

**ORDINARY MEETING OF COUNCIL  
27 APRIL 2009**

**ORDERS OF THE DAY**

---

<b>ORDER 2</b>	<b>MAYORAL &amp; COUNCILLOR ALLOWANCES</b>
<b>LOCATION/ADDRESS:</b>	<b>N/A</b>
<b>EXECUTIVE DIRECTOR:</b>	<b>SALLY CALDER EXECUTIVE DIRECTOR ORGANISATION SYSTEMS AND SUPPORT</b>
<b>PREPARED BY:</b>	<b>NORM MCCLELLAND GOVERNANCE ADVISOR</b>
<b>FILE NO.:</b>	<b>18/04/05-04</b>
<b>ATTACHMENTS:</b>	<b>SUBMISSIONS 1 - 4</b>

---

**1. PURPOSE**

- 1.1. Council to hear and assess submissions to the review of the Mayoral and Councillor allowances for the period 1 July 2009 to 30 June 2013.
- 1.2. Having assessed the submissions, Council determine the level of the Mayoral and Councillor allowances for the period 1 July 2009 to 30 June 2013.

**2. RECOMMENDATION**

- 2.1. That Council, having received and assessed the submissions to the review of the Mayoral and Councillor allowances, resolve to set the allowances for the period 1 July 2009 to 30 June 2013 at the maximum level for a Category 3 Council, being \$84,257 per annum for the Mayor and \$26,378 per annum for Councillors. Council notes that these amounts will be adjusted automatically by the appropriate indexation factor determined by the Minister for Local Government on an annual basis.

**3. BACKGROUND AND CONTEXT**

- 3.1. The payment of Mayoral and Councillor allowances is governed by the *Local Government Act 1989*. The upper and lower levels of allowances for various categories of councils are set by an Order in Council (approved by the Minister for Local Government) for all councils.
- 3.2. Councils must review their allowances within seven months of a Council general election and set their allowances within the Minister's upper and lower levels for their respective category.
- 3.3. The Council must set its allowances for a period of four years, in this instance for the period 1 July 2009 to 30 June 2013.

- 3.4. The Council must invite the public to make submissions to its review process.
- 3.5. The previous Council had set the Mayoral and Councillor allowances at the maximum for a Category 3 Council.
- 3.6. In the February 2009 meeting cycle, Council determined to commence the review of allowances, proposed that allowances be set at the maximum for a Category 3 Council and authorised officers to advertise for public submissions.
- 3.7. Public notices calling for submissions to the allowances review were placed in the Port Phillip Leader on 3 March 2009, the Emerald Hill Weekly 4 March 2009 and on Council's website. Council also issued a media release to the local newspapers.
- 3.8. Public submissions could either be lodged in writing to Council's postal address or sent to a special email address set up specifically for the receipt of submissions to the allowances review.
- 3.9. At the close of submissions on Thursday 2 April 2009, Council had received three submissions (see attachments 1 to 3). One submission was received after the due date (attachment 4). The submitters were advised of the date, time and place of the meeting at which Council would review the submissions.

#### **4. CONSULTATION AND STAKEHOLDERS**

- 4.1. The *Local Government Act 1989* (the Act) requires Council when reviewing Mayoral and Councillor allowances to conduct a section 223 submission process. This section of the Act outlines a very specific process to be undertaken when conducting a public submission process.
- 4.2. Council has complied with the requirements of the Act and called for submissions from the public.
- 4.3. The submitters were advised that they could be heard in support of their submission at a meeting called by the Council to hear submissions.
- 4.4. Council at its meeting conducted on 23 February 2009 determined that submissions would be received and heard at the Council meeting scheduled for 27 April 2009.
- 4.5. An extract from each submission is reproduced below:
  - 4.5.1. Attachment 1 – *“since the remuneration levels are determined by the State Government on the basis of workload and responsibilities, the councillors should be entitled to and should receive the full amount of such allowances.”*
  - 4.5.2. Attachment 2 – *“Globally and nationally most people have lost wealth and many people are losing their jobs. In the circumstances it is financially reckless to propose an increase in*

*allowances. In its review the Council should determine that those payments remain at their current levels."*

