

Submission to the NSW Local Government Remuneration Tribunal

20 December 2019

Table of contents

1.	Opening.....	3
2.	Executive Summary	3
3.	Part 1 - Categorisation	4
4.	Part 2 – Councillor and Mayoral Fees	9
5.	Conclusion.....	18

1. Opening

The Local Government and Shires Association of New South Wales, also known as Local Government NSW (“**LGNSW**”), is the peak body for Local Government in NSW representing the interests of all NSW general-purpose councils and associate members including special-purpose county councils and Norfolk Island Regional Council.

LGNSW is registered as an industrial organisation of employers under the *Industrial Relations Act 1996* (NSW) and separately under the *Fair Work (Registered Organisations) Act 2009* (Cth).

LGNSW makes this submission pursuant to section 243(2)(b) of the *Local Government Act 1993* (NSW) (“**Act**”).

In its determination of 15 April 2019, the Local Government Remuneration Tribunal (“**Tribunal**”) deemed it appropriate to award an increase of 2.5% in councillor and mayoral fees, considering key economic indicators and initiatives for Local Government reform.

We thank the Tribunal for the opportunity to provide a written submission in respect of the Tribunal’s 2020 review of the fees payable to councillors and mayors.

2. Executive Summary

This submission is in two parts.

The first part of the submission concerns the categorisation of councils.

As foreshadowed in the 2019 determination, the Tribunal will undertake a review of the categorisation structure as part of the 2020 review. LGNSW supports the categorisation structure proposed by the Tribunal in correspondence dated 29 October 2019.

The second part of the submission concerns the quantum of the increase in fees for councillors and mayors to be determined by the Tribunal. We reiterate our long-held view that the current arrangements for setting councillor and mayoral fees is inadequate. Existing councillor and mayoral fees do not properly compensate them for the significant workload and range of responsibilities of elected members, which continue to expand.

Local Government reform has seen significant changes to the way in which councillors perform their duties. In accordance with legislative amendments to the Act, councillors are required to plan strategically using the Integrated Planning and Reporting Framework to deliver effective and efficient services to meet the diverse needs of their local community, and there are increased expectations placed on councillors concerning community engagement.

This submission also provides a comparison of councillor and mayoral fees with the fees paid to chairpersons and directors of not-for-profit companies and government bodies in addition to the fees received by councillors and mayors in other states and NSW State MPs.

Pending essential reform in this area, LGNSW argues in support of an increase in fees for councillors and mayors equal to the maximum available increase (2.5%) given the statutory limitations.

It is recommended:

- that the Tribunal adopts the proposed categorisation model set out in the Tribunal's correspondence dated 29 October 2019; and
- that the Tribunal apply the maximum 2.5% increase to the minimum and maximum ranges for all categories, consistent with the public sector wages policy.

3. Part 1 - Categorisation

Section 239 of the Act provides that the Tribunal must, at least once every 3 years:

- (a) Determine categories for councils and mayoral offices; and
- (b) Place each council and mayoral office into one of the categories it has determined.

The categorisation of councils by the Tribunal enables the Tribunal to determine the maximum and minimum fees to be paid to mayors and councillors in each of the categories so determined.

In its 2017 determination¹ the Tribunal determined a new categorisation model for remuneration purposes. Each of the 128 councils & county councils (either new or existing) was allocated into one of the following categories:

Metropolitan

- Principal CBD;
- Major CBD;
- Metropolitan Large;
- Metropolitan Medium; or
- Metropolitan Small.

Non-metropolitan

- Regional City;
- Regional Strategic Area;
- Regional Rural; or
- Rural

County Councils

- Water;
- Other

In correspondence dated 29 October 2019, the Tribunal noted that changes to the categories and the criteria applicable to Metropolitan councils and county councils are not warranted at this time.

With respect to Non-Metropolitan councils, a new category titled "Regional Centre" is proposed between Regional Strategic Area and Regional Rural. It is also proposed that the existing category of Regional City is to be renamed Major Regional City.

Section 240 of the Act

Section 240 of the Act prescribes the criteria to which the Tribunal must have regard when determining the categories for councils and mayoral offices, as follows (the "**s240 criteria**"):

¹ Report and Determination of the Local Government Remuneration Tribunal, 12 April 2017.

240 How are the categories to be determined?

(1) *The Remuneration Tribunal is to determine categories for councils and mayoral offices according to the following matters--*

- *the size of areas*
- *the physical terrain of areas*
- *the population of areas and the distribution of the population*
- *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.*

(2) *In the application of this section to county councils, the categories of county councils are to be determined having regard also to the functions of county councils.*

One of the key themes which underpins the current categorisation model is 'like sized' councils receive comparable fees to perform the roles and responsibilities for which they were elected. Whilst the Tribunal has consistently identified that all factors should be taken into account when categorising councils, population and expenditure are seen as the most quantifiable and objective measures for categorisation of councils. This observation is supported by the Tribunal's 1995 Determination², which noted the following:

"It is accepted however that population and expenditure are very significant matters to be taken into account in determining the category appropriate to each council."

