



SNOWY MONARO
REGIONAL COUNCIL

SUPPLEMENTARY

AGENDA

PUBLIC EXHIBITION COPY

Ordinary Council Meeting
24 May 2017

**ORDINARY COUNCIL MEETING
TO BE HELD IN COUNCIL CHAMBERS, 81 COMMISSIONER STREET, COOMA NSW
2630**

**ON WEDNESDAY 24 MAY 2017
COMMENCING AT 5.30PM**

SUPPLEMENTARY AGENDA

**16. CORPORATE BUSINESS - KEY DIRECTION 7. PROVIDING EFFECTIVE CIVIC
LEADERSHIP AND CITIZEN PARTICIPATION**

16.1 Setting of Mayoral and Councillor Fees from July 1 2017

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16.1 SETTING OF MAYORAL AND COUNCILLOR FEES FROM JULY 1 2017

Record No:

Responsible Officer:	General Manager
Author:	Acting Executive Assistant to the Administrator
Key Direction:	7. Providing Effective Civic Leadership and Citizen Participation
Delivery Plan Strategy:	DP7.2 Council's leadership is based on ethics and integrity to enable informed and appropriate decisions in the community's best interest.
Operational Plan Action:	OP7.7 Ensure that governance structures are open, transparent and fully accountable and that these are supported by relevant instruments.
Attachments:	1. 2017-Annual Determination-Local Government Remuneration Tribunal ↓
Cost Centre	3110 Mayor and Council
Project	Operational

EXECUTIVE SUMMARY

To consider the determination of the Local Government Remuneration Tribunal and set the Mayor and Councillor Fees from 1 July 2017 in accordance with that determination.

The following officer's recommendation is submitted for Council's consideration.

OFFICER'S RECOMMENDATION

That Council

- A. Pursuant to Section 248 of the Local Government Act 1993, Council fix the annual fee for Councillors for the period 1 July 2017 to 30 June 2018, as the maximum annual amount determined being \$19,310 per councillor payable monthly in arrears as prescribed by the Act;
- B. Pursuant to Section 249 of the Local Government Act 1993, Council fix the annual fee for the period 1 July 2017 to 30 June 2018, as the maximum annual amount determined being \$42,120, for payment to the Mayor subject to the deduction there from of such amounts calculated on a daily pro-rata basis, to be paid to the Deputy Mayor in respect of those periods of time when the Mayor is prevented, by absence, illness or otherwise, from acting in the Office of Mayor and the Deputy Mayor is specifically requested to do so by the Mayor.

BACKGROUND

2015 Determination by Remuneration Tribunal

On 12 April 2017 the Local Government Remuneration Tribunal (the Tribunal) made determinations under Section 239 and 241 of the Local Government Act 1993 of the annual fees to be paid to mayors and councillors effective on and from 1 July 2017.

It has been Council practice in the past to set its fees at the maximum in accordance with LGNSW advice.

QUADRUPLE BOTTOM LINE REPORTING

1. Social

Supporting appropriate remuneration to the elected members of Council promotes accountability, performance and transparency due to increased scrutiny by the community of the decision makers. It is noted that the report acknowledges the future of Local Government and the importance of the role of an elected member.

Item 56

The Tribunal also notes that any revision to the fees as a result of any new categorisation model would need to balance the need to attract and retain experienced and capable elected representatives with the ability of councils to afford any potential increases. While money is not the primary motivator for undertaking public office, fees should adequately recognise the roles and responsibilities of councillors and mayors and assist in attracting suitably qualified and experienced candidates.

2. Environmental

The recommendation of this report will not have an impact on environmental sustainability, however it should be noted that a key role of an elected member is to ensure that prior to any decision being made, each Councillor considers the impacts of the decision with regards to sustainability of the organisation, environment or otherwise.

3. Economic

In the context of the Tribunal's report Snowy Monaro Regional Council is categorised Rural. The fees set for Rural Councils commencing 1 July 2017 are:

Category	Councillor/Member Annual Fee		Mayor/Chairperson Additional Fee*	
	Minimum	Maximum	Minimum	Maximum
Regional Rural	\$8,750	\$19,310	\$18,630	\$42,410

The Mayoral and Councillor Fees are budgeted in Cost Centre 3110 – Mayor and Council. The following information is the impact on the 2017 budget.

