

# Review of Mayoral and Councillor Allowances

## Discussion Paper



### Legislative Background

Sections 39(1) and 39(2) of the *Local Government Act 2020* (LGA 2020) provide that a Mayor, Deputy Mayor or Councillor are entitled to receive from the Council an allowance (as a Mayor, Deputy Mayor or Councillor respectively) in accordance with a determination of the Victorian Independent Remuneration Tribunal under the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*. Under this legislation, the Minister for Local Government is expected to request the Remuneration Tribunal to make a determination towards the end of 2021.

However, until the Remuneration Tribunal makes its first determination on these allowances, the mayoral and councillor allowance framework continues to be governed by the *Local Government Act 1989* (LGA 1989).

Under section 74(1) of the LGA 1989, Council is required to undertake a review of its mayoral and councillor allowances by 30 June 2021 to determine the allowances that will be payable within the range available to Council (as a Category 3 Council) until such time as the first determination is made by the Remuneration Tribunal under the new legislation – the LGA 2020.

Under the LGA 1989, only the Governor in Council or Minister for Local Government can make adjustments to the limits and ranges for mayoral and councillor allowances within particular categories of councils. However, Councillors can decide to alter the level of allowances within the category that their particular Council sits within.

A councillor allowances review must involve public consultation under section 223 of the LGA 1989.

### Current Category Range

Greater Dandenong has been classified as a Category 3 Council since July 2005. Allowance limits that are currently applicable to Category 3 are as follows.

Councillors	\$13,123 - \$31,444 per annum
Mayor	Up to \$100,434 per annum

An amount equivalent to the superannuation guarantee (9.5%) under Commonwealth taxation legislation must also be applied to these allowances.

Greater Dandenong's existing allowances have been indexed annually (on 1 December) since 2008 as required by the Minister for Local Government and have always remained at the uppermost limit of the Category 3 range. Note that increases to mayoral and councillor allowances **within a particular range** are not made by Council and are made by the Minister for Local Government.

The Minister for Local Government applied no increases to mayoral and councillor allowances in December 2020.

A comparison of Greater Dandenong's past and current councillor allowances is provided in the following table:

	Allowance 1/12/15 to 30/11/16	Allowance 01/12/16 to 30/11/17	Allowance 01/12/17 to 30/11/18	Allowance 01/12/18 to 30/11/19	Allowance 01/12/19 to 30/11/20	Allowance 01/12/20 to current
<b>Councillor</b>	\$28,907	\$29,630	\$30,223	30,827	31,444	31,444
<b>Mayor</b>	\$92,333	\$94,641	\$96,534	98,464	100,434	100,434

## Review Process

This councillor allowances review will include a submission process under section 223 of the LGA 1989 as required. It will be advertised in the Age on 23 March 2021 and interested parties will have 28 days after the public notice has been placed in which to lodge a submission. Any person who wishes to be heard in support of their submission must specify that they wish to be heard at a special meeting of Council convened for that purpose. Submitters will be notified of the time and place of that meeting should it need to occur.

## Councillors' Roles and Workloads

In 2007, the Victorian Government commissioned an extensive review of mayoral and councillor allowances and subsequently released the document titled *Local Government (Councillor Remuneration Review) Panel Report in January 2008* (available at the following link):

[Local Government Victoria - Local Government \(Councillor Remuneration Review\) Panel Report](#)

**Note** - there has been no Victorian Government review of mayoral and councillor allowances since that time however, Councillor allowances have been indexed annually since then, (excluding 2020) and an additional amount paid which is equivalent to the superannuation guarantee, as required by Commonwealth taxation legislation.

The Victorian Government views Councillor allowances not as a form of salary but as some recognition of the contributions made by those elected to voluntary and/or part-time roles in the community.

The Government acknowledges the value and significance of the role of local government Councillors – both through their skills and ability to represent and engage with their constituents and their leadership in developing solutions to the pressing social, cultural, environmental and economic challenges facing communities everywhere.

Those committed to civic leadership should be entitled to some form of allowance to better inform their choices about public service, about their career and financial future and balancing family and community life with public life.

The current legislation provides for greater encouragement of community participation in local government and retention of valued and experienced leaders and mentors in civic service.

Further to this, Greater Dandenong City Council continues to be a large and growing metropolitan municipality in terms of population, revenue and industrial growth. The City of Greater Dandenong is recognised by the State Government as the centre of Melbourne's south east.

This presents Greater Dandenong's Mayor and Councillors with increasing challenges in managing this growth while effectively representing residents, ratepayers, small and large businesses as well as other stakeholders.

Councillors' workloads continue to increase in line with the City's growth, and Councillors are expected and required to deal with increased issues of:

- budget complexity (particularly in regards to the impacts of rate capping across Victoria and COVID-19 impacts);
- Infrastructure that meets the community's needs and expectations and infrastructure renewal challenges;
- Council planning and strategic planning for the future of the city;
- statutory and strategic development and environment planning;
- public transport advocacy;
- social and cultural matters within our diverse multicultural community;
- contract management; and
- continued professional development to maintain their ability to make informed decisions for the benefit of the Greater Dandenong community.

Councillors are also required to become more responsive to community needs and are expected to be available seven days a week representing Council and its community on peak bodies, advisory groups, reference groups and community organisations, attending Council Meetings or Councillor Briefing Sessions, external community meetings, civic functions or responding to ratepayer concerns.

Although Councillors are supported to some extent with office equipment and stationery, allowances are provided to Councillors to compensate them for time and expenses incurred while carrying out their many and varied civic duties.

Therefore payment of allowances should be set at a level that also acknowledges the impact on their lives and careers as well as their workload as elected representatives.

### **Additional Councillor Support**

Greater Dandenong's Council Expenses, Support and Accountability Policy currently details the range of administrative and resource support provided to Councillors and the items for which reimbursement will be provided in addition to their allowance.

It should be noted that, under this Policy, the Mayor is provided with the use of a fully-maintained Council vehicle. This has been Council's past practice for the past 24 years.

### **Options Available to this Council**

Greater Dandenong's Mayor and Councillors have been paid allowances at the maximum levels within the Category 3 range since 2005. Given this, Council can determine to:

- retain the existing allowances currently being paid within the Category 3 range (NO CHANGE).
- decrease the existing allowances currently being paid within the Category 3 range (CHANGE).

### **Financial Implications**

The 2021-2022 Budget has been based on the current mayoral and councillor allowance payments remaining as they are.