LGNSW sought advice and feedback from our membership as to whether the s240 criteria are appropriate. The view of some of LGNSW's membership is that whilst the s240 criteria are still relevant and appropriate for the purpose of classifying councils, the criteria needs to be expanded to include a wide range of factors.

Key considerations might include:

- **The level of disadvantage an area suffers**

The level of disadvantage a community suffers can be measured in part by factors such as the socio-economic indexes for areas ("**SEIFA**"). LGNSW proposes that the level of disadvantage suffered by an area (measured against set criteria) should be a relevant criterion for classifying councils into the Tribunal's proposed categories. Areas with a high level of disadvantage are likely to have unique challenges (e.g. social and economic) that require a greater contribution by the councillors and mayor. This additional contribution should be recognised by the Tribunal.

- **The annual growth rate of the area (relative to base population)**

Australian demographic statistics that focus on the average annual growth rate of an area (measured as relative to the base population) should be relevant criterion for classifying councils into the Tribunal's proposed categories. Although the "size of areas" and "the population of areas and distribution of population" are already listed in s 240 of the Act as relevant considerations, these existing criteria do not consider annual growth.

² Report and Determination of the Local Government Remuneration Tribunal, 1 May 1995 at p 24.

- **The expenditure of the area**

A collective measure of overall economic production should be considered as a relevant criterion for classifying councils into the Tribunal's proposed categories. Section 240 of the Act already recognises "the nature and volume of business dealt with by each council", but the expenditure of an area is far more diverse than only the business dealt with by a council. The performance of an area's economy as a whole should be considered.

Proposed categorisation model

LGNSW also consulted with members as to whether the Tribunal's proposed categories are appropriate and invited suggestions for alternate category titles. Having considered the feedback and concerns of members, this part of the submission sets out what LGNSW proposes the categories should be.

A majority of members surveyed indicated that the category titles under the current categorisation model are appropriate. LGNSW notes that its membership was largely supportive of the creation of the new category of "Regional Centre" under the Tribunal's proposed categorisation model, in addition to the re-naming of "Regional City" to "Major Regional City".

(i) Categories for metropolitan councils

The Tribunal's proposed categories for metropolitan categories are all pre-existing categories. LGNSW does not propose to vary the composition of the "Principal CBD" category, given that the significant features and functions of the City of Sydney distinguish it from other councils in the State and it should be categorised as such.

In relation to the category of "Major CBD", LGNSW does not propose any further variations. We agree that the City of Parramatta provides a broad range of regional services across the Sydney Metropolitan area with a significant transport hub and hospital and educational facilities. City of Parramatta is also an alternative CBD for metropolitan Sydney with a number of large public and private sector organisations relocating their head offices to this location.

The Tribunal confirmed in its 2012 determination³ that the category of "Metropolitan Major", now referred to as "Metropolitan Large", was created in 2001 in recognition of Blacktown City's significant population (264,799 in 2001). This category currently comprises of councils with a resident population of at least 250,000.

Given the former titles of "Metropolitan Major", "Metropolitan Centre" and "Metropolitan" did not articulate the distinguishing characteristics of the councils grouped into these categories, the categories were appropriately renamed as "Metropolitan Large", "Metropolitan Medium" and "Metropolitan Small" in the Tribunal's 2017 determination. The primary determinant for categorisation into the categories of Metropolitan Large, Metropolitan Medium and Metropolitan Small is population.⁴ LGNSW supports the retention of these categories with respect to the categorisation of metropolitan councils.

³ Report and Determination of the Local Government Remuneration Tribunal, 27 April 2012 at p 12.

⁴ Report and Determination of the Local Government Remuneration Tribunal, 12 April 2017 at p 11.

(ii) Categories for non-metropolitan councils

LGNSW supports the renaming of the existing category of “Regional City” to “Major Regional City”. Newcastle City Council and Wollongong City Councils are appropriately categorised under “Major Regional City”.

Newcastle City Council is notable for the degree of regional servicing it provides to residents across the Hunter and the Mid North Coast. Similarly, Wollongong City Council provides a comparable level of regional services to the residents of the South Coast Region.

In 2017 the Tribunal introduced the new category of “Regional Strategic Area”, differentiating those councils who were categorised under this category from councils in the “Regional Rural” and “Rural” categories, based on their significant regional focus. The two councils which are currently categorised as “Regional Strategic Centres” are both large multi-purpose organisations which serve the interests of a wide number of residents.

“Regional Strategic Centres” are local government areas which represent a large number of townships and communities of varying scale. In addition to supporting significant infrastructure and retail facilities, they host major recreational, health, educational and sporting facilities. LGNSW notes that Central Coast Council and Lake Macquarie City Council continue to meet this criterion.