Account	Amounts in Adopted Budget	Actual based on minimum Fee	Amount based on maximum fee
1640 - Mayor Allowance	\$42,120	\$18,630	\$42,120
1645 – Councillor Fee (11 Councillors)	\$212,410 (\$19,310 per Councillor)	\$96,250 (\$8,750 Per Councillor)	\$212,410 (\$19,310 Per Councillor)
Total	\$254,530	\$114,880	\$254,530

Preparation of this report has been undertaken as an operational activity and is costed through the salary and wages budget of Senior Management Services.

4. Civic Leadership

The Local Government Act 1993 provides:

Annual Fee for Mayor

- a) A council must pay the Mayor an annual fee.
- b) The annual fee must be paid in addition to the fee paid to the Mayor as a Councillor.
- c) A council may fix the annual fee and, if it does so, it must fix the annual fee in accordance with the appropriate determination of the Remuneration Tribunal.
- d) A council that does not fix the annual fee must pay the appropriate minimum fee determined by the Remuneration Tribunal.
- e) A council may pay the Deputy Mayor (if there is one) a fee determined by the council for such time as the Deputy Mayor acts in the office of the Mayor. The amount of the fee so paid must be deducted from the Mayor's annual fee. (Section 249)

Annual Fees for Councillors

- f) A council must pay each Councillor an annual fee.
- g) A council may fix the annual fee and, if it does so, it must fix the annual fee in accordance with the appropriate determination of the Remuneration Tribunal.
- h) The annual fee so fixed must be the same for each Councillor.
- i) A council that does not fix the annual fee must pay the appropriate minimum fee determined by the Remuneration Tribunal." (Section 248)

and

- j) Fees are payable monthly in arrears. (Section 250)

Payment of fees to Councillors does not constitute a salary or incur disqualification from civic Office (Section 250). However, this does not affect the operation of Commonwealth legislation (e.g. Income Tax Assessment Act).

Circumstances in which Councillors' Annual Fees may be reduced

Provision exists under Section 254A and the Local Government (General) Regulations Section 404 for a reduced or no fee to be paid in circumstances where both the following conditions are satisfied:

- (a) The payment of the annual fee adversely affects the Councillors' entitlement to a pension, benefit or allowance, under any legislation of the Commonwealth, a Territory or a State (including New South Wales);
- (b) The Councillor agrees to the non-payment or reduction (as the case may be).

<http://www.legislation.nsw.gov.au/inforcepdf/2005-487.pdf?id=6a9e1a25-c3b7-47f1-9aa1-607cb3c6d499>

**Local
Government
Remuneration
Tribunal**

Annual Report
and
Determination

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

**12 April
2017**

Local Government Remuneration Tribunal

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Local Government Remuneration Tribunal

Executive Summary

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

Categories

Since the making of the 2016 determination a number of councils have been amalgamated resulting in the creation of 20 new councils. The impact of those structural changes is an overall reduction in the number of councils in NSW from 152 to 128. This significant change has prompted a review of the existing categories and the allocation of councils into each of those categories.

In undertaking the review the Tribunal examined the existing categories, a range of statistical and demographic data and considered the views of councils and Local Government NSW. Having regard to that information the Tribunal has determined a categorisation model which differentiates councils primarily on the basis of their geographic location. Other factors which differentiate councils for the purpose of categorisation include population, the sphere of the council's economic influence and the degree of regional servicing.

In accordance with section 239 of the *Local Government Act 1993* (LG Act) the categories of general purpose councils are determined as follows:

Metropolitan

- Principal CBD
- Major CBD
- Metropolitan Large
- Metropolitan Medium
- Metropolitan Small

Non-metropolitan

- Regional City
- Regional Strategic Area
- Regional Rural
- Rural

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The determination provides for the retention of five existing categories (some with new titles) and the creation of two new categories. Each council is allocated into one of the categories based on the criteria outlined on pages 12 to 15 of the report.

