



14.2 **2021 MAYORAL AND COUNCILLOR ALLOWANCES REVIEW - ADOPTION**

EXECUTIVE MEMBER: **KYLIE BENNETTS, GENERAL MANAGER, CITY GROWTH AND ORGANISATIONAL CAPABILITY**

PREPARED BY: **KIRSTY PEARCE, HEAD OF GOVERNANCE**

1. PURPOSE

1.1 This report presents to Council a summary of feedback received through community consultation on the 2021 Mayoral and Councillor allowances review and recommends adoption of the allowances, required under section 74 of the Local Government Act 1989.

2. EXECUTIVE SUMMARY

2.1 Local Government elected representatives are entitled to receive an allowance to assist them in performing their roles of Mayor or Councillor. The payment of a Mayoral allowance and Councillor allowances are governed by the Local Government Acts 1989 and 2020.

2.2 The Local Government Act 2020 (the 2020 Act) transfers responsibility for determining Mayoral, Deputy Mayoral and Councillor allowances to the Victorian Independent Remuneration Tribunal. However, until the Remuneration Tribunal makes its first determination on allowances, the allowance framework under the Local Government Act 1989 (the 1989 Act) continues to apply, despite the repeal of those relevant provisions in May 2020. Consequently, Council is undertaking a review of allowances (required to be completed by 30 June) to comply with the Local Government Act, until a Determination is made by the Tribunal.

2.3 At its meeting of 5 May 2021, Council proposed to make no adjustment to the Mayoral and Councillor allowances until the first Tribunal Determination comes into effect later in the year, and continues the current Councillor allowance at \$31,444 plus 9.5% (as an equivalent amount to the Superannuation Guarantee contribution), and the Mayoral allowance at \$100,434 plus 9.5% (as an equivalent amount to the Superannuation Guarantee contribution), being the maximum amount payable for a category 3 Council.

2.4 Council sought public submissions on this proposal, three submissions were received (one of which relates to matters outside of the review) via the Have Your Say webpage and have been considered in this report.

3. RECOMMENDATION

That Council:

3.1 Receives the feedback provided by the community through the community engagement process and formally thanks those who have provided feedback.

3.2 Finalises its review of allowances and makes no adjustment to the Mayoral and Councillor allowances, and continues the current Councillor allowance at \$31,444 plus 9.5% (as an equivalent amount to the Superannuation Guarantee contribution), and the Mayoral allowance at \$100,434 plus 9.5% (as an equivalent amount to the Superannuation Guarantee contribution), being the maximum amount payable for a category 3 Council.



- 3.3 Notes that the superannuation guarantee contribution is scheduled to increase from 9.5% to 10.0% from 1 July 2021 as per legislative requirements.
- 3.4 Notes that responsibility for determining Mayoral, Deputy Mayoral and Councillor allowances transfers to the Victorian Independent Remuneration Tribunal, and notes that the first Tribunal Determination is expected to come into effect in 2021/2022.

4. KEY POINTS/ISSUES

- 4.1 Local Government elected representatives are entitled to receive an allowance to assist them in their performing their roles of Mayor or Councillor. The payment of a Mayoral allowance and Councillor allowances are governed by the Local Government Act.
- 4.2 Councils are categorised by the Minister for Local Government within a three-level framework based on population and income. Port Phillip City Council is classified in the highest category, level 3.
- 4.3 The highest level and the range for allowances for a category 3 council are:

Part A

Mayor up to \$100,434 per annum
Councillors \$23,123 - \$31,444 per annum

Part B

Mayoral and Councillor Allowances are also subject to the addition of the equivalent of the superannuation guarantee – currently 9.5%. This superannuation guarantee is scheduled to increase to 10.0% from 1 July 2021, as per legislative requirements.