The introduction of the Tribunal’s new “Regional Centre” category is supported by the vast difference in the resident population of councils which currently fall under the category of “Regional Rural”. Whilst these Councils have a smaller population than a council categorised as a “Regional Strategic Area”, they are identified as having the highest rates of population growth in regional NSW. For example, 2016 NSW population and household projection data predicts that the population of the Queanbeyan-Palerang LGA shall increase from 61,150 in 2016 to 67,250 in 2021.⁵

Two key economic indicators which differentiate councils categorised as “Regional Centre” from other non-metropolitan categories are a total economic revenue exceeding \$100M per annum and degree of economic activity within the council area characterised by a Gross State Product which exceeds \$2 billion. Councils within the category of “Regional Centre” provide a greater degree of regionals servicing than those which are categorised as “Regional Rural” by delivering to their immediate and wider catchment communities.

LGNSW does not propose to vary the existing criteria for categorisation of the “Rural Regional” and “Rural” categories.

Whilst LGNSW supports the Tribunal’s preliminary view that County Councils are appropriately categorised, it is proposed that the criteria for “County Councils- Other” should be amended to remove the reference to the *Noxious Weeds Act 1993* (NSW) which has been repealed by the *Biosecurity Act 2015* (NSW).

Individual categorisation submissions

Ballina Shire Council

Ballina Shire Council had made a submission to the Tribunal supporting its inclusion in the proposed new category of “Regional Centre”. In support of this, Ballina township is identified

⁵ 2016 NSW projection data by LGA, NSW Department of Planning, Industry and Environment, 2016.

in the NSW Government's Far North Coast Regional Strategy as a developing major regional centre.

High population growth rates have seen the Ballina Shire exceed Lismore as the second most populous LGA in the Far North Coast Region, with Tweed Shire being the most populous. Ballina township is the strategic centre of the LGA, providing essential and high-levels services to residents. Ballina Shire delivers a range of employment opportunities, with a strong retail sector in Kerr Street, in addition to health, education and recreation opportunities.

Ballina's close proximity to South-East Queensland with the dual highway results in high levels of connectivity. The Ballina-Byron Gateway Airport, which is owned and operated by Ballina Shire Council is recognised as the second busiest regional airport in NSW.

Ballina Shire's submission notes the unique complexities which are faced by regional coastal centres such as continued urbanisation of regional areas and rapid population growth, in addition to large visitor numbers which place additional pressure on aging infrastructure.

LGNSW supports the submission of Ballina Shire Council to the Tribunal.

Byron Shire Council

Byron Shire Council ("BSC") has made a submission noting that it does not support its proposed allocation in the 'Regional Rural' category and is seeking to be reclassified in the new 'Regional Centre' category. Managing the impacts of significant tourism presents unique challenges for BSC including planning, infrastructure, transport, social and environmental issues.

Whilst BSC has a resident population of 34,574, its significant visitor numbers exceed 2.03M per annum. When averaged out on a weekly basis, the visitor numbers to BSC double the population each week to over 73,000 people. BSC hosts 4 festivals with over 5,000 patrons and 10 festivals of 10,000 plus patrons each year.

Byron Central Hospital is a new purpose-built public hospital which provides a range of acute and sub-acute inpatient services with the Northern NSW Local District. More than 20,000 people attend the hospital's Emergency Department each year. The SAE Quantum Creative Media Institute (SAE) which has a campus in Byron Bay, offers government accredited certificates, diplomas, bachelor degrees and postgraduate programs across 6 areas of study- Animation, Audio, Design, Film, Games and Web & Mobile.

In 2016 Byron Shire was recognised by the Regional Australia Institute (RAI) as the top creative hotspot outside of metro areas based on the percentage of professionals employed in creative industries. Byron township is home to several world-class art galleries that represent a myriad of both established and emerging visual artists.

LGNSW supports the submission of BSC to the Tribunal.

Maitland City Council

Maitland City Council ("MSC") has made a submission to the Tribunal that it ought to be more appropriately allocated to the existing category of "Regional Strategic Centre" as opposed to the new category of "Regional Centre".

In support of this, MSC notes its strategic importance as the fastest growing regional city in NSW. The LGA's rapid expansion can be attributed to affordable housing, employment opportunities and rapid enhancements in infrastructure delivery.

Maitland has a high-growth metropolitan area that includes strategic servicing to the hinterland and rural areas of Dungog and the Upper Hunter area. In relation to housing, Maitland plays a significant role in accommodating growth, with a number of urban releases contributing to greenfield housing supply for the region.

The new \$470 million Maitland Hospital, which will be fully operational in 2022 will deliver state-of-the-art facilities to meet the growing health needs of the surrounding communities of the Hunter Valley.

The redevelopment of Stockland Green Hills Shopping Centre, noted as the largest retail development completed in Australia in 2018, has transformed the centre into a hub for fashion, entertainment and dining for both residents and visitors to the region.

LGNSW supports the submission of MSC to the Tribunal.