Fees

The majority of councils will receive an increase of 2.5 per cent only which is consistent with the government's wages policy. Six existing councils will be eligible for increases of more than 2.5 per cent as those councils have been categorised into a higher or new category on the basis of the revised criteria.

The 20 new councils have been placed in one of the existing or new categories. These 20 councils replaced 44 former councils. The scale of the new councils means that the majority of these new councils will be eligible for fees that are higher than those paid to the former entities. However, the significant reduction in the number of councils from 152 to 128 has resulted in an estimated maximum saving on the overall cost of councillor fees in NSW of approximately \$2.5M.

Local Government Remuneration Tribunal

Section 1 Introduction

1. Section 239 of the LG Act provides for the Tribunal to determine the categories of councils and mayoral offices and to place each council and mayoral office into one of those categories. The categories are to be determined at least once every 3 years.
2. Section 241 of the LG Act provides for the Tribunal to determine, not later than 1 May in each year, for each of the categories determined under section 239, 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.
3. In determining the maximum and minimum fees payable in each of the categories, the Tribunal is required, pursuant to section 242A of the LG Act, to give effect to the same policies on increases in remuneration as those of the Industrial Relations Commission. The current policy on wages is that public sector wages cannot increase by more than 2.5 per cent, and this includes the maximum and minimum fees payable to councillors and mayors and chairpersons and members of county councils.
4. The Tribunal's determinations take effect from 1 July in each year. The Tribunal's Report and Determination of 2016, made on 29 March 2016, provided a general increase of 2.5 per cent which was consistent with the Government's policy on wages.
5. Since the making of the 2016 determination there has been a reduction in the number of councils in NSW from 152 to 128. In response to this significant change the Tribunal will review the categories and the allocation of each council and mayoral offices into those categories, pursuant to section 239 of the LG Act.

Section 2 Local Government Reform

Update on council amalgamations

6. The NSW Government has been working with local councils since 2011 to create stronger councils and strengthen local communities.
7. On 12 May 2016 the NSW Government announced the formation of 19 new councils. The proclamation of the new Bayside Council occurred on 9 September 2016 following

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the conclusion of legal action in the Court of Appeal. This took the total number of new councils created in 2016 to 20.

8. The decision to create new councils follows four years of extensive community and industry consultation and independent research and analysis which found a strong case for reform.
9. Detailed information on the reform process and progress to date can be found on the [Fit for the Future](#) and [Stronger Councils](#) websites.
10. On 14 February 2017, the Government announced that all merged councils in NSW will remain in place and the proposed formation of a further five new councils in Sydney would proceed, subject to the outcome of court proceedings. However, there will be no further regional council mergers.

Amendments to the *Local Government Act 1993*

11. The LG Act was amended in July 2016 to insert sub-clauses (3) and (4) into section 242A to clarify the intent of the impact of the government's wages policy on a determination which may change the category of a council as follows:

242A Tribunal to give effect to declared government policy on remuneration for public sector staff

- (1) In making a determination, the Remuneration Tribunal is 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 when making or varying awards or orders relating to the conditions of employment of public sector employees.*
- (2) The policies referred to in subsection (1) do not include any policy that provides for increases in remuneration based on employee-related savings.*
- (3) This section does not apply to a determination by the Remuneration Tribunal that changes the category of a council or mayoral office (whether or not the effect of the change is to increase the range of amounts payable to the councillors and mayor of a council).*
- (4) To avoid doubt, this section extends to a determination of the minimum and maximum amounts payable for a category in existence when the determination is made.*

