

**REPORT**

**and**

**DETERMINATIONS**

**Of**

**THE LOCAL GOVERNMENT REMUNERATION**

**TRIBUNAL**

**Under**

**SECTIONS 239 AND 241**

**of the**

**LOCAL GOVERNMENT ACT 1993**

**30 April 2003**

## **REPORT:**

Pursuant to Section 241 of the Local Government Act 1993 (the 1993 Act) the Local Government Remuneration Tribunal hereby determines the categories for councils, county councils and mayoral offices and the maximum and minimum amounts of fees to be paid during the period 1 July 2003 to 30 June 2004 to mayors and councillors of councils as well as chairpersons and members of county councils.

As in previous years, the Tribunal invited submissions relevant to the Tribunal's statutory functions. The Tribunal received a total of 22 written submissions of which 8 were supplemented by oral evidence.

Many of the submissions made to the Tribunal provide information previously submitted to the Tribunal or made a general claim for an increase in fees. The Local Government and Shires Associations (the Associations), for example, again sought,

*"...a significant increase in the fees payable to councillors and mayors and members and chairpersons of county councils to reflect the value of their office and the time and effort they spend in carrying out the responsibilities of their office".*

The Associations pressed the submission that the Tribunal should, *"...set fees that will attract people to stand for public office"*, and detailed the changes in recent legislation affecting the management and operation of councils. Changes were stated to have occurred in natural resource management, the Roads to Recovery Program, Social/Community Planning and Reporting, Guidelines - 2002, crime prevention planning, Community Development and Support Expenditure Scheme (CDSE), food safety reforms, Planfirst, Rural Fire Service and on street parking.

The matters mainly relied upon were stated to be for the time and effort councillors and mayors put in for good governance of their communities and changes in the level of responsibilities. The Tribunal had the opportunity to discuss with the Presidents of the Associations the manner in which the Tribunal took into account the matters raised in its previous determinations.

The Central Regional Organisation of Councils (CENTROC) raised the issues that there is little recognition of the true nature of the work of mayors and councillors if their remuneration is reduced to an hourly rate, deputy mayors should be separately recognised, true recompense/benefit to councillors should be established, the taxation situation should be clarified and recognition be given to performance. The matters which fall within the jurisdiction of the Tribunal are covered in the general comments of this Report.

Unlike the Local Government Act, 1919 which provided a common fee for all councils, the current fees structure pursuant to the 1993 Act makes allowance for variations in councils and provides some ambit for councils to exercise their own discretion in determining the appropriate fees based on their individual situation within their category. The rationale for the present fees structure and the basis of assessment of fees is explained in the Tribunal's 1995 Report (at pp 16-20).

Complaints were received concerning some councils adopting the maximum of the fees scale when re-categorised. The Tribunal, of course, has no power to intervene in the discretionary action of councils to adopt such a practice. The Tribunal is required by s. 239 of the 1993 Act to determine categories at least once every three years. However, the practice has developed for some councils to apply for re-categorisation on an annual basis. It is preferable and more equitable for changes in categories to be considered in a general inquiry held at about three year intervals so that all councils are aware of possible changes. It is relevant, however, for councils to keep the Tribunal advised of changes in their activities annually so that proper consideration can be given to the maximum scale of the fees for each category. It needs to be remembered also that the minimum and maximum fees for categories overlap. Accordingly, although in a lower category, a council could adopt fees higher than the minimum of the next highest category.

As a result the Tribunal, for the next review will not call for, nor will it consider individual applications for re-categorisation. The only exception will be the completion of the review of Category 3 councils which, for reasons outlined below, the Tribunal was unable to complete this year. The Tribunal will also further consider applications from Category 1 Councils for inclusion in Category 1A.

If other Councils consider there is a pressing case for a review of their categorisation they may

seek a special reference from the Minister, pursuant to section 242 of the 1993 Act, for the Tribunal to undertake such a review.

An assertion has again been made that increased fees attract better candidates. As with previous similar assertions no evidence has been presented to support this assertion.