Wollondilly Shire Council

Wollondilly Shire Council ("WSC") has made a submission in support of its proposed categorisation in the proposed new category of "Regional Centre". Having assessed the applicable criteria WSC displays many characteristics of this category.

Covering an area of 2,560 km², Wollondilly Shire occupies a unique position between the outer edges of Greater Sydney and regional NSW, displaying both rural and urban characteristics. Wollondilly will play an integral role by providing new housing as the broader NSW population grows. The NSW Government and the Greater Sydney Commission's Western City District Plan includes 15,000 new houses in Wollondilly within the Wilton Growth Area. The NSW Government has also nominated Greater Macarthur as an urban investigation area, including approximately 15,000 new homes in Appin.

Northern parts of the Wollondilly LGA border the Western Sydney Airport and Badgerys Creek Aerotropolis which creates potential for economic growth, such as agribusiness and tourism within the LGA.

Wollondilly Shire provides a full range of high order services including business, office, retail, arts, tourism and recreation. Wollondilly's GRP is \$2.10 billion. Visitor numbers continue to grow to over 468,000 each year.

LGNSW supports the submission of WSC to the Tribunal.

4. Part 2 – Councillor and Mayoral Fees

The Tribunal is required by legislation to give effect to the NSW State Government's *Public Sector Wages Policy* ("**wages policy**") when determining the maximum and minimum amounts of fees to be paid to mayors and councillors. Presently the Tribunal's capacity to make determinations that would remunerate councillors and mayors adequately and fairly for sustained increases in workload and responsibility is limited by the capped amount of 2.5 percent as per the wages policy.

Councillors and mayors have not been appropriately paid for the significant time involved in undertaking their office duties for some time now.

This part of the submission considers the roles and responsibilities of councillors and will draw a comparison between the fees paid to mayors/councillors and the fees paid to chairpersons/directors of both not-for-profit companies and government bodies. This comparison is appropriate given that ss. 226 and 232 of the Act create a parallel between the role of mayors/councillors and those of chairpersons/directors of other corporate entities.

A comparison of fees paid to mayors and councillors in Local Government in NSW and Queensland will then demonstrate that despite the duties of elected members being comparable across states, NSW's elected members are poorly remunerated when compared to their Queensland counterparts.

The roles and responsibilities of councillors and mayors

The Act prescribes the roles and responsibilities of mayors and councillors both collectively as the governing body of council, and as individual members of the governing body.

LGNSW's 2017 submission noted the amendments to the Act which expanded the role of the governing body under section 223 of the Act. Councillors comprise the governing body of a council in the same way that a board of directors is the governing body of a corporation. The Act prescribes the collective role of a council's governing body as follows:

- to direct and control the affairs of the council in accordance with the Act
- to provide effective civil leadership to the local community
- to ensure as far as possible the financial sustainability of the council
- to develop and endorse the community strategic plan, delivery program and other strategic plans, programs, strategies and policies of the council
- to review the performance of the council, including service delivery

As the governing body of council, mayors and councillors must work together as a cohesive team to meet the needs of the community. In order to meet community expectations, councillors are required to understand the characteristics and diverse needs of their community.

In relation to the individual role of a councillor, the Act prescribes the following:

- to be an active and contributing member of the governing body
- to participate in the development of the Integrated Planning and Reporting framework
- to represent the collective interests of residents, ratepayers and the local community
- to make all reasonable efforts to acquire and maintain the skills necessary to perform the role of a councillor.

Given the multi-faceted nature of the roles, mayors and councillors are required to possess a wide range of skills and knowledge to achieve results for their community.

Legislative reform has seen the governing body play an increased regulatory role in the areas of development and planning, public health and environmental management. As the legislative responsibilities of the governing body extend beyond the Act, councillors need to familiarise themselves with over 120 other Acts. This ranges from environmental enforcement responsibilities under the *Protection of the Environment Operations Act 1997*

(NSW) to the preparation of a landfill environment management plan under the *Waste Minimisation and Management Act 1995 (NSW)*.

Councillor Work Value Review

As noted in LGNSW's 2019 submission, Mastertek Pty Ltd were engaged to conduct an independent review of the current remuneration paid to elected councillors and mayors (a copy of this report is attached and marked "**Attachment 1**").⁶

One of the key findings of the review undertaken is that the increasing complexity of the role has a direct correlation to the time requirements of the role. Councillors spend an average of 45.6 hours per week fulfilling their duties as a councillor. As a result of the increasing time commitments associated, it is only those individuals with appropriate personal financial circumstances who are able to stand for office without reasonable recompense.

The current profile of a councillor in NSW reflects a pool of candidates which are largely retired, semi-retired or independently wealthy. An increase in the fees paid to elected representatives will help improve the quality of candidates and broaden the pool of potential future councillors, to ensure better community representation.

Professional Development Requirements

Amendments made to the Act by the *Local Government Amendment (Governance and Planning) Act 2016 (NSW)* saw the nature of the role expanded, such that councillors are now required to make all reasonable efforts to acquire and maintain the skills necessary to perform their roles.