12. The impact of these amendments to the LG Act is outlined in section 4 of this report.

Local Government Remuneration Tribunal

Section 3 Review of Categories

Scope of review

13. Section 239 of the LG Act requires the Tribunal to determine the categories of councils and mayoral offices at least once every 3 years. The Tribunal last reviewed the categories during the 2015 annual review.
14. Since the making of the 2016 determination there has been an overall reduction in the number of councils from 152 to 128. This significant change has prompted a review of the existing categories and the allocation of councils into each of those categories.
15. In determining categories the Tribunal is required to have regard to the following matters that are prescribed in section 240 of the LG Act:
“240 (1)
 - *the size of areas*
 - *the physical terrain of areas*
 - *the population of areas and the distribution of the population*
 - *the nature and volume of business dealt with by each Council*
 - *the nature and extent of the development of areas*
 - *the diversity of communities served*
 - *the regional, national and international significance of the Council*
 - *such matters as the Remuneration Tribunal considers relevant to the provision of efficient and effective local government*
 - *such other matters as may be prescribed by the regulations.”*
16. The Tribunal is tasked with determining a categorisation model in which councils with the largest number of features in common can be grouped together for remuneration purposes. This is not straightforward as each council has challenges and issues which are unique.
17. The existing categories group councils primarily on the basis of their geographic location (predominantly metropolitan or rural). Categories are then further differentiated on other factors including population, the sphere of the council’s economic influence and the council’s degree of regional servicing.

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18. The Tribunal reviewed this model having regard to a large amount of statistical material, including population and financial data, demographic indicators and indicators of regional significance. The Tribunal found that while the existing criteria continue to provide an equitable and transparent model by which to differentiate councils for the purposes of determining remuneration, there existed some scope to refine these criteria to address a number of categorisation anomalies and to better reflect the composition of councils post amalgamations.
19. In considering a new model the Tribunal sought to improve consistency and transparency in the determination of categories and the allocation of councils into each of those categories. Having considered the existing and new councils, the Tribunal identified a number of councils that specifically warranted either recategorisation into an existing category or a new category.
20. The current model provides for the councils of Newcastle, Wollongong, Central Coast (former Wyong and Gosford) and Lake Macquarie to be grouped with councils in the Sydney Metropolitan Area. These councils are not located in what is generally defined as the Sydney Metropolitan Area and the categorisation did not adequately reflect their regional status. Having assessed the characteristics of these councils the Tribunal was of the preliminary view that the categories should differentiate metropolitan and non-metropolitan councils. On that basis two new categories were proposed for the regional group to accommodate these councils.
21. In respect of the larger metropolitan councils, amalgamations in the Sydney metropolitan area have resulted in a significant number of councils with populations of greater than 200,000. The 2016 determination provided for the Council of the City of Parramatta to be categorised in the same category (Metropolitan City) as Newcastle and Wollongong City Councils. The proposal to move Newcastle and Wollongong into the non-metropolitan group necessitated a re-think of the categorisation for Parramatta City Council having regard to its status in the metropolitan region. The Tribunal found that Parramatta City Council was significantly differentiated from other large metropolitan councils on the basis of its secondary CBD status as recognised by the State Government. On this basis a new category of Major CBD was proposed for Parramatta City Council.
22. Prior to seeking the views of Local Government NSW (LGNSW) and councils the Tribunal's preliminary view was that most of the existing categories should be retained but there

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should also be some new categories to reflect the evolving shape of local government in NSW. The proposed model was as follows:

Metropolitan

- Principal CBD
- Major CBD
- Metropolitan Major
- Metropolitan Centre
- Metropolitan

Regional

- Regional City
- Regional Strategic Centre
- Regional Rural
- Rural

23. To test this model the Tribunal wrote to all mayors in November 2016 advising of the commencement of the 2017 Annual Review. In doing so the Tribunal advised councils of its intention to revise the existing categorisation model following examination of the list of existing and new councils. To assist councils in making their submissions the Tribunal outlined its preliminary thinking on a proposed model for metropolitan and non-metropolitan councils as follows:

“Metropolitan

Five metropolitan categories are proposed. The existing Principal City category is proposed to be retained for Sydney City Council and renamed Principal CBD. Major City is proposed to be abolished and a new category created for Parramatta City Council. The Tribunal’s preliminary thinking is that this category will be titled Major CBD. The existing Metropolitan Major, Metropolitan Centre and Metropolitan categories will be retained for the new and remaining existing councils.....

Non-metropolitan

Four non-metropolitan categories are proposed. A new Regional City category will be created for Newcastle and Wollongong City Councils. A new Regional Strategic Centre category will be created for Central Coast and Lake

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Macquarie Councils. The existing Regional Rural and Rural categories will be retained for other new and remaining councils.....

County Councils

The Tribunal does not intend to make any change to the categorisation of county councils and will retain the existing categories of Water and Other.”

