

STRATEGY AND POLICY REVIEW COMMITTEE
2 FEBRUARY 2009 **GOVERNANCE AND COMPLIANCE**

A8	MAYORAL & COUNCILLOR ALLOWANCES
LOCATION/ADDRESS:	N/A
EXECUTIVE DIRECTOR:	CATHY HENDERSON, ACTING EXECUTIVE DIRECTOR ORGANISATION SYSTEMS & SUPPORT
PREPARED BY:	NORM MCCLELLAND, GOVERNANCE ADVISOR
FILE NO.:	18/04/05-04
ATTACHMENTS:	NIL.

1. PURPOSE

Council must review its mayoral and councillor allowances within seven months after every general council election.

The allowances are to be fixed for a period of four years – 2009 to 2013.

Council must provide the community with an opportunity to be involved in the determination of the quantum of the allowances.

It is proposed that Port Phillip Council adopt the maximum allowances within the range for Category 3 councils for its mayor and councillors.

2. RECOMMENDATION

The Strategy and Policy Review Committee recommends that Council resolve the following:

1. That Council commence the process to determine the mayoral and councillor allowances for the period 2009 to 2013, and that Council authorise the Chief Executive Officer and the Manager Governance and Risk to undertake the administrative process to enable the Council to determine the level of the allowances.
2. The proposed mayoral allowance be \$84,257 per annum, being the maximum allowed for Category 3 councils.
3. The proposed councillor allowance be \$26, 378 per annum, being the maximum allowed for Category 3 councils.
4. That Council authorise the calling for public submissions and that at the Ordinary Meeting of Council dated 27 April 2009 submissions be reviewed and Council determine the level of the mayoral and councillor allowances.

3. BACKGROUND AND CONTEXT

The payment of Mayoral and Councillor allowances is governed by the *Local Government Act 1989*. The allowances are set by an Order in Council (approved by the Minister for Local Government) for all councils.

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.

In 2005, Council adopted the maximum Councillor and Mayoral allowances for category 3 of \$18,000 and \$57,500 respectively for the period 2005 to June 2009.

In 2007 Victorian councils lobbied the state government for an increase in the allowances and following a comprehensive review the state government released a report in 2008 which outlined an increased range of allowances, as well as, a minimum level of support for councillors.

Subsequent to the review an Order in Council was made in December 2008 detailing the following allowances and an additional amount *equivalent* to the Superannuation Guarantee Contribution which is currently 9%:

Councillor Allowances	Category 1		Category 2		Category 3	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Part A (allowance)	\$6,800	\$16,200	\$8,400	\$20,200	\$10,100	\$24,200
Part B (supn equiv)	\$612	\$1,458	\$756	\$1,818	\$909	\$2,178
Total Payment	\$7,412	\$17,658	\$9,156	\$22,018	\$11,009	\$26,378

Mayoral Allowance	Category 1	Category 2	Category 3
	Up to	Up to	Up to
Part A (allowance)	\$48,400	\$62,500	\$77,300
Part B (supn equiv)	\$4,356	\$5,625	\$6,957
Total Payment	\$52,756	\$68,125	\$84,257

Councillors and the Mayor are currently being paid the amounts shaded in the tables above. It should be noted that:

1. a mayor cannot receive the councillor allowance at the same time as receiving the mayoral allowance;
2. the amount of the allowance must be the same for each councillor (except the mayor);
3. a Council does not have to pay an allowance to a Councillor who does not wish to receive it; and
4. a person is only entitled to receive an allowance while he or she holds the office of councillor or mayor.

Recent legislative amendments require allowance levels during the four year period be subjected to indexation reviews to be determined annually by the Minister for Local Government. Any indexation of the allowances is applied automatically.

The Local Government Act requires that sometime before 30 June 2009, Council must set councillor and mayoral allowances for the period July 2009 – June 2013.

4. CONSULTATION AND STAKEHOLDERS

The Local Government Act requires that before the final decision is made on the level of allowances there must be a public process of inviting public submissions on the quantum of allowances.

The submission process is to be conducted in accordance with section 223 of the Local Government Act. Council must publish a public notice:

1. specifying the matter in respect of which the right to make a submission applies;
2. specifying the date by which submissions are to be submitted, being a date not less than 28 days after the date that the public notice is published; and
3. stating the person making the submission is entitled to appear in person, or to be represented by a person specified in the submission, to be heard at a meeting.

Council must also resolve that a Council meeting or committee meeting will review submissions and give reasonable notice of the day, time and place of the meeting to each submitter.

Council must take into account all submissions received within the prescribed time.

Once Council has determined the level of allowances it must notify in writing each person who made a separate submission, and where a submission is made on behalf of a number of people, one of those persons, of the decision and the reasons for the decision.

5. DISCUSSION

OPTIONS

1. There is a legislative requirement that Council determines the level of its mayoral and councilor allowances by the end of June 2009.
2. Council is able to determine the allowances at any level between the minimum and maximum range applicable to Category 3 as set by the Order in Council in December 2008.

3. Council does not have to pay an allowance to a mayor or councillor who does not want to receive an allowance.

POLICY IMPLICATIONS

The minimum and maximum levels of the allowances is determined by legislation. Council is required to determine allowances within the range set by legislation.

FINANCE / RESOURCE IMPLICATIONS

As a Category 3 council, the cost to Council for mayoral and councillor allowances per annum could vary between \$77,063 and \$242,525. This is dependent upon where within the range Council sets its allowances.

LEGAL & RISK IMPLICATIONS

There should be no legal or risk implications if Council complies with the legislative requirements in determining the allowances.

SUSTAINABILITY ASSESSMENT

Social – Councillors provide the link between the Council organisation and the community. The allowance provides some support to councillors to assist them in their role to promote access for all to universal services, target specific services for those with extra needs, promote connections within the community, improve community health, well-being and safety.

Economic – 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 has a minor financial impact on the cost of providing Council services.

Environmental – The payment of allowances to councillors has no direct environmental impact, but it does provide support to councillors in their role to take the environmental message to the community.

Cultural – Generally, the community recognizes the important role of Councillors and is supportive of an allowance commensurate with the work undertaken. The review initiated by the State Government in 2007/2008, determined the appropriateness of the level of allowances for the responsibilities undertaken by councillors.

FURTHER INFORMATION

Nil.

6. IMPLEMENTATION STRATEGY

TIMELINE

Below is a table outlining the process to be undertaken:

Initial report to Strategy & Policy Review Committee to commence the process	2 February 2009
Council Meeting to adopt the proposed process	23 February 2009
Public notice in the Emerald Hill Weekly & Port Phillip Leader calling for public submissions	1 st week of March 2009
Closing date for submissions	2 April 2009
Notify submitters of the day, time and place of the meeting to review submissions	Week ending 10 April 2009
Report to Ordinary Meeting of the Council to review public submissions and set the mayoral and councillor allowances	27 April 2009
Notify those that made submissions of the outcome of the process to determine the mayoral and councillor allowances	Week ending 8 May 2009

COMMUNICATION

A public notice will be placed in both local newspapers and the Council website advising the community of the process to determine the level of mayoral and councillor allowances.

FURTHER INFORMATION

Nil.