In support of the legislative requirements, regulations were made for the induction and other professional development for mayors and councillors. In December 2018, the Office of Local Government ("**OLG**") published the Councillor Induction and Professional Development Guidelines ("**Guidelines**"). The Guidelines aim to assist councils to develop and deliver induction and ongoing professional development activities for their mayor and councillors in compliance with the proposed regulations.

Unlike NSW State MPs and chairpersons/directors of not-for-profit and government bodies, elected Local Government representatives must participate in their council's professional development program which contains the following elements:

- Pre-election candidate sessions
- Mandatory induction program
- Professional development program

Both newly elected and returning councillors are required to participate in a mandatory induction program for each council term. Consistent with a council's professional development program, the mayor and each councillor are subject to an ongoing professional development plan.

Mayors and councillors must make all reasonable efforts to participate in their ongoing professional development program.

As noted in LGNSW's previous submissions, many councils have already implemented induction and other professional development training for their mayor and councillors in anticipation of the Guidelines being published.

⁶ Councillor Value Review, published by Mastertek Pty Ltd, 2018.

When determining the maximum and minimum amounts of fees to be paid to mayors and councillors, it is critical that the induction and other professional development requirements are considered by the Tribunal.

Fees paid to chairpersons and directors of not-for-profit and government bodies

This part of LGNSW’s submission makes reference to the 2019 Australian Board Remuneration Survey (“**Board Members Survey**”)⁷ (a copy of which is attached and marked “**Attachment 2**”). The Board Members Survey is based on remuneration data covering 1545 Boards, inclusive of government bodies and not-for-profit bodies.

This submission will use the remuneration paid to directors of boards and board chairpersons of both government bodies and not-for-profit bodies as comparators against the remuneration paid to mayors and councillors in NSW Local Government. LGNSW submits that a parallel exists between directors of boards and councillors, and chairpersons of boards and mayors, given the role of both the mayor and councillors as provided for in ss. 226 and 232 of the Act. By virtue of the Act, the governing body is a statutory corporation.

Four councils were selected for comparison. These councils vary in size, location and categorisation. The remuneration of the mayor and councillors at each council has been assessed against the average remuneration paid to the chairpersons and directors of a comparable government or not-for-profit organisation. Comparability is assessed on two dimensions: total revenue and total number of full time employees (“**TFTE**”) of the organisation/council.

City of Canada Bay Council and a comparable Government body (based on TFTE)*

Position	Total No. Full-time Employees	Average Remuneration	Maximum Remuneration
Chairman- Government Body	301-400	\$96,447	-
Mayor – City of Canada Bay Council	331	-	\$59,120
<i>Difference in the average remuneration paid to the Chairman of a Government body and the Mayor of City of Canada Bay Council: \$37,327</i>			
Director- Government Body	301-400	\$28,263	-
Councillor – City of Canada Bay Council	331	-	\$18,358
<i>Difference in the average remuneration paid to a Director of a Government body and a Councillor of City of Canada Bay Council: \$20,745</i>			

**All figures extracted from Tables 5.17 and 5.19 of Attachment 1*

The TFTE at City of Canada Bay Council is 331,⁸ compared to 301-400 for a government body. Yet the chairman of a government body with a comparable number of TFTE to City of Canada Bay Council will earn on average \$37,327 p.a. more than the mayor of City of Canada Bay Council. It should also be noted that a director of a government body will earn on average \$20,745 p.a. more than a councillor on City of Canada Council.

City of Ryde Council and a comparable Government body (based on total revenue)*

⁷ Australian Board Remuneration Survey Report, published by McGuirk Management Consultants Pty Ltd., 2019.

⁸ Office of Local Government, Time Series Data, 2017-18.

Position	Total Revenue of Organisation/Council	Average Remuneration	Maximum Remuneration
Chairman – Government Body	\$120-160M	\$99,082	-
Mayor – City of Ryde Council	\$126.2M	-	\$89,780
Difference in the average remuneration paid to the Chairman of a Government body and the Mayor of City of Ryde Council: \$9,302			
Director – Government Body	\$120-160M	\$44,366	-
Councillor – City of Ryde Council	\$126.2M	-	\$28,950
Difference in the average remuneration paid to a Director of a Government body and a Councillor of City of Ryde Council: \$15,416			

*All figures extracted from Tables 5.17 and 5.19 of Attachment 1

The total revenue of the City of Ryde Council is \$126.2 million,⁹ compared to \$120-\$160 million for a government body. Yet the chairperson of a government body of comparable revenue to City of Ryde Council will earn on average \$9,302 more p.a. than the mayor of the City of Ryde Council. Similarly, a director of a government body will earn on average \$15,416 p.a. more than a councillor on City of Ryde Council.

