Annual Report and Determination

Annual report and determination under sections 239 and 241 of the Local Government Act 1993

20 April 2022

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Executive Summary

The Local Government Act 1993 (LG Act) requires the Local Government Remuneration Tribunal ("the Tribunal") to report to the Minister for Local Government by 1 May each year on its determination of categories of councils and the maximum and minimum amounts of fees to be paid to mayors, councillors, and chairpersons and members of county councils.

Categories

The Tribunal found the allocation of councils into the current categories appropriate. Criteria for each category is published in Appendix 1. These categories have not changed further to the extensive review undertaken as part of the 2020 review.

Fees

The Tribunal determined a 2 per cent per annum increase in the minimum and maximum fees applicable to each category.

Section 1 Introduction

- Section 239 of the LG Act provides that the Tribunal determine the categories of councils and mayoral offices and to place each council and mayoral office into one of those categories.
- Section 241 of the LG Act provides that the Tribunal determine the maximum and minimum amount of fees to be paid to mayors and councillors of councils, as well as chairpersons and members of county councils for each of the categories determined under section 239.
- 3. Section 242A(1) of the LG Act, requires the Tribunal to give effect to the same policies on increases in remuneration as those of the Industrial Relations Commission.
- 4. The Tribunal can also determine that a council can be placed in another existing or new category with a higher range of fees without breaching the Government's Wages Policy as per section 242A (3) of the LG Act.
- 5. The Tribunal's determinations take effect from 1 July each year.

Section 2 2021 Determination

- 6. The Tribunal received 18 submissions which included 9 requests for re-categorisation. At the time of making its determination, the Tribunal had available to it the Australian Bureau of Statistics 25 March 2020 population data for FY2018-19. The Tribunal noted the requirement of section 239 of the LG Act that it must determine categories for councils and mayoral offices at least once every 3 years. It noted that the Tribunal had conducted an extensive review in 2020 and decided that the categories would next be considered in 2023.
- 7. The Tribunal found that the current categories and allocation of councils to these categories remained appropriate. The Tribunal's finding had regard to the 2020 review, the current category model and criteria and the evidence put forward in the received submissions.
- 8. In regard to fees, the Tribunal determined a 2 per cent per annum increase in the minimum and maximum fees applicable to each category.

Section 3 2022 Review

Process

9. In 2020, the categories of general purpose councils were determined as follows:

Metropolitan	Non-Metropolitan
 Principal CBD 	 Major Regional City
 Major CBD 	 Major Strategic Area
Metropolitan Large	 Regional Strategic Area
Metropolitan Medium	 Regional Centre
Metropolitan Small	Regional Rural

Rural

- 10. The Tribunal wrote to all mayors or general managers and LGNSW on 14 October 2021 to advise of the commencement of the 2021 review and invited submissions regarding recategorisation, fees and other general matters. The Tribunal's correspondence advised that an extensive review of categories was undertaken in 2020 and, as this was only legislatively required every three years, consideration would be next be given in 2023. The correspondence further advised that submissions requesting to be moved into a different category as part of the 2022 review would require a strong case supported by evidence that substantiates that the criteria for the requested category is met.
- 11. Seven submissions were received from individual councils and one submission was received from LGNSW. The Tribunal noted that several of the submissions had not been endorsed by their respective councils. The Tribunal also met with the President, Chief Executive and Senior Manager of LGNSW.
- 12. The Tribunal discussed the submissions at length with the Assessors.
- 13. The Tribunal acknowledged previous and ongoing difficulties imposed by COVID19 and natural disasters on councils.
- 14. The Tribunal also acknowledged submissions from councils in regional and remote locations that raised unique challenges, such as travel and connectivity, experienced by mayors and councillors in those areas.
- 15. A summary of the matters raised in the received submissions and the Tribunal's consideration of those matters is outlined below.

