



**NORTHERN  
MIDLANDS  
COUNCIL**

16 February 2018

Secretariat  
Tasmanian Industrial Commission  
Attention: Ms Alex Johnston

[tic@justice.tas.gov.au](mailto:tic@justice.tas.gov.au)

Dear Ms Johnston

I refer to the Councillor Allowances Review Issues Paper and in this regard provide the following comment from the councillors of the Northern Midlands Council.

- 1. Are there views on the requirement of all councils, regardless of size, to maintain all statutory roles and current functions of the Mayor, Deputy Mayor and Councillors? The Board is interested in receiving submissions on the value and the justification of the difference in allowance for Deputy Mayors in smaller councils.**

Council believes the roles of mayor, deputy mayor and councillor are clearly defined and the principal roles of the mayor and deputy warrant additional remuneration due to the increased responsibilities.

All Councils regardless of size should maintain all statutory roles and current functions of mayor, deputy mayor and councillors.

The deputy mayor has very much a secondary role to the mayor and a lesser value allowance is justified; however, there could be some scope to increase the allowance in times of any mayor's extended leave e.g. higher duties allowance equivalent to the mayor allowance in periods of leave when in excess of say 2 weeks.

- 2. The Board is keen to hear whether this formula has proved to be appropriate. Are there Councils that feel they are inappropriately categorised and, if so, why? Is there a case for any additional or fewer categories?**

Council is supportive of the retention of the current "Allowance Categories" as they believe the current categorisation is reasonable and satisfactory recognising the responsibilities of the mayor, deputy mayor and councillors as defined in the Local Government Act.

- 3. Is the cost impact something the Board should take into account, and if so, how should it be addressed?**

Council believes the current formula adequately remunerates Councillors and can be met within the current financial capacity of the Council.

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**4. Do the changes identified above have any implications for allowances; if so, in what way? Are there other changes to the role and function of local government impacting on this review?**

Council supports that any person is now eligible to nominate as a candidate for the office of mayor or deputy mayor. The electorate will judge as to the suitability of a candidate.

The financial and asset management changes introduced in 2014 have had a positive impact on the roles of councillor, deputy mayor and mayor; strategic planning as it relates to finance and asset management as it stimulates discussion and engenders a long-range perspective for decision makers.

Long-term financial planning has allowed Council to align financial capacity with long-term service objectives, so that strategies can be developed to achieve long-term sustainability.

There is some effect by the changes identified but not considered significant enough to affect the current level of councillor allowances.

**5. The Board would like feedback on the annual indexation of the allowance based on the Wage Price Index?**

Council supports the annual indexation of the allowance based on the Wage Price Index, as it provides a fair and transparent method of adjustment.

Council believes that the Wage Price Index is the relevant and adequate index for councillor allowances; however, it questions whether the indexation should be applied from 1 October instead of 1 November as this would make payments much simpler for the majority of councillors wishing to be paid on a quarterly basis.

**6. The Board would like submissions on;**

- (a) Whether an additional allowance, the current reimbursement practice or other options should be provided to support councillors to undertake relevant governance training.**
- (b) Should there be mandatory governance training for all Councillors and/or a fixed budget allocation for other professional development requirements?**
- (c) How (if at all) should previous "recognised experience" be assessed, and**
- (d) Whether it is appropriate to offer an additional allowance for those councillors who have previous experience in governance related to local government?**

The current reimbursement practices are adequate and supported by Council.

Council does not support mandatory governance training for all councillors. Northern Midlands Council provides a budget allocation annually to support Council in the attendance of recognised training for the role, including seminars and conferences that are of benefit to the Council in fulfilling their role.

- (a) An additional allowance is not necessary; however, it is suggested that each Council should allocate an additional councillor Training / Professional Development budget each year of say no less than 10 percent of the total councillor allowances commitment.**

- (b) Council believes there should not be mandatory governance training for all councillors, however a fixed budget allocation for professional development is supported.
- (c) No need to assess 'recognised experience' but ensure induction and training/professional development program for councillors.
- (d) No – the wide range of experience of councillors is an asset and usually compliments the governance related to local government (whether previous experience in local government or relevant government training).

7. Whilst in overall terms the number of candidates comfortably exceeds the number of vacancies, is a ratio of approximately two candidates sufficient to provide robust representation of the municipal communities?

Secondly, there may be sufficient candidates overall, but are certain demographic categories significantly underrepresented, and is this a matter for concern? If this is the case, what may be the impediments to a diverse council?

It is considered that the number of candidates comfortably exceed the number of vacancies and sufficiently provides robust representation of the municipal communities. Should the representation not be sufficient there would be disruption in the community and a greater number of candidates would possibly result.

If a certain demographic category is significantly underrepresented and evident, council can seek input from that area and mitigate any concerns.

**Superannuation – Councillor Allowances:**

It is noted and supported that a one-off adjustment of 9% was added to the councillor allowance to compensate for the absence of superannuation.

Please accept Council's thanks for the opportunity to make this submission.

Yours sincerely



Des Jennings  
**GENERAL MANAGER**



TASMANIA

**TASMANIAN INDUSTRIAL COMMISSION**

**Report into Councillor Allowances**

**Members**

Neroli Ellis

David Barclay

**April 2018**



## TASMANIA

### Recommendations

This recommendation is made in accordance with section 214D of the *Local Government Act 1993*

The Board of Inquiry recommends the following:

1. That the current differential for allowances for all statutory roles of Mayor, Deputy Mayor and Councillor pursuant to the *Local Government Act 1993* remain.
2. Where the Deputy Mayor is required to act in the role of Mayor for periods of four weeks or more, the Deputy Mayor be paid a Higher Duty Allowance equivalent to the Mayoral allowance.
3. The current formula for categorisation of councils and base allowances be reviewed, subject to independent expert analysis, and include consultation with councils and stakeholders. It is recommended that the review be completed twelve months prior to the next Inquiry into councillor allowances.
4. That indexation continue to be applied to the base allowances by the Wage Price Index. Such indexation is to occur annually.
5. No additional individual allowance be paid to councillors who undertake training in governance or have experience in governance relevant to local government. Rather, they should be supported through an annual council budget allocation to undertake identified required training. The board was minded to recommend mandatory training for new councillors within twelve months of election, however further consultation with the sector is required in relation to the viability and content of such training.
6. That consideration be given to funding appropriate socio-demographic research for the purposes of facilitating general equality on councils and the attraction of younger councillors

### **Preamble**

This Report into Councillor Allowances has been undertaken by a Board of Inquiry, namely members of the Tasmanian Industrial Commission appointed under section 215 of the *Local Government Act 1993* (the Local Government Act).

In accordance with the Local Government Act, the Commission has conducted an Inquiry into the allowance payable to each member of local government, the kinds of, and amounts of, any additional allowances and benefits payable to each member of local government. Section 224 of the Act provides that the Commission must, after conducting an Inquiry, prepare a Report of its findings and recommendations to the Minister

This Report includes:

1. The information that the Commission thinks fit in respect of its Inquiry;
2. The Commission's recommendations in relation to the matters it is required to inquire into, which are included in the Terms of Reference set out by the Minister

## **1. Introduction**

**1.1** The Minister for Planning and Local Government, Peter Gutwein MP, has, pursuant to Section 215 of the *Local Government Act 1993*, appointed a Board of Inquiry (The Board), to review allowances payable to Local Government Councillors.

## **2. Matters to be Determined**

**2.1** The Terms of Reference for the review are:

The Board is to inquire into and submit a report in writing to the Minister containing recommendations, and the reasons for those recommendations, on the appropriate amount to be payable as an annual allowance in respect of the offices of mayor, deputy mayor and councillor of each council or group of councils within Tasmania.

In determining what is to constitute an appropriate amount for each allowance, the Board is to take into account:

- (a) the statutory roles of the respective offices of mayor, deputy mayor and councillor;
- (b) the appropriateness of setting allowances by council type/size given the need to ensure good governance while balancing councils' financial sustainability and the interests of ratepayers;
- (c) any significant changes to the role or functions of local government since the last review;
- (d) the method of indexing allowances each year;
- (e) whether an additional allowance should be made available to councillors who undertake training in governance relevant to local government or who have recognised experience in governance relevant to local government;
- (f) the capacity of local government to attract potential future candidates; and
- (g) any other factors considered relevant.

The Board is to have regard to the range of allowances it will recommend being effective for a period of up to four years.

**2.2** The Board is to have regard to the range of allowances it will recommend being effective for a period of four years.

**2.3** The members of the Board are: David Barclay (President) and Neroli Ellis (Deputy President), who are both full-time members of the Tasmanian Industrial Commission.

**2.4** Similar reviews were conducted in 2000 (2000 report), 2004 (2004 report), and 2008 (2008 report).

### 3. Recent Reports

- 3.1** The recommendation of the Board of Inquiry in 2000 increased the allowances across the board, and increased the number of categories into which councils fall, based on number of electors, from three to five.
- 3.2** The report of the Board of Inquiry in 2004 recommended that the categories be determined by a formula based on a combination of the number of voters and total revenue. The number of categories was increased from five to seven. In addition, the report recommended that allowances be adjusted annually in line with movements in the Consumer Price Index (CPI).
- 3.3** Whilst distinguishing the allowance from the concept of salary, the 2004 report did acknowledge the potentially detrimental impact of council service on superannuation. As a consequence the 2004 determination contained an additional 9% component consistent with the *Superannuation Guarantee Charge Act 1992*.
- 3.4** In both 2000 and 2004 the recommendations were adopted by the minister of the day and were implemented via regulation.
- 3.5** In mid-2008, a Board of Inquiry into Review of Allowances for Local Government Councillors (the 2008 Board of Inquiry) was established and the Minister adopted the recommendations. The Regulations were amended substituting a new Schedule, which specified the allowances payable to councillors and mayors and deputy mayors for the period of 12 months starting on 1 November 2008. The Schedule was updated as at 2014 and the Regulations provide for annual increases.
- 3.6** The 2008 amendment regulations also changed the definition of the inflationary factor used to determine the amount by which those allowances would be varied for each subsequent period of twelve months. In respect of each year after 1 November 2008 to 31 October 2009, the inflationary factor to be used was the amount ascertained by dividing the Wage Price Index figure for the June quarter of that year by the Wage Price Index figure for the June quarter of the previous year.
- 3.7** In the normal course of events a new Board of Inquiry would have been established in 2012. However, at its meeting on 15 September 2011, the Premier's Local Government Council (PLGC)<sup>1</sup> considered that there be no full review of councillor allowances in 2012 and existing arrangements have continued by mutual agreement.

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<sup>1</sup>. The PLGC is a high-level forum for discussions between the State Government and local government on issues of statewide significance. It comprises the Premier, who chairs the Council, the Minister responsible for Local Government, the President of the Local Government Association of Tasmania (LGAT) and seven elected local government representatives from various Tasmanian councils. Local government representation on the PLGC is drawn from the General Management Committee of the Local Government Association of Tasmania. Members can be mayors, deputy mayors or councillors.



#### **4. Process and Methodology**

- 4.1** The Board published an Issues Paper in January 2018 (the 2018 Issues Paper)<sup>2</sup> which outlined the recent history of local government allowances, discussed the issues under consideration, restated some of the research material and discussion from, and the recommendations of, the 2008 Report and invited submissions from individuals and organisations.
- 4.2** The 2018 Issues Paper was placed on the Commission's website and was mailed to various organisations and all local councils. Public notices were placed in the three daily newspapers on 13 January 2018 drawing attention to the Inquiry, the 2018 Issues Paper and the ability to lodge a submission.
- 4.3** Submissions could be made in writing, in person, or both. The closing date for written submissions was 16 February 2018. The default position was that submissions would be public (i.e. published on the website), unless the individual or organisation lodging the submission requested confidentiality. All submissions were made available on the website.
- 4.4** The Commission offered to hear any oral submissions in person in the week of 19 February 2018. A hearing was held in Hobart on 20 February 2018.
- 4.5** A total of 14 written submissions were received. (See Appendix 1)
- 4.6** A total of 4 verbal submission were made at a hearing. (See Appendix 1)
- 4.7** The Commission also met with Department of Premier and Cabinet and the Local Government Association of Tasmania to seek factual information and clarification on operational matters related to local government allowances.

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<sup>2</sup> Councillor Allowances Issues Paper, January 2018 Tasmanian Industrial Commission Issues Paper.

**5. The Allowance**

- 5.1** Between 1994 and 2000 Councils had discretion to pay allowances up to a maximum prescribed by regulation. The Regulations at the time prescribed the maximum allowances payable to mayors, deputy mayors and councillors, in three categories, based on the number of electors in each Municipal area.
- 5.2** In 1999, the Local Government Association of Tasmania (LGAT) and the State Government agreed that the allowances payable to elected councillors should be independently reviewed every four years rather than be set at the discretion of individual councils.
- 5.3** New provisions effective from 7 November 2000 were inserted into the Local Government Act 1993 (the Local Government Act) which removed the discretion and prescribed the manner by which the allowances were to be paid.
- 5.4** At the same time provision was made for individual Councillors to decide not to receive all or part of the prescribed allowance. The combined effect of these amendments was that payment of the prescribed allowance was mandatory, unless an individual declined to accept all or part of the allowance.
- 5.5** At regular intervals, the State Government has appointed members of the Tasmanian Industrial Commission as a Board of Inquiry under the Act to review the allowances. Reviews of the quantum of councillor allowances have been undertaken in 2000, 2004 and 2008. The present allowances are set out in Table 1.

**Table 1****Indexed allowances payable to elected members from 1 November 2017**

Current Category	Council	Allowance for Councillors	Additional allowance for Deputy Mayors	Additional Allowance for Mayors
1	Launceston	35,482	22,915	88,706
	Hobart	35,482	22,915	88,706
2	Clarence	28,725	19,960	71,810
	Glenorchy	28,725	19,960	71,810
	Kingborough	28,725	19,960	71,810
3	Devonport	21,754	17,002	54,385
	Burnie	21,754	17,002	54,385
	Central Coast	21,754	17,002	54,385
	West Tamar	21,754	17,002	54,385
4	Huon Valley	14,785	14,004	39,960
	Meander Valley	14,785	14,004	39,960
	Sorell	14,785	14,004	39,960
	Waratah-Wynyard	14,785	14,004	39,960
	Brighton	14,785	14,004	39,960
	Northern Midlands	14,785	14,004	39,960
5	Latrobe	12,357	11,828	30,893
	Derwent Valley	12,357	11,828	30,893
	Circular Head	12,357	11,828	30,893
	Break O'Day	12,357	11,828	30,893
	Dorset	12,357	11,828	30,893
	George Town	12,357	11,828	30,893
6	Southern Midlands	10,406	10,349	26,015
	Glamorgan Spring Bay	10,406	10,349	26,015
	Kentish	10,406	10,349	26,015
	West Coast	10,406	10,349	26,015
7	Tasman	9,106	9,610	22,762
	Central Highlands	9,106	9,610	22,762
	King Island	9,106	6,387	22,762
	Flinders	9,106	4,331	22,762

**5.6 Councillor Allowances Across Australia**

- 5.6.1** It is relevant to have regard to the methodology of setting and quantum of allowances in other jurisdictions in Australia. In a written submission to the Board LGAT provided the following comparison of councillor allowances across Australia

**New South Wales**

- 5.6.2** The New South Wales Local Government Remuneration Tribunal decides each year the annual fees for councillors, as well as the categories of councils and mayoral offices. Minimum and maximum annual fee amounts are provided. The tribunal considers both Consumer Price Index (CPI) and Wage Price Index when determining increases as well as giving effect to the NSW State Government wages policy.
- 5.6.3** Remuneration for 2017 ranges from \$11,570 for a rural councillor up to \$32,500 for a councillor in a major city. The additional fee for the Mayor ranges from \$25,250 (minimum) to \$105,000 (maximum).
- 5.6.4** The 'Principal' city attracts a higher maximum allowance level of \$38,580 for a councillor and \$211,790 for the Mayor. Councillors are paid a fee, not a salary and it is subject to tax.

