

2008

Recognition and Support

The Victorian Government's Policy Statement on
Local Government Mayoral and Councillor
Allowances and Resources
April 2008



Ministerial Statement

Today I announce *Recognition and Support, the Victorian Government's Policy Statement on Local Government Mayoral and Councillor Allowances and Resources*.

The new Policy replaces the year 2000 Policy *Flexibility and Accountability the Victorian Government's new approach to Mayoral and Councillor allowances* that initiated the framework and levels of Councillor remuneration applied until now.

On 10 May 2007 I announced the Victorian *Local Government (Councillor Remuneration Review) Panel*. The review concluded on 25 January 2008 and I welcomed the Panel's report to me on a number of matters that included the existing remuneration model established by the year 2000 policy, whether it required adjustment, the appropriateness of allowance amounts and adjustment as well as advice on superannuation for all Mayors and Councillors. The report is now available online on the Local Government Victoria website <http://www.localgovernment.vic.gov.au>.

I thank the Panel Chair Liz Roadley and Members Joanne Anderson, Bruce Hartnett and Bruce Mildenhall for their pertinent research, coverage of peak body and stakeholder views and their succinct deliberations on the key issues they were appointed to address.

The Government has endorsed the majority of the recommendations flowing from the review and these have informed this policy "*Recognition and Support, the Victorian Government Policy Statement on Local Government Mayoral and Councillor Allowances and Resources*". The Policy applies to all Councils including Melbourne.

I believe this Policy to be realistic, reasonable and fair. The new package continues the existing three-category model of council allowances based on revenue and population figures and retains the flexibility for councils in each category to set allowances within a range in consultation with their community. It provides for more certain allowances and support for Mayors and Councillors in the years ahead.

Those already committed to civic leadership can expect the changes to better inform their choices about public service, about their career and financial future and balancing family life and community life with public life. Equally passionate yet increasingly under represented in local leadership roles, are women, youth and mid career professionals. I expect that more of these individuals will be attracted to civic life and play their part in Council decision-making to contribute to strategic and practical perspectives increasingly reflective of wider grass roots community needs and views.

Together with other initiatives introduced by the State Government, this Policy provides for greater encouragement of community participation in local government and retention of valued and experienced leaders and mentors in civic service.

Richard Wynne MP
Minister for Local Government
April 2008



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Introduction

The Government views Councillor allowances not as a form of salary but as some recognition of the contributions made by those elected to voluntary, 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 and cultural, environmental and economic challenges facing communities everywhere.



Policy summary

- For all Councils other than Melbourne City Council there will continue to be a 3-Category framework based on Councils' revenue and population data for the previous financial year (Appendix 1). (Melbourne City Council is subject to separate arrangements¹).
 - The revenue figure will be based on revenue that excludes non-recurrent, and discounted to account for inflation.
 - The population figure will be based on the most recent Australian Bureau of Statistics Estimated Resident Population figures released in June of the previous financial year.
 - An allowance range for each Category of Councils will continue to apply.
- Allowances for all Councils will comprise two parts:

Part A: (2007-08 figures)

	Councillor Min/Max	Lord Mayor Melbourne	Mayor Max	Deputy Lord Mayor Melbourne
Category 1	\$6,500-\$15,700		Up to \$47,000	
Category 2	\$8,100-\$19,600		Up to \$60,700	
Category 3	\$9,800-\$23,500		Up to \$75,000	
Melbourne	\$32,600	\$143,500		\$58,700

Part B: An amount the equivalent of the Superannuation Guarantee Contribution (currently 9%) will apply to Part A for those Councils that are not Eligible Local Governing Bodies (ELGBs).

- Allowances ranges and the levels subsequently determined by a Council within their range, will be subject to adjustment by application of any percentage increases to Victorian Statutory and Executive Officers.
- The applicable increases will take effect after they have been published by the Minister for Local Government .
- Council Category changes can now occur in three ways. There is no change to how levels within a range are determined (Appendix 2).

¹ Allowances for Melbourne City Council are separately provided for under s74 of the *Local Government Act 1989* (Vic) and s26 (1) and (2) of the *City of Melbourne Act 2001* (Vic).