24. The Tribunal also outlined its approach to the criteria for categorising councils into the proposed metropolitan and non-metropolitan categories as follows:

“The Tribunal’s 2009 annual determination outlines the characteristics for the existing categories. At this stage the Tribunal intends to adopt a similar approach and will determine descriptors for the proposed categories for the purposes of classifying councils into the categories. Population is likely to remain a determining factor for differentiating categories of councils. The Tribunal will also have regard to the matters prescribed in section 240 of the LG Act.”

25. The Tribunal invited submissions on the proposed categorisation model, criteria for the allocation of councils into the categories, fees for the proposed categories and any other matters.
26. The Tribunal also wrote to the President of LGNSW in similar terms, and subsequently met with the President and Chief Executive of LGNSW. The Tribunal wishes to place on record its appreciation to the President and Chief Executive for meeting with the Tribunal.

Submissions received - categorisation

27. In response to this review the Tribunal received 28 submissions from individual councils and a submission from LGNSW. A summary of the key points is below.

Categorisation

28. Approximately half of the submissions (46 per cent) supported the proposed categories with no variation or supported the proposed categories with variations to titles or the number of categories. The balance of the submissions (54 per cent) did not express a view in respect to the proposed categorisation model.

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29. In respect to variations put forward in submissions, the LGNSW requested that the proposed “Major CBD” and “Metropolitan Major” be merged and called “Metropolitan Major” and an additional category be created called “Special/Interim”. The “Metropolitan Major” category would include councils with a population of at least 250,000 and/or that met other specified indicators that set them apart from other metropolitan councils. The “Special/Interim” category would apply on an interim basis to councils that demonstrate special attributes/circumstances that are out of the ordinary, for example high population growth.
30. Council submissions requested additional categories such as a “Metropolitan Growth Centre” or “Metropolitan Major – Growth Centre” for councils dealing with high growth; “Metropolitan Gateway” for councils that connect the regions to metropolitan areas; and “Peri-Urban” for councils that interface between urban and rural areas.

Criteria

31. A number of submissions referred to the criteria provided in section 240 of the LG Act, either noting or stating the criteria remain relevant (18 per cent) or suggesting that additional criteria to those provided in section 240 is required (50 per cent). Other submissions explained how their individual council performed against the section 240 criteria (29 per cent). The balance of the submissions did not express a view in respect to the criteria for categorisation (18 per cent).
32. The LGNSW suggested that the criteria need to be expanded to include a wider range of factors such as the level of disadvantage an area suffers, annual growth rate of an area (relative to population) and expenditure of an area.
33. Council submissions suggested additional criteria such as status as a NSW Evocity; the nature of a council’s business, for example some do not provide water and sewerage services; level of economic activity in a local government area; specific population thresholds; resident/councillor ratio and planning significance in terms of Government targets.
34. Councils were also asked to provide submissions on the matter of fees. Comments relating to fees are outlined in section 4.

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Findings - categorisation

35. The Tribunal is appreciative of the number of submissions received and the effort made in those submissions to comment on the proposed categorisation model and to provide further suggestions for consideration. Given the broad support the Tribunal will determine the categories as proposed with a number of minor variations which in part reflect the feedback received.
36. Since seeking the views of councils the Tribunal has reconsidered the titles of the former metropolitan categories being Metropolitan Major, Metropolitan Centre and Metropolitan. The Tribunal found that these titles did not adequately describe the characteristics of the councils in those groups or articulate the difference between them. The Tribunal has determined that the three categories will be retained but that they will be re-titled Metropolitan Large, Metropolitan Medium and Metropolitan Small. The primary determinant for categorisation into these groups will be population.
37. The Tribunal also considers that the title of Regional Strategic Centre is more appropriately titled Regional Strategic Area. The two councils to be categorised into this group are local government areas which represent a large number of townships and communities of varying scale.
38. The revised model which will form the basis of this determination is as follows:

Metropolitan

- Principal CBD
- Major CBD
- Metropolitan Large
- Metropolitan Medium
- Metropolitan Small

Non-metropolitan

- Regional City
- Regional Strategic Area
- Regional Rural
- Rural

39. The criteria for each of the categories are outlined below. As with the previous categories the predominant factor to guide categorisation is population. Other common features of councils within those categories are also broadly described. These criteria

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have relevance when population alone does adequately reflect the status of one council compared to others with similar characteristics. In some instances the additional criteria will be significant enough to warrant the categorisation of a council into a group with a higher population threshold.