**Victoria**

- 5.6.5** Councillors receive an allowance which is determined by each council within limits set by the Victorian Government. The limits vary depending on the revenue and population base of each council.
- 5.6.6** Councils are required to review allowance levels after each election with the quantum automatically adjusted annually.
- 5.6.7** There are three broad categories. Currently Councillors in category one receive between \$8,490 and \$20,231 and the Mayor received up to \$60,442. In category two, the range for councillors is \$10,490-\$25,225 with the Mayor up to \$78,051 (Ballarat, Warrnambool). Category Three, which includes Bendigo, Monash and Port Phillip has a range of \$12,614 - \$30,223 for councillors and up to \$96,534 for the Mayor.
- 5.6.8** Mayors and councillors do not receive superannuation, unless individual Councils have unanimously resolved to become Eligible Local Government Bodies under s221A and s221B of the *Income Tax Assessment Act 1936* (Cth). In 2008, they received the equivalent payments as part of their allowances.
- 5.6.9** Allowances for the City of Melbourne and Greater Geelong are fixed by Order in Council and annually adjusted. Melbourne City Councillors receive \$45,333 and the Lord Mayor \$193,070.

**South Australia**

- 5.6.10** In South Australia councillor allowances are determined by the Remuneration Tribunal every four years, prior to each election. The next review is set to occur in mid-2018. There are five council categories and the allowances for councillors range from \$5,700 to \$21,500. There are additional allowances for Mayors (four times their base allowance) and Deputy Mayors (one and a quarter times) and

Committee Chairs (one and a quarter times) and a travel time allowance for non-metro councillors who reside more than fifty kilometres away from the Council office. An additional sitting fee is paid to a councillor who is the presiding member of a committee that is not a prescribed committee. This fee ranges from \$100 per meeting to a maximum aggregate amount of \$600 per annum for a small council, to \$200 per meeting to an aggregate amount of \$1200 per year for the larger councils.

**5.6.11** Adelaide City Council is determined separately by the Tribunal and councillors in 2014 were paid \$24,510 per annum. The Lord Mayor receives \$168,501 per annum. The Deputy Lord Mayor receives one and a half times the annual allowance for a councillor.

**5.6.12** Superannuation is not paid on councillor allowances.

### **Western Australia**

**5.6.13** The Salaries and Allowances Tribunal considers CEO and Elected Member payments. Both are banded (4 bands) by council size and scale. The Tribunal is given this role under section 7a of the *Salary and Allowance Act 1975*. The Act requires the Tribunal to review the allowances every year. The review process includes a call for submissions from councils and the general public. Elected members receive meeting attendance fees that apply to council meetings, committee meetings, Western Australia Local Government Association meetings and other similar meetings.

**5.6.14** Meeting fees are also banded and range from a minimum/ maximum of \$90 to \$785 for a councillor and \$90 to \$1,177 for a Mayor or President. Councils may decide by absolute majority to pay an annual fee rather than meeting fee. In this case, the bandings are also applied and the annual fee for a Councillor ranges from between \$3,553 to \$9,410 for the lowest band up to between \$24,360 to 31,364 for the highest band and between \$3,553 to \$19,341 (lowest band) up to \$24,360 to \$47,046 (highest band) for a Mayor.

**5.6.15** The Mayor receives an additional allowance above the meeting fee or annual fee ranging from between \$508-\$19,864 (lowest band) to \$50,750-\$88,864 (highest band).

### **Queensland**

**5.6.16** The *Local Government Act 2009* (s183) provides the Remuneration and Discipline Tribunal with jurisdiction for Local Government remuneration matters for all Queensland Local Governments, except the Brisbane City Council. The Tribunal must review the eight Local Government categories once during each Local Government four-year term.

**5.6.17** From 1 July 2018 category one (Charters Towers, Winton) councillors will receive \$51,958 and Mayors \$102,918. category four councillors will receive \$89,929 and Mayors \$151,878 (Gladstone and Rockhampton) and category eight (Gold Coast) will receives \$147,881 and \$247,802 for councillors and the Mayor respectively.

**5.6.18** The remuneration provided in Queensland is all inclusive and does not pay sitting fees for committees. However, for the category one councils a base payment of \$34,639 is payable for the 12 months and a meeting fee of \$1,443.25 per month is payable for attendance at, and participation in, scheduled meetings. Mayors

and deputy mayors receive the full remuneration and do not receive a meeting fee.

### Northern Territory

**5.6.19** The maximum allowable remuneration is determined by the Minister for Local Government and elected members are entitled to a base allowance, electoral allowance, extra meeting allowance and professional development allowance. Broadly allowances range from \$4283 to \$21,918 for a councillor and from \$24,375 to \$121,874 for Mayor.

**5.6.20** In addition to the base allowance additional allowances are provided for professional development, extra meetings and an electoral allowance making the total allowable claimable from \$12,565 to \$48,204 for a councillor and \$34,444 to \$157,605 for a Mayor.

**5.6.21** Table 2 provides a summary of allowances across the country which was prepared by LGAT.

**Table 2**  
**Summary of allowances across all States**

	Councillor		Mayor		Note
	Smallest Council	Largest Council	Smallest Council	Largest Council	
TAS	\$9,106	\$35,482	\$44,588	\$124,188	The Deputy Mayor receives a total of \$58,397 in the largest council and \$18,212 in the smallest council.
Vic (Min-Max)	\$8,490- \$20,231	\$12,614- \$30,223	\$60,442	\$96,534	Excluding Melbourne and Geelong <sup>3</sup>  Special rate for Deputy Mayors
Qld	\$51,958	\$141,881	\$102,918	\$247,802	Excluding Brisbane  Special rate for Deputy Mayors
NSW	\$11,570	\$32,500  \$38580 (Sydney)	\$25,250 additional	\$105,000 additional  \$211790 (Sydney)	Maximums presented only  Fee for Deputy Mayor set by council if they are acting as Mayor with the amount deducted from Mayor's annual fee.
WA (Min-Max)	\$3,553- \$9,410	\$24,360- \$31,364	\$19,341  +\$508- \$19,864	\$47,046  +\$50,750- \$88,864	
SA	\$5,700	\$21,500	\$22,800	\$86,000	Deputy Mayor rate set at 1.25 times the allowance for councillors.

<sup>3</sup> The Melbourne Lord Mayor receives \$193,070 per annum and capital city councillors \$45,333 per annum.

		\$24,510 (Adelaide city)		\$168,501- (Adelaide)	
NT	\$4,283 (\$12,565 with additional allowances)	\$21,918 (\$48,204 with additional allowances)	\$24,375 (\$34,444 with additional allowances)	\$121,874 (\$157,605 with additional allowances)	

## 6. Statutory Roles

The Terms of Reference require the Board to consider the statutory roles of the respective offices of mayor, deputy mayor and councillor as these impact on or relate to the setting of allowances.

### 6.1 Council

**6.1.1** A council is a body corporate, created under the Local Government Act, and is responsible for its municipal area. The broad functions of councils are<sup>4</sup>:

- To provide for the health, safety and welfare of the community;
- To represent and promote the interests of the community; and
- To provide for the peace, order and good government of the municipal area.

**6.1.2** Given these functions, the responsibilities of a council include:

- Planning for and providing services, facilities and infrastructure for the community;
- Undertaking strategic land use planning for the municipal area; Making and enforcing by-laws;
- Raising revenue to enable council to perform its functions;
- Undertaking long term strategic financial and asset management planning; and
- Advocating proposals that are in the best interests of the community, now and in the future.

### 6.2 Councillors

**6.2.1** Individual councillors have no decision making power. This lies with the collective group, which is the council.

The functions of individual councillors are to:

- Represent the community;
- Act in the best interests of the community;
- Facilitate communications with the community;
- Participate in the activities of council; and
- Undertake duties and responsibilities as authorised by council.

**6.2.2** The functions of councillors acting collectively as the Council are to:

<sup>4</sup> The roles summarise in paragraphs 6.1 to 6.4 are found in the Local Government Act sections 20,27 28

- Develop and monitor the implementation of strategic plans and budgets;
- Determine and monitor the application of policies, plans and programs for:
  - The efficient and effective provision of services and facilities,
  - The efficient and effective management of assets, and
  - The fair and equitable treatment of council employees;
- Facilitate and encourage the planning and development of the municipal area in the best interests of the community;
- Appoint and monitor the performance of the General Manager;
- Determine and review the council's resource allocation and expenditure activities; and
- Monitor the manner in which services are provided by the council.

### **6.3 Mayor**

**6.3.1** The principal roles of the Mayor as defined by the Local Government Act are to:

- Act as community leader of the municipal area;
- Chair council meetings in a manner that supports decision-making processes;
- Act as spokesperson for the council, respond to the media and undertake ceremonial duties;
- Promote good governance by, and within, the council;
- Represent the council on regional organisations and at intergovernmental forums at regional, state and federal levels;
- Liaise with the General Manager on council activities; and
- Oversee and advise councillors in the performance of their responsibilities.

**6.3.2** In addition, following recent amendment, a Mayor has any function designated in a Ministerial order made under section 27A of the Local Government Act. To date no order under that section has been made.

### **6.4 Deputy Mayor**

**6.4.1** The role of the Deputy Mayor is to act in the position of Mayor in the Mayor's absence or if authorised in writing to do so by the Mayor.

### **6.5 Submissions were sought regarding the statutory role allowances of the respective offices of mayor, deputy mayor and councillors**

**6.5.1** While the current differential of allowances paid for the statutory roles was generally, supported in the limited submissions, there was targeted feedback on the need to implement a capital city loading.

**6.5.2** Each Council approves the Mayor's long term leave for a range of purposes such as, long term sick leave, election campaigning and extended annual leave. Many submissions supported consideration of each Council endorsing a higher duty allowance for Deputy Mayors who act in the role of Mayor in recognition of the increased responsibility during extended periods of leave, although the timeframe for when a Higher Duty Allowance (HDA) should be paid was not consistent.



- 6.5.3** Hobart City Council (HCC) supported this concept submitting that, as part of a set of principles, the Deputy Lord Mayor receive the Lord Mayor's allowance when acting in the role as Lord Mayor "for an extended period of time."<sup>5</sup> However HCC did not define that period. Lord Mayor Sue Hickey in oral submissions, supported greater than two months.
- 6.5.4** Submissions from Alderman Thomas and Alderman Briscoe from HCC supported a HDA for the Deputy Lord Mayor who was acting Mayor for an extended time whilst the incumbent was campaigning for the state election stating, "... it would be ridiculous to have Ron Christie serve six months without the salary of a mayor."<sup>6</sup> Alderman Thomas supported two weeks as being a reasonable period before the Deputy Mayor would become entitled to the Mayoral allowances.
- 6.5.5** Northern Midland Council supported a HDA for periods in excess of two weeks.
- 6.5.6** LGAT submitted that there was "no strong mood, across Local Government, to remove the differential allowance for Deputy Mayors (vs councillor), although we note the quantum is currently perceived as generous."<sup>7</sup> They noted the varying roles of Deputy Mayors in Councils but stated that it was incumbent that the Deputy Mayor be well informed and across a higher level of detail than councillors.
- 6.5.7** In response to the Deputy Mayor allowance differential, LGAT representatives confirmed in oral submissions, that "it's almost like a standby allowance and I think there is a reason to have a differential, but it's probably not a ...I don't think it needs a significant shift. I think the differential is about right where it stands at the moment."<sup>8</sup>
- 6.5.8** That the role of Deputy Mayors varies for each council was affirmed by LGAT saying it "really does vary considerably across councils as to the level of uptake of the Deputy Mayor"<sup>9</sup> and noted that "public engagement load is greater for some Deputy Mayors."
- 6.5.9** LGAT noted that the workload of a Mayor is high but in response to being asked whether or not mayors could delegate their roles LGAT's evidence was that roles can be delegated but different Mayors approached delegation in different ways. The Board infers that some Mayors were more prepared to delegate tasks than others and accordingly, to a greater or lesser extent Mayors have some control over their workload.
- 6.5.10** LGAT submitted that there "was a little more support for the concept of an "acting" allowance for the Deputy Mayor"<sup>10</sup>
- 6.5.11** In the absence of submissions to the contrary, we conclude the current differential of allowances paid to Mayors, Deputy Mayors and Councillors is reasonable.

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<sup>5</sup> P1 HCC written submission

<sup>6</sup>P82 Transcript

<sup>7</sup> P7 LGAT written submission

<sup>8</sup> Ibid p8

<sup>9</sup> P5 transcript

<sup>10</sup> P7 LGAT written submission

**6.5.12** There is widespread support for compensation for the Deputy Mayor acting up over a period of time to relieve the Mayor in longer term absences.

**6.5.13** We conclude there should be consideration of adopting a consistent approach to compensation in the terms of a Higher Duty Allowance for a Deputy Mayor who relieves the Mayor as approved by the relevant Council for periods of extended leave.

## **6.6 Recommendation**

We recommend that the current differential between allowances for current statutory roles of Mayor, Deputy Mayor and Councillor as prescribed by the *Local Government Act 1993* remain.

## **7. Categorisation of Councils to determine allowances**

**7.1** The Terms of Reference require the Board to review “the appropriateness of setting allowances by council type/size given the need to ensure good governance while balancing councils’ financial sustainability and the interests of ratepayers.”

**7.2** The allowances paid to the Mayor, Deputy Mayor and Councillors in each Council are not the same.

**7.3** Each council is classified into one of seven ‘Allowance Categories’. The mayor, deputy mayors and councillors in all of the councils in the same category receive the same allowances (subject to any individual exercising their discretion not to receive all or part of the prescribed allowance).

**7.4** Originally the categorisation of Councils was based on the number of voters in the municipal area of a Council. The report of the 2004 Inquiry introduced the variable of total revenue in addition to number of voters. The formula used for determining categories is:

$$\frac{V \times R}{1 \text{ million}}$$

1 million

Where V equals number of voters and R equals total revenue

**7.5** According to the report of the 2004 Inquiry, the reason for this change was to recognise that Councillors are responsible for the oversight and strategic management of substantial funds derived from ratepayers and other sources. Whilst there is a loose correlation between number of voters and revenue, it is certainly not a precise one. It was felt that this change would broaden the basis for the placement of Councils within categories.

**7.6** Councils are placed in allowance categories on the basis of the result of the calculation using the formula. Councils with similar scores are clustered into a category.

**7.7** Currently there are seven category groups. However in the past there have been fewer categories.

**7.8** Table 3 shows the categorisation of councils using data for 2016-17. Noting that Kentish was moved from category 7 to 6 in 2012, the grouping of councils into seven categories appears to be reasonable, and consistent with the 2008 categorisation, albeit with some variation of the outcome of the calculation totals within each categories.