Uralla Shire Council and a comparable not-for-profit body* (based on total revenue)

Position	Total Revenue of Organisation/Council	Average Remuneration	Maximum Remuneration
Chairman - Not for Profit	\$10-\$20M	\$42,543	-
Mayor - Uralla Shire Council	\$19.8M	-	\$30,720
Difference in the average remuneration paid to the Chairman of a not-for-profit body and the Mayor of Uralla Shire Council: \$11,823			
Director - Not for Profit	\$10-\$20M	\$16,795	-
Councillor – Uralla Shire Council	\$19.8M	-	\$11,124
Difference in the average remuneration paid to a Director of a not-for-profit body and a Councillor of Uralla Shire Council: \$5,671			

* All figures extracted from Tables 5.14 and 5.16 of Attachment 1

The total revenue of Uralla Shire Council was \$19.8 million in 2017/18.¹⁰, compared to \$10-\$20 million for a not-for-profit organisation. Yet the chairperson of a not-for-profit organisation of comparable revenue to Uralla Shire Council received on average \$11,823 more p.a. than the mayor of Uralla Shire Council. Similarly, a director of the not-for-profit organisation received on average \$5,671 p.a. more than a councillor on Uralla Shire Council.

Snowy Monaro Regional Council and a comparable not-for-profit body* (based on TFTE)

Position	Total No. Full-time Employees	Average Remuneration	Maximum Remuneration
Chairman- Not for Profit	301-400	\$65,610	-
Mayor – Snowy Monaro Regional Council	340	-	\$62,960

⁹ Office of Local Government, Time Series Data, 2017-18.

¹⁰ Office of Local Government, Time Series Data, 2017-18.

<i>Difference in the average remuneration paid to the Chairman of a not-for-profit body and the Mayor of Snowy Monaro Regional Council: \$2,650</i>			
Director- Not for Profit	301-400	\$33,896	-
Councillor – Albury City Council	340	-	\$14,106
<i>Difference in the average remuneration paid to a Director of a not-for-profit body and a Councillor of Snowy Monaro Regional Council: \$19,790</i>			

* All figures extracted from Tables 5.14 and 5.16 of Attachment 1

The TFTE at Snowy Monaro Regional Council is 340,¹¹ compared to 301-400 for a not-for-profit organisation. Yet the chairperson of a not-for-profit organisation with a comparable number of TFTE to Snowy Monaro Regional Council receives on average \$2,650 p.a. more than the mayor of Snowy Monaro Regional Council. Similarly, a director of a not-for-profit organisation receives on average \$19,790 p.a. more than a councillor on Snowy Monaro Regional Council.

The above comparisons highlight the fact that current arrangements for setting councillor and mayoral fees do not properly compensate elected members for the increased workload and responsibilities over time. It is totally unacceptable that in some cases, councillors receive \$23,200 per year less than their counterparts at government bodies.

As local government has embraced a comprehensive corporate framework, it should offer councillors comparable remuneration to company directors, which provides greater recognition of the increasing demands placed upon them. It should also be noted that chairpersons and directors of not-for-profit organisations often do not have the same legal and civic responsibilities of elected members as prescribed under the Act.

Fees paid to mayors and councillors in NSW and Queensland

Queensland's eight (8) tiered categorisation structure is formulated on the basis of similar legislative criteria to that set out in s. 240 of the Act. Section 242 of the *Local Government Regulation 2012* (Qld) provides that in establishing categories, the Tribunal must have regard to factors such as the size, population, demographics and geographical terrain of Local Government areas. The categories for councils in NSW align well with Queensland's categories.

This part of the submission will compare the remuneration of elected members in Local Government in NSW and Queensland. This comparison is appropriate given the parallel between the roles of elected members across States (for example, s. 232 of the Act and s. 12 of the *Local Government Act 2009* (Qld)).

Similarly to the earlier analysis, four councils were selected for comparison. These councils vary in size, location and categorisation. The remuneration of the mayor and councillors at each council has been assessed against the remuneration paid to the mayor and the councillors at comparable councils in Queensland. Comparability is assessed on two dimensions: total revenue and total number of full time employees ("TFTE") of the council in each state.

City of Canada Bay Council (NSW) and Cassowary Regional Council (Queensland) (based on TFTE)

¹¹ Office of Local Government, Time Series Data, 2017-18.

Position	Total No. Full-time Employees (301-400)	Maximum Remuneration
Mayor – Cassowary Regional Council	315	\$125,084
Mayor – City of Canada Bay Council	387	\$59,120
Councillor – Cassowary Coast Regional Council	315	\$65,450
Councillor – City of Canada Bay Council	387	\$18,358
<i>Difference in the maximum remuneration paid to the Mayor of Cassowary Coast Regional Council and the Mayor of City of Canada Bay Council: \$65,964</i>		
<i>Difference in maximum remuneration paid to Councillors of Cassowary Coast Regional Council and Councillors of City of Canada Council: \$47,092</i>		

The TFTE at the City of Canada Bay Council is 315 for 2017-18,¹² compared to 387 at Cassowary Coast Regional Council.¹³ Yet the mayor of a Queensland council with a comparable number of TFTE to City of Canada Bay receives \$65,964 p.a. more than the mayor of City of Canada Bay Council. Similarly, a councillor at Cassowary Coast Regional Council receives \$47,092 p.a. more than a councillor on City of Canada Bay Council.