Categorisation

16. Five council submissions requested recategorisation. Three of these requests sought the creation new categories.

Metropolitan Large Councils

- 17. Penrith City Council acknowledged that categories were not being reviewed until 2023. However, the Council reiterated their previous year's position and contended that their claim for the creation of a new category of "Metropolitan Large Growth Centre" continues to be enhanced through their leading role in the Western Sydney City Deal. Council's submission further stated that the participation in the Deal demonstrated the exponential growth that will occur in the Penrith Local Government Area.
- 18. Blacktown City Council requested the creation of a new category "Metropolitan Large Growth Area". Council stated that the current criteria for "Metropolitan Large" does not reflect the Council's size, rate of growth and economic influence.

Council based its argument for a new category on the following grounds:

- Significant population growth. Current estimated population of 403,000 with an expected population of 640,000 in 2041.
- Blacktown being critical to the success of the Greater Sydney Region Plan while also being part of the fastest growing district for the next 20 years.
- 4th largest economy in NSW as of 30 June 2020, Gross Regional Product (GRP) was \$21.98 billion, comparatively City of Parramatta was \$31.36 billion.
- Undertaking of several transformational projects to increase economy and services. Examples include the redesign of Riverstone Town Centre, Australian Catholic University establishment of an interim campus for up to 700 undergrads

- with a permanent campus to open by 2024, the \$1 billion Blacktown Brain and Spinal Institute proposal and Blacktown International Sports Park Masterplan to provide a first-class multi-sport venue.
- Expansion in provision of services such as childcare, aquatic and leisure centres.
- Diversity of population.

Non-Metropolitan Major Regional City Councils

- 19. Newcastle Council requested clarification regarding City of Newcastle's status as either Metropolitan or Regional, noting that while City of Newcastle is classified as a "Major Regional City", the Newcastle Local Government Area is often exempt from both regional and metropolitan grant funding due to inconsistencies in classification. Council sought review on the following grounds:
 - Size of council area 187km² (in comparison of Parramatta Council 84km²).
 - Physical terrain.
 - Population and distribution of population.
 - Nature and volume of business dealt with by Council.
 - Nature and extent of development of City of Newcastle.
 - Diversity of communities served.
 - Regional, national and international significance of City of Newcastle.
 - Transport hubs.
 - Regional services including health, education, smart city services and public administration.
 - Cultural and sporting facilities.
 - Matters that the Tribunal consider relevant

Regional Centre

- 20. Tweed Shire Council requested to be reclassified as a "Regional Strategic Area" on the following grounds:
 - Proximity to the Gold Coast City and Brisbane.
 - Proximity to Sydney via the Gold Coast airport.
 - Tweed being the major population and city centre for the Northern Rivers Joint Organisation.
 - Tweed being the largest employer and strongest growth area in the Northern Rivers.

Non-Metropolitan Rural Councils

- 21. Murrumbidgee Council requested recategorisation to "Regional Rural" as they are a product of the merger of the former Jerilderie Shire Council and the former Murrumbidgee Shire Council. Council also suggested that the criteria for "Regional Rural" is amended to:
 - Councils categorised as Regional Rural will typically have a minimum residential population of 20,000 or can demonstrate one of the following features...."
 - the product of the 2016 amalgamation where two or more Rural classified Local Governments Areas merged.

Findings - categorisation

22. The Tribunal assessed each Council's submission and found that the current categories and allocation of councils to these categories remained appropriate. The Tribunal's findings had regard to the 2020 review, the current category model and

- criteria and the evidence put forward in the received submissions.
- 23. Having regard to the requirements of sections 239 and 240 of the LG Act, the Tribunal did not find that any council's submission was strong enough for a change in category or for the creation of a new category.
- 24. The Tribunal did note, however, that some councils may have a better case for recategorisation at the next major review of categories in 2023.
- 25. The Tribunal was of the view that the 2023 determination and review of categories as required by s239 (1) of the LG Act will see more requests from councils for recategorisation and possible determination of new categories. The Tribunal and Assessors may benefit from visits to meet regional organisations of councils and direct opportunities for input from Mayors and general managers in this regard.