**Table 3 Categories of Councils using 2016-17 data**

Council Categories based on 2016-17 data				
Current Category	Council	Voters 2017 <sup>11</sup>	Revenue 2016-17 <sup>12</sup> (\$'000)	Formula Calculation 2017
1	Launceston	46,948	103,102	4,840
	Hobart	36,568	126,006	4,608
2	Clarence	41,711	63,015	2,628
	Glenorchy	33,162	54,002	1,791
	Kingborough	26,992	38,510	1,039
3	Devonport	18,715	39,773	744
	Burnie	14,146	35,541	503
	Central Coast	16,813	26,416	444
	West Tamar	17,460	24,433	427
4	Huon Valley	12,247	24,136	296
	Meander Valley	14,671	19,325	284
	Sorell	10,873	17,177	187
	Waratah-Wynyard	10,480	17,615	185
	Brighton	11,811	14,359	170
	Northern Midlands	9,886	17,096	169
5	Latrobe	8,526	12,418	106
	Derwent Valley	7,365	12,951	95
	Circular Head	5,378	14,122	76
	Break O'Day	4,939	13,757	68
	Dorset	5,134	12,609	65
	George Town	5,027	10,622	53
6	Southern Midlands	4,462	10,233	46
	Glamorgan Spring Bay	3,629	12,495	45
	Kentish <sup>13</sup>	4,650	9,436	44
	West Coast	2,928	10,764	32
7	Tasman	1,857	6,386	12
	Central Highlands	1,634	6,550	11
	King Island	1,106	6,387	7
	Flinders	685	4,331	3

3. Data from national enrolment database provided by the Tasmanian Electoral Office

4. Recurrent operating revenue data provided by Tasmanian Audit Office

<sup>13</sup> Changed from category 7 to 6 in the *Local Government (General) Amendment Regulations 2012*.

**7.9** We received a number of submissions relating to the current formula of categorising councils into the seven bands based on the number of voters and total revenue.

**7.10** LGAT submitted that they had received few comments on this issue which they submitted "indicates a general satisfaction with the status quo"<sup>14</sup> Furthermore, it submitted that a multifactorial formula can be complex to develop and may lose transparency in the attempt to gain equity:

"The costs and benefits must be carefully weighed in relation to the outcome that is being sought, but there is some support for this to be explored."<sup>15</sup>

**7.11** Kentish Council, Northern Midlands and the Huon Council all supported the current methodology.

**7.12** Alderman Dr Eva Ruzicka, stated in a written submission that the formula needs "a degree of fine-tuning" for the following reasons but acknowledged this may not be achievable during this review:

"Operating revenue includes Financial Assistance Grants and other grants which are variable and may be have indexation frozen;  
Median Wage in ABS, 2016 for municipal areas is far greater than the current allowances. The Mayoral allowance has a reasonable level of parity;  
The number of voters is less than the actual population served and the population density should be included to reflect the geographical impact of access to ratepayers. Density sourced from data sets, ABS 2016:

Category 1 ranges from 47.3 (Launceston) to 664.2 (Hobart);  
Category 2 ranges from 383 (Clarence) to 50.4 (Kingborough);  
Category 3 ranges from 227 (Devonport) to 23.4 (Central Coast);  
Category 4 ranges from 97 (Brighton) to 2.5 (Northern Midlands);  
Category 5 ranges from 18.2 (Latrobe) to 1.7 (Circular Head);  
Category 6 ranges from 5.5 (Kentish) to 0.4 (West Coast);  
Category 7 ranges from 3.6 (Tasman) to 0.3 (Central Highlands)."

**7.13** GSBC Deputy Mayor Arnol, noted that the data source for voter numbers should be reviewed as the current number of voters is taken from the electoral roll but should also include the number of voters from the General Manager's roll. The Deputy mayor provided data for the 2014 election namely:<sup>16</sup>

"4 406 Glamorgan-Spring Bay electors were enrolled for the 2014 elections, comprising 3 454 (78.39%) from the State House of Assembly roll and 952 (21.61%) from the General Manager's roll. 75.01% of Glamorgan-Spring Bay electors returned their ballot papers in comparison with 54.58% statewide"

**7.14** Using this data would increase the score to 55 for Glamorgan Spring Bay, resulting in an increase of Category to a 5, resulting in higher allowances paid

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<sup>14</sup> P8 LGAT written submission

<sup>15</sup> Ibid

<sup>16</sup> P2 Deputy Mayor Cheryl Arnol written submission

which would be more reflective of the geographical size and increased workload required to serve the community.

**7.15** We consider that, the formula has resulted in an acceptable fair outcome to differentiate the councils into categories using objective data. However, strong submissions have been made in relation to a number of other factors including recognition of rural travel time in larger geographic areas, the definition of voter numbers and the capital city status of Hobart.

**7.16** The Board is limited by the number of submissions, which supported the status quo and financial sustainability. We support the LGAT submissions, noting the last review of the base amount of the allowance was in 2008. We conclude that there needs to be a comprehensive review of the current categorisation formula and base allowance to include consideration of the issues raised including but not limited to, the density and geographic issues, population factors and undertake a broader consultation with councils and key stakeholders.

### **7.17 Recommendation**

The current formula for categorisation of councils and base allowances be reviewed, subject to independent expert analysis, and include consultation with councils and stakeholders. It is recommended that the review be completed twelve months prior to the next inquiry into councillor allowances.

### **7.18 Capital City Loading**

**7.18.1** A key theme supported by LGAT, Lord Mayor Sue Hickey and Aldermen Briscoe and Thomas in their oral and written submissions, promoted recognition of the capital city through an additional allowance loading. The Lord Mayor and HCC alderman submitted that the growing “boom” in Hobart had significantly increased the workloads particularly around the complex planning requirements.

**7.18.2** The HCC formal submission proposed the “...introduction of a loading in recognition of the workload associated with Hobart’s capital city status.”<sup>17</sup> However did not further elaborate.

**7.18.3** During and subsequent to the public hearings, HCC Lord Mayor and Aldermen representatives provided further rationale, which included:

- The number and complexity of services being delivered;
- The quantum and value of issued building permits;
- Major financial and commercial hub and tourism gateway;
- Influx of non-residents ( over 1 million visitors 2016/17);
- Growing demand for civic engagement, including Sister City delegations (around 40 days per year);
- Involvement in significant projects e.g. Macquarie Point development, Hobart City Deal and traffic congestion.

**7.18.4** The City is also responsible for major events such as the weekly Salamanca Market which attracts between 15000-40000 people per week and annual Taste of Tasmania and the operation of regional facilities such as Domain Athletics Centre and Doone Kennedy Hobart Aquatic Centre.

<sup>17</sup> P1 HCC submission

- 7.18.5** The Lord Mayor gave evidence of having reviewed her activity for the 2016/17 year and indicated that she attended 815 events involving approximately 866 hours. It was submitted that the current formula does not take into account this increasing workload noting that the current formula results in "...the allowance paid to Hobart elected member is either lower or on par than all other capital cities."<sup>18</sup>
- 7.18.6** The HCC written submission, the Lord Mayor's written and oral submissions, two HCC Councillor's oral submissions and follow up written submissions all supported adding a capital city loading to the allowance. They noted additional responsibility and weight now placed on the governance of the capital city council in this growth period with an increasing level of civic duties.
- 7.18.7** As noted both Launceston and Hobart City Councils are currently both ranked in Category one. Whilst we did not receive submissions from Launceston City Council and the capital city loading was not specifically raised in the scope of the review, based on the City of Launceston Annual Report 2016/17, we are not convinced that Hobart is substantially different to Launceston in terms of Council responsibility. The roles of the largest two councils may vary but in regard to responsibility the Board is not satisfied that there should be a capital city allowance.
- 7.18.8** Launceston City Council is the only comparable city in Tasmania to Hobart. Whether there should be a capital city allowance, will depend at least in part, upon whether Hobart is materially different to Launceston, as the capital city, to justify a differential in allowances between the two cities appearing in category one. However, the Launceston City Council had a higher formula calculation in 2017 than Hobart, due to the Launceston area having a larger population of some 10,000 people and covering 1,411km<sup>2</sup>. Further information gained from the Launceston Annual Report 2016/17 indicates a breadth of similar activities
- Compared to Hobart including sister cities of Ikeda, Japan, Napa USA and Taiyuan, China. Launceston City Council is currently managing major developments and is implementing the Launceston City Deal, which includes the \$260 million UTAS relocation and the establishment of a new authority for the Tamar River Estuary. It is reported there is \$800 million of projects planned for Launceston in the next ten years. In addition to managing the QVMAG and Princess Theatre, it owns and operates the Launceston Leisure and Aquatic Centre
- 7.18.9** Capital city loading exists for councils in Victoria, South Australia, Queensland and New South Wales for the Lord Mayor and aldermen. Comparisons were made by HCC with the other capital cities however, there is a significantly larger differential in population, revenue and complexity of the larger capital cities compared to Hobart. HCC aldermen also receive allowances which are close to or higher (Adelaide) than other capital city aldermen. Unlike other states, most capital cities are significantly larger than all other cities, however in Tasmania there are two cities of similar size and responsibility.
- 7.18.10** It is acknowledged that the Lord Mayor has an extraordinary workload and in submissions stated she chose to attend many of these functions herself, whilst also delegating some civil events. There is an element of choice in this external

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<sup>18</sup> A written Submission provided by the HCC to the Board as requested by the President regarding capital city loading.

engagement. In submissions, she noted that the Council is the hospitality and connections arm rather than trade or foreign investment.

**7.18.11** The consideration of the role of the Lord Mayor for the purposes of any form of additional capital city allowance, must relate to the function as described under the Act. There is no differentiation between a Mayor and Lord Mayor in the Act.

**7.18.12** The principal role of the Mayor as defined by the Local Government Act are to:

- Act as community leader of the municipal area;
- Chair council meetings in a manner that supports decision-making processes;
- Act as spokesperson for the council, respond to the media and undertake ceremonial duties;
- Promote good governance by, and within, the council;
- Represent the council on regional organisations and at intergovernmental forums at regional, state and federal levels;
- Liaise with the General Manager on council activities; and
- Oversee and advise councillors in the performance of their responsibilities.

**7.18.13** In addition, following the recent amendment, a Mayor has any function designated in a Ministerial order made under section 27A of the Local Government Act. To date no order under that section has been made.

**7.18.14** Whilst we acknowledge the significant civil engagement undertaken by the Lord Mayor, there is insufficient evidence that there should be an additional allowance loading applied to the Lord Mayor role.

**7.18.15** In light of the above, the Board is not satisfied that, in Tasmania, there should be a capital city allowance.

**7.19 Rural Travel and Time Requirements**

**7.19.1** Submissions were made by LGAT, Dorset and Circular Head recognizing the significant travel and time requirements of councils serving rural and remote communities.

**7.19.2** Circular Head Council submitted that while there is not support for substantial increases due to costs sustainability, there could be a “modest acknowledgement” reflecting substantial after hours requirements.

“The coupling of compensation to population fails to reflect the unique challenges of rural and remote isolation and unique community needs”<sup>19</sup>

**7.19.3** An anonymous submission also noted the high workload for rural councillors and stated “they are not compensated sufficiently”

**7.19.4** Dorset Council proposed a pro rata allowance to be paid to Mayors and Deputy Mayors which could be calculated on the size of the municipalities commencing for those greater than one thousand square kilometers.

**7.19.5** LGAT submitted that time/equity balance for the requirement for increased travel distances needs to be considered:

“The difference between the fourteen smaller councils and the two largest councils is a ratio of approximately 389 and 287 percent for councillors and mayors respectively.”<sup>20</sup>

**7.19.6** Additionally, LGAT have considered the States Grants Commission modelling which takes into account the impact of dispersed populations.

“The State Grants Commission have a series of base grant model cost adjustors, including dispersion and isolation factors, as well as one for regional responsibility. LGAT supports consideration of such a factor as part of a multifaceted formula for allowances.”<sup>21</sup>

**7.19.7** Dr Stephenson submitted at the public hearing that LGAT supported a review of the categorisation formula: “In the longer term, it would be good to explore an alternative formula for calculating allowances that took into account a number of factors”<sup>22</sup> This could be undertaken between reviews, and it was noted there is a consistent workload across all councils as a starting point.

**7.19.8** It is noted there are a range of different formula in other states to determine the categories of councils and mayoral offices. NSW recently reviewed categories in 2017, following an overall reduction in number of councils from 152 to 128. The Local Government Remuneration Tribunal considered a number of factors in the determination of categories, which are prescribed in section 240 (1) of the *Local Government Act 1993*:

- the size of areas;
- the physical terrain of areas;
- the population of areas and the distribution of the population;

<sup>19</sup> P1 Circular Head Council submission

<sup>20</sup> P7 LGAT written submission

<sup>21</sup> Ibid p8

<sup>22</sup> P26 Transcript



- 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.

**7.19.9** The NSW Tribunal “sought to improve consistency and transparency in the determination of categories and the allocation of councils into each of those categories.”<sup>23</sup> This resulted in population being the predominant factor guiding categorisation.

**7.19.10** Similarly, the Western Australia Salaries and Allowances Tribunal reviewed Local Government elected member’s fees in 2016 and maintained a four band categorisation model based on a range of factors which were considered including<sup>24</sup>:

- major growth and development;
- strategic planning, including risk management;
- infrastructure development and asset management;
- significant social/economic/environmental issues;
- significant demand to service and support non-resident needs;
- diversity of services;
- community involvement and advocacy;
- state or national negotiations;
- operational and managerial requirements;
- capacity to pay;
- total expenditure;
- population; and
- FTEs

**7.19.11** Further consultation is required to consider the time demands resulting from a decentralized or rural population. We note that Regulation 43 enables Councillors to be reimbursed for reasonable expenses related to travel, however the additional time and workload required to cover the larger municipality is not compensated. The Board does not recommend an increase in allowances for travelling and travelling time. However, a recommendation is made for a review of the categorisation formula. It is anticipated that that review will take into account decentralisation when considering new categories and the effect of the new categories on allowances.

## **7.20 Financial sustainability of allowances**

**7.20.1** Previous submissions in relation to the cost of allowances have generally fallen into two categories. In the case of larger councils, it has been suggested that the cost of allowances is insignificant when considered in the context of total revenue (or expenditure). On the other hand, a number of smaller councils have expressed the view that the cost of governance is significant, and have raised the issue of capacity to pay. It is clear that the relative cost impact is greater for smaller councils.