In the 2002 Report (p 4) the Tribunal in response to a similar claim observed that,

*"...The Tribunal is satisfied that the primary interest most candidates still nominate for office is their primary interest in local Government and not remuneration. Historically, persons offered for election to local government for no fee. In 1963 fees were introduced for the first time. They were the same for all councils and no additional fees were paid to mayors. Since 1993 there have been significant increases in the fees determined by the Tribunal for councillors and mayors."*

Nothing new has been presented to the Tribunal to warrant a reappraisal of this assessment. In fact, the Tribunal was advised that a record number of candidates contested local government elections in 1999. Whilst this may not go to the question of "quality" of candidates it certainly suggests that the fee levels do not impede candidature.

The Tribunal has been concerned in recent years with the composition of Category 1 and Category 3. Some councils within these categories have demonstrated significant growth and activity which have rendered the maximum of the fee scale inadequate although still falling within the description of the category. Accordingly, the Tribunal in 2001 created a new Category 1A for councils with a residential population of 250,000 or more or any other special feature pursuant to s. 240 of the 1993 Act which the Tribunal considers distinguishes them from other councils in Category 1. In 2002 the Tribunal included Penrith in Category 1A because of its expanding regional significance in outer western Sydney in addition to its Category 1 functions (see 2002 Report, pp 7-8). For the 2003 review the Tribunal advised that it intended to examine more closely the regional development in Category 3.

## CATEGORY 1

Written submissions were received from Baulkham Hills, Gosford, Fairfield and Sutherland to support their claims for re-categorisation to Category 1A. Baulkham Hills and Gosford made additional oral submissions.

Baulkham Hills dealt again in detail with the council's operations which involved complexity, workload and commitment. Details were provided on the growth of residential and commercial development in new areas associated with the expansion of new regional shopping facilities.

Sutherland re-submitted its claim for re-categorisation and compared its operation with Blacktown and Penrith. Attention was drawn to the fact that all councils in Categories S2, 1A and 1 have adopted the maximum fee regardless of size. It sought re-categorisation based on its distinguishing features and regional significance.

Gosford highlighted its regional role. It emphasised Council's role in the strong growth in the levels of residential and commercial development as well as sporting and cultural facilities it now provides for the community. It also has the particular responsibilities of being a Water Authority under the Water Supply Authorities Act – a role it shares with neighbouring Wyong Shire Council.

Fairfield seeks re-categorisation because of the responsibilities of a culturally diverse population and the particular social and economic issues such as drugs, street crime and unemployment.

The issues raised by these four councils are important for the development of an appropriate scale for the recompense of mayors and councillors. In accordance with the 1993 Act the fees have to be determined for the category and not for individual councils so that the fees have to be determined to appropriately cover all members of the category. Because of this aspect the Tribunal has considered the operations of some councils to determine whether they possessed features which distinguished them from other Category 1 councils, as was the case with Newcastle and Wollongong.

Category 1 councils were described in the 1995 Report (pp 34-35). In that Report it was stated,

*“Category 1 councils are typically large multi-purpose organisations which serve as regional centres for the interests of a wider number of residents. Each has its own commercial centre and requirements particular to its area and local residents. The councils have between 9-15 councillors, including the mayor.*

*Category 1 councils have a wide and diverse range of activities which support a large population. Multi-culturalism is a typical factor in councils located within the Sydney metropolitan region although other councils have experienced similar trends in cultural diversity. Category 1 councils have high levels of expenditure required to maintain and develop civic interests. Most have City status but there is no significant difference in either the scale or type of activity arising therefrom.*

*Their activities generally include:*

*Construction and maintenance of roads and bridges, street lighting, civil works, residential and industrial development and planning, traffic management, waste and water management, sewerage, community services and health, recreation and tourism, arts, libraries and museums, parks and gardens, cemeteries and the provision of emergency services.”*

Penrith was cited as a typical example of a Category 1 council in 1995. Since that time the Tribunal has noted that Penrith’s regional significance has expanded to warrant its recategorisation in 2002.

