

LOCAL GOVERNMENT REMUNERATION TRIBUNAL

2007 ANNUAL REVIEW

Preamble:

On 13 December 2006 the Governor of NSW appointed a new Local Government Remuneration Tribunal. The former Tribunal, the Hon Charles Cullen QC had held the office since the creation of the Tribunal under the Local Government Act 1993 and was the architect of the current classification and remuneration scheme. This Tribunal wishes to state publicly its appreciation for the work of Mr Cullen for the past 13 years in formalising the categorisation and remuneration arrangements for Local Councils and Shires in New South Wales. The Tribunal having read Mr Cullen's previous Reports and Determinations considers the scheme which he introduced to be flexible enough to require no significant change.

GENERAL:

1. Pursuant to Section 241 of the Local Government Act 1993 (the Act) the Local Government Remuneration Tribunal hereby determines the categories for Councils, County Councils and mayoral officers and 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.
2. On 17 January 2007 the Tribunal wrote to all Mayors advising the commencement of the 2007 annual review. In respect of this review the Tribunal stated that:

“...The Tribunal will be undertaking a review of the minimum and maximum fee levels for each Category. As in previous years the Tribunal will consider as part of this review the main economic indicators and any submissions you wish to make on the matter.”

Categorisation

In accordance with Section 239 of the Act the Tribunal is required to determine the categories of councils and mayoral offices at least once every 3 years. Categories of councils and mayoral office were last determined by the Tribunal in 2006. As outlined in the report and determination of 19 April 2006, the Tribunal determined that Category 5 councils should be merged with Category 4 Councils and that Category 5 would be

abolished. The Tribunal found that the remaining existing categories were still appropriate and determined no further changes.

The Tribunal does not intend to undertake a further review of categories during the 2007 review. The Tribunal will review the categories of Councils again as part of the 2009 review. Until then the Tribunal would not expect to move councils within categories unless there is a significant change in the role and responsibilities of individual councils.”

3. The Tribunal also wrote to the Presidents of the Local Government and Shires Associations in similar terms, and subsequently met with the Presidents. The Tribunal wishes to place on record its appreciation to the Presidents for making time to see the Tribunal.
4. The LGSA has again provided a submission on fees and related matters. In addition the LGSA commissioned a survey of Councillors undertaken by consultants and has provided the recommendations arising from that survey. These are summarised hereunder:
 - a. The Tribunal provide an appropriate increase in fees to reduce the impact of financial hardship.
 - b. The Tribunal increase fees to reflect the time commitment, increased complexity of issues, and Councils ability to attract and retain high calibre and experienced candidates for office.
 - c. That a mechanism be established to ensure that future determinations of fees for Mayors and Councillors are adjusted regularly and on an equitable basis.
 - d. To align with the practice of external boards of directors, Councillor fee be equivalent to 50% of total Mayor remuneration.
 - e. Mayoral fees be set as a percentage of MPs salaries. In the case of 1A and S2 Mayors to receive 80% of MPs salary.
 - f. An amendment to the Act to allow for an additional allowance for Councillors who act in the office of Mayor when the Mayor is on leave or otherwise.
 - g. An additional allowance for Councillors who take on the role of chairing one or more of the formal sub-committees of Council.
5. The LGSA also submitted that the Tribunal did not properly address its submission of 25 August 2005 regarding Category 3 Councils, particularly those which could be categorized as “regional centres.”
6. The Tribunal has examined its previous records concerning this matter and notes that the Tribunal has, in its 2006 Report, considered the issues raised in the LGSA’s submission and those of other Category 3 Councils in making its assessment. The reference to the LGSA not addressing the criteria appears to have been misunderstood,

as the questions referred to concerned Councils in Categories 1,1A and Special Category 2 whereas the thrust of the LGSA submission referred to Category 3 Councils.