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<sup>23</sup> P7 Local Government Remuneration Tribunal Annual Report and Determination 12 April 2017

<sup>24</sup> P2-3 West Australia Local Government CEOs and Elected Members Determination, 12 April 2016

- 7.20.2** We received a number of submissions concerned about the financial sustainability and capacity of local councils and they supported the status quo.
- 7.20.3** LGAT submitted that the:
- “current formula and allowance levels are generally seen as appropriately balancing affordability with the cost of good governance and largely reflect the financial constraints of smaller councils compared to larger councils. Any changes to the formula should use the current system as a yardstick.”<sup>25</sup>
- 7.20.4** This was generally accepted by all submissions received from the sector. A number of submissions also suggested that the community expected cost constraint. Smaller councils were supportive of maintaining the status quo to ensure financial sustainability.
- 7.20.5** One submission noted:
- “governance costs will always be an issue if ratepayers do not believe they are getting value for money.”<sup>26</sup>
- 7.20.6** It is noted that one proposed solution would be reducing the numbers of councillors elected to councils with less than 10,000 voters and using those savings to increase the allowances of the remaining Mayor, Deputy Mayor and alderman.
- 7.20.7** Submissions included concerns over smaller councils with a large number of aldermen and the need to review numbers of councillors. The last reduction of council numbers was February 2014.
- 7.20.8** Dorset Council submitted that a review of councillor numbers at all councils should be undertaken:
- “It is suggested that most councils have too many councilors and a reduction could be achieved without affecting the responsible management of councils or the interest of residents.”<sup>27</sup>
- 7.20.9** In considering the financial sustainability of allowances we note that there is a shared concern to ensure the cost of the elected Council is sustainable and perceived of value to the ratepayers. The current level of allowances is financially sustainable and acceptable.
- 7.20.10** We conclude that the current governance costs are financially sustainable.

## **8. Significant changes since the last review**

- 8.1** The Terms of Reference require the Board to take into account “any significant changes to the role or functions of local government since the last review”
- 8.2** Local government roles and functions have expanded in response to community expectations and a changing regulatory environment, and this, coupled with an

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<sup>25</sup> P9 LGAT written submission

<sup>26</sup> P2 Deputy Mayor Arnol, written submission

<sup>27</sup> P4 Dorset council written submission

extremely tight budgetary climate across all spheres of government has resulted in additional complexity.

### **8.3 Key changes to the role and functions of local government are outlined below:**

#### **8.4 Mayor Eligibility**

**8.4.1** In 2013, the Local Government Act was amended to prevent dual representation in both the Tasmanian Parliament and local government, and introduce all-in, all-out local government elections every four years, with four-year terms for mayors and deputy mayors

**8.4.2** The *Local Government Amendment (Mayoral Candidate Eligibility) Act 2014* commenced on 11 September 2014. This legislation removed the eligibility requirement that prevented people from nominating as a candidate for the office of mayor or deputy mayor unless the person had 12 months prior experience as a Tasmanian councillor.

**8.4.3** Any person is now eligible to nominate as a candidate for the office of mayor or deputy mayor, provided that they are eligible to nominate as a candidate for the office of councillor under Part 15 of the Local Government Act. In order for a person to accept the office of mayor or deputy mayor, they must also be successful in being elected to the office of councillor.

#### **8.5 Financial and Asset Management**

**8.5.1** The *Local Government (Miscellaneous Amendments) Act 2013* facilitated some financial and asset management reforms from February 2014 which impact on the roles of councillors, deputy mayors and mayors.

**8.5.2** The legislation introduced a major reform to mandate long-term financial and strategic asset management planning for Tasmanian councils, as well as other related financial and asset management initiatives. The reforms include a requirement for councils to:

- maintain long-term financial management and strategic asset management plans (10 years), asset management policies and financial and asset management strategies;
- maintain an Audit Panel;
- report performance against financial and asset management indicators in council financial statements; and
- review their long-term financial management and strategic asset management plans, financial management and asset management strategies and asset management policy every four years.

#### **8.5.3**

In addition to the new legislation, the Governor made three Orders relating to the asset management reforms which:

- outline the minimum requirements necessary for all long-term financial and asset management planning documents;
- list the financial and asset management indicators; and
- provide guidance to councils on the structure, membership and primary functions of audit panels.

**8.6 New local government code of conduct framework**

**8.6.1** *The Local Government Amendment (Code of Conduct) Act 2015* commenced on 13 April 2016. That Act provided for a new local government code of conduct framework for Tasmanian councillors. The local government code of conduct framework is now prescribed under Part 3, Division 3A (Code of conduct, complaints and complaint resolution) of the Local Government Act. A Model Code of Conduct (made by order of the Minister) prescribes the standard of behaviour that all Tasmanian councillors are required to meet when performing their role.

**8.7 Reimbursement of Expenses**

**8.7.1** *The Local Government (General) Regulations 2015* included an amendment to enable councillors to be reimbursed for reasonable expenses (Regulation 43) in relation to internet usage, stationery and office supplies, and 'the care of any person who is dependent on the councillor and who requires the care while the councillor is carrying out his or her duties or functions as a councillor', in accordance with the policy adopted under Schedule 5 of the Local Government Act.

**8.8 Councillor Numbers**

**8.8.1** Since 2008, there have been changes to the number of councillors of some Councils. The changes are summarised in table 5. The changes arose from recommendations of Board of Inquiry set up to review councillor numbers.

**Table 5 Changes to the Number of Councillors since 2008**

Council	Previous number of councillors	Current number of councillors	Date of change
Central Coast	12	9	26 June 2013
Derwent Valley	9	8	12 February 2014
Devonport City	12	9	26 June 2013
Glamorgan-Spring Bay	9	8	26 June 2013
Glenorchy City	12	10	26 June 2013
Kingborough	12	10	26 June 2013
Southern Midlands	9	7	12 February 2014
Tasman	9	7	26 June 2013
Waratah-Wynyard	10	8	12 February 2014

**8.9 Responsibility for Water and Sewerage services**

**8.9.1** Tasmanian water and sewerage services are currently provided by TasWater, a council-owned corporation established by the *Water and Sewerage Corporation Act 2012*. TasWater is licensed under the *Water and Sewerage Industry Act 2008* and is subject to economic, environmental and health regulation by independent regulatory bodies.

- 8.9.2** Prior to 1 July 2009, the state's water services were provided by three regional bulk water authorities and 28 of the 29 councils. Collectively, the councils were responsible for administering over 90 water supply schemes while reticulated sewerage waste water treatment services were provided by 27 councils. In 2006 a Ministerial Water and Sewerage Taskforce was established to investigate the structural and regulatory arrangements in the water and sewerage sector. Following a detailed assessment of the issues, the final model for structural reform was endorsed by the PLGC in February 2008.
- 8.9.3** Coming into effect in 2009, the *Water and Sewerage Corporations Act 2008* changed the structural elements of the water and sewerage sector in Tasmania. It provided for the establishment of three regional corporations based on the northern, north-western and southern regions of the State- (Ben Lomond Water, Cradle Mountain Water, Southern Water) that managed the provision of water and wastewater services to their regions. A fourth corporation, Onstream, owned by the regional corporations was also established by the Act. The role of this corporation was to provide common services to the regional corporations.
- 8.9.4** The regional corporations operated under local government ownership, with any dividends to be payable to owner councils. The Act transferred of water and sewerage assets, liabilities and employees of councils and bulk water authorities to the regional corporations or the common services corporation.
- 8.9.5** A further change occurred in 2012. The *Water and Sewerage Corporation Act 2012* established a single water and sewerage corporation (TasWater) to manage the provision of water and wastewater services on a state-wide basis. The Act provided for the transfer of the assets, liabilities and employees of the existing water and sewerage businesses to the new Corporation.
- 8.9.6** The Corporation is owned by the State's Local Government councils and any dividends, tax equivalents payments and guarantee fees will be payable to the owner councils. The Act also established new governance arrangements for the new single entity structure. As before they were based on those that apply to State-owned companies in Tasmania, but adapted to be relevant for Local Government ownership.
- 8.9.7** On 7 March 2017, the Premier, the Hon Will Hodgman MP, announced the State Government's plan to establish a new Government-owned entity to which ownership and responsibility for the State's water and sewerage industry would be transferred. At the time of this Inquiry there has not been any change to the ownership of the Corporation and it remains under the control of the Councils.
- 8.10** **The Board received a number of submissions in relation to the changing role of local government.**
- 8.10.1** In addition to the changing roles identified in the Issues Paper, councils provided additional information outlining their expanding roles in service delivery to meet community needs including health care, aged care, irrigation, economic development including business incentives and assistance and managing the impact of major business closure and tourism.
- 8.10.2** LGAT submitted that in addition to constantly evolving roles, the complexity is increasing and compliance with statutory requirements, meeting public scrutiny and expectation requires higher level of skills development:

“Possible future amalgamations would have implications for councillor allowances as an amalgamated council would fall in to a new (larger category) but shared services do not have an impact on the role and function of councillors and consequently should not impact on allowances.”<sup>28</sup>

**8.10.3** Kentish Council outlined the shared resource program with Latrobe Council noting the integration of the council’s operations and the indication through a recent feasibility study report of “significant qualitative and quantitative gains” and potential savings of \$9 million across Cradle Coast Councils and the region.

**8.10.4** Many submissions indicated that social media and the media have further raised expectations from community members to expect unlimited availability of councillors and this had added extra pressure and demands for councillors. Alderman Briscoe noted that the social media and electronic communication results in receiving more submissions than previously, noting he receives a number of emails daily.

**8.10.5** LGAT representative, Dr. Stephenson stated at the public hearing that “constant availability” is expected to respond to emails and mobile phone access.

“So I think that expectation that a councillor or- and a mayor in particular will always answer and be available, has grown.”<sup>29</sup>

**8.10.6** In submissions, the ever increasing challenges for HCC have been raised with planning becoming extremely onerous in addition to an increasing public expectation. The last five years has seen unprecedented growth in Hobart which placed an enormous workload on the Council:

“In relation to the quantum and value of building permits issued by the Council, the following have been approved under the Building Regulations 2016 and Building Act 2016, in the 12 months ending January 2018, 711 permits were issued to the value of \$331 million. More recently, during 1 January 2018 to 31 January 2018, 39 permits were issued to the value of \$82.4 million, including 20 for extensions/alterations to the value of \$1.95 million and 3 major projects to the value of \$78 million.”<sup>30</sup>

**8.10.7** Northern Midlands council supported the strategic planning enabling alignment of financial capacity to meet long term objectives:

“There is some effect by the changes identified but not considered significant enough to affect the current level of councilor allowances.”<sup>31</sup>

**8.10.8** An individual submission by Mr Lee Connors, noted the primary roles have not changed significantly except where councils have been directed by Commonwealth or State government but have had responsibility for potable water and waste water removal and treatment removed.

**8.10.9** Huon Valley Council submitted that there is now a greater focus on stormwater management with less funded capacity due to changes in water and sewerage management and available funding.

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<sup>28</sup> P6 LGAT written submission

<sup>29</sup> P22 Transcript

<sup>30</sup> P2 HCC Aldermen supplementary written submission

<sup>31</sup> P2 Northern Midlands submission

**8.10.10** Dorset Council outlined a range of newer roles:

1. The Aminya aged care facility bought by Council to prevent closure;
2. Council buying into the Scottsdale Irrigation scheme to ensure construction went ahead;
3. Council's role in the North East Destination Action Plan;
4. Council's incentive scheme for new business;
5. Advocacy on behalf of a number of prospective businesses with Government and the bureaucracy;
6. Council involvement in the fallout from the closure of Gunns;
7. Council involvement in the fallout from the closure of two major sawmills in Dorset.

**8.10.11** They submitted that Council now undertakes "additional roles in areas such as audit panels and health and safety committees, have been subjected to constant changes to accounting standards"<sup>32</sup> and since 2010 implement Code of Conduct, placing additional pressure on Councillors.

**8.10.12** Dr Eva Rusicka, HCC Alderman has raised important planning issues including municipal, regional and state planning considerations. All 29 councils form part of TasWater, providing water and sewerage for the whole state. This scope of decision making goes across the defined municipal areas and is not isolated to Councillors elected area.

**8.10.13** A clear example of cross-boundary synergy for the betterment of the region rather than the isolated municipality combines multiple council representation on groups like the Southern Tasmanian Councils Authority, the Cradle Coast Authority and the Northern Tasmanian Development Corporation Ltd. Governance requires councillors to act in the best interests of the board/authority to develop strategic land use and economic development policies, not merely to act for their local municipality.

**8.10.14** A majority of submissions noted the evolution of Council responsibilities as well as the increasing complexity and compliance with statutory obligations. A number of submissions also noted that there is now a need for significant professional development for all councillors to enable them to perform their role effectively.

**8.10.15** The challenges of community engagement need to be met in a digital world. Some Councils do not have a clear policy on social media and digital communication. This poses a risk for elected Councillors to participate and encourage active community consultation, whilst meeting expectations and response times with the dynamic mediums available. Again, skill sets and resources need to be supported and developed, if required, to assist Councillors in successful community engagement.

**8.10.16** There are no recommendations however, there have been changes to the role and functions of councils. Some of these roles and functions have been transferred to other bodies such as sewerage and water, other roles have been adopted such as shared regional economic bodies. However, professional development and training has been flagged as a key requirement to facilitate the changing roles and will be addressed later.

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<sup>32</sup> P3 Dorset Council submission

## 9. Annual Indexation

- 9.1** The Terms of Reference require the Board to determine “the method of indexing allowances each year.”
- 9.2** Since the 2008 Amendment Regulations, allowances have increased annually by the relevant inflationary factor. Inflationary factor is currently defined in section 42 of the 2015 Regulations. As stated above, it is in respect of each calendar year, the amount ascertained by dividing the Wage Price Index figure for the June quarter of that year by the Wage Price Index figure for the June quarter of the previous calendar year. Wage Price Index (WPI) measures changes in wages and salaries over time, unaffected by changes in the quality or quantity of work performed, or changes in the composition of the labour market.
- 9.3** The WPI has been adopted by the Tasmanian Industrial Commission as the most relevant index for the purpose of State Wage Case determination.
- 9.4** Table 6 A-C show the movement in allowances due to increases in WPI from 2008 to 2017.

**Table 6 Annual Increases in Allowances since 2008**

Date	Increase	Reason
1 November 2008	various	Reset by 2008 Inquiry as set out in Schedule 4 of the <i>Local Government (General) Regulations 2005</i>
1 November 2009	4.3%	Change in ABS Wage Price Index-Tasmania
1 November 2010	3.7%	Change in ABS Wage Price Index-Tasmania
1 November 2017	3.5%	Change in ABS Wage Price Index-Tasmania
1 November 2012	3.2%	Change in ABS Wage Price Index-Tasmania
1 November 2013	2.9%	Change in ABS Wage Price Index-Tasmania
1 November 2014	2.3%	Change in ABS Wage Price Index-Tasmania
1 November 2015	2.5%	Change in ABS Wage Price Index-Tasmania
1 November 2016	2.2%	Change in ABS Wage Price Index-Tasmania
1 November 2017	2.1%	Change in ABS Wage Price Index-Tasmania

The actual allowances applicable each year are shown in Tables 6A-C



**Table 6A Allowances for Councillors since 2008**

Councillor - Allowance (\$ pa)										
Cat	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	27,278	28,451	29,504	30,536	31,513	32,427	33,173	34,002	34,750	35,842
2	22,083	23,033	23,885	24,721	25,512	26,252	26,856	27,527	28,133	28,725
3	16,724	17,443	18,089	18,722	19,321	19,881	20,338	20,846	21,305	21,754
4	11,366	11,855	12,293	12,724	13,131	13,512	13,823	14,169	14,480	14,785
5	9,500	9,909	10,275	10,635	10,975	11,293	11,553	11,842	12,102	12,357
6	8,000	8,344	8,653	8,956	9,242	9,510	9,729	9,972	10,192	10,406
7	7,000	7,301	7,571	7,836	8,087	8,322	8,513	8,726	8,918	9,106

\* Allowances payable to Mayors and Deputy Mayors are in addition to those payable to a Councillor.

