

**ALL WARDS**

**13.2 MAYORAL AND COUNCILLOR ALLOWANCES**

**SUMMARY:**            *Governance Officer (Kirstin Ritchie)*

*Council is required to review and determine the level of the Councillor and Mayoral allowances for its 2016-2020 term of office within the period 6 months after a general election or by 30 June, whichever is later.*

*The Victorian Government sets the upper and lower limits for all allowances paid to the Mayor and Councillors by Order of Council. It is a requirement of Council to then determine the level of allowance within this set range.*

*It is proposed that the current Mayoral and Councillor allowance level be retained at the upper limit of Category 3.*

**RECOMMENDATION**

**That Council:**

1. **Note the submissions received under Section 223 of the Local Government Act 1989 in relation to the review of Mayoral and Councillor Allowances;**
2. **Endorse the proposed Council response to each of the submissions (refer to Appendix A);**
3. **Set the Mayoral and Councillor Allowances for the entire Council term at the maximum levels for a Category 3 Council, as determined by the Minister for Local Government (Mayoral allowances of \$94,641 plus an amount equivalent to the superannuation guarantee of \$8,990, and Councillor allowance of \$29,693 plus an amount equivalent to the superannuation guarantee of \$2,814); and**
4. **Note allowances will be paid monthly, with the amounts being subject to any variations or adjustments made by the Minister for Local Government during the four year Council term.**

**1. INTRODUCTION**

At the Ordinary Meeting of Council on 22 May 2017, Council resolved to place a public notice calling on submissions relating to the review of Mayoral and Councillor allowances, in accordance with Section 223 of the Local Government Act 1989 (the Act). The public submission period opened 23 May 2017 and closed 20 June 2017.

## **13.2 Review of Mayoral and Councillor Allowances (cont'd)**

### **2. DISCUSSION**

The Victorian Government sets upper and lower limits for all allowances paid to the Mayor and Councillors by Order in Council. Under that Order, which specifies 3 categories of Councils based upon population and total recurrent revenue, Knox City Council is deemed a Category 3 Council.

The allowance range for a Category 3 Council, approved by the Minister for Local Government, and applicable from 1 December 2016, is:

- Mayor: up to \$94,641 per annum
- Councillors: \$12,367 - \$29,630 per annum

There is also a legislative requirement for an amount equivalent to the superannuation guarantee under Commonwealth taxation legislation (currently 9.5%) to be paid in addition to the allowance.

At least once every year, the Minister for Local Government reviews the limits and ranges of Mayoral and Councillor allowances. This review must have regard to movements in salaries of executives within the meaning of the Public Administration Act 2004. Council must increase its Mayoral and Councillor allowances in accordance with the adjustment factor specified by the Minister. The last adjustment was gazetted on 24 November 2016 and saw an increase of 2.5%.

In reviewing allowances, a Council may determine to either retain its current allowances or vary them to a different amount within the range and limit applicable to Category 3. Given the scale and complexity of Council's operations as a large metropolitan Council, it is proposed that the current allowance level be retained at the upper limit of Category 3; noting that both allowances may increase annually by an adjustment factor determined by the Minister for Local Government.

The public submission period opened 23 May 2017 and closed 20 June 2017. A total of 4 submissions were received by the conclusion of the submission period. None of the submitters requested to appear in person at the Committee meeting to be heard in support of their submission.

It should be noted that one submission did not indicate whether the individual wished to appear in person at the Committee meeting to be heard in support of the submission. A Council officer contacted the individual via email (only contact information supplied) seeking further clarification and no response was received.

As no request to be heard was received the Committee meeting, scheduled for Thursday 22 June 2017, was not held. The written submissions were distributed to the Committee for consideration.

## **13.2 Review of Mayoral and Councillor Allowances (cont'd)**

All four of the submissions received revolved around the key themes of:

- The limited awareness of the public submission process;
- the impact of rate capping;
- the discrepancy between the Mayor and Councillor allowance amount;
- the roles and responsibilities of the Mayor and Councillors as well as the Chief Executive Officer; and
- the use of key performance indicators to measure the performance of the Mayor and Councillors.

A summary of the proposed response to each of the submissions can be found in Appendix A.

### **3. CONSULTATION**

Section 74(4) of the Act provides that a person has a right to make a submission under section 223 of the Act in respect of a review of allowances.

In accordance with Section 223 of the Act, Council publicly advertised the review of Mayoral and Councillor Allowances inviting the community to make submissions. Public notices were placed in The Age and the Knox Leader newspapers. A page was also included on the Knox City Council website providing details on the review and inviting submissions.

All submissions have been distributed to the Committee, comprised of all nine Councillors, for consideration.