Fees

- 26. In determining the maximum and minimum fees payable in each of the categories, the Tribunal is required by section 242A of the LG Act, to give effect to the same policies on increases in remuneration as those that the Industrial Relations Commission is required to give effect to under section 146C of the *Industrial Relations Act 1996* (IR Act), when making or varying awards or orders relating to the conditions of employment of public sector employees.
- 27. Pursuant to section 146C(1)(a) of the IR Act, the current government policy on wages is expressed in the Industrial Relations (Public Sector Conditions of Employment) Regulation 2014 (IR Reg.). The IR Reg. provides that public sector wages cannot increase by more than 2.5 per cent per annum. The Tribunal therefore has the discretion to determine an increase of up to 2.5 per cent per annum.
- 28. Submissions that addressed fees sought an increase of a maximum of 2.5 per cent per annum or greater. These submissions raised issues such as comparative remuneration, cost of living and increasing workloads. One submission also suggested that higher fees are required to attract a higher standard of candidates to council roles.
- 29. The LGNSW submission contained 3 parts. The first part of the submission supported an increase of 2.5 per cent per annum in remuneration, but further argued that the maximum increase is inadequate and does not address the historical undervaluation of work performed by mayors and councillors, and the substantial expansion of their responsibilities and accountability in recently years. LGNSW used the following economic indexes and wage data in support of their argument:
 - Consumer price index (CPI)
 - National and state wages cases
 - Wage increases under the Local Government (State) Award 2020.
- 30. The second part of LGNSW's submission addressed inequity and impacts of low remuneration. It was supported by the research paper "Councillor perspectives on the (in)adequacy of remuneration in NSW local government: Impacts on well-being, diversity and quality of representation" (the "ANU Paper"), written by Associate Professor Jakimow of the Australian National University. A key finding of the ANU Paper was that "current remuneration levels are perceived as inadequately reflecting the extent and nature of council work." The finding was derived from the undertaking of

a survey of councillors and mayors. The paper suggests that there is a disconnect between workload and remuneration and this was identified as the most frequent argument for increasing the current rate.

- 31. The third and final part of LGNSW's submission compared the minimum and maximum rates of NSW mayor and councillor remuneration to the remuneration of directors and chairpersons of comparable government bodies and not-for-profits, mayors and councillors in Queensland and members of the NSW Parliament. The submission contended that NSW mayor and councillor remuneration is below that of their counterparts.
- 32. Following the most recent review by the Independent Pricing and Regulatory Tribunal (IPART) the amount that councils will be able to increase the revenue they can collect from rates will depend on their level of population growth. IPART has set a 2022-23 rate peg for each council, ranging from 0.7 to 5.0 per cent. IPART's rate peg takes into account the annual change in the Local Government Cost Index, which measures the average costs faced by NSW councils, in addition to a population factor based on each council's population growth.
- 33. Employees under the *Local Government (State) Award 2020* will receive a 2 per cent per annum increase in rates of pay from the first full pay period to commence on or after 1 July 2022.
- 34. The Tribunal has determined a 2 per cent per annum increase in the minimum and maximum fees applicable to each category.

Conclusion

- 35. The Tribunal's determinations have been made with the assistance of Assessors Ms Kylie Yates and Ms Melanie Hawyes.
- 36. It is the expectation of the Tribunal that in the future all submissions have council endorsement.
- 37. Determination 1 outlines the allocation of councils into each of the categories as per section 239 of the LG Act.
- 38. Determination 2 outlines the maximum and minimum fees paid to councillors and mayors and members and chairpersons of county councils as per section 241 of the LG Act.