**Table 6B Additional Allowances for Deputy Mayors since 2008**

Deputy Mayor - Additional Allowance (\$ pa)										
Cat	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	17,617	18,375	19,054	19,721	20,352	20,942	21,424	21,960	22,443	22,915
2	15,344	16,004	16,596	17,177	17,726	18,240	18,660	19,127	19,548	19,960
3	13,071	13,633	14,137	14,632	15,101	15,539	15,896	16,293	16,652	17,002
4	10,797	11,261	11,678	12,087	12,473	12,835	13,130	13,458	13,754	14,044
5	9,092	9,483	9,834	10,178	10,504	10,809	11,058	11,334	11,584	11,828
6	7,956	8,298	8,605	8,906	9,191	9,458	9,676	9,918	10,136	10,349
7	7,388	7,706	7,991	8,270	8,535	8,783	8,985	9,210	9,421	9,610

**Table 6C Additional Allowances for Mayors since 2008**

Mayor - Additional Allowance (\$ pa)										
Cat	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	68,195	71,127	73,759	76,341	78,784	81,069	82,934	85,007	86,877	88,706
2	55,206	57,580	59,710	61,800	63,778	65,628	67,137	68,815	70,329	71,810
3	41,810	43,608	45,221	46,804	48,302	49,703	50,846	52,117	53,264	54,385
4	28,414	29,636	30,732	31,808	32,826	33,778	34,555	35,419	36,198	36,960
5	23,750	24,771	25,688	26,587	27,438	28,234	28,883	29,605	30,256	30,893
6	20,000	20,860	21,632	22,389	23,105	23,775	24,322	24,930	25,479	26,015

7	17,500	18,253	18,928	19,590	20,217	20,830	21,281	21,813	22,293	22,762
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**TABLE 7**  
**Indexed allowances payable to elected members from 1 November 2017**

Current Category	Council	Allowance for Councillors	Additional allowance for Deputy Mayors	Additional Allowance for Mayors
1	Launceston	35,482	22,915	88,706
	Hobart	35,482	22,915	88,706
2	Clarence	28,725	19,960	71,810
	Glenorchy	28,725	19,960	71,810
	Kingborough	28,725	19,960	71,810
3	Devonport	21,754	17,002	54,385
	Burnie	21,754	17,002	54,385
	Central Coast	21,754	17,002	54,385
	West Tamar	21,754	17,002	54,385
4	Huon Valley	14,785	14,004	39,960
	Meander Valley	14,785	14,004	39,960
	Sorell	14,785	14,004	39,960
	Waratah-Wynyard	14,785	14,004	39,960
	Brighton	14,785	14,004	39,960
	Northern Midlands	14,785	14,004	39,960
5	Latrobe	12,357	11,828	30,893
	Derwent Valley	12,357	11,828	30,893
	Circular Head	12,357	11,828	30,893
	Break O'Day	12,357	11,828	30,893
	Dorset	12,357	11,828	30,893
	George Town	12,357	11,828	30,893
6	Southern Midlands	10,406	10,349	26,015
	Glamorgan Spring Bay	10,406	10,349	26,015
	Kentish	10,406	10,349	26,015
	West Coast	10,406	10,349	26,015
7	Tasman	9,106	9,610	22,762
	Central Highlands	9,106	9,610	22,762
	King Island	9,106	6,387	22,762
	Flinders	9,106	4,331	22,762

**9.5 The Board did not receive any compelling evidence for changing the method of indexation**

**9.5.1** There was a general consensus that WPI was the most appropriate method of annual indexation from the submissions received.

**9.5.2** LGAT supported the need to maintain an annual indexation methodology and noted the WPI “would seem to be an appropriate indexation method.”<sup>33</sup> Additionally, LGAT proposed the councillor remuneration could be linked with other price setting mechanisms such as the parliamentary salaries review and noted this was rejected in the 2008 review.

**9.5.3** LGAT noted there has not been a review since 2008 and annual indexation had continued, posing the question of the need for four yearly reviews and suggesting a 6-8 year cycle with criteria developed which may trigger an earlier review if required.

**9.5.4** In the public hearing, LGAT made representation that in this transparent, demanding environment:

“...the pressure to keep rates low in an environment where we have had low wage growth is enormous makes it very hard to deliver on the expectations of communities.”<sup>34</sup>

**9.5.5** However, Dr Stephenson added that “indexation hasn’t kept pace with actually the realities of the job(sic). I think indexation is important.” She did not have an official position on what catch up increase should be considered. She stated “I have not in my head a perfect model that is going to make everyone in local government happy”<sup>35</sup> but indicated a personal view of 5-10 percent increase across the board.

**9.5.6** HCC did not provide a position on the base allowance indexation however, indicated support for “appropriate recognition for superannuation within the quantum of the allowance”<sup>36</sup> Superannuation will be discussed in a later section.

**9.5.7** Dorset noted that the “allowances in general are too low and need to be increased substantially across the board.”<sup>37</sup>

**9.5.8** Circular Head Council submitted that “some modest acknowledgement with a reflective increase to reflect the commitment of representative Mayor and Councillors in the rural and remote context is considered worthy of genuine consideration.”<sup>38</sup>

**9.5.9** Central Coast noted that “while the Wage Price Index is not perfect, it appears to be the most appropriate index to use”<sup>39</sup>

**9.5.10** Huon Valley Council, Kentish Council, Northern Midlands Council and the Deputy Mayor, Glamorgan Spring Bay all supported the current indexation methodology.

<sup>33</sup> P10 LGAT written submission

<sup>34</sup> P23 transcript

<sup>35</sup> Ibid

<sup>36</sup> P1 HCC written submission

<sup>37</sup> P3 Dorset Council written submission

<sup>38</sup> P1 Circular Head Council written submission

<sup>39</sup> P2 Central Coast Council written submission

**9.5.11** Northern Midlands Council stated that the Wage Price Index is the relevant and adequate index for councillor allowances; however, it questioned whether the indexation should be applied from 1 October instead of 1 November as this would make payments much simpler for the majority of councillors wishing to be paid on a quarterly basis.

**9.5.12** A private submission expressed disappointment in the lack of remuneration and stated:

“Councillors are not sufficiently compensated for any of this AND I am sure not one running for office the first time would anticipate any of this. There is a perception that serving as a Councillor is a “voluntary” position.”<sup>40</sup>

## **9.6 Consideration**

**9.6.1** The Wage Price Index (WPI) is a price index designed and accepted to measure the change over time in the price of wages and salaries. The WPI is favoured by Fair Work Commission and the Tasmanian Industrial Commission in considering national and state wage case determinations.

**9.6.2** The Terms of Reference have limited the question of indexation to annual indexation which has been applied to the base allowance. There does not appear to be concern regarding the base allowance nor the differentiation between councillors, Deputy Mayor and Mayoral allowances. Only Dorset Council provided a submission that supported a need for a base allowance increase but did not comment on indexation. A number of other submissions support the current annual indexation.

**9.6.3** LGAT provided written submissions supporting the annual indexation and the WPI methodology, however, in oral submissions, noted the need to catch up to the allowance without a clear determined position from their members.

**9.6.4** HCC and rural councils supported different additional allowances or loadings in the form of capital city loading and superannuation compensation and rural geographic consideration respectively.

**9.6.5** The 2008 Report also dealt with certain matters of principle which are upheld for the purposes of this review. In summary these key principles are:

- Council service will always have a place in Local Government representation. However, councillors should receive some financial recompense in addition to the reimbursement of expenses. The main factors surrounding this principle were the increasing complexity of the issues, the workload undertaken and the accountability and significant public scrutiny councillors are subjected to.
- Is the financial recompense an allowance or remuneration? The previous report noted that the Local Government Act provides for the payment of an annual allowance. It was concluded it is not remuneration due to the different type of accountability which is typically applied to an employee/employer relationship and the

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<sup>40</sup> P3 Private submission

capacity to control and direct which does not apply to Local Government.

- 9.6.6** A number of comments were again presented to this Inquiry indicating the allowance is more akin to a wage, however it has previously been concluded that the circumstances of Local Government representation and the receipt of an allowance does not lend itself to the notion of hourly rates of pay with a wide disparity of time devoted to council activities for each councillor. Additionally the 2008 report concluded that,

“we acknowledge that a properly constructed allowance regime should include a component to recognize income foregone, or the “opportunity cost” of serving on Council.”<sup>41</sup>

- 9.6.7** We conclude that the majority of Councils support the annual indexation applying the WPI to the base allowance as determined by the categorization of each Council.

## **9.7 Recommendation**

We recommend that indexation continue to be applied to the base allowances by the Wage Price Index, such indexation is to occur annually. The base allowance is to remain unchanged pending the outcome of the review into categorisation of councils referred to in recommendation 3.

## **10. Governance training and experience allowance**

- 10.1** The Terms of Reference require the Board to determine “whether an additional allowance should be made available to councillors who undertake training in governance relevant to local government or who have recognised experience in governance relevant to local government”
- 10.2** Under current legislation there are no mandatory training requirements for councillors.
- 10.3** There are, however, different policies adopted by a majority of councils that provide incentives or reimbursement for costs involved in the engagement of relevant training. This is at the discretion of each council.
- 10.4** The training and development activities may range from induction programs, conferences, local government sector development activities, professional development, study and inspection tours, including sister city tours, both interstate and internationally and local workshops and seminars.
- 10.5** In the most recent LGAT Census, out of the 101 councillors surveyed, 27.7 percent revealed they had not engaged in any type of council role related training<sup>42</sup>. Although a large number of respondents identified they had engaged in some kind of training, 48.6 percent indicated that they experienced difficulty in doing so for a number of reasons including taking time off full time employment, costs, transport and perceived lack of support from Council.

<sup>41</sup> PN 32 Report of Local Government Elected Members’ Allowances Board of Inquiry 2008.

<sup>42</sup> 2014 LGAT Tasmanian Local Government Elected Member Census

**10.6** The majority of respondents were newly elected to council (44.8 percent). Almost twenty-three per cent had served on Council for between 4 and 10 years, 19 percent for between 10 and 20 years, 11.4 percent for less than 4 years and 1.9 percent had served for more than 20 years.

**10.7** LGAT does offer relevant training courses and programs for Councillors and Mayors, including the LGAT Annual Local Government Conference, Mayors Professional Development workshop and the LGAT General Meeting. LGAT also publish a 'Councillor Toolkit' to assist councillors with the practical information regarding their responsibilities as councillors.

## **10.8 Relative state and territory legislation**

### **South Australia**

**10.8.1** Training for South Australian Councillors is mandatory. The South Australian *Local Government Act 1999*, section 80A requires that

- A council must prepare and adopt a training and development policy for its members.
- The policy must be aimed at assisting members in the performance and discharge of their duties.

**10.8.2** Regulation 8AA of the *Local Government (General) Regulations 2013* prescribes that a training policy must comply with the requirements contained in the South Australian Local Government Association (LGA) training standards published by the LGA.

**10.8.3** The LGA Training Standards for Council Members, November 2014 contains the minimum training requirements for council members. These requirements are mandatory and every Council Member must complete these requirements within the first 12 months of their four year term.

**10.8.4** There are 4 modules to the mandatory training standards. These include

- Module 1: Introduction to Government
- Module 2: Legal responsibilities
- Module 3: Council and Committee meetings
- Module 4: Financial management and Reporting

**10.8.5** Training is delivered in a number of modes to meet the needs of the individual councillor including face to face, online and through webinars. The LGA advises that this training should take no longer than 7 and a half hours to complete.

**10.8.6** For continuing Council Members, the LGA training standards require a refresher course or update training to ensure that elected members' legal responsibilities (including legislative changes) and financial management responsibilities are up to date.

**Northern Territory**

- 10.8.7** The *NT Local Government Act 2008* section 101(c)– Requires that the role of the CEO includes

“(c) to provide or obtain for the council the information and advice the council reasonably requires for effectively carrying out its functions;”

- 10.8.8** Ministerial guidelines within the Act provide for a professional development allowance, set out below:

“An allowance payable to council members to attend appropriate and relevant conferences or training courses which sustain a member’s professional competence by keeping the member informed of, and able to comply with, development in professional standards applicable to their role as a council member. Any such course or conference must have approval and be consistent with council policy in order to attract this allowance.”

**New South Wales**

- 10.8.9** New South Wales has amended its legislation to require councils to implement induction programs and professional development. The Local Government Act is silent on the issue of professional development, but there are relevant guidelines and resources.

- 10.8.10** Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors in NSW dated October 2009 states:

“Councils should provide for training and development in their policies and make separate provision in their budgets for the payment of training and development expenses for councillors”.

- 10.8.11** This is in accordance with NSW Government policy, which aims to ensure that councillors have adequate training and skills development to ensure they carry out their functions effectively. The Division of Local Government is currently implementing a Councillor Development Strategy to ensure that councillors have access to the training and resources needed to understand and undertake their role effectively and to facilitate continuing professional development opportunities.

- 10.8.12** Councils are also being encouraged to develop, fund and implement a councillor training and development program based on a systematic skills analysis and assessment of professional development needs of their councillors. The nature of this program will vary from council to council depending on resources and need.’

**Western Australia**

There are no legislative or regulatory provisions for training. However there is currently a review of training with mandatory training under consideration. The Department of Local Government has released a consultation paper reviewing the *Local Government Act 1995*.

**Victoria**

- 10.8.13** The Victorian Local Government Act is silent on other expenses that council may pay its councillors up front (i.e. not as a reimbursement) for example, conference expenses, pre-paid travel, professional development courses and training. Concerns are often raised over significant funding allocations, which may be set aside for such activities in the council's budget, without sufficient scrutiny or without a policy adopted by the council on such expenditure.
- 10.8.14** On minimum resources and facilities for councillors, the state government recommended in 2008 (Recognition and Support, The Victorian Government's Policy Statement on Local Government Mayoral and Councillor Allowances and Resources, April 2008) that a minimum 'toolkit' be provided to all mayors and councillors, including elements such as mayoral administrative support, office and related equipment for the mayor, mayoral vehicle and computer, phone and stationery for councillors. This remains a policy position only, and regulations to prescribe such minimum resources have not been made.
- 10.8.15** A recent review of the Local Government Act did not recommend any changes to the current legislation to include mandatory training or the allocation of funds for professional development. (*Act for the Future - Directions for a new Local Government Act*, June 2016). As such no provisions for professional development have been included in the Draft Bill for the new Local Government Act in 2018.

**Queensland**

- 10.8.16** Training in Queensland is not mandatory, there is a strong culture of professional development within local government that has been embedded in the State, with 90 per cent of elected members and a high percentage of candidates voluntarily undergoing training with the use of an in-house training unit.