City of Ryde Council (NSW) and Central Highlands Regional Council (Queensland) (based on total revenue)

Position	Total Revenue of Council (\$120-160M)	Maximum Remuneration
Mayor – Central Highlands Regional Council	\$121.6M	\$124,989
Mayor – City of Ryde Council	\$126.2M	\$89,780
Councillor – Central Highlands Regional Council	\$121.6M	\$66,399
Councillor – City of Ryde Council	\$126.2M	\$28,950
<i>Difference in the maximum remuneration paid to the Mayor of Central Highlands Regional Council and the Mayor of City of Ryde Council: \$35,209</i>		
<i>Difference in the maximum remuneration paid to Councillors of Central Highlands Regional Council and Councillors of City of Ryde Council is: \$37,449</i>		

The total revenue of City of Ryde Council was \$126.2 million in 2017-18,¹⁴ compared to \$121.6 million at Central Highlands Regional Council.¹⁵ Yet the mayor at a Queensland council of comparative revenue to City of Ryde Council will earn \$35,209 more p.a. than the mayor of City of Ryde Council. Similarly, a councillor at Central Highlands Regional Council will earn on average \$37,449 p.a. more than a councillor on City of Ryde Council.

Uralla Shire Council (NSW) and Paroo Shire Council (Queensland) (based on total revenue)

Position	Total Revenue of Council (\$10-20M)	Maximum Remuneration
Mayor – Paroo Shire Council	\$19.1M	\$86,104
Mayor -	\$19.8M	\$30,720

¹² Office of Local Government, Time Series Data, 2017-18.

¹³ Department of Local Government, Racing and Multicultural Affairs, Queensland Local Government Comparative Data, 2017-18.

¹⁴ Office of Local Government, Time Series Data, 2017-18.

¹⁵ Central Highlands Regional Council, Annual Report, 2017-18.

Uralla Shire Council		
Councillor – Paroo Shire Council	\$19.1M	\$33,004
Councillor – Uralla Shire Council	\$19.8M	\$11,124
<i>Difference in the maximum remuneration paid to the Mayor of Paroo Shire Council and the Mayor of Uralla Shire Council: \$55,384</i>		
<i>Difference in the maximum remuneration paid to Councillors of Paroo Shire Council and Councillors of Uralla Shire Council is: \$21,880</i>		

The total revenue of Uralla Shire Council was \$19.8 million in 2017-18,¹⁶ compared to \$19.1 million at Paroo Shire Council.¹⁷ Yet the mayor at a Queensland council of comparable revenue to Uralla Shire Council will earn \$55,384 more p.a. than the mayor of Uralla Shire Council. Similarly, a councillor at Paroo Shire Council will earn \$21,880 p.a. more than a councillor on Uralla Shire Council.

Snowy Monaro Regional Council (NSW) and Maranoa Regional Council (Queensland) (based on TFTE)

Position	Total No. Full-time Employees (301-400)	Maximum Remuneration
Mayor – Maranoa Regional Council	351	\$125,083
Mayor – Snowy Monaro Regional Council	340	\$62,960
Councillor – Maranoa Regional Council	351	\$66,450
Councillor – Snowy Monaro Council	340	\$14,106
<i>Difference in the maximum remuneration paid to the Mayor of Maranoa Regional Council and the Mayor of Snowy Monaro Regional Council: \$62,123</i>		
<i>Difference in the maximum remuneration paid to Councillors of Maranoa Regional Council and Councillors of Snowy Monaro Regional Council: \$52,344</i>		

The TFTE at Snowy Monaro Regional Council is 340 for 2017-18,¹⁸ compared to 351 at Maranoa Regional Council.¹⁹ Yet the mayor of a Queensland council with a comparable number of TFTE to Snowy Monaro Regional Council receives \$62,123 p.a. more than the mayor of Snowy Monaro Regional Council. Similarly, a councillor at Maranoa Regional Council receives \$52,344 p.a. more than a councillor on Snowy Monaro Regional Council.

The significant gap in remuneration between elected members in NSW and Queensland is significant, as highlighted by the above comparisons. This can be attributed to the Queensland Tribunal 's commitment to bringing the remuneration of elected members in Local Government into line with that of State MPs, as put forward in LGNSW's 2017 submission.

In some cases, NSW mayors receive \$65,964 per year less than their counterparts in local government in Queensland. When looking at the fees paid to councillors, there is a significant gap in remuneration between councillors in NSW and Queensland. In most cases

¹⁶ Office of Local Government, Time Series Data, 2017-18.

¹⁷ Paroo Shire council, Annual Report, 2018-19.