Viv May PSM

Local Government Remuneration Tribunal

Dated: 20 April 2022

Section 4 2021 Determinations

Determination No. 1 - Allocation of councils into each of the categories as per section 239 of the LG Act effective from 1 July 2021

Table 1: General Purpose Councils - Metropolitan

Principal CBD (1)	Major CBD (1)
Sydney	Parramatta

Metropolitan Large (12)	
Bayside	
Blacktown	
Canterbury-Bankstown	
Cumberland	
Fairfield	
Inner West	
Liverpool	
Northern Beaches	
Penrith	
Ryde	
Sutherland	
The Hills	

Metropolitan Medium (8)
Campbelltown
Camden
Georges River
Hornsby
Ku-ring-gai
North Sydney
Randwick
Willoughby

Metropolitan Small (8)	
Burwood	
Canada Bay	
Hunters Hill	
Lane Cove	
Mosman	
Strathfield	
Waverley	
Woollahra	

Table 2: General Purpose Councils - Non-Metropolitan

Major Regional City (2)
Newcastle
Wollongong

Major Strategic Area (1)
Central Coast

Regional Strategic Area (1)
Lake Macquarie

Regional Centre (24)		
Albury	Mid-Coast	
Armidale	Orange	
Ballina	Port Macquarie-Hastings	
Bathurst	Port Stephens	
Blue Mountains	Queanbeyan-Palerang	
Cessnock	Shellharbour	
Clarence Valley	Shoalhaven	
Coffs Harbour	Tamworth	
Dubbo	Tweed	
Hawkesbury	Wagga Wagga	
Lismore	Wingecarribee	
Maitland	Wollondilly	

Regional Rural (13)	
Bega	
Broken Hill	
Byron	
Eurobodalla	
Goulburn Mulwaree	
Griffith	
Kempsey	
Kiama	
Lithgow	
Mid-Western	
Richmond Valley Council	
Singleton	
Snowy Monaro	

Rural (57)							
Balranald	Cootamundra- Gundagai	Junee	Oberon				
Bellingen	Cowra	Kyogle Parkes					
Berrigan	Dungog	Lachlan	Snowy Valleys				
Bland	Edward River	Leeton	Temora				
Blayney	Federation	Liverpool Plains	Tenterfield				
Bogan	Forbes	Lockhart	Upper Hunter				
Bourke	Gilgandra	Moree Plains	Upper Lachlan				
Brewarrina	Glen Innes Severn	Murray River	Uralla				
Cabonne	Greater Hume	Murrumbidgee	Walcha				
Carrathool	Gunnedah	Muswellbrook	Walgett				
Central Darling	Gwydir	Nambucca	Warren				
Cobar	Hay	Narrabri Warrumbungle					
Coolamon	Hilltops	Narrandera Weddin					
Coonamble	Inverell	Narromine Wentworth					

Rural (57)			
	Yass		

Table 3: County Councils

Water (4)	Other (6)		
Central Tablelands	Castlereagh-Macquarie		
Goldenfields Water	Central Murray		
Riverina Water	Hawkesbury River		
Rous	New England Tablelands		
	Upper Hunter		
	Upper Macquarie		

Viv May PSM

Local Government Remuneration Tribunal

Dated: 20 April 2022

Determination No. 2 - Fees for Councillors and Mayors as per section 241 of the LG Act effective from 1 July 2022

The annual fees to be paid in each of the categories to Councillors, Mayors, Members and Chairpersons of County Councils effective on and from 1 July 2022 as per section 241 of the *Local Government Act 1993* are determined as follows:

Table 4: Fees for General Purpose and County Councils

Category		Councillor/Member		Mayor/Chairperson	
		Annual Fee (\$)		Additional Fee* (\$)	
		effective 1 July 2022		effective 1 July 2022	
		Minimum	Maximum	Minimum	Maximum
General Purpose Councils - Metropolitan	Principal CBD	28,750	42,170	175,930	231,500
	Major CBD	19,180	35,520	40,740	114,770
	Metropolitan Large	19,180	31,640	40,740	92,180
	Metropolitan Medium	14,380	26,840	30,550	71,300
	Metropolitan Small	9,560	21,100	20,370	46,010
General Purpose Councils -	Major Regional City	19,180	33,330	40,740	103,840
	Major Strategic Area	19,180	33,330	40,740	103,840
	Regional Strategic Area	19,180	31,640	40,740	92,180
Non-Metropolitan	Regional Centre	14,380	25,310	29,920	62,510
	Regional Rural	9,560	21,100	20,370	46,040
	Rural	9,560	12,650	10,180	27,600
County Councils	Water	1,900	10,550	4,080	17,330
	Other	1,900	6,300	4,080	11,510

^{*}This fee must be paid in addition to the fee paid to the Mayor/Chairperson as a Councillor/Member (s.249(2)).