**10.9 Current Tasmanian council professional development policies**

- 10.9.1** We received a number of submissions outlining the increasing complexity and responsibilities of the role of councillors. It was also noted that many newly elected councillors are unaware of the complex requirements, responsibilities, duties and accountabilities in these governance roles.
- 10.9.2** Many councillors are engaged in other paid work and additional time commitments for training can be difficult. This is seen as a barrier to the attendance of training for many councillors. We received a number of submissions on the difficulty of engaging in training as well as balancing employment, including access and family commitments.
- 10.9.3** Alderman Jeff Briscoe from the Hobart City Council submitted that he found it difficult to take time off from his full time employment to undertake training. His employer had previously refused paid leave for council commitments. He suggested that compensation or reimbursement for lost wages should be considered by the Board.
- 10.9.4** Kentish Council noted councillors are reimbursed for reasonable expenses relating to professional development and there is a specific budget allocation and are "satisfied the current provision for voluntary training (either in house or



external) gives Councillors the opportunity to acquire the skills necessary to undertake the duties."<sup>43</sup>

### **10.10 Mandatory training**

**10.10.1** Mandatory training would effectively result in all councillors within local government being better prepared to undertake their increasingly challenging role.

**10.10.2** Submissions against requiring elected members to undertake mandatory training or to receive an extra allowance in recognition for experience included:

- training is not mandatory for parliamentarians;
- limiting the holding of office to people who have completed or will complete training is undemocratic.

**10.10.3** Deputy Mayor Arnol, did not support an additional allowance and submitted:

"The current reimbursement practice for training should be maintained with an added mandatory training clause; say within 12 months of being elected."<sup>44</sup>

**10.10.4** Mr Robert Cassidy (Alderman Central Highlands Council) submitted there needs to be an induction process and that:

"There should be a specific mandatory courses (sic) set up that each new Councillor must attend, immediately after winning election for the first time to teach about the Local Government Act, Ethics, classes on legal terminology, such as what it means to "foreshadow a motion" or a "riparian reserve" or "recuse" oneself from voting, classes on effective communication, classes on State Planning Laws, et al."

**10.10.5** Submissions also highlighted a number of practical constraints to training including, time demands, financial considerations, requirement to travel, and conflicts with employment.

**10.10.6** LGAT submitted:

"For most councils the introduction of mandatory fixed budget allocations for Councillor professional development is not supported. This is a matter for each council to work through with their respective elected members and with recognition of prior experience and training and emerging needs. They can then make adequate provision in annual budgets for this to occur and ensure the training spend is highly targeted and directly relevant and beneficial."

The only variation to this broad feedback is when it relates to the planning authority role and LGAT senses that there would be broader acceptability around compulsory planning authority training. While this would still take some time to work through, and training would need to be developed, the

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<sup>43</sup> P4 Kentish Council written submission

<sup>44</sup> P4 Deputy Mayor Cheryl Arnol written submission

focused nature of the training would likely lend itself to online methods which would be widely and quickly accessible by councillors.”

- 10.10.7** LGAT offers a range of training and pre-election courses for potential candidates but acknowledges,

“But what we don’t have is necessarily a consistent approach to it, and I think there is a way of doing this without somehow complicating it by wrapping it in allowances and without making it fully mandatory. My view is that the first step is to identify the core competencies that we expect of a councillor.”<sup>45</sup>

- 10.10.8** LGAT further added that once core competencies had been identified, a skills audit could be undertaken following an election and then a professional plan could be developed to address any identified gaps. It was also noted that refresher courses may be needed for experienced councillors for complex roles for example the planning authority role.

- 10.10.9** It was also submitted that resourcing a mandatory training delivery program every four years would be difficult for LGAT, however it was acknowledged on line training could supplement other modes of training. Other factors raised were onerous compliance, training assessment and accreditation, time factors, and additional costs.

- 10.10.10** HCC supported “consideration be given to incentivising ongoing learning by Aldermen.”<sup>46</sup> Aldermen Jeff Briscoe supported this position

“By incentivising perhaps an allowance that would-if you did the mandatory courses you would get an extra allowance”<sup>47</sup>

and proposed at least a week’s salary for every week of training undertaken.

- 10.10.11** Lord Mayor Hickey stated it was “essential” for new councillors to have mandatory training of core competencies.

- 10.10.12** Alderman Ruzicka submitted that “a whole of State funded and delivered program would be appropriate” and that it is “incumbent on the State to ensure all delegated roles and functions are carried out in the best interests of Tasmania.” She supported mandatory governance and planning training as “essential” while noting other professional development requirements could be a local issue. In summary:

“Having elected members making decisions on long term financial management plans and budgets, let alone planning applications, without adequate training is not acceptable. Experience is only useful on a solid foundation of knowledge.”<sup>48</sup>

- 10.10.13** Northern Midlands Council supported the current reimbursement practices and provides a budget allocation and proposed a budget allocation of no less than 10 percent of total councillor allowance budget. However it does not support

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<sup>45</sup> P14 Transcript

<sup>46</sup> P1 HCC written submission

<sup>47</sup> P81 transcript

<sup>48</sup> P8 Alderman Eva Ruzicka written submission

mandatory training and an additional allowance and values the wide range of experience of councillors as an asset.

**10.10.14** Mr Lee Connors noted the need for mandated training:

"...and elected members should have a demerit system introduced whereby non- participation on accredited training attracts a financial penalty. A prudent council will provide a budget allocation to meet the cost of elected members participating in approved and accredited training. Undertaking non-accredited training education programs should be a personal expense."<sup>49</sup>

**10.10.15** It was also noted that State and Federal Parliamentarians do not have mandatory training. Furthermore, it was noted that changing culture, which includes changing community attitudes about councils requires providing more opportunities.

**10.10.16** The issue of inequity of professional development opportunities between the large councils and smaller councils was raised in submissions and an equitable fair solution needs to be considered.

**10.11 Consideration**

**10.11.1** In the absence of supportive submissions, we decline to recommend any allowance in recognition of experience in governance relevant to local government or any additional allowance to individual councillors who undertake relevant training. Rather the submissions noted the expectation and requirement for elected councillors to be supported to undertake training to equip themselves to undertake the full complexity of their roles in a dynamic reform agenda period.

**10.11.2** There were many submissions supporting mandatory training especially within 12 months of election for new councillors and to undertake ongoing professional development to meet individual needs. This was particularly evident in training for the responsibility of planning. Councils appear to be currently allocating a budget for professional development for Council but this is not consistent.

**10.12 Conclusion**

**10.12.1** Training is not within the scope of the terms of reference. There appears to be merit in the implementation of a mandatory, legislative training scheme whilst acknowledging the potential barriers that exist for councillors engaging in training, including time constraints, costs and access to training, particularly in regional areas throughout Tasmania. Mandatory training would need to be available in a number of different modes, including online, to allow councillors throughout the State to undertake training with a focus on minimising disruption to councillor's professional and personal lives.

**10.13 Recommendation**

**10.13.1** No additional individual allowance be paid to councillors who undertake training in governance or have experience in governance relevant to local government. Rather, they should be supported through an annual council budget allocation to undertake identified required training. The board was minded to recommend

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<sup>49</sup> P1 Lee Connors written submission

mandatory training for new councillors within twelve months of election, however further consultation with the sector is required in relation to the viability and content of such training.

## 11. Attraction of future candidates

- 11.1** The Terms of Reference require the Board to determine “the capacity of local government to attract potential future candidates”
- 11.2** A common feature of submissions to past reviews is the notion that the allowance should be sufficiently adequate so as not to act as a disincentive, or indeed barrier, to otherwise interested and worthy individuals to stand for Local Government office, either as a Councillor or for mayoral office.
- 11.3** The most recent LGAT Census outlined that there was a slight increase in female elected officers to 37.1 per cent, however the majority (62.9 per cent) are male with the majority of respondents aged between 56-65 years of age with only one respondent aged less than 25 years old. Around 90 per cent of respondents were born in Australia<sup>50</sup>.
- 11.4** The 2014 LGAT Census also revealed that the majority of respondents were self-employed (33.7 per cent). Almost 27 per cent were in full time employment, 20.2 percent were retired and 9.6 per cent were in part time were employed in part time work. Some 73.9 per cent of respondents were employed in the private sector and 11.6 per cent worked in community and non-government sector and for the State Government.

**TABLE 7 Statistical analysis of Local Government elections since 2000**

	2000	2002	2004	2007	2009	2011	2014
Councils having Elections	29	28	29	29	29	29	29
Councillor Vacancies	153	142	156	149	150	147	263
Councillor Candidates	314	298	348	307	316	283	482
Mayoral Vacancies	29	28	29	29	29	29	29
Mayoral Candidates	63	68	65	44	55	62	91
Deputy Mayoral Vacancies	29	28	29	29	29	29	29
Deputy Mayoral Candidates	77	71	74	76	78	76	143

- 11.5** Table 7 shows a consistent pattern, particularly since 2000. After 2000 that there are more candidates seeking election than there are positions on council. For councillors the current ratio between candidates and vacancies is around 2:1 For Mayors and Deputy Mayors the ratio is slightly higher at 3:1 and 5:1 respectively.

<sup>50</sup> 2014 LGAT Tasmanian Local Government Elected Member Census

- 11.6** The Board received a number of submissions about the capacity of local government to attract future potential candidates.
- 11.7** A number of submissions highlighted concern that the quantum of the allowance dissuaded young people to run for local government.
- 11.8** However, LGAT stated:
- “In general, allowances are seen to be a factor but not the sole or deciding factor when it comes to council diversity and attracting quality candidates.”<sup>51</sup>
- 11.9** Further research from the 2015 LGAT elected member census indicates that almost half of the respondents spent on average more than 15 hours a week on council business. Available time is a key barrier to participation on councils to complete this level of workload.
- 11.10** Dorset Council submitted:
- “One of the major impediments to attracting quality candidates for council elections is that allowances in general are too low and need to be increased substantially across the board.”
- 11.11** Kentish Council noted superannuation could provide an incentive but submitted factors could include:
- “...lack of interest, career development, family commitments and allowance being subject to tax which may affect assessable income”<sup>52</sup>
- 11.12** Deputy Mayor Arnol stated it is essential to have a robust and in-depth look at allowances and how we can reasonably attract a different candidate to ‘work part-time’ in local government as an elected member
- 11.13** Huon Valley Council submitted that an allowance should not be used to entice candidates, however, a reasonable allowance may have an impact on a person’s capacity to do the role and impacts on retention of councillors. They added:
- “Further the under representation of certain demographics is not necessarily related to allowances. There are many issues which impact upon a person’s willingness to put themselves forward for community services.”<sup>53</sup>
- 11.14** They attribute socio economic and functional levels of literacy and noted experienced business people may simply not be interested irrespective of the level of allowance paid.
- 11.15** HCC alderman Ruzicka stated that what was needed to attract local government candidates who not only share a public service ethos but are adequately supported to carry out their delegated roles and functions. She also noted the ratio of candidates to vacancies reflects the satisfaction level of ratepayers, however other barriers include the financial impact on families and career expectations, needing to look for “other levels of support and sacrifice when elected.”

<sup>51</sup> P12 LGAT written submission

<sup>52</sup> P5 Kentish Council written submission

<sup>53</sup> P6 Huon Valley Council written submission

**11.16** Northern Midlands Council noted the candidates exceeded the vacancies and stated that if there is a certain underrepresented demographic category, then council seeks input from that area to mitigate any concerns.

**11.17** Circular Head Council submitted:

“Further to attract, renew and or retain the skills and experience in serving the community, consideration must allow for the genuine commitment made by rural and remote representatives who serve with dedication, often at considerable personal sacrifice.”<sup>54</sup>

**11.18** GSBC Deputy Mayor Arnot noted that female members and younger people “bring a different perspective to Council and need to be encouraged to participate” but noted the impediment is balancing the need to work full time and the timing of council meetings.

**11.19** The number of candidates standing for election indicates a high level of interest in all roles and clearly exceeds the number of vacancies, however the diversity of the candidates and elected councillors appears to be the concern.

**11.20** While it is acknowledged that diversity adds considerable breadth to local representation, submissions indicate a broad range of reasons that are impacting on this outcome. We are satisfied that the quantum of the current allowance is not the major disincentive for individuals standing for election, unlike the 2008 review which identified that the allowance “should not be set at a level whereby individuals are not discouraged by reason of financial cost from standing.”<sup>55</sup>

**11.21** The Board considers that there would be merit in funding socio-demographic research to provide further analysis on retention of the current local councillors and the attraction of potential future candidates particularly focussing on gender equality and attraction of younger potential councillors.

## **11.22 Recommendation**

That consideration be given to funding appropriate socio-demographic research for the purposes of facilitating general equality on councils and the attraction of younger councillors

## **12. Other Factors**

### **12.1 Superannuation**

**12.1.1** The Board received a number of submissions on the payment of superannuation however there was no consensus as to whether superannuation should be paid to councillors. It was noted that a one off 9% adjustment was added to the allowances to compensate for the absence of superannuation as a consequence of the 2004 determination.

**12.1.2** Councillors are not regarded as employees for taxation and superannuation purposes. There is not an employer/employee relationship and they are expressly

<sup>54</sup> P2 Circular Head Council written submission

<sup>55</sup> P48 Local Government Elected Members' Allowances Board of Inquiry 2008.

excluded in the *Superannuation Guarantee (Administration) Act 1992*. This means a council is not obliged to pay superannuation contributions for elected councillors.

- 12.1.3** However, where a council resolves unanimously to be an 'eligible local governing body' under the *Taxation Administration Act 1953* councillors are regarded as employees and superannuation guarantee contributions (9.5% of ordinary time earnings) must be paid.
- 12.1.4** Under advice from the Australian Taxation Office dated 13 August 2007, councillors may enter into agreements with councils to sacrifice their remuneration into super. Such contributions are treated the same way as employer contributions. This means they are taxed at 15% and count toward the concessional contributions cap.
- 12.1.5** We received varying submissions in relation to superannuation.
- 12.1.6** Southern Midlands Council submitted elected members should in no way be regarded as employees for either taxation or superannuation purposes. They supported continuation of any allowance or compensation for superannuation to be included in the annual allowances recommended by the Commission.
- 12.1.7** Northern Midlands Council noted and supported that a one-off adjustment of 9% was added to the councillor allowance to compensate for the absence of superannuation.
- 12.1.8** A private submission from Lee Connors submitted that the allowance should be a salary and superannuation should be paid
- 12.1.9** Huon Council submitted there are no compelling arguments to include super on top of or separate to the allowance.
- 12.1.10** However, there was support for superannuation from the Lord Mayor and Deputy Mayor Cheryl Arnol, (GSBC) who noted the need for a robust and in-depth look at how superannuation can be paid to elected members considering how regulatory bodies pay their board members vs how elected members are 'paid'.
- 12.1.11** We note the Commonwealth legislation expressly excludes elected Councillors from superannuation payments. While there is some support to consider a change in the relationship between council and councillors (potentially to that of employer and employee) so that superannuation contributions can be paid, the Board does not consider that superannuation should be paid as part of any allowance unless or until proper consideration is given to changing the relationship between council and councillors.
- 12.1.12** It is not a simple matter of a council unanimously electing under the relevant legislation to pay superannuation contributions. There will be further issues such as payment of pay as you go tax,<sup>56</sup> workers compensation and the like.

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<sup>56</sup> Included in the submissions the Board received was comment that the allowance should not attract income tax, presumably as it would affect an individual councillors financial planning accordingly care needs to be taken to consider possible effects of any change to compulsory superannuation contributions.

- 12.1.13** In any event the board notes the one off increase in allowances of 9% in 2004 as an adjustment for superannuation. This increase has been carried through and accordingly some allowance for superannuation is already made in the present councillor allowances.

### **Acknowledgements**

We would like to acknowledge the cooperation of the Department of Premier and Cabinet Local Government Division Director, Alex Tay and Local Government Association of Tasmania CEO, Dr Katrena Stephenson, both of whom met privately with the Board and also provided important statistical and financial data.