The Tribunal is well acquainted with the operations of the four councils from previous submissions in addition to the claims presently made. In respect of Baulkham Hills, Sutherland and Gosford, the Tribunal accepts that the role of each council is currently undergoing change through growth. As with Liverpool in 2002, however, the Tribunal is not satisfied that they have reached a position at this time where the regional significance of their activities extends beyond the 1995 description to warrant recategorisation. Because the changes are ongoing, the Tribunal will monitor the growth and regional emphasis of these and other Category 1 councils and will undertake a further examination of their development at the time of the next review.

## CATEGORY 2

Submissions were received from Ashfield, Manly and Canterbury.

Ashfield submitted that the level of fees paid to mayors and councillors should be at the level proposed by the Associations in their 1998 submission. It was claimed that increased remuneration will recognise the workload of councillors and attract competent and qualified people to run for office.

Manly sought an increase in fees to recognise the workload and responsibilities of councillors and to attract suitable candidates for the 2003 local government elections. No additional material was supplied by either Ashfield or Manly to support the same views dealt with by the Tribunal in earlier Reports.

Canterbury again sought re-classification to Category 1 and drew a comparison with Ryde, which was classified as Category 1 in 2002. The reasons for the latter re-classification are summarised in the 2002 Report and clearly distinguish the differences between the two councils.

It is not proposed this year to alter the categorisation of Canterbury. As an older established council, Canterbury's functions and range of activities remain basically unchanged. There is little growth, other than residential although, it was claimed, the opening of the M5 motorway has heightened commercial interest along this corridor. The Tribunal will seek a further submission from this Council in 3 years time, when the next general review of categories is undertaken, to see the extent of the development that has occurred.

## CATEGORY 3

In the 2002 Report, the Tribunal stated that in carrying out the 2003 review it intended to examine more closely the regional development of Category 3 councils and sought information as to developments since the major review in 1995.

In the timeframe given to councils, four councils indicated their support for a separate category. Of these, Armidale Dumaresq supported a special category for regional councils who are

initiating and implementing positive and outcome-focused community projects. This submission, however, overlooks the description of Category 3 councils as outlined in the 1995 Report (pp 27-31) of the Tribunal. The purpose of the present inquiry was to identify those councils which are developing a wide and diverse range of activities in a region and provide support for a wide range of residents and non-residents. Population is one of the factors in determining categories and was a significant factor in the case of Category 1A.

The councils of Bathurst, Dubbo and Tamworth provided details of development in supporting a new category in both written and oral form. This material was extensive and a summary of the Bathurst submission is set out in this Report as typical of the situation of the three councils.

Bathurst is a leading regional centre serving a population in excess of 200,000. It has experienced a growth in excess of 5 percent during the past 5 years and has provided the impetus for significant growth in surrounding local Government areas. It is actively involved in regional representation related to such areas as local government, transport, the environment and tourism.

It provides retail goods and services to a regional catchment area which extends up to 200 kilometres north and southwest of the city and up to 150 kilometres south and east and 70 kilometres west of the city. The council owns and operates Mount Panorama, which provides a significant tourist impact in the Central West each year, generating over 800 jobs and national and international exposure. Its largest industry is education with in excess of 60 independent education providers within the city, including Charles Sturt University, Western Institute of TAFE, four private high schools, two public high schools, seven private primary schools and seven public primary schools, plus U3A and a multitude of other education providers.

Mid Western Area Health Service headquarters are located in Bathurst and the Bathurst Base Hospital, in conjunction with St Vincent's Hospital, provides high level medical facilities for both Lithgow and Oberon Hospitals. The Bathurst Regional Saleyards are the only stock selling centre on the Central Tablelands. These are the eighth highest seller of cattle and sheep in New South Wales. The saleyards are estimated to generate an economic impact equivalent to the employment of 43 jobs, \$2.6 million in gross regional product and \$1.57 million in household income in the Bathurst City Council area.