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Local Government Remuneration Tribunal

Dated: 20 April 2021

Appendices

Appendix 1 Criteria that apply to categories

Principal CBD

The Council of the City of Sydney (the City of Sydney) is the principal central business district (CBD) in the Sydney Metropolitan area. The City of Sydney is home to Sydney's primary commercial office district with the largest concentration of businesses and retailers in Sydney. The City of Sydney's sphere of economic influence is the greatest of any local government area in Australia.

The CBD is also host to some of the city's most significant transport infrastructure including Central Station, Circular Quay and International Overseas Passenger Terminal. Sydney is recognised globally with its iconic harbour setting and the City of Sydney is host to the city's historical, cultural and ceremonial precincts. The City of Sydney attracts significant visitor numbers and is home to 60 per cent of metropolitan Sydney's hotels.

The role of Lord Mayor of the City of Sydney has significant prominence reflecting the CBD's importance as home to the country's major business centres and public facilities of state and national importance. The Lord Mayor's responsibilities in developing and maintaining relationships with stakeholders, including other councils, state and federal governments, community and business groups, and the media are considered greater than other mayoral roles in NSW.

Major CBD

The Council of the City of Parramatta (City of Parramatta) is the economic capital of Greater Western Sydney and the geographic and demographic centre of Greater Sydney. Parramatta is the second largest economy in NSW (after Sydney CBD) and the sixth largest in Australia.

As a secondary CBD to metropolitan Sydney the Parramatta local government area is a major provider of business and government services with a significant number of organisations relocating their head offices to Parramatta. Public administration and safety have been a growth sector for Parramatta as the State Government has promoted a policy of moving government agencies westward to support economic development beyond the Sydney CBD.

The City of Parramatta provides a broad range of regional services across the Sydney Metropolitan area with a significant transport hub and hospital and educational facilities. The City of Parramatta is home to the Westmead Health and Medical Research precinct which represents the largest concentration of hospital and health services in Australia, servicing Western Sydney and providing other specialised services for the rest of NSW.

The City of Parramatta is also home to a significant number of cultural and sporting facilities (including Sydney Olympic Park) which draw significant domestic and international visitors to the region.

Metropolitan Large

Councils categorised as Metropolitan Large will typically have a minimum residential population of 200,000.

Councils may also be categorised as Metropolitan Large if their residential population combined with their non-resident working population exceeds 200,000. To satisfy this criteria the non-resident working population must exceed 50,000.

Other features may include:

- total operating revenue exceeding \$200M per annum
- the provision of significant regional services to greater Sydney including, but not limited to, major education, health, retail, sports, other recreation and cultural facilities
- significant industrial, commercial and residential centres and development corridors
- high population growth.

Councils categorised as Metropolitan Large will have a sphere of economic influence and provide regional services considered to be greater than those of other metropolitan councils.

Metropolitan Medium

Councils categorised as Metropolitan Medium will typically have a minimum residential population of 100,000.

Councils may also be categorised as Metropolitan Medium if their residential population combined with their non-resident working population exceeds 100,000. To satisfy this criteria the non-resident working population must exceed 50,000

Other features may include:

- total operating revenue exceeding \$100M per annum
- services to greater Sydney including, but not limited to, major education, health, retail, sports, other recreation and cultural facilities
- industrial, commercial and residential centres and development corridors
- high population growth.

The sphere of economic influence, the scale of council operations and the extent of regional servicing would be below that of Metropolitan Large councils.

Metropolitan Small

Councils categorised as Metropolitan Small will typically have a residential population less than 100,000.

Other features which distinguish them from other metropolitan councils include:

total operating revenue less than \$150M per annum.