### **4. ENVIRONMENTAL/AMENITY ISSUES**

There are no environmental or amenity issues associated with the preparations of this report.

### **5. FINANCIAL & ECONOMIC IMPLICATIONS**

The provision of mayoral and councillor allowances is managed within Council's adopted budget.

### **6. SOCIAL IMPLICATIONS**

There are no direct social implications associated with the preparation of this report.

### **7. RELEVANCE TO CITY PLAN 2013-17 (INCORPORATING THE COUNCIL PLAN)**

The provision of a Mayoral and Councillor allowance assists Council in meeting its general objectives under the Council Plan.



## Public Submissions in relation to the Review and Mayoral and Councillor Allowances 2016-2020

No.	Name	Submission	Request to be Heard	Proposed Council Response
1	T Mustac	<p>Why does the Mayor get so much? Why do we need such a person if we have a CEO? The CEO gets too much too.</p> <p>Non of the allowances should be increased. People have not had pay rises at all SO why should you &amp; all the staff at Knox Council. Where are you going to get the money from? Increase in the rates? How about cutting your spending &amp; live within your means &amp; only do the jobs required by the Council. SORRY NO INCREASES IN ANY ALLOWANCES OR WAGES. If you have the Mayor that allowance needs to be cut like the Councillors allowance. It is just getting absurd. You ask if I want to be heard WHAT A LOUGH if I go by the last council meeting I attended rate payers DO NOT GET A CHANCE to talk as we are under DICTATORSHIP. There is freedom of speech or debate as required at any meeting. You lot should be ashamed. CUT ALL YOUR SPENDING</p>	<p>Did not complete; emailed submitter and received no response.</p>	<p>The Victorian Government sets upper and lower limits for all allowances paid to the Mayor. Council then determines the level of allowance within this set range after consultation with the community.</p> <p>It is a requirement of the Local Government Act 1989 that Councillors elect a Mayor and that Council appoint a CEO. Both positions are required as they have distinct and different functions. In short the Mayor leads Council in its civic leadership and provision of strategic direction set by the Council. The CEO is responsible for the operations of Council, implementing the decisions of Council and providing advice and support to Council.</p> <p>The higher allowance provided for the Mayor is in recognition of the additional responsibilities and functions that are required of the role, including taking precedence at all municipal proceedings within the municipality and chairing all meetings of the council at which he or she is present. The mayor's role, however, extends well beyond officiating at council meetings or other municipal proceedings. In additional the Mayor's role is to provide leadership, promote positive relationships, and model good governance.</p> <p>This review of allowances is not proposing to increase the level of Mayoral and Councillor allowances. The current level of allowances is proposed to be retained with the provision of the allowances being managed by Council's adopted budget.</p>

## APPENDIX A

				<p>The review of the Mayoral and Councillor allowances is a statutory requirement. As part of the review process, a person has a right to make a submission and to be heard in support of their submission. As a submitter, you had the right to request to be heard by the Committee and you have chosen not to exercise this right.</p> <p>The provision for members of the public to speak at Council meetings is governed by Council's Meeting Procedure and Use of Common Seal Local Law 2008 and is limited to the asking of up to 2 questions for a maximum time of 2 minutes each. These provisions are not intended to be used for discussion or debate.</p>
2	Wendy Belli	<p>I don't see any justification to increase across the board the annual allowances for our Councillors and Mayor. My concern is there is no way in knowing exactly what has been achieved by each individual, there are no KPI's that have been published for your rate paying community to be able to assess as to whether or not these increases are in fact due so asking for feedback is going to be solely based on our perception.</p> <p>I have no idea of the time commitment required for each councillor or the Mayor so it is difficult to know if they are meeting those requirements. The fact that our councillors are at the higher end of allowances payable, I find it hard to justify any increase when our local area seems to be standing still or going backward in certain areas. I am not certain that all of our councillors or our Mayor are doing everything necessary to make the Knox area a better place to live there are simply no measures that we as rate payers can</p>	No	<p>The review of allowances is not proposing to increase the level of Mayoral and Councillor allowances. It is proposing the current Mayoral and Councillor allowances be retained.</p> <p>Specific KPI's for Councillor performance are not mandatory under the Local Government Act 1989 (the Act). However, at least once a year the Minister for Local Government must review the allowance category for each Council and the limits and ranges of allowances within each category. For this the Minister must have regard to:</p> <ul style="list-style-type: none"> <li>&gt; the number of residents in the municipal area;</li> <li>&gt; variations in the total recurrent revenue of each Council; and</li> <li>&gt; the movements in the levels of remuneration of executives with the meaning of the Public Administration Act 2004.</li> </ul> <p>Each Council must prepare a Council Plan, which includes the strategic objectives of the Council, the</p>

