1.1 Mayoral and Councillor Allowances (07/03/0012-DCOD)

Disclosure of Interests (S.130):

This report was prepared by Ms Emma Woolaston, Director Corporate and Organisational Development.

At the time of preparation of this report, the officer did not have a general or material conflict of interest in any matter to which the report or advice relates.

Purpose of Report:

A decision of Council is required in relation to the level of allowances paid to the Mayor and the Councillors.

Summary:

Under the Local Government Act 2020 (LGA 2020) the Mayor and Councillors are to be paid allowances within ranges determined by an external body. The level of allowances paid within these set ranges is to be determined by Council resolution. The Mayor and the Councillors may each choose to receive their full allowance, a specified part, or take no allowance.

The external body responsible for determining allowance ranges has historically been the Minister for Local Government. Under the LGA 2020 this is transitioning to the Victorian Independent Remuneration Tribunal. Until the Tribunal has made their first determination, the LGA 2020 specifies that allowances are to remain as previously governed by the relevant provisions of the Local Government Act 1989 (LGA 1989).

In accordance with LGA 1989, Council needs to determine the levels at which Mayoral and Councillor allowances are to be paid within the first six months following the general election. Proposed allowances are to be open to submissions from the public prior to being adopted. Allowances will be paid at these levels from the time of the Council resolution determining them. Allowances will be reviewed once more when the first determination of the Victorian Independent Remuneration Tribunal has been made in respect of these allowances under LGA 2020.
Recommendation:

That Council:

1. Propose to set the Mayoral and Councillor allowances within the following ranges as set by the Minister for Local Government:
   a. Councillors: $8,833-$21,049;
   b. Mayor: up to $62,884;
2. Give public notice of the Mayor and Councillor allowance review and invite submissions in accordance with sections 74(4) and 223 of the Local Government Act 1989; and
3. Consider any submissions received at the Ordinary Council Meeting on 24 February 2021 prior to finalising the allowances by further resolution.

Attachments:

Nil.

Background/History:

Legislative Context

The LGA 2020 provides for the Mayor, the Deputy Mayor and the Councillors to be entitled to receive allowances. Under the LGA 2020, the responsibility for setting these allowances has moved from the Minister for Local Government to the Victorian Independent Remuneration Tribunal. In determining the level of allowances, the Tribunal must consider similar allowances for elected members of local government bodies in other states, and allowances for persons elected to other voluntary part time bodies.

The Tribunal is required to set new benchmarks for allowances within six months of receiving a request from the Minister for Local Government to make its first determination, however this has not yet occurred. In the meantime the LGA 2020 stipulates that allowances are to continue in line with the relevant provisions of LGA 1989 despite those provisions having been repealed.

Under LGA 1989, a Council must review and determine the level of the allowances within the period of six months after a general election. The limits and ranges of Councillor and Mayoral allowances are reviewed by the Minister at least once every year and specified by notice published in the Government Gazette. The notice specifies an adjustment factor by which all allowances are to be increased, as well as
the new limits and ranges, adjusted in accordance with the adjustment factor. The Minister must have regards to the level of remuneration of public sector executives.

Under both Acts the Mayor and Councillors may elect to receive the entire allowance to which they are entitled, a specified part, or no allowance.

Current Allowance Ranges

Councils are divided into three categories based on the income and population of each Council. Towong Shire Council is a ‘Category 1’ Council and therefore the current allowance ranges are:

- Councillors: $8,833-$21,049; and
- Mayor: up to $62,884.

Allowances are also subject to the addition of the equivalent of the superannuation guarantee (9.5%) and the reimbursement of any necessary out-of-pocket expenses they incur while performing their duties as a Councillor.

Entitlement to Allowance

A person elected to be a Councillor is entitled to receive a Councillor allowance from the date the person takes the Oath or Affirmation of Office. A Councillor elected to be Mayor is entitled to receive a Mayoral allowance from the date he or she is elected to the position of Mayor.

Towong Allowances

Following the 2016 Council elections, Towong Mayoral and Councillor allowances were set at $58,389 and $19,543 respectively. These were adopted at the April 2017 Council meeting and have been indexed by the Ministerial adjustment factor since that time. They were set somewhat lower than the allowable maximums due to the economic conditions at the time and to align with the June 2016 Council decision to limit staff wage increases to 1%.