While these councils may include some of the facilities and characteristics of both Metropolitan Large and Metropolitan Medium councils the overall sphere of economic influence, the scale of council operations and the extent of regional servicing would be below that of Metropolitan Medium councils.

Major Regional City

Newcastle City Council and Wollongong City Councils are categorised as Major Regional City. These councils:

- are metropolitan in nature with major residential, commercial and industrial areas
- typically host government departments, major tertiary education and health facilities and incorporate high density commercial and residential development
- provide a full range of higher order services and activities along with arts, culture, recreation, sporting and entertainment facilities to service the wider community and broader region
- have significant transport and freight infrastructure servicing international markets, the capital city and regional areas
- have significant natural and man-made assets to support diverse economic activity, trade and future investment
- typically contain ventures which have a broader State and national focus which impact upon the operations of the council.

Major Strategic Area

Councils categorised as Major Strategic Area will have a minimum population of 300,000.

Other features may include:

- health services, tertiary education services and major regional airports which service the surrounding and wider regional community
- a full range of high-order services including business, office and retail uses with arts, culture, recreation and entertainment centres
- total operating revenue exceeding \$250M per annum
- significant visitor numbers to established tourism ventures and major events that attract state and national attention
- a proximity to Sydney which generates economic opportunities.

Currently, only Central Coast Council meets the criteria to be categorised as a Major Strategic Area. Its population, predicted population growth, and scale of the Council's operations warrant that it be differentiated from other non-metropolitan councils. Central Coast Council is also a

significant contributor to the regional economy associated with proximity to and connections with Sydney and the Hunter Region.

Regional Strategic Area

Councils categorised as Regional Strategic Area are differentiated from councils in the Regional Centre category on the basis of their significant population and will typically have a residential population above 200,000.

Other features may include:

- health services, tertiary education services and major regional airports which service the surrounding and wider regional community
- a full range of high-order services including business, office and retail uses with arts, culture, recreation and entertainment centres
- total operating revenue exceeding \$250M per annum
- significant visitor numbers to established tourism ventures and major events that attract state and national attention
- a proximity to Sydney which generates economic opportunities.

Currently, only Lake Macquarie Council meets the criteria to be categorised as a Regional Strategic Area. Its population and overall scale of council operations will be greater than Regional Centre councils.

Regional Centre

Councils categorised as Regional Centre will typically have a minimum residential population of 40,000.

Other features may include:

- a large city or town providing a significant proportion of the region's housing and employment
- health services, tertiary education services and major regional airports which service the surrounding and wider regional community
- a full range of high-order services including business, office and retail uses with arts, culture, recreation and entertainment centres
- total operating revenue exceeding \$100M per annum
- the highest rates of population growth in regional NSW
- significant visitor numbers to established tourism ventures and major events that attract state and national attention
- a proximity to Sydney which generates economic opportunities.

Councils in the category of Regional Centre are often considered the geographic centre of the region providing services to their immediate and wider catchment communities.

Regional Rural

Councils categorised as Regional Rural will typically have a minimum residential population of 20,000.

Other features may include:

- a large urban population existing alongside a traditional farming sector, and are surrounded by smaller towns and villages
- health services, tertiary education services and regional airports which service a regional community
- a broad range of industries including agricultural, educational, health, professional, government and retail services
- large visitor numbers to established tourism ventures and events.

Councils in the category of Regional Rural provide a degree of regional servicing below that of a Regional Centre.

Rural

Councils categorised as Rural will typically have a residential population less than 20,000.

Other features may include:

- one or two significant townships combined with a considerable dispersed population spread over a large area and a long distance from a major regional centre
- a limited range of services, facilities and employment opportunities compared to Regional Rural councils
- local economies based on agricultural/resource industries.

County Councils - Water

County councils that provide water and/or sewerage functions with a joint approach in planning and installing large water reticulation and sewerage systems.

County Councils - Other

County councils that administer, control and eradicate declared noxious weeds as a specified Local Control Authority under the *Biosecurity Act* 2015.