- A remote travel allowance will continue to provide compensation for the time spent on long distances travelled by Councillors in remote areas. This allowance provides for a maximum limit of \$5000 per annum (at a daily rate of \$40) or as may be amended from time to time by Order in Council.
- Further remuneration reviews will only be considered by the Government when there is either a significant change in role or responsibility identified for local government Mayors and Councillors or when there is an accumulation of minor changes that taken together constitute a justification for remuneration review.
- For all Councils, a minimum toolkit of support be provided for all Mayors and Councillors:

Resources/facilities mandatory

- Administrative support for the Mayor
- Office for Mayor
- Vehicle for Mayor
- Computer - desktop or laptop
- Mobile phone and landline
- Stationery
- Access to fax/copier
- Website development as part of Council website

Reimbursement

- Travel - including reimbursement of public transport costs
- Phone - reimbursement of relevant call costs
- Internet
- Child care/family care

And that as a matter for Council determination the following be considered:

- Access to pool car for Councillors
 - Office space and furniture
- *Guidelines on the reimbursement of expenses and provision of facilities and resources support for Mayors and Councillors* may be issued from time to time by the Minister for Local Government. Initial Guidelines will be based on the Guidelines recommended by the 2008 Local Government (Councillor Remuneration Review) Panel Report.



Appendix 1

Victorian Council Categories (excluding Melbourne City Council)

Legend Column 1:

B: Borough
C: Council
RC: Rural City
S: Shire

Legend Column 6:

EC: Exceptional Circumstances Category changes Gazetted 2003-2006
(Note: former EC Councils now with the relevant points are not identified as EC)

Municipality	Total Recurrent Revenue* 2006/2007 (\$)	Total Recurrent Revenue Discounted Using 72.32% for 2006-07 (\$'000s)	June 2007 Estimated Resident Population ERP (p)**	Total B+C	Points B+C/100
	A	B	C	B+C	B+C/100
Level 1: <40					
Queenscliffe (B)	6,312,934	4,566	3,175	7,741	8
Towong (S)	10,402,821	7,523	6,256	13,779	14
West Wimmera (S)	13,215,512	9,557	4,578	14,135	14
Hindmarsh (S)	13,006,291	9,406	6,190	15,596	16
Mansfield (S)	13,299,566	9,618	7,527	17,145	17
Pyrenees (S)	16,341,603	11,818	6,763	18,581	19
Yarriambiack (S)	15,695,846	11,351	7,658	19,009	19
Buloke (S)	18,571,918	13,431	7,038	20,469	20
Loddon (S)	17,673,318	12,781	8,077	20,858	21
Strathbogie (S)	16,949,698	12,258	9,733	21,991	22
Gannawarra (S)	16,896,398	12,219	11,634	23,853	24
Central Goldfields (S)	16,857,997	12,192	12,736	24,928	25
Alpine (S)	17,711,939	12,809	12,592	25,401	25
Ararat (RC)	19,442,332	14,061	12,593	26,654	27
Benalla (S)	18,404,217	13,310	14,024	27,334	27
Northern Grampians (S)	21,402,016	15,478	12,301	27,779	28
Hepburn (S)	18,765,908	13,572	14,289	27,861	28
Murrindindi (S)	22,352,354	16,165	14,228	30,393	30
Indigo (S)	21,535,128	15,574	15,480	31,054	31
Mount Alexander (S)	21,344,740	15,437	17,851	33,288	33
Golden Plains (S)	22,557,092	16,313	17,345	33,658	34
Southern Grampians (S)	28,546,075	20,645	17,311	37,956	38
Horsham (RC)	27,092,887	19,594	19,323	38,917	39
Moyne (S)	31,564,692	22,828	16,102	38,930	39