7. In respect of the recommendations arising from the Consultants survey the Tribunal provides the following comment.
8. The Tribunal sets fees for Councillors and Mayors. These fees, as has been stated in previous reports, are not salaries: they are essentially to provide some compensation to Councillors for the time and effort they spend on Council business. Councillors and Mayors are elected. Applicants who aspire to such civic office do so voluntarily. The fees payable are published and are generally known when an applicant stands for office. The Tribunal does not, therefore, see a need to provide an increase in fees to alleviate financial hardship.
9. As Council representation is voluntary and Councillors are elected to office, the Tribunal does not consider it is appropriate to equate the office of Councillor with a position in paid employment. The Survey itself confirmed, when dealing with responses to the question of reasons for becoming a Councillor, that 81 percent of respondents stated that it was to perform a civic duty whereas 1.4 percent responded that it was for remuneration and reward. The Tribunal does accept the proposition put by the LGSA that these responses do not mean that the fees are necessarily appropriate for the role and responsibilities of Councillors. However the Tribunal notes that fees were not the motivator for people wishing standing for election to Local Government.
10. The Tribunal also considers the proposal to align fees based on the example of Company Boards to be inappropriate. Company Board representatives are individually selected for the particular skills they bring to the Board whereas Councillors are elected based on a particular platform or party allegiance. Given the large number of Councillors in Local Government and the wide variety of skills, attributes and abilities of Councillors the Tribunal is not convinced that the suggested approach to fee setting for Councillors is appropriate.

11. The Tribunal is aware that the argument about the equity of the fee structure and its low base has been raised by the LGSA in the past and has been resisted by the Tribunal. The Tribunal is prepared to reexamine this matter but in the time available cannot do so under the current review.
12. The Tribunal therefore will undertake a review of the fee levels as part of the 2008 review to determine whether the current arrangements are adequate or whether changes need to be made. The Tribunal notes that the 2004 LGSA submission dealt with the changing nature of the activities involved but that submission may need to be updated by LGSA for 2008.
13. The LGSA's report has also recommended that the fees for Mayors be set at a percentage of the salary of a State Member of Parliament. For mayors in 1A and S2 the report recommends a fee set at 80 percent of a Member's salary. This issue of a nexus with MPs salaries also has been raised in the past and has been dismissed by the Tribunal.
14. The Tribunal notes that there are 152 Mayors whereas there are 93 Members of the Legislative Assembly. The Tribunal also notes that Mayors are assisted by up to 12 Councillors as well as the General Manager and staff of the Council. The Tribunal cannot readily perceive any appropriate nexus between the fees of MPs and Mayors. However if this issue is presented again as part of the 2008 review, the Tribunal will look at it again.
15. The Tribunal has also had regard to submissions received from other Councils in relation to fees but the issues they raise have to a greater or lesser extent been discussed in connection with the LGSA submission.
16. Recommendations regarding allowances are beyond the statutory authority of the Tribunal. Any move to alter the Tribunal's jurisdiction would not properly come from the Tribunal.

17. The Tribunal received a number of submissions seeking recategorisation. As noted above the Tribunal will again consider the issue of categorisation as part of the 2009 Annual Review and all Councils and the LGSA will be offered the opportunity to make submissions at that time. The Tribunal has noted that the 2005 LGSA submission dealt with this issue, but with the passage of time it may be that fresh submissions would be appropriate in 2009.
18. The Tribunal has reviewed the current economic data including cost of living figures. The Tribunal has also noted that since the Tribunal's last determination, State public servants and other office holders have received annual increases of 4 percent and that Members of Parliament received an increase of 7 percent. The Tribunal, after considering the above and, after taking the views of the Assessors into account, considers that an increase of four (4) percent in the fees for Councillors and Mayors is appropriate and so determines.

