



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

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

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**1. PURPOSE**

1.1 To commence the formal review process of Mayoral and Councillor allowances as required in accordance with 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 their 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 (Tribunal). Although the Tribunal has not made its first Determination on allowances.
- 2.3 The 2020 Act made allowance for this and states that the relevant sections of the LGA 1989 will continue to apply until the first Determination.
- 2.4 Consequently, Councils should now undertake their own review of allowances to ensure compliance with the 1989 Act requirement that following a general election, Council must review and determine the level of Mayoral and Councillor allowances by 30 June.
- 2.5 This review is a public process and any person has a right to make a submission under section 223 of the Local Government Act 1989 (the 1989 Act) to this review. Council will hear submissions and make a decision at the Council Meeting on 16 June 2021.

**3. RECOMMENDATION**

That Council:

3.1 Notes:

- 3.1.1 that the Victorian Independent Remuneration Tribunal is now responsible for the determination of Mayoral, Deputy Mayoral and Councillor allowances;
- 3.1.2 that the Tribunal is has not yet made its first Determination; and
- 3.1.3 that Councils must undertake their own review of allowances before 30 June 2021 to comply with the Local Government Act, until a Determination is made by the Tribunal.

3.2 Proposes to make no adjustment to the Mayoral and Councillor allowances until the first Tribunal Determination comes into effect, 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 Gives public notice that a review of the Councillor and Mayoral Allowances is being conducted and invites submissions on the proposed allowances.
- 3.4 Considers all submissions received and makes a determination on the level of allowances at the Council Meeting 16 June 2021.

#### 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 Act.
- 4.2 The provision of allowances has historically been provided for under Section 74 of the LGA 1989. On 6 April 2020 Section 74 of the LGA 1989 was repealed and replaced with Section 39 of the LGA 2020. Under the Local Government Act 2020 (the 2020 Act) the responsibility for determining Mayoral, Deputy Mayoral and Councillor allowances is transferred to the Victorian Independent Remuneration Tribunal.
- 4.3 The Tribunal, which is also responsible for setting remuneration for Members of Parliament and executives in the Victorian public sector, will be required to make its first determination on allowances within six months of being requested by the Minister for Local Government. At the date of preparing this report, Officers are not aware that the Minister for Local Government has requested the Tribunal undertake a review.
- 4.4 This situation was considered in the 2020 Act with insertion of Section 39(6) of that states that despite the repeal of sections 73B and 74 to 74B of the LGA 1989 those sections continue to apply in respect of allowances payable to Mayors, Deputy Mayors and Councillors until the first Determination made by the tribunal.
- 4.5 Relevantly, section 74 of the LGA 1989 applies and councils must review and determine the level of the Councillor allowance and the Mayoral allowance in accordance with the Order in Council made by the Governor in Council under section 74B that varies the limits or ranges of allowances payable by the Council.
- 4.6 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.
- 4.7 The Victorian government sets the upper and lower limits for allowances to Councils in each category.
- 4.8 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%

It should also be noted that the additional superannuation guarantee of 9.5% is scheduled to increase to 10.0% from 1 July 2021.



- 4.9 Councillor allowances are indexed annually (in December) under section 73B of the Local Government Act. The Minister for Local Government has conducted this review and 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 recent decision determining a zero per cent adjustment to Victorian Public Service executive remuneration for the 2020-2021 financial year.
- 4.10 Councillors and the Mayor are currently being paid the maximum allowable allowance under category 3. It should be noted that:
- 4.10.1 A Mayor cannot receive the Councillor allowance at the same time as receiving the Mayoral allowance
- 4.10.2 A Council does not have to pay an allowance to a Councillor who does not wish to receive it; and
- 4.10.3 A person is only entitled to receive an allowance while he or she holds the office of Councillor or Mayor.

## **5. CONSULTATION AND STAKEHOLDERS**

- 5.1 The 1989 Act requires that prior to Council adopting the Mayoral and Councillor Allowances, Council must call for and consider public submissions pursuant to section 223 of that Act.
- 5.2 In conducting its review of the Councillor and Mayoral Allowances, public notices will be published inviting public comment and submissions on the proposed allowances.
- 5.3 Council will consider all submissions made and make a final decision at a Council Meeting on 16 June 2020.

## **6. LEGAL AND RISK IMPLICATIONS**

- 6.1 Section 74(1) of the 1989 Act requires that Councils must review and determine the level of Mayoral and Councillor allowances within the period of six months after a general election or by next 30 June, whichever is the later.
- 6.2 Under section 74(4) of the 1989 Act a person has a right to make a submission under section 223 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 Council must provide the community with an opportunity to make a submission under section 223 of the Act 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.



# MEETING OF THE PORT PHILLIP CITY COUNCIL 5 MAY 2021

## **11. IMPLEMENTATION STRATEGY**

### **11.1 TIMELINE AND COMMUNICATION**

- 11.1.1 Public notice will be given inviting submissions from members of the community.
- 11.1.2 A report will be presented to Council at its Ordinary Meeting to be held on 16 June 2021, at which Council will hear and consider all submissions received and make a determination on the level of allowances.
- 11.1.3 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.

**TRIM FILE NO:** F21/1

**ATTACHMENTS** Nil