Bathurst is also home to the regional headquarters for the Public Works Department, the District Court and Chifley Command Police Headquarters. The Tribunal was advised that council is only one of three in NSW to own its water supply. It provides full treatment to sewage and treated water is returned to the river system.

The city also provides many other services as a regional centre, such as football facilities for the Central West at local, national and international levels, the Bathurst Indoor Sports Stadium, the Cooke Hockey Complex, the Proctor Park Soccer Complex consisting of six full size soccer fields, five first class turf cricket pitches, in addition to other pitches for regional, inter-regional and international events.

The Bathurst Memorial Entertainment Centre, the Regional Art Gallery and the National Motor Racing Museum are also operated to provide for a wide audience. The Bathurst Regional Library Service supports the residents of both Bathurst and Evans local government areas. The council also provides other community services, some of which embrace a wide area including the Bathurst Regional Airport.

On this material and that of Dubbo and Tamworth a case has been made out for the creation of a new category equivalent to Category 1 for the leading councils of Category 3. However, the Tribunal has not had the opportunity to discuss the matter with other major councils in Category 3 such as Orange, Albury, Wagga Wagga, Tweed and Coffs Harbour.

In these circumstances, it is considered equitable that re-categorisation be delayed until all relevant councils have had the opportunity to consider their position. For this reason the Tribunal will complete its review of Category 3 in 2004. Accordingly, the operation of the new category and its fee structure will be deferred until 2004.

As to the other submissions of Category 3 councils, one supports the linking of fees with the salaries of Members of Parliament. It considers that fees should not be expressed as a range and

should adequately reflect the responsibilities and workload of councillors. These matters have been considered in previous reports of the Tribunal.

Queanbeyan has experienced population growth and is stated to be affected by cross-border services and facilities with Canberra. Attention was drawn to the increase in population from 28,158 to 32,690 and its effects on council activities in the period 1996-2001.

From the information provided, Queanbeyan does not sit comfortably in Category 3. It may be that it should be re-categorised to Category 2- even though the fees for both categories is identical. A similar difficulty has arisen in the categorisation of Blue Mountains and Hawkesbury and the Tribunal stated that it would delay any decision until after the examination of Category 3. This will now be deferred until the review of Category 3 is completed in 2004.

Tweed seeks re-categorisation to Category 1. It was submitted that the council is a high growth, multi-purpose council and is essentially an extension of the Gold Coast. The council is stated to be active in encouraging and supporting the development of voluntary structural reform through a sub-regional group of councils, including Byron, Ballina and Lismore. The Tribunal has not had the opportunity to discuss the issues raised by the council but plans to do so in the inquiry into the proposed new category for leading Category 3 councils.

Greater Taree highlighted the work-loads, responsibilities and obligations of councillors and sought recognition of the Deputy Mayor's role. As indicated in earlier reports, the Tribunal has no power under the 1993 Act to make separate provisions for deputy mayors.

Griffith described the population and development growth in the Griffith area and the council's role in RIVROC. The Tribunal has taken into consideration the material supplied by Griffith and the other Category 3 councils in determining the scale of fees for Category 3 councils.

## CATEGORY 4

Maclean seeks re-categorisation from Category 4 to Category 3 based on its growth, which it is claimed is more comparable with Category 3 councils than the predominantly rural councils in Category 4. This application needs to be considered in the light of the determination of a new category for leading Category 3 councils which are providing significant regional services.

Maclean's application will therefore be postponed until the Category 3 issue is resolved next year.

## CATEGORY 5

Barraba sought increased fees to reflect the workload of the council, including its representative role on issues such as Telstra, supply of rural doctors, health, rail and regional transport. It should be noted that the representative role of mayors and councillors has always been a factor in the fixation of fees by the Tribunal. It is apparent from the submissions of the Associations that this role is increasing generally throughout the local government area and will be borne in mind in this determination.