	<p>assess the success. There seems to be many areas currently where there are savings being made by council such as hard waste collections, which makes it feel like robbing Peter to pay Paul when it comes to the talk of increasing allowances.</p> <p>It is concerning to me also that this is the first time ever I have had the knowledge that our input into these allowances would be considered. I feel these sorts of things should be shared perhaps with our rates notices, so that there is a genuine amount of input from the community rather than a select few who care to chase it up.</p> <p>Perhaps given the lack of information available now would be the time for our Councillors and Mayor to reject an increase and put forward to the community exactly what it is they hope to achieve, a time frame in which they would like it to be completed, and regular updates as to the success. Another initiative which could help in gaining our support for increases is making the council meetings available to all by going to live stream, however I don't believe this will be considered given it has already been knocked back. When you have nothing to hide, hide nothing - just a thought, more transparency may help to get more of your residents back on you side.</p> <p>I do hope there is a substantial amount of feedback and that it can all be taken in to account when deciding to go ahead or not with the increases on the table. I also hope that we will be updated as soon as a decision has been made.</p>		<p>strategies for achieving the objectives for at least the next 4 years and strategic indicators for monitoring the achievement of the objectives. This plan has been informed by extensive community engagement and guides the future decision making and actions of Council. Council reports on the progress and achievement of this plan through its Annual Report and also provides quarterly progress reports on the implementation of Council's Annual Plan.</p> <p>Performance indicators of the Council against a number of standard indicators set by the State Government are reported annually and can be found at <a href="http://www.knowyourcouncil.vic.gov.au">www.knowyourcouncil.vic.gov.au</a>.</p> <p>The review of the Mayoral and Councillor allowances is a statutory requirement. Section 74 of the Act states that a review must occur within 6 months after a general election or by the next 30 June, whichever is later. The previous review of Mayor and Councillor allowances was undertaken in 2013.</p> <p>As per the legislation Council is required to publish a public notice and receive submissions. Council has complied with these requirements by placing a notice in The Age, the Knox Leader and on Council's website. The timing of the review does not coincide with the distribution of rates notices.</p> <p>Live streaming of Council meetings is governed by the Meeting Procedure and Use of Common Seal Local Law. This Local Law will be reviewed later in the year and will consider this matter. This review will also seek feedback from the community on the proposed changes.</p>
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3	Karen Coulson	<p>In today's tight rate capping environment, as a rate payer I find it hard to justify increases to Councillor and Mayoral allowances, especially when they are currently in the very upper end of the Victorian Government limits. When cost savings are being sought out across Council, I believe that increases in allowances, particularly the Mayor allowance should be frozen. This would send a message to the community and the Council organisation that these cost savings are being taken seriously from the top down.</p> <p>I, along with many of my fellow constituents, had no knowledge that in the past, residents had a voice in regards to this process. I have asked questions since this feedback was sought by Council, about performance measures and expectation of Councillors to enable them to receive these allowances, in an effort to provide balanced feedback based on fact, and I am disappointed that there does not appear to be any. It appears that the minimum requirement for Councillors to perform their duties is attending one ordinary council meeting per month. I believe the effort put in varies considerably from Councillor to Councillor and therefore an overall allowance increase does not seem proportional to the effort put in to the community. In addition to this, there does not appear to be any increase in workload or cost escalations to Councillors, and neither is there any accountability for performance, therefore I see no justification for an increase in allowances.</p> <p>I also find it difficult to understand the expectation and performance required for the role of Mayor and how this justifies such a huge increase from the Councillor Role. Again, I have asked questions and have not been provided with any substantial measures or reasons as to why the</p>	No	<p>This review of allowances is not proposing to increase the level of Mayoral and Councillor allowances. It is proposing the current Mayoral and Councillor allowances be retained.</p> <p>The review of the Mayoral and Councillor allowances is a statutory requirement. Section 74 of the Local Government Act 1989 (the Act) states that a review must occur within 6 months after a general election or by the next 30 June, whichever is later. The previous review of Mayoral and Councillor allowances was undertaken in 2013.</p> <p>As per the legislation Council is required to publish a public notice and receive submissions. Council has complied with these requirements by placing a notice in The Age, the Knox Leader and on Council's website. The timing of the review does not coincide with the distribution of rates notices.</p> <p>Specific KPI's for Councillor performance are not mandatory under the Local Government Act 1989 (the Act). However, at least once a year the Minister for Local Government must review the allowance category for each Council and the limits and ranges of allowances within each category. For this the Minister must have regard to:</p> <ul style="list-style-type: none"> <li>&gt; the number of residents in the municipal area;</li> <li>&gt; variations in the total recurrent revenue of each Council; and</li> <li>&gt; the movements in the levels of remuneration of executives with the meaning of the Public Administration Act 2004.</li> </ul> <p>Each Council must prepare a Council Plan, which includes the strategic objectives of the Council, the strategies for achieving the objectives for at least the next 4 years and strategic indicators for monitoring the achievement of the objectives. This plan has</p>