Local Government Remuneration Tribunal

Helen Wright

Dated: 30 April 2007

DETERMINATION PURSUANT TO SECTION 242 OF CATEGORIES OF COUNCILS AND COUNTY COUNCILS EFFECTIVE FROM 1 JULY 2007

Category S1 (1 Council)	Sydney
Category S2 (3 Councils)	Newcastle Parramatta Wollongong
Category S3	County Councils
Category S4 (engaged in significant commercial activities)	County Councils

Category 1A (2 Councils)

Blacktown
Penrith

Category 1. (16 Councils)

Bankstown	Liverpool
Baulkham Hills	North Sydney
Campbelltown	Randwick
Fairfield	Ryde
Gosford	Sutherland
Hornsby	Warringah
Hurstville	Willoughby
Lake Macquarie	Wyong

Category 2. (21 Councils)

Ashfield	Lane Cove
Auburn	Leichhardt
Botany	Manly
Burwood	Marrickville
Camden	Mosman
Canada Bay	Pittwater
Canterbury	Rockdale
Holroyd	Strathfield
Hunters Hill	Waverley
Kogarah	Woollahra
Ku ring Gai	

Category 3. (32 Councils)

Albury City	Greater Taree
Armidale Dumaresq	Griffith
Ballina	Hastings
Bathurst Regional	Hawkesbury
Bega Valley	Kempsey
Blue Mountains	Lismore
Broken Hill	Maitland
Byron	Orange
Cessnock	Pt Stephens
Clarence Valley	Shellharbour
Coffs Harbour	Shoalhaven
Dubbo	Tamworth Regional
Eurobodalla	Tweed Heads
Gt Lakes	Wagga Wagga
Goulburn Mulwaree	Wingecarribee
Queanbeyan	Wollondilly

Category 4. (77 Councils)

Balranald	Glen Innes Severn	Narromine
Bellingen	Gloucester	Palerang
Berrigen	Greater Hume	Parkes
Bland	Gundagai	Oberon
Blayney	Gunnedah	Richmond Valley
Bogan	Guyra	Singleton
Bombala	Gwydir	Snowy River
Boorowa	Harden	Temora
Bourke	Hay	Tenterfield
Brewarrina	Inverell	Tumbarumba
Cabonne	Jerilderie	Tumut
Carrathool	Junee	Upper Hunter
Central Darling	Kiama	Upper Lachlan
City of Lithgow	Kyogle	Uralla
Cobar	Lachlan	Urana
Conargo	Leeton	Wakool
Coolamon	Liverpool Plains	Walcha
Cooma-Monaro	Lockhart	Walgett
Coonamble	Mid-Western Regional	Warren
Cootamundra	Moree Plains	Warrumbungle
Corowa	Murray	Weddin
Cowra	Murrumbidgee	Wellington
Deniliquin	Muswellbrook	Wentworth
Dungog	Nambucca	Yass Valley
Forbes	Narrabri	Young
Gilgandra	Narrandera	

TOTAL GENERAL PURPOSE COUNCILS

152

Category S3 (10 Councils)

Castlereagh – Macquarie	Richmond River
Central Murray	Southern Slopes
Far North Coast	Upper Hunter
Hawkesbury River	Upper Macquarie
New England Weeds	

Category S4 (6 Councils)

Central Tablelands	Riverina Water
Goldenfields Water	Rous
MidCoast	

TOTAL COUNTY COUNCILS 14

DETERMINATION PURSUANT TO SECTION 242 OF FEES FOR COUNCILLORS AND MAYORS

Pursuant to s.242 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 2007 are determined as follows:

	Councillor/Member Annual Fee		Mayor/Chairperson Additional Fee*	
	Minimum	Maximum	Minimum	Maximum
Category 4	6,610	8,715	7,020	19,035
Category 3	6,610	14,540	14,050	31,740
Category 2	6,610	14,540	14,050	31,740
Category 1	9,905	18,510	21,070	49,165
Category 1A	13,215	21,805	28,090	63,560
S4	1,320	7,270	2,815	11,940
S3	1,320	4,360	2,815	7,935
S2	13,215	21,805	28,090	63,560
S1	19,830	29,080	121,305	159,620

*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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