Pristine Waters seeks re-classification from Category 5 to Category 4. This council was formed by the amalgamation of the former Ulmara and Nymboida Councils. It was claimed that the amalgamation increased the work-load of councillors. However, it needs to be stated that the amalgamated council is still a Category 5 council in regard to its size and operations and the fees scale allows for the payment for increased work-load.

## COUNTY COUNCILS

Hawkesbury River County Council seeks recognition for the time spent on council matters and the level of expertise now required of councillors. This submission supports the general submissions of the Associations. The council also raises the issue of a separate fee for Deputy Mayors. As indicated in earlier reports, this is a matter beyond the jurisdiction of the Tribunal.

## CONCLUSION

For the 2004 review the Tribunal will be seeking submissions generally on the quantum of fees. The Tribunal will also be seeking submissions from those Category 1 Councils seeking re-categorisation to Category 1A. For those Councils in Category 3 that did not make submissions within the specified time of this review, the Tribunal will be seeking detailed submissions on whether they consider their activities and regional influence warrant re-categorisation. The Tribunal would be prepared to visit those Councils to see first hand examples of such activity and/or influence.

The next general review of categories will be in 2006.

## FEES

The annual review of fees for mayors and councillors, members of county councils and chairpersons is subject to the economic circumstances of the time, in addition to changes in the duties and responsibilities involved in carrying out the statutory duties outlined in the 1993 Act. Since the first Report in 1994, appropriate adjustments to the fees have been made annually to take account of these factors. It needs to be realised that in 2001 the Tribunal increased all fees by 7 percent for councillors and members of county councils and 10 percent for mayors and chairpersons. A further general increase for all categories was granted in 2002 fees because of increasing representative responsibilities. The quantum of the increases is influenced by movements in national economic indicators in determining the recompense for changed levels of responsibility.

After taking into account the views of the Assessors, the Tribunal increases the fees for councillors and members in all Categories by 3.5 percent and the fees for Mayors and Chairpersons in all Categories 7.0 percent effective on and from 1 July 2003.

## **Local Government Remuneration Tribunal**

(The Honourable Charles L Cullen QC)

Dated: 30 April 2003

**DETERMINATION OF CATEGORIES OF COUNCILS AND COUNTY COUNCILS  
FOR 2003/2004**

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

**Category 1A (2 Councils)**

Blacktown  
Penrith

**Category 1. (17 Councils)**

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

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

**Category 4. (35 Councils)**

Bellingen	Murray
Cabonne	Muswellbrook
Cobar	Nambucca
Cooma-Monaro	Narrabri
Cootamundra	Narrandera
Cowra	Parkes
Deniliquin	Parry
Forbes	Richmond Valley
Gilgandra	Singleton
Glen Innes	Snowy River
Greater Lithgow	Tumut
Gunnedah	Walgett
Inverell	Wellington
Kiama	Wentworth
Leeton	Yarrowlumla
Maclean	Yass
Moree Plains	Young
Mudgee	



**DETERMINATION OF ANNUAL REMUNERATION 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 determined under s.234 to Councillors, Mayors, members and chairpersons of County Councils during the period 1 July 2003 to 30 June 2004 are determined as follows:

	<b>Councillor/Member Annual Fee</b>		<b>Mayor/Chairperson Additional Fee*</b>	
	Minimum	Maximum	Minimum	Maximum
Category 5	5,705	6,270	6,060	10,305
Category 4	5,705	7,525	6,060	16,425
Category 3	5,705	12,550	12,125	27,395
Category 2	5,705	12,550	12,125	27,395
Category 1	8,555	15,970	18,185	42,430
Category 1A	11,405	18,820	24,245	54,860
S4	1,140	6,270	2,425	10,305
S3	1,140	3,760	2,425	6,850
S2	11,405	18,820	24,245	54,860
S1	17,110	25,095	104,700	137,765

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

Local Government Remuneration Tribunal

(The Honourable Charles L Cullen Q.C.)

Dated: 30 April 2003