40. There is no significant change to the categorisation of county councils. A proclamation was published in the NSW Government Gazette No 52 of 22 June 2016 dissolving the Richmond River County Council and Far North Coast and the transferring their functions and operations to Rous County Council with effect 1 July 2016. County councils continue to be categorised on the basis of whether they undertake water and/or sewerage functions or administer, control and eradicate declared noxious weeds as a specified Local Control Authority under the *Noxious Weeds Act 1993*.

Criteria for categories

The following criteria will apply to each of the 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.

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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 an 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 has 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 population of 200,000.

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.

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Metropolitan Medium

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

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 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.

Regional City

Councils categorised as Regional City will typically have a population above 150,000. These councils are metropolitan in nature with major residential, commercial and industrial areas. These Councils typically host government departments, major tertiary education and health facilities and incorporate high density commercial and residential development.

These councils provide a full range of higher order services and activities along with arts, culture, recreation and entertainment facilities to service the wider community and broader region. These councils typically also contain ventures which have a broader State and national focus which impact upon the operations of the council.

Newcastle City Council and Wollongong City Councils are categorised as Regional City.

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Regional Strategic Area

Councils categorised as Regional Strategic Area are differentiated from councils in the Regional Rural category on the basis of their significant population. Councils categorised as Regional Strategic Area will typically have a population above 200,000. These councils contain a mix of urban and rural settlements. They provide a range of services and activities including business, office and retail uses, along with arts, culture, recreation and entertainment facilities to service the wider community. These councils host tertiary education campuses and health facilities.

While councils categorised as Regional Strategic Area may have populations which exceed those of Regional City, they would not typically provide the same range of regional services or have an equivalent sphere of economic influence.

Central Coast Council and Lake Macquarie Council are categorised as Regional Strategic Area.

Regional Rural

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

Other features which distinguish them from other non-metropolitan councils include:

- a major town or towns with the largest commercial component of any location in the surrounding area
- a significant urban population existing alongside a traditional farming sector, and are surrounded by smaller towns and villages or may be located on or close to the coast with high levels of population and tourist facilities
- provide a full range of higher-order services including business, office and retail uses with arts, culture, recreation and entertainment centres
- regional services to the wider community through principal referral hospitals, tertiary education services and major regional airports
- these councils may also attract large visitor numbers to established tourism ventures.

Rural

Councils categorised as Rural will typically have a population below 20,000.

Other features which distinguish them from other non-metropolitan councils 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 *Noxious Weeds Act 1993*.

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41. These criteria will be included in future determinations as an appendix to ensure they are readily accessible.

Allocation of council into categories

42. In accordance with section 239 of the LG Act the Tribunal is required to allocate each of the councils into one of the categories. The allocation of councils is outlined in the determination under section 6.
43. In determining the allocation of councils into these categories the Tribunal found that there were certain councils that could warrant categorisation into another category based on additional criteria. The Tribunal notes that a number of metropolitan and non-metropolitan councils have or are expected to experience significant development and population growth in the future. A number of these local government areas have been identified in the State Government's key planning strategies and include Camden and The Hills councils. The Tribunal acknowledges the additional responsibilities these and other councils may face now and in the future, however for the initial categorisation these councils have been categorised primarily on the basis of their population. The Tribunal will continue to monitor these and other councils to determine the appropriateness of the allocation of councils and the categorisation model for future determinations.

Section 4 Fees

Scope of review

44. In determining the maximum and minimum fees payable in each of the categories, the Tribunal is required, pursuant to 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.
45. The current policy on wages pursuant to section 146C(1)(a) of the IR Act is articulated in the Industrial Relations (Public Sector Conditions of Employment) Regulation 2014 (the Regulation). The effect of the Regulation is that public sector wages cannot increase by

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more than 2.5 per cent, and this includes the maximum and minimum fees payable to councillors and mayors and chairpersons and members of county councils.