Municipality	Total Recurrent Revenue* 2006/2007 (\$)	Total Recurrent Revenue Discounted Using 72.32% for 2006-07 (\$'000s)	June 2007 Estimated Resident Population ERP (p)**	Total	Points
	A	B	C	B+C	B+C/100
Level 2: 40-190					
Corangamite (S)	30,904,099	22,350	17,188	39,538	40
Colac-Otway (S)	29,293,697	21,185	21,183	42,368	42
Glenelg (S)	34,026,411	24,608	20,664	45,272	45
Moorabool (S)	26,219,352	18,962	26,843	45,805	46
Swan Hill (RC)	35,071,099	25,363	21,459	46,822	47
Surf Coast (S)	35,141,426	25,414	23,521	48,935	49
Moira (S)	33,807,859	24,450	28,223	52,673	53
South Gippsland (S)	36,485,277	26,386	26,830	53,216	53
Wangaratta (RC)	37,634,162	27,217	27,569	54,786	55
Mitchell (S)	32,255,030	23,327	32,760	56,087	56
Bass Coast (S)	42,689,287	30,873	28,081	58,954	59
Warrnambool (C)	44,172,603	31,946	32,042	63,988	64
Wodonga (RC)	42,484,090	30,724	34,776	65,500	66
Baw Baw (S)	41,688,104	30,149	39,078	69,227	69
Macedon Ranges (S)	44,610,402	32,262	40,353	72,615	73
Campaspe (S)	53,361,299	38,591	37,763	76,354	76
Ballarat (C)	91,690,197	66,310	12,594	78,904	79
Wellington (S)	52,930,157	38,279	41,998	80,277	80
East Gippsland (S)	53,512,266	38,700	41,954	80,654	81
Cardinia (S)	52,625,564	38,059	60,753	98,812	99
Nillumbik (S)	53,678,766	38,820	62,310	101,130	101
Mildura (RC)	72,581,958	52,491	52,576	105,067	105
Greater Shepparton (C)	74,930,409	54,190	59,730	113,920	114
Maribyrnong (C)	73,719,165	53,314	67,825	121,139	121
Latrobe (C)	77,519,000	56,062	72,905	128,967	129
Melton (S)	66,495,975	48,090	85,613	133,703	134
Bayside (C)	69,686,724	50,397	92,801	143,198	143
Hobson's Bay (C)	82,027,546	59,322	85,525	144,847	145
Yarra (C)	99,266,552	71,790	74,823	146,613	147
Maroondah (C)	73,650,923	53,264	103,005	156,269	156
Manningham (C)	78,506,441	56,776	116,449	173,225	173
Banyule (C)	83,105,624	60,102	120,349	180,451	180

Municipality	Total Recurrent Revenue* 2006/2007 (\$)	Total Recurrent Revenue Discounted Using 72.32% for 2006-07 (\$'000s)	June 2007 Estimated Resident Population ERP (p)**	Total	Points
	A	B	C	B+C	B+C/100
Level 3: 190+					
Greater Bendigo (C)	99,536,882	71,985	98,323	170,308	170 EC
Stonnington (C)	104,465,827	75,550	96,221	171,771	172 EC
Moonee Valley (C)	89,961,190	65,060	112,481	177,541	178 EC
Port Phillip (C)	124,354,134	89,933	91,931	181,864	182 EC
Glen Eira (C)	88,294,220	63,854	131,144	194,998	195
Frankston (C)	99,653,651	72,070	123,315	195,385	195
Wyndham (C)	103,611,894	74,932	123,163	198,095	198
Greater Dandenong (C)	103,767,336	75,045	132,237	207,282	207
Darebin (C)	100,114,542	72,403	135,262	207,665	208
Whittlesea (C)	103,366,265	74,754	133,156	207,910	208
Moreland (C)	97,986,270	70,864	144,015	214,879	215
Knox (C)	94,184,676	68,114	153,151	221,265	221
Kingston (C)	115,551,930	83,567	141,550	225,117	225
Whitehorse (C)	108,177,516	78,234	152,368	230,602	231
Yarra Ranges (S)	118,177,315	85,466	145,596	231,062	231
Mornington Peninsula (S)	125,390,074	90,682	142,659	233,341	233
Hume (C)	121,365,563	87,772	157,145	244,917	245
Brimbank (C)	112,569,411	81,410	176,249	257,659	258
Boroondara (C)	129,763,551	93,845	163,890	257,735	258
Monash (C)	120,394,094	87,069	171,478	258,547	259
Casey (C)	142,464,347	103,030	229,080	332,110	332
Greater Geelong (C)	191,499,535	138,492	208,395	346,887	347
Totals	4,696,364,969		5,047,156		

* Recurrent revenue does NOT include non-recurrent items.

** ERP(p) is Estimated Resident Population (preliminary).

This data is from the Australian Bureau of Statistics, and is updated annually.