We also express our appreciation to the Department of Justice who facilitated the placement of Philip Foulston with the Commission at various times during the Inquiry.



Neroll Ellis



David Barclay



### **Appendix 1 - List of Submissions**

Written submissions were received from the follow individuals and organisations:

- (i) Robert Cassidy
- (ii) Southern Midlands Council
- (iii) Cheryl Arnol, Deputy Mayor of Glamorgan Spring Bay Council
- (iv) Huon Valley Council
- (v) Dorset Council
- (vi) Circular Head Council
- (vii) Lee Connors
- (viii) Local Government Association of Tasmania (LGAT)
- (ix) Northern Midlands
- (x) Kentish Council
- (xi) Lord Mayor of Hobart City Council, Sue Hickey
- (xii) Alderman Eva Ruzicka from the Hobart City Council
- (xiii) Hobart City Council
- (xiv) Central Coast Council

Verbal submissions were made by the following individuals:

- (i) Katrena Stephenson on behalf of LGAT
- (ii) Mayor Tony Bisdee
- (iii) Alderman Damon Thomas
- (iv) Alderman Briscoe
- (v) Lord Mayor Sue Hickey

The Commission also met with Department of Premier and Cabinet and Local Government Association of Tasmania to seek factual information and clarification on operational matters related to local government allowances



Our Ref:  
File No:

February 16, 2018

Alex Johnson  
GPO Box 1108  
Hobart, TAS, 7001  
tic@justice.tas.gov.au

Dear Alex

#### Review of Councillor Allowances

Thank you for the opportunity to provide a submission on councillor allowances. This response has been prepared by the Local Government Association of Tasmania (LGAT / the Association) after consultation with its members.

LGAT is incorporated under the *Local Government Act 1993* and is the representative body and advocate for Local Government in Tasmania. The views and opinions expressed in this submission are a representative of the Local Government sector, having been developed in consultation with Member councils.

The Local Government Association of Tasmania fully supports councils who have made individual submissions to the consultation process and in turn, supports the content and opinions expressed within those submissions.

If you have any questions or would like further information, please do not hesitate to contact Dr Katrena Stephenson at [Katrena.stephenson@lgat.tas.gov.au](mailto:Katrena.stephenson@lgat.tas.gov.au) or via phone on (03) 62 335964.

Sincerely,

A handwritten signature in black ink, appearing to read 'Katrena Stephenson', is written over a light blue horizontal line.

Dr Katrena Stephenson  
Chief Executive Officer

## General Comments

In 2004, LGAT submitted the following in relation to Councillor Allowances:

*"Historically, being an elected member in Local Government was regarded as a community service with time being given voluntarily. Over time it was acknowledged that such service came at some cost, both in terms of earnings lost and additional expenses incurred. There was also an increasing commitment to encouraging the broadest range of community representation on councils. Many people who may otherwise have been able to make a significant contribution to the council found themselves disadvantaged due to the financial cost associated with both the election and representation processes. In addition, the issues that Local Government was dealing with were becoming increasingly complex with a corresponding increase in the workload, responsibilities and level of accountability of elected members".*

In the broadest sense, little has changed. The Association continues to hold the view that the allowances for elected members should be based on the functions and powers of councils; the broad roles and functions of elected members; the characteristics of the municipal area the elected member is representing; and, the effect this has on their performance of these roles and functions. The first two elements are determined by legislation and are the same for all elected members while the latter element provides the primary factor for differentiation between allowances.

The issue of councillor allowances continues to generate considerable debate inside and outside the Local Government sector.

Even for the Association, it is difficult to speak on behalf of councillors<sup>1</sup> in terms of their reasons for being involved in Local Government and their expectations in relation to the amount they receive as compensation for the role. Views are, to say the least, quite varied. Many (often long serving) councillors hold a view that this is a community service role and that public representation is not sought because of money, but because they want to make a contribution or give something back to community. This view is also quite predominant in the broader community. We also know that Local Government can be an important stepping stone for other community leadership roles, including other political levels. However increasingly amongst the sector, as well outside, there is a call for more experienced and professional councillors and for some the remuneration, or lack of, can be a deciding factor. Generally, the sector seeks only allowances which recognise the effort expended rather than as full compensation for time and effort, but the question for this review is "Is the balance right?".

What can be agreed is that the role of councillor carries significant responsibility. It is complex with significant statutory, financial, custodial, representative and governance requirements. Communities have increasingly high expectations of those elected to Local Government as relates to their availability and skills set, what they will deliver, how they will perform, and how much time they will give without expectation of recompense.

LGAT received sparse and limited feedback on the issues paper from our Members and in forming this submission we have also considered discussion at general meetings and historic feedback. It is the Association's view that the lack of a strong response across the sector suggests that in the main, the current arrangements are considered appropriate and acceptable.

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<sup>1</sup> Councillor should be taken to include all elected members.

However, we believe that while the issue paper canvassed a broad range of history and questions with respect to councillor allowances, there would be value in taking some specific options or proposals back for testing with the sector, as they emerge. It is very difficult for anyone who has not been actively involved with Local Government and thoroughly exposed to the role of the councillor to fully understand and judge the adequacy and impact of any changes to allowance. LGAT would be happy to assist with further consultation with the sector.

## Background

Prior to 2000, Tasmanian councils set their annual allowances within limits decided by the Government and set in the Local Government Regulations 1994. Each council made a decision on the allowances to be paid up to a maximum amount prescribed by regulation.

In 1999, the Tasmanian Government and LGAT agreed to establish an independent process to determine the appropriate level of remuneration for councillors in Tasmania. The Local Government Act 1993 was amended to remove the requirement that councils be responsible for setting their councillors' allowances up to a maximum amount prescribed by regulation.

It was agreed that allowances arising from the reviews should have effect for a period of four years. Reviews have now been conducted in 2000, 2004 and 2008. Elected Member Allowances were last independently reviewed in 2008 by a Board of Inquiry comprising members of the Tasmanian Industrial Commission. The Board considered matters such as the formula for council categorisation; the workload reasonably expected (as distinct from the commitment that might be provided by individuals); the relativities of the Mayor, Deputy Mayor and councillors; cost impact of allowances and the adjustment mechanism.

The following was noted in the Board's report:

- Historically council representation has been driven by the notion of community service with candidates largely motivated to contribute to the community rather than being driven by remuneration. Allowances were designed to reimburse expenses reasonably incurred.
- The Board considered that the notion of community service will always have a place in Local Government but that this does not mean councillors should be expected to serve for little or no financial recompense beyond reimbursement of expenses.
- Council service requires elected members to deal with a complexity of issues and a significant workload beyond that of most voluntary roles. Councillors are also subject to significant public scrutiny.
- Councillors should continue to receive an allowance rather than remuneration because it is a different type of accountability to that which typically applies to an employer/employee relationship. The capacity to control and direct does not apply in Local Government.
- Evidence suggests that Local Government representation is heavily skewed against younger employed persons and females generally. However, there are other factors than the allowance that contribute to this imbalance.
- Councillor responsibilities have increased in complexity over time.
- The workload for councillors is significant and typically ten to twenty-five hours per week. Individual examples which fall outside this range are most likely a matter of personal choice.
- It is universally accepted that Mayors carry a heavier workload and level of responsibility.
- There is no logical reason for a wide disparity in ratios from large to small councils in relation to the Mayor/Councillor relativities.

- A case for a capital city loading was not established.

It is LGAT's belief that the majority of these findings still hold true for the majority of our Members. The key exception relates to the capital city and the role of the Lord Mayor.

### **Councillor Allowances Across Australia**

#### New South Wales

The NSW Local Government Remuneration Tribunal decides each year the annual fees for councillors, as well as the categories of councils and mayoral offices. Minimum and maximum annual fee amounts are provided. The tribunal considers both Consumer Price Index (CPI) and Wage Price Index when determining increases as well as giving effect to the NSW State Government wages policy.

Remuneration for 2017 ranges from \$11,570 for a rural councillor up to \$32,500 for a councillor in a major city (when the maximum level is considered). The additional fee for the Mayor ranges from \$25,250 (minimum) to \$105,000 (maximum).

The 'Principal' city attracts a higher maximum allowance level of \$38,580 for a councillor and \$211,790 for the Mayor. Councillors are paid a fee, not a salary and it is subject to tax.

#### **Victoria**

Councillors receive an allowance which is determined by each council within limits set by the Victorian Government. The limits vary depending on the revenue and population base of each council.

Councils are required to review allowance levels after each election with the quantum automatically adjusted annually.

There are three broad categories. Currently Councillors in Category One receive between \$8,490 and \$20,231 and the Mayor received up to \$60,442. In Category Two, the range for councillors is \$10,490-\$25,225 with the Mayor up to \$78,051 (eg Ballarat, Warrnambool). Category Three, which includes Bendigo, Monash and Port Phillip has a range of \$12,614 - \$30,223 for councillors and up to \$96,534 for the Mayor.

Mayors and councillor allowances are also subject to the addition of 9.5% superannuation.

Allowances for the City of Melbourne and Greater Geelong are fixed by Order in Council and annually adjusted. Melbourne City Councillors receive \$45,333 and the Lord Mayor \$193,070.

#### **South Australia**

In South Australia councillor allowances are determined by the Remuneration Tribunal every four years, prior to each election. The next review is set to occur in mid-2018. There are five council categories and the allowances for councillors range from \$5,700 to \$21,500. There are additional allowances for Mayors (four times their base allowance) and Deputy Mayors (one and a quarter times) and Committee Chairs (one and a quarter times) and a travel time allowance for non-metro councillors who reside more than fifty kilometres away from the Council office. An additional sitting fee is paid to a councillor who is the presiding member of a committee that is not a

prescribed committee. This fee ranges from \$100 per meeting to a maximum of \$600 per annum for a small council, to \$200 per meeting to an aggregate amount of \$1200 per year for the larger councils.

Adelaide City Council is determined separately by the Tribunal and councillors in 2014 were provided \$24,510 per annum. The Lord Mayor receives \$168,501 per annum. The Deputy Lord Mayor receives one and a half times the annual allowance for a councillor.

Superannuation is not paid on councillor allowances.

### **Western Australia**

The Salaries and Allowances Tribunal considers CEO and Elected Member payments. Both are banded (4 bands) by council size and scale. The Tribunal is given this role under section 7a of the Salary and Allowance Act 1975. The Act requires the Tribunal to review the allowances every year. The review process includes a call for submissions from councils and the general public. Elected members receive meeting attendance fees that apply to council meetings, committee meetings, WALGA meetings etc.

Meeting fees are also banded and range from a minimum/ maximum of \$90 to \$785 for a councillor and \$90 to \$1,177 for a Mayor or President. Councils may decide by absolute majority to pay an annual fee rather than meeting fee. In this case, the bandings are also applied and the annual fee for a Councillor ranges from between \$3,553 to \$9,410 for the lowest band up to between \$24,360 to 31,364 for the highest band and between \$3,553 to \$19,341 (lowest band) up to \$24,360 to \$47,046 (highest band) for a Mayor.

The Mayor receives an additional allowance above the meeting fee or annual fee ranging from between \$508-\$19,864 (lowest band) to \$50,750-\$88,864 (highest band).

### **Queensland**

The Local Government Act 2009 (section 183) provides the tribunal with jurisdiction for Local Government remuneration matters for all Queensland Local Governments, except the Brisbane City Council. The Tribunal must review the eight Local Government categories once during each Local Government four-year term.

From 1 July 2018 Category One (e.g. Charters Towers, Winton) councillors will receive \$51,958 and Mayors \$102,918. Category Four councillors will receive \$89,929 and Mayors \$151,878 (e.g. Gladstone and Rockhampton) and Category Eight (Gold Coast) will receive \$147,881 and \$247,802 for councillors and the Mayor respectively.

The remuneration provided in Queensland is all inclusive and does not pay sitting fees for committees. However, for the Category 1 councils a base payment of \$34,639 is payable for the 12 months and a meeting fee of \$1,443.25 per month is payable for attendance at, and participation in, scheduled meetings. Mayors and deputy mayors receive the full remuneration and do not receive a meeting fee.

### **Northern Territory**

The maximum allowable remuneration is determined by the Minister for Local Government and elected members are entitled to a base allowance, electoral allowance, extra meeting allowance and professional

development allowance. Broadly allowances range from \$4283 to \$21,918 for a councillor and from \$24,375 to \$121,874 for Mayor (equivalent).

In addition to the base allowance additional allowances are provided for professional development, extra meetings and an electoral allowance. Making the total allowable claimable from \$12,565 to \$48,204 for a councillor and \$34,444 to \$157,605 for a Mayor.

A summary across all States is provided in the table below.

	Councillor		Mayor		Note
	Smallest Council	Largest Council	Smallest Council	Largest Council	
TAS	\$9,106	\$35,482	\$22,762 Additional  (Total \$44,588)	\$88,706 additional  (Total \$124,188)	The Deputy Mayor receives a total of \$58,397 in the largest council and \$18,212 in the smallest council).
Vic  (Min-Max)	\$8,490-\$20,231	\$12,614-\$30,223	\$60,442	\$96,534	Excluding Melbourne and Geelong <sup>2</sup>  Special rate for Deputy Mayors
Qld	\$51,958	\$141,881	\$102,918	\$247,802	Excluding Brisbane  Special rate for Deputy Mayors
NSW	\$11,570	\$32,500	\$25,250 additional	\$105,000  additional	Maximums presented only  Fee for Deputy Mayor set by council if they are acting as Mayor with the amount deducted from Mayor's annual fee.
WA  (Min-Max)	\$3,553-\$9,410	\$24,360-\$31,364	\$19,341  +\$508-\$19,864	\$47,046  +\$50,750-\$88,864	
SA	\$5,700	\$21,500	\$22,800	\$86,000	Excluding Adelaide  Deputy Mayor rate set at 1.25 times the allowance for councillors.
NT	\$4,283 (\$12,565 with additional allowances)	\$21,918 (\$48,204 with additional allowances)	\$24,375 (\$34,444 with additional allowances)	\$121,874 (\$157,605 with additional allowances)	

<sup>2</sup> The Melbourne Lord Mayor receives \$193,070 per annum and capital city councillors \$45,333 per annum.

## Specific Comments

Specific feedback relating to the questions in the discussion paper are provided below.

**Are there views on the requirement of all councils, regardless of size, to maintain all statutory roles and current functions of the Mayor, Deputy Mayor and Councillors? The Board is interested in receiving submissions on the value and the justification of the difference in allowance for Deputy Mayors in smaller councils.**

From time to time there has been discussion about the relativity of allowances for the Deputy Mayor and as to whether an additional fee should only be paid when the Deputy Mayor is Acting Mayor. It is true that under the Local Government Act the Deputy Mayor's role is largely indistinguishable from that of a councillor unless the Mayor is absent. However, a number of councils' report that the Deputy Mayor assumes a greater level of involvement in internal council processes on an ongoing basis compared to councillors. Indeed, in order to be able to act efficiently in the Mayor's absence it is incumbent on the Deputy Mayor to remain well informed and across the more detail than a standard councillor. Many Deputy Mayors also pick up additional community representation responsibilities, taking some of the load from busy Mayors. This sharing of load is more commonly seen in the larger councils, but it not necessarily only confined to them. On this basis there is no strong mood, across Local Government, to remove the differential allowance for Deputy Mayor (vs councillor), although we note the quantum is currently perceived as generous.