- 4.5.3. Attachment 3 – *"I believe that Councillors do a tremendous amount of work and devote extensive hours to public duty, above and beyond their salary remuneration, and believe the salary of \$26,378 is not commensurate with current standards of hours, nor even commensurate with an administration salary."*
- 4.5.4. Attachment 4 – *"I support payment of maximum allowances to our mayor and councillors, and further am interested in lobbying for payment of full salaries to all local government representatives, commensurate with remuneration to other levels of government. I hope to make representation at the next VEC review."*

## 5. DISCUSSION

### 5.1. OPTIONS

- 5.1.1. The proposed preferred option is that Council resolve to set the Mayoral and Councillor allowances at the maximum for a Category 3 Council.
- 5.1.2. Councils are categorised within a three-level framework based on population and total revenue. Port Phillip Council is classified in the highest category, level 3. In April 2005 Port Phillip Council made a successful application to the Local Government Councillor Allowances Category Review Panel to be elevated from level 2 to level 3 due to exceptional circumstances which included the considerable range of issues and the array of responsibilities encountered by the Port Phillip Council.
- 5.1.3. The comprehensive review into allowances commissioned by the state government and conducted by an independent panel culminated in a report in 2008 which strongly recommended an increase in the allowances for Mayors and Councillors, as well as, a minimum level of support for Councillors. The review process considered all aspects of the responsibilities and functions of Mayors and Councillors, and sought submissions from peak bodies and all stakeholders. The Minister for Local Government stated the outcome of the review was *"realistic, reasonable and fair"*.
- 5.1.4. The independent panel has affirmed that Councillors are entitled to the level of allowances that have been endorsed by the Minister and it is within Council's power to determine an allowance within the upper and lower levels of category 3.
- 5.1.5. Council can consider an alternate option whereby it could set the Mayoral and Councillor allowances at a level below the maximum for Category 3.

5.2. POLICY IMPLICATIONS

- 5.2.1. The process for determining the Mayoral and Councillor allowances is set out in the Act. The allowances set by Council will apply from 1 July 2009 until 30 June 2013.
- 5.2.2. Section 73B of the Act outlines the process by which the Minister for Local Government must review the limits and ranges of allowances at least once a year. If, as a result of the annual review, the Minister finds that the allowances should be adjusted, Councils must increase the allowances in accordance with the adjustment factor which is to be published in the Government Gazette.

5.3. FINANCE / RESOURCE IMPLICATIONS

- 5.3.1. If the Mayoral and Councillor allowances are set at the maximum for a Category 3 Council, the annual budget for allowances will be \$242,525 subject to annual adjustment factors.

5.4. LEGAL & RISK IMPLICATIONS

- 5.4.1. There should be no legal or risk implications as Council has complied with the legislative requirements in determining the allowances.

5.5. SUSTAINABILITY ASSESSMENT

SOCIAL EQUITY

- 5.5.1. Councillors provide the link between the Council organisation and the community. The allowance provides support to Councillors to assist them in their role as a Councillor

ECONOMIC VIABILITY

- 5.5.2. The current annual cost of mayoral and councillor allowances is \$242,525 which is approximately 0.16% of Council's revenue in 2008. This amount will remain the same if Council adopts the recommendation within this report, subject to any annual adjustments made by the Minister.

ENVIRONMENTAL RESPONSIBILITY

- 5.5.3. The payment of allowances to Councillors has no direct environmental impact, however, the allowances provide support to Councillors in their role to provide leadership on environmental matters.

CULTURAL VITALITY

- 5.5.4. Councillors play an important role in contributing to cultural vitality. Allowances support Councillors in the execution of their duties. The review initiated by the State Government in 2007/2008, determined the appropriateness of the level of allowances for the responsibilities undertaken by Councillors.

**6. FURTHER INFORMATION**

- 6.1. The allowances set by the previous Council for the period 1 July 2005 to 30 June 2009 were at the maximum for a Category 3 council. The review initiated by the Minister in 2007/2008 and the annual indexation factor for 2008 resulted in a considerable increase in all categories. Port Phillip Councillors have been in receipt of the maximum allowances for a Category 3 Council, including the increases, since being elected. Therefore if Council adopts the recommendation within this report there will be no immediate change to the quantum of allowances which are currently being paid.

**7. IMPLEMENTATION STRATEGY**

7.1. TIMELINE

If the Council determines to adopt the maximum Mayoral and Councillor allowances for a Category 3 Council and as Councillors are already in receipt of the maximum Category 3 allowances, there will be no need for an implementation strategy.