- 4.4 Councillor allowances are indexed annually under section 73B of the Local Government Act. The Minister for Local Government determined that, for 2020 – 2021 no adjustment to allowances will be made in respect for all Councils. The Minister had regard to the Victorian Premier's determination of a zero per cent adjustment to Victorian Public Service executive remuneration for the 2020-2021 financial year.
- 4.5 Under the provisions of the new Local Government Act 2020, allowances are set by a Determination of the Victorian Independent Remuneration Tribunal. The Tribunal must make the first determination of allowances to take effect on the day after the expiry of the period of 6 months after receiving a request from the Minister for Local Government to make the first Determination. The first Determination of the Tribunal is expected in the 2021/2022 financial year.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Following consideration of this matter at its meeting on 5 May, Council invited public comment and submissions on the proposed allowances.
- 5.2 Council launched an online engagement page:
<https://haveyoursay.portphillip.vic.gov.au/councillor-allowances-review>, which provided viewers with information on the review and the opportunity to submit feedback.

The formal consultation page closes on 13 June 2021. Any further submissions received following printing of the Council agenda will be provided to Councillors ahead of the meeting.



5.3 Formal Submissions

Three submissions were received through the feedback process. Two provided feedback, the other was a budget submission which was entered onto the incorrect Have Your Say page:

Received From	Key themes	Officer comment
Resident from St Kilda East	I agree with the Council's proposal to make no adjustment to the Mayoral and Councillor allowances.	Noted.
Resident from Middle Park	<p>Expenses for local councillors should be restricted to direct costs incurred by them while undertaking council business.</p> <p>In previous years several councillors have been reimbursed for the fees associated with achieving their Company Director qualifications. I can see no way that that can benefit ratepayers.</p> <p>Corporate employees do not get allowances to travel to and from their place of business and neither should councillors.</p>	<p>The allowances that are the subject of this report cover only the monetary amount paid directly to Councillors and set through this process under Section 74 of the Local Government Act 1989.</p> <p>The Councillor Expenses and Support Policy, required under the Local Government Act 2020 and adopted by Council on 3 March 2021, sets out the processes for reimbursement of out-of-pocket expenses incurred by Councillors and the provision of facilities and resources.</p> <p>Under the Policy Councillors are afforded an annual professional development allowance; and can incur or claim reasonable expenses for travel associated within the Greater Melbourne area to enable them to undertake official business of Council.</p> <p>Expenses are reported to the public monthly and published on Council's website.</p> <p>https://www.portphillip.vic.gov.au/about-the-council/governance-performance-and-advocacy/councillor-governance</p>
Resident from Middle Park	Request Council reconsider proposal to increase rates this year.	This submission has been referred to the budget process.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Mayors and councillors are entitled to receive an allowance while performing their duty as an elected official.
- 6.2 Section 74(1) of the 1989 Act requires that Council's must review and determine the level of allowances within the period of six months after a general election or by next 30 June, whichever is the later. Any person has a right to make a submission to this review.



7. FINANCIAL IMPACT

7.1 The proposed budget for 2021/2022 has provision for the Councillor and Mayoral Allowances.

8. ENVIRONMENTAL IMPACT

8.1 There are no environmental impacts arising from the recommendations of this report.

9. COMMUNITY IMPACT

9.1 Councillors spend hours each week for formal duties such as attending meetings and reading meeting agendas and papers. Many more hours are invested in performing informal duties such as meeting with constituents and attending community functions. Councillors must also find time to respond to phone calls, emails and correspondence raising issues of concern from constituents and other members of the municipal community, and Councillors often participate in external organisations, such local community, school and recreational committees.

9.2 Councillors are not considered employees of the council and do not receive employment benefits such as a salary and leave entitlements, and instead receive an allowance to assist in their role of representing and advocating for the community.

9.3 Council must provide the community with an opportunity to make a submission under in respect of the review of the allowances.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 The payment of Councillor and Mayoral allowances is to assist elected representatives in their role of representing and advocating for the community.

10.2 This report supports Council Plan direction 6: Our Commitment to You.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE AND COMMUNICATION

11.1.1 Once Council has made a determination, all submitters will be notified of Council's decision and the reasons for that decision.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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ATTACHMENTS Nil