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		<p>Mayor should have such a large allowance, – \$94,641, plus superannuation of \$8,990, plus additional benefits and a Council supplied car is a vast sum of money (and benefits), and more than most people make in a year. Many people are really struggling in our community and this Mayoral allowance does not seem reasonable in contrast.</p> <p>In addition, I would like to comment on the selection process for the role of Mayor. Can the process for selection change to allow greater input as to will become Mayor? I would prefer to see this put out to constituents to decide on this, however I appreciate that the practicalities of this are not necessarily achievable, so I would like to know if at the very least, the decision of who takes on the role of Mayor can be a vote of Council organisation staff.</p>	<p>been informed by extensive community engagement and guides the future decision making and actions of Council. Council reports on the progress and achievement of this plan through its Annual Report and also provides quarterly progress reports on the implementation of Council’s Annual Plan.</p> <p>Performance indicators of the Council against a number of standard indicators set by the State Government are reported annually and can be found at <a href="http://www.knowyourcouncil.vic.gov.au">www.knowyourcouncil.vic.gov.au</a>.</p> <p>The role of a Councillor is defined in section 65 of the Act. Councillors are expected to participate in the decision making of the Council, represent the local community in that decision-making and to contribute to the strategic direction of the Council through the development and review of key strategic documents of Council. This involves attending monthly Council meetings as well as late night and weekend commitments.</p> <p>The higher allowance provided for the Mayor is in recognition of the additional responsibilities and functions that are required of the role, including taking precedence at all municipal proceedings within the municipality and chairing all meetings of the council at which he or she is present. The mayor’s role, however, extends well beyond officiating at council meetings or other municipal proceedings. In additional the Mayor’s role is to provide leadership, promote positive relationships, and model good governance.</p> <p>Section 71 of the Act details the election of the Mayor and states that Councillors must elect a Councillor to be the Mayor. Staff are employed at the sole discretion of the CEO, therefore it is not</p>
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				possible nor appropriate to have Council staff elect the Mayor.
4	Pam Hutchinson	<p>Whilst I realise the majority of my issues fall under State Government directives, seeing the Knox community is able to provide feedback, I am taking this opportunity to give mine.</p> <p>I don't have any issue with the amount of Councillors' allowance mainly due to the fact there is a lot of night and weekend work on top of whatever duties are carried out during "normal" working hours.</p> <p>I do strongly believe the huge discrepancy between the Councillors and Mayoral allowances is unjustified and unwarranted.</p> <p>I also believe these "allowances" should be a taxable salary. As far as I'm concerned this system is basically set up as legal tax evasion and as such, I intend to voice my opinion to the LG Minister as this would fall under her portfolio.</p> <p>I, and I'm sure many other residents, would like to know if there is a formal job description and if there are any minimum requirements (eg. Meetings attended, hours worked, etc) for holding the positions of Councillor and Mayor and also how Council justifies paying all Councillors equally when from reading the minutes of Ordinary Meetings, it is clear to see some Councillors attend a large number of community meetings, events and so forth and others barely attend any. Having said that, I do realise there are a number of Councillors who put in a lot of time and effort behind the scenes which is not officially recorded.</p>	No	<p>The higher allowance provided for the Mayor is in recognition of the additional responsibilities and functions that are required of the role, including taking precedence at all municipal proceedings within the municipality and chairing all meetings of the council at which he or she is present. The mayor's role, however, extends well beyond officiating at council meetings or other municipal proceedings. In addition the Mayor's role is to provide leadership, promote positive relationships, and model good governance.</p> <p>The Local Government Act 1989 (the Act) does not set a requirement around hours expected to be worked or number of community meetings or events that should be attended. The Act does however, define the role of Council, Councillors and the Mayor. For example, section 65 of the Act states that Councillors are expected to participate in the decision making of the Council, represent the local community in that decision-making and to contribute to the strategic direction of the Council through the development and review of key strategic documents of Council.</p> <p>Council prepares an Annual Report that reports to the community the progress and achievement of the Council plan strategic directions and also the adherence to its legislative obligations.</p> <p>Performance indicators of the Council against a number of standard indicators set by the State Government are reported annually and can be found at <a href="http://www.knowyourcouncil.vic.gov.au">www.knowyourcouncil.vic.gov.au</a>.</p>