Appendix 2

Policy information and procedures

Introducing new allowances

The new allowance ranges will apply to all Councils effective from the time of Councillors taking the oath of office following the 29 November 2008 general elections.

The allowance amounts to be paid to Mayors and Councillors, from 1 December 2008, will be calculated to be the allowance level determined by the previous Council as a result of its last review, with those levels adjusted upwards by the initial 30.46% and any further adjustment based on movement in payments to Victorian Statutory and Executive Officers. In future years, further adjustments based on these movements will also apply from the time they are given effect by the Minister for Local Government.

In an election year, a Council will determine its allowance level in the range allowed by its Category (within 7 months of an election). Councils in setting their levels will do so based on any new ranges applicable to them as a result of any change in their Category status of which a notice has been given by the Minister for Local Government. The level of allowance determined will take effect from the time when the Council has completed its review.

For Category changes in a non-election year, any new level of allowance determined by a Council within the applicable range will also take effect once the Council has completed its review.

3-Category framework

The 3-Category framework established by the year 2000 Policy will continue:

Category 1	0 - 40 points	(24 Councils)
Category 2	41-190 points	(32 Councils)
Category 3	190 + points	(22 Councils)

Methodology for determining points

The population/revenue formula applicable for determining all Council categories (excluding Melbourne City Council) is as follows:

$$\text{Council Category Points} = ((R \times D) + \text{ERP}) / 1000$$

Where: R = Total Council recurrent revenue (in \$'000s)
D = Index for Discounting (see below)
ERP = Estimated Resident Population

Example:

For a Council with recurrent revenue of \$10 million and a population of 5,500, the Category Points for that Council (assuming an Index for Discounting of 65%) are calculated as follows:

$$\begin{aligned} \text{Category Points} &= ((R \times D) + ERP) / 1000 \\ &= ((10\,000 \times 65\%) + 5\,500) / 1000 \\ &= (6\,500 + 5\,500) / 1000 \\ &= 12\,000 / 1000 \\ &= 12 \end{aligned}$$

The Council in this example has 12 Category Points, placing it in Category 1.

Index for discounting

Revenue figures shall be discounted to avoid increases in Category Points resulting solely from revenues increasing with inflation.

The Index for Discounting will be calculated each year and will be applied to the revenue figures for the previous completed financial year.

The Index for Discounting to be applied to 2006-07 revenue figures is 72.32%.

The basis for the Index is the annual movements in Average Weekly Earnings (AWE) since 1999-2000. In 1999-2000 AWE was \$806.80. In 2006-07 it was \$1,115.50. The Index for Discounting for 2006-07 is therefore calculated as follows:

$$\begin{aligned} \text{2006-07 Index for Discounting} &= \text{AWE 1999-2000} / \text{AWE 2006-07} \\ &= 806.80 / 1115.50 \\ &= 0.7232 \\ &= 72.32\% \end{aligned}$$

Revenue and population data

The data used in updating Council revenue and population figures is:

- recurrent revenue data for the most recent financial year submitted by Councils to the Victoria Grants Commission and compiled by the Commission in November of each year; and
- the release in February or March each year by the Australian Bureau of Statistics of Estimated Resident Population (ERP) figures for each Council as at 30 June in the most recently completed financial year.

Change of Category processes and timelines

There are three processes for Category changes:

1. Annual assessment of revenue and population data:
 - each year Council points will be assessed by Minister using the population and revenue formula;
 - Councils affected by Category changes will be published and notified soon after the revised points are known;
 - Allowance changes will take effect as described above under “Introducing new allowances”
2. Exceptional Circumstances:
 - a successful submission made by a Council (not otherwise eligible on population and revenue figures) to a Local Government Panel that recommends a higher Category, and
 - applying principles to be used in an exceptional circumstances case that the Minister for Local Government may publish from time to time.
3. The result of a review of a Council requested by the Minister for Local Government.

Change of allowance level within the range applicable to a Council Category.

1. The process for determining an allowance level within the range applicable to Council’s Category remains unchanged.
 - Under section 74 (1) of the Local Government Act 1989, a Council must review and determine the level of allowance within 7 months of an election.
2. Allowance levels will be subject to the annual adjustments in line with any adjustment factors published by the Minister for Local Government.