The broader issue, not specifically addressed by the questions, is a perception by many that the quantum of the allowance is insufficient in relation to the work requirements of the role. Because the allowance does not replace a salary there is a requirement for substantial after-hours dedication to the role, particularly of Mayor.

Rural councils report that there also needs to be better consideration of the time/equity balance for increased travel distances representing remote and isolated communities. The gap is currently viewed by many as too great. The difference between the fourteen smaller councils and the two largest councils is a ratio of approximately 389 and 287 per cent for councillors and mayors respectively. The servicing of constituents and conduct of council business is often more demanding and arduous in these areas compared to more compact municipalities that enjoy greater centralisation. These councils/councillors are not necessarily seeking to have their allowances match the larger urban councils, being mindful of operational costs, but seek genuine consideration of a modest increase to reduce the proportion gap between council bands.

The Hobart City Council has also raised specific issues with the quantum of allowance related to the workload associated with Hobart's capital city status. They recently undertook a review of the workload of the Lord Mayor and determined that during 2016/17 the Lord Mayor participated in 815 events involving 866 hours of time. As a consequence of this significant demand, the workload for the Deputy Lord Mayor and Alderman has also increased and is not the same as the other city in Category 1 (Launceston City Council).

LGAT received a few individual suggestions around alternative models such as travel allowances and sitting fees, however these did not emerge as commonly sought after approaches. There was a little more support for the concept of an 'acting' allowance for the Deputy Mayor.



**The Board is keen to hear whether this formula [based on number of votes and total revenue] has proved to be appropriate. Are there Councils that feel they are inappropriately categorised and, if so, why? Is there a case for any additional or fewer categories?**

LGAT received few comments specifically on this issue which indicates a general satisfaction with the status quo. However, you may be interested to note that through a formal vote, LGAT's subscription formula has recently been changed to allow for a more stable (less movement between categories) and equitable call on our Members. Our new formula comprises three parts, a base component, a revenue component and a population component. We use eight population and eight revenue categories as outlined below.

Population	Revenue range	
<1000	\$0.00	\$4,999,999.00
1,000 to 4,999	\$5,000,000.00	\$7,999,999.00
5,000 to 9,999	\$8,000,000.00	\$9,999,999.00
10,000 to 14,999	\$10,000,000.00	\$14,999,999.00
15,000 to 24,999	\$15,000,000.00	\$24,999,999.00
25,000 to 34,999	\$25,000,000.00	\$34,999,999.00
35,000 to 54,999	\$35,000,000.00	\$59,999,999.00
55,000+	\$60,000,000.00	and above

Linked to statements earlier about the quantum of allowance, several submissions discussed the impact of dispersed populations, isolation and the geographic size of the municipality as key considerations. These types of factors are taken into account by the State Grants Commission. The State Grants Commission have a series of base grant model cost adjustors, including dispersion and isolation factors, as well as one for regional responsibility. LGAT supports consideration of such a factor as part of a multifaceted formula for allowances. Larger councils tend to have a higher volume of meeting-based work (for example, they experience more applications when sitting as a planning authority) which has an impact on their time commitments but similarly councillors having to travel considerable distances for council meetings, stakeholder engagement, community events and meetings with other Government entities also have a significant time impact.

By way of example, a comparison of two councils presently within category 3 with similar elector numbers have significant differences in relation to population location and geographic size. One has a largely dispersed population over a geographic area of some 5,500 square kilometres while the other is concentrated in an area of only 170 square kilometres. While the fundamental responsibilities of the members of both councils remain the same, it could be argued that the task of an elected member in a more widespread community could have greater demands than one where a population is more centralised.

LGAT's experience is that it can be complex to develop a multifactorial formula and in gaining equity some transparency is lost. The costs and benefits must be carefully weighed in relation to the outcome that is being sought, but there is some support for this to be explored.

**Is the cost impact [of allowances on council's budget] something the Board should take into account, and if so, how should it be addressed?**

Cost impacts will be a real issue for the broader community and there must be some consideration of affordability. If the Commission were to recommend a significant change of approach across all councils that forecast some significantly different costs to councils, this should be further tested with the sector. The current formula and allowance levels are generally seen as appropriately balancing affordability with the cost of good governance and largely reflect the financial constraints of smaller councils compared to larger councils. Any changes to the formula should use the current system as a yardstick.

It is noted that while the budget impact is greater for a smaller council, the demand on councillors is often equally as great as their larger council counterparts.

**Do the changes identified above [ mayoral eligibility, financial and asset management, code of conduct, reimbursement of expenses, councillor numbers, water and sewerage, amalgamation and shared services] have any implications for allowances; if so, in what way? Are there other changes to the role and function of local government impacting on this review?**

Councils are constantly evolving. Some changes don't fundamentally affect the role of the councillor. They lose assets and gain assets, lose services and gain services, lose statutory roles and gain them. While councils no longer directly manage water and sewerage services, they have an increasingly complex role around storm water. However, other roles are growing and adding complexity. Councils play increasing roles in tourism and economic development. Councils are seen as key partners in the delivery of local health and social inclusion services. Councils have increased requirements around and scrutiny of financial and asset management including a requirement to establish audit committees. Councils are the provider of last resort, filling gaps - especially in rural areas, and establishing new business arms such as aged care, health services, child care<sup>3</sup>.

Take for example Dorset Council who have recently been instrumental in the establishment of the Blue Derby Mountain Bike Trails, which attracted the world enduro championships; purchased the Aminya aged care facility to prevent its closure (which would have had a devastating local impact); bought into the Scottsdale Irrigation scheme to ensure construction went ahead; developed an incentive scheme for new businesses; supported the development of the North East Destination Action Plan, and been heavily involved in managing the fall out of the closure of two major sawmills. This is typical of modern Tasmanian councils.

As stated earlier, the complexity of the business of councils is increasing, as are the statutory requirements that councillors must comply with, the expectations of communities and the level of scrutiny. There are greater expectations around skills development.

Possible future amalgamations would have implications for councillor allowances as an amalgamated council would fall in to a new (larger category) but shared services do not have an impact on the role and function of councillors and consequently should not impact on allowances.

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<sup>3</sup> Such services get filled by private enterprise in urban councils. Small does not mean less complex and points to another reason adjustment factors might be contemplated in setting councillor allowances.

**The Board would like feedback on the annual indexation of the allowance based on the Wage Price Index?**

The feedback from LGAT's Members focused more on the need to maintain annual indexation as opposed to the mechanism. Reference to the Wage Price Index would seem to be an appropriate indexation method.

What is critical is maintaining an independent process for remuneration reviews, one which is rigorous, transparent and scrutinised.

There is some question as to whether reviews need to be every four years if indexed, and indeed there has not been a review since 2008. A 6-8 year cycle with some criteria developed around triggers for an earlier review might suffice.

While not raised directly in relation to this review, in the past LGAT has received suggestions on linking councillor remuneration with other price setting mechanisms – such as Remuneration Tribunals or parliamentary salaries. This was rejected under the 2008 review.

**The Board would like submissions on;**

**(a) Whether an additional allowance, the current reimbursement practice or other options should be provided to support councillors to undertake relevant governance training.**

**(b) Should there be mandatory governance training for all Councillors and/or a fixed budget allocation for other professional development requirements?**

**(c) How (if at all) should previous "recognised experience" be assessed, and**

**(d) Whether it is appropriate to offer an additional allowance for those councillors who have previous experience in governance related to local government?**

The matter of councillor training was well canvassed as part of the targeted review of the Local Government Act undertaken over 2016-17 and it is LGAT's views that the conclusions formed through that review should stand. In short, LGAT's submission noted that while there was support for introducing a training requirement there was little suggestion as to how and who should deliver such training, how it might be assessed/accredited and the penalties for noncompliance. There would be considerable resourcing difficulties for LGAT and the Local Government Division in relation to offering it across a range of dates to accommodate all mayors as well as a significant compliance cost. These issues, as related to compulsory training, apply equally to incentivised training linked to allowances.

Although at the time of the 2015 elected member census, a relatively high proportion of respondents had been able to take advantage of training opportunities on offer, for some, doing so is problematic. Respondents were asked to indicate what, if anything, made it difficult for them to attend training. 19 per cent indicated that they cannot get time off from paid employment to attend and 15.2 per cent indicated that it was 'too far away'. Given the high proportions of respondents who are self-employed or in full time paid employment (see earlier comments about allowance quantum), accessing training initiatives held on normal workdays will almost certainly continue to be challenging.

Any professional working relationship requires parties to communicate and work together and the Targeted Review of the Local Government Act Steering Committee agreed with many submitters that legislating to fix specific issues, even a requirement to undertake training, may not cover all current or future issues. Mayors and councillors are selected by the community, it is reasonable to assume leadership qualities exist. These can be further developed through offering professional development.

For most councils the introduction of mandatory fixed budget allocations for Councillor professional development is not supported. This is a matter for each council to work through with their respective elected members and with recognition of prior experience and training and emerging needs. They can then make adequate provision in annual budgets for this to occur and ensure the training spend is highly targeted and directly relevant and beneficial.

The only variation to this broad feedback is when it relates to the planning authority role and LGAT senses that there would be broader acceptability around compulsory planning authority training. While this would still take some time to work through<sup>4</sup>, and training would need to be developed, the focused nature of the training would likely lend itself to online methods which would be widely and quickly accessible by councillors.

In summary, most councils did not support additional allowances being paid directly to councillors linked to training.

***[Re council diversity/attraction future candidates]*** Whilst in overall terms the number of candidates comfortably exceeds the number of vacancies, is a ratio of approximately two candidates sufficient to provide robust representation of the municipal communities?

**Secondly, there may be sufficient candidates overall, but are certain demographic categories significantly underrepresented, and is this a matter for concern? If this is the case, what may be the impediments to a diverse council?**

In relation to councillor diversity, the LGAT elected member census provides a good source of data. Our 2015 survey found that the majority of respondents (62.9 per cent) were male. This reflects a shift in gender breakdown compared to previous censuses, noting that in 2006 only 22.1 percent of elected members were women. There has been a slow but steady increase of women elected to council over the last decade, even though the proportion is still not on par with the population as a whole. This trend is not necessarily consistent across councils and smaller councils are almost twice as likely to have more male representation.

We have seen less diversification over time when it comes to age. In 2015, consistent with previous censuses, the predominant age group for respondents is 56 to 65 years of age. 47.6 per cent of all respondents were in this age group, with a further 18.1 per cent aged 46 to 55 years and 13.3 per cent aged between 36 and 45 years. Overall, 78.1 per cent of all elected respondents to the 2014 census were aged 46 years or older. While the data over time shows a steady increase in the proportion of elected members aged under 35, the predominance of older councillors is not surprising given the data on workload, employment status, nature and timing of council meetings and with an understanding of the sector. This is also relevant to the relatively low level of respondents with caring responsibilities. This submission will expand upon that more later.

Questions around attraction and retention are not confined to councillors but apply broadly to other "volunteers". Councillors are often equated with volunteers in terms of motivation and ethos. The 2016 State of Volunteering Report noted that volunteers are deterred because of lack of flexibility, personal expenses incurred, lack of reimbursement and burdensome administrative requirements. Numerous research on volunteering shows that other calls on a person's time is the key barrier to volunteering uptake and that particularly applied to those in paid work. Other research on altruistic or volunteer behaviours clearly signals

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<sup>4</sup> For example, the council sits as a planning authority shortly after being elected and is required to continue to meet statutory assessment timeframes regardless of elections. This means any training needs to be delivered quickly and therefore is not well suited to a centralised face to face delivery model.

that there are non-financial rewards that are critically important. Factors which influence a person's self-worth are highly influential (recognition programs) and the high level of ill-informed public criticism of councillors, particularly through social media, is just as likely to be a barrier to running for council as other factors.

Workload is another significant factor. The majority of respondents to the 2015 elected member census were self-employed (33.7 per cent) and 20.2 per cent were retired. However there has been significant growth in recent years in the proportion of those in full time paid employment (26.9 per cent in 2015, up from a 2011 result of 15.7 per cent). This is heartening when you look at the workload of councillors. Most respondents to our 2015 census see between 11 and 20 people a month, with a further 23.1 per cent seeing up to 10 people a month. 17.3 per cent of respondents estimated they have in excess of 60 individual contacts each month.

The majority of councillor respondents (44.8 per cent) to the 2015 census spent, on average, more than 15 hours a week on council business. 26.7 per cent spent between 6 and 10 hours per week and a further 22.9 per cent spent between 11 and 15 hours each week on council matters. Given that just over 60 per cent of respondents were self-employed or working full-time, council activity represented a considerable workload in addition to their other paid employment. Further, combined with high levels of involvement with organisations other than council, the commitment of respondents to their communities is exceptional.

Respondents in city councils are twice as likely to spend more than 15 hours per week on council activity, than their counterparts in smaller councils. In councils with fewer than 10,000 people, the majority (34 per cent) of respondents spend in excess of 15 hours per week on council activity and 27.7 per cent spend between 11 and 15 hours. No respondents in a council with a population in excess of 20,000 spent less than 6 hours each week on council activity.

95.2 per cent of respondents indicated that, at the time of the 2015 census, they were sitting on a council committee. Of those, 35.7 per cent spent an average 2-5 hours per week on committee work, 34.5 per cent spent between 1 and 2 hours per week, and 20.2 per cent, 5-10 hours per week.

These figures suggest that the barriers to participation on council, such as available time, influence the demographic make up of council. In general, it is easier for those who are retired, working part time or self-employed, and for those who don't have caring responsibilities, to manage the time demands of a councillor's role.

In general, allowances are seen to be a factor but not the sole or deciding factor when it comes to council diversity and attracting quality candidates for elections.

## Other Matters

### Superannuation for Elected Members

The 2004 review of councillor allowances led to a one-off adjustment of nine per cent to compensate for the absence of superannuation. Regardless, the issue of not receiving employer contributions to superannuation has been raised by some Members as an area of concern<sup>5</sup>. It should be noted however, that there is not a consensus position from Members with respect to the payment of superannuation. At the February 2016 LGAT General Meeting, where Members tasked LGAT with seeking a review of allowances, no specific position was formed in relation to superannuation payments.

Currently:

- If councils resolve unanimously to be an 'eligible local governing body' (under section 12-45(1)(E) of Schedule 1 of the Taxation Administration Act 1953) then under the Taxation Administration Act, councillors are regarded as employees and superannuation guarantee contributions must be paid (nine point five per cent).
- If they don't make that resolution it is up to the council to decide whether it will make super contributions for a councillor.
- Additionally, councillors may enter agreements with councils to sacrifice their remuneration into superannuation so they are treated as employer contributions and taxed at fifteen per cent (based on ATO advice from 13 August 2007). That is, the allowances are not treated as income for the purposes of the Income Tax Assessment Act 1997.
- However, the choice of fund rules do not apply with such agreements and Council can disagree with the choice of fund. The arrangements are purely voluntary.

This means that while a council can determine to pay superannuation to councillors, the approach would not be consistent across the sector.

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<sup>5</sup> For example, Hobart City Council have identified as a principle for consideration in the review, appropriate recognition for superannuation within the quantum of the allowance.