Taking into account the superannuation guarantee the total current level of allowances is:

<table>
<thead>
<tr>
<th></th>
<th>Allowance</th>
<th>Plus 9.50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>$61,963</td>
<td>$67,849</td>
</tr>
<tr>
<td>Councillor</td>
<td>$20,740</td>
<td>$22,710</td>
</tr>
</tbody>
</table>
Allowance Review

Council is required to review and determine the level of Mayoral and Councillor allowances within the first six months after a general election. Allowances will be paid at these levels from the time of the Council resolution determining them. Allowances will be reviewed once more when the first determination of the Victorian Independent Remuneration Tribunal has been made in respect of these allowances under LGA 2020.

A person has a right to make a submission under section 223 of LGA 1989 in respect of this review of allowances.

Allowances determined will be payable from the date of the resolution of the Council determining the levels of allowances.

Remote Area Travel Allowance

A further allowance available to Councillors is the Remote Travel Allowance. If a Councillor or the Mayor normally resides more than 50km by the shortest practicable road distance from the location or locations specified for the conduct of ordinary, special or committee meetings of the Council, or any municipal or community functions which have been authorised by Council resolution for the Councillor to attend, he or she must be paid an additional allowance of $40 in respect of each day on which one or more meetings or authorised functions were actually attended by that Councillor, up to a maximum of $5,000 per annum.

Taxation

Allowances are taxable income and Councillors should establish their own processes for documenting claimable expenses. A Statement of Earnings detailing allowances and benefits will be provided following 30 June each year for Councillor’s tax purposes.

Relevant Law (s.9(2)(a)):

Councillor allowances are governed by the LGA 2020, which in turn stipulates that the repealed relevant provisions of the LGA 1989 are to apply until the first determination of the Victorian Independent Remuneration Tribunal. In the meantime allowances are determined by the Minister for Local Government. Allowances must be determined within the ranges set by the relevant authority responsible for determining them.
Options – Best Outcomes for the Community (s.9(2)(b)):

Council may set allowances at any point within the allowable range. Individual Councillors and the Mayor may elect to take only a portion of, or no allowance. Considerations include the ability to attract and retain quality candidates to the roles of Councillors and the Mayor, and to enable the Councillors and the Mayor to be appropriately remunerated for the time spent in these roles, which might otherwise be spent in other income-generating roles.

Sustainability Implications (s.9(2)(c)):

Nil.

Community Engagement (s.9(2)(d)):

As this decision is to be made with respect to LGA 1989, it is recommended that a consultation process be undertaken in line with the requirements of section 223 of that Act, allowing persons to make a submission in relation to the level of Mayoral and Councillor allowances.

Innovation and Continuous Improvement (s.9(2)(e)):

Not applicable.

Collaboration (s.9(2)(f)):

Not applicable.

Financial Viability/Budget Impact (s.9(2)(g)):

Councillor allowances have been factored into Council’s annual budget.

Regional, State and National Plans and Policies (s.9(2)(h)):

Not applicable.

Council Plans and Policies:

Not applicable.
Transparency of Decision (s.9(2)(i)):

It is the officer’s view that it is appropriate to consider this matter in an open meeting.

Risk Assessment:

There are reputational risks in having Councillors approve their own remuneration. This risk is addressed by the requirement that remuneration ranges and annual increases are determined by an external body.

Officers View:

This report outlines the ranges within which Mayoral and Councillor allowances may be set until further review is made in accordance with the first determination of the Victorian Independent Remuneration Tribunal.

CR WHITEHEAD
CR SCALES

THAT COUNCIL:

1. PROPOSE TO SET THE MAYORAL AND COUNCILLOR ALLOWANCES AS FOLLOWS:
   a. COUNCILLORS: $21,049;
   b. MAYOR: $62,743;

2. GIVE PUBLIC NOTICE OF THE MAYOR AND COUNCILLOR ALLOWANCE REVIEW AND INVITE SUBMISSIONS IN ACCORDANCE WITH SECTIONS 74(4) AND 223 OF THE LOCAL GOVERNMENT ACT 1989; AND

3. CONSIDER ANY SUBMISSIONS RECEIVED AT THE ORDINARY COUNCIL MEETING ON 24 FEBRUARY 2021 PRIOR TO FINALISING THE ALLOWANCES BY FURTHER RESOLUTION.

CARRIED