¹⁸ Office of Local Government, Time Series Data, 2017-18.

¹⁹ Department of Local Government, Racing and Multicultural Affairs, Queensland Local Government Comparative Data, 2017-18.

this gap is larger than the total remuneration received by NSW councillors annually. LGNSW submits that this inequity is not acceptable.

Fees paid to mayors and councillors and the salaries of State MPs

LGNSW maintains that it is appropriate to draw comparisons between the remuneration of mayors and State MPs. We reiterate our previous submissions and provide the following reasons as to why a comparator with MPs is valid:

Both mayors and State MPs:

- undertake activities representing the interests of their constituents;
- attend State, Commonwealth and Local Government functions;
- participate in the activities of recognised political parties, including national, State and regional conferences, branch meetings, electorate council meetings, executive meetings and committee meetings;
- are elected by their communities; and
- are accessible by the public to receive petitions, complaints and the like.

It is due to the identified similarities between mayors/councillors and State MPs, that mayoral/councillor remuneration is insufficient when measured against their skill, competence and training.

The base salary for State MPs is \$169,192.²⁰ State MPs also receive an electoral allowance composed of a base allowance, additional allowance, recognised office holder allowance (excluding independents) and an independents allowance.

In total, the minimum remuneration for an MP (base salary plus electoral allowance) is \$241,722. The following table highlights the difference between the minimum remuneration for State MPs (\$241,722) with the maximum remuneration of mayors across all NSW councils:

Council Category	Maximum Mayoral Remuneration	Difference between State MP Minimum Remuneration and Maximum Mayoral Remuneration
Principal CBD	\$222,510	\$19,212
Major CBD	\$110,310	\$131,412
Metropolitan Large	\$86,600	\$155,122
Metropolitan Medium	\$68,530	\$173,192
Metropolitan Small	\$44,230	\$197,492
Regional City	\$99,800	\$141,922
Regional Strategic Area	\$86,600	\$155,122
Regional Rural	\$44,250	\$197,472
Rural	\$26,530	\$215,192
County Council- Water	\$16,660	\$225,062
County Council- Other	\$11,060	\$230,662

LGNSW submits that there is a clear nexus between the roles and responsibilities of elected member in Local Government and NSW State MPs, and as such, it is reasonable to expect that the remuneration of these elected members be better aligned. At its best, maximum mayoral remunerations fall \$19,212 short of the minimum remuneration of NSW State MPs and, at its worst, it falls \$230,662 short. These figures would be considerably more disparate where councillor remuneration is considered.

Other matters

²⁰ Parliamentary Remuneration Tribunal, Annual Report and Determination, 21 June 2019.

In making its 2020 Determination, the Tribunal should also consider the following:

- Increases in the Consumer Price Index (CPI) for the September Quarter 2018 to September Quarter 2019, as follows:
 - weighted average of the eight capital cities- +1.7 per cent
 - Sydney- +1.6 per cent (ABS 2019)
- Increase to the Wage Price Index (WPI) for Australia over the year to the September Quarter 2019 of 2.2 per cent.²¹
- Decision of the Full Bench of the Fair Work Commission to increase to the national minimum wage by 3 per cent for the 2019-2020 financial year.²²

The above economic indicators can be accounted for by significant increases in housing prices and rent, in addition to the rise in the cost of household utilities (water, gas, electricity). As a result of the increasing levels of household expenditure, the real wages of councillors and mayors are substantially eroded.

With respect to the issue of non-payment of superannuation for elected representatives, LGNSW notes the Tribunal's previous observation that it does not have jurisdiction with respect to this matter. Loss of superannuation is a significant issue for those councillors who forgo income and/or employment to participate in local government and creates a barrier to participation in local government for both existing and prospective councillors.

The Tribunal is advised that LGNSW has undertaken several initiatives in support of this matter. Earlier this year this year LGNSW wrote to the Premier of New South Wales and the NSW Minister for Local Government. LGNSW reiterates its invitation to the Tribunal to make a recommendation to the NSW State Government for councillor remuneration to include a payment for superannuation equivalent to the Superannuation Guarantee.

5. Conclusion

LGNSW acknowledges the submissions made by individual councils with respect their feedback and proposed allocation under the Tribunal's categorisation model.

The Tribunal must increase the fees paid to mayors and councillors by no less than the maximum of 2.5%. The fees for councillors and mayors remain well behind, with the current fee structure failing to recognise the work of elected representatives and is inadequate to attract and retain individuals with the necessary skills and experience to perform the role.

We thank the Tribunal for receiving our submission and look forward to meeting with you to discuss these matters further.

For further information please contact Blake Robson, Industrial Officer at blake.robson@lgnsw.org.au or alternatively (02) 9242 4148.

²¹ Australian Bureau of Statistics, 2019, *Wage Price Index, Australia*, cat no. 6345.0

²² Annual Wage Review 2019-19 [2019] FWCFB 3500.

