural	8,540	11,290	9,080	24,630
County Councils				
Water	1,700	9,410	3,640	15,460
Other	1,700	5,630	3,640	10,270

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

The Local Government Remuneration Tribunal

Signed

Dr Robert Lang

Dated: 29 March 2016