46. The LG Act was amended in July 2016 to insert sub-clauses (3) and (4) into section 242A to clarify the intent of the impact of the government's wages policy on a determination which may change the category of a council as follows:

242A Tribunal to give effect to declared government policy on remuneration for public sector staff

(1) In making a determination, the Remuneration Tribunal is 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 when making or varying awards or orders relating to the conditions of employment of public sector employees.

(2) The policies referred to in subsection (1) do not include any policy that provides for increases in remuneration based on employee-related savings.

(3) This section does not apply to a determination by the Remuneration Tribunal that changes the category of a council or mayoral office (whether or not the effect of the change is to increase the range of amounts payable to the councillors and mayor of a council).

(4) To avoid doubt, this section extends to a determination of the minimum and maximum amounts payable for a category in existence when the determination is made.

47. Those amendments make clear that the minimum and maximum fees applicable to the existing categories cannot be increased by more than 2.5 per cent. The Tribunal is however able to determine that a council can be placed in another existing or a new category with a higher range of fees without breaching the government's wage policy. These changes provided the Tribunal with greater flexibility in reviewing fees for existing and new councils.

Submissions received - Fees

48. A number of submissions supported an increase in fees either by no less than 2.5 per cent or by an unspecified amount (25 per cent of responses). Several submissions suggested an alternative fee model (11 per cent) or made other general comments (29 per cent). The balance of submissions did not express a view in respect to fees (36 per cent).

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49. The LGNSW submitted that the Tribunal must increase fees by no less than 2.5 per cent being of the view that fees have already fallen behind comparable roles. Also, that the fee structure fails to recognise the work of councillors and is often inadequate to attract and retain people with the necessary skills and expertise. The LGNSW also made reference to the changes to the LG Act that have expanded the role of the governing body (section 223) and mayors and councillors (sections 226 and 232). These points were also put forward in several council submissions along with requests that fees account for additional duties performed as members of a joint organisation.
50. In respect to alternative fee models several councils requested the Tribunal to consider a fee model similar to those applying to local governments in Victoria or Queensland; that fees are calculated as a percentage of the salary payable to members of the NSW Parliament; or that fees be benchmarked against the remuneration for the Principal CBD category.

Findings - Fees

51. The Tribunal is required to have regard to the Government's wages policy when determining the increase to apply to the maximum and minimum fees that apply to councillors and mayors. The public sector wages policy currently provides for a cap on increases of 2.5 per cent.
52. The Tribunal has reviewed the key economic indicators, including the Consumer Price Index and Wage Price Index, and had regard to budgetary limitations imposed by the Government's policy of rate pegging, and finds that the full increase of 2.5 per cent is warranted. The 2.5 per cent increase will apply to the minimum and the maximum of the ranges for all existing categories.
53. The new categories have their remuneration ranges determined for the first time in this determination. As an initial determination the ranges for the new categories are not subject to the wages policy, however any future increase will be impacted in accordance with section 242A(4) of the LG Act.
54. The minimum and maximum fees for the new categories have been determined having regard to the relativities that exist between the existing groups.
55. For the category of Major CBD the maximum councillor fee is set at approximately 85 per cent of maximum councillor fee for Principal CBD. The maximum mayoral fee is set at

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approximately 50 per cent of the maximum mayoral fee for Principal CBD. The minimum fees for both councillors and mayors are set at the same as that determined for the Metropolitan Large.

56. For the category of Regional City the maximum councillor fee is set at approximately 80 per cent of maximum councillor fee for Principal CBD. The maximum mayoral fee is set at approximately 45 per cent of the maximum mayoral fee for Principal CBD. The minimum fees for both councillors and mayors are set at the same as that determined for the Regional Strategic Area.
57. The minimum and maximum fees payable to the category of Regional Strategic Area will be the same as those payable to Metropolitan Large.

Impact of fee increase and new categories

58. The majority of councils will receive an increase of 2.5 per cent only.
59. Six councils will be eligible for increases of more than 2.5 per cent as those councils have been categorised into a higher or new category on the basis of the revised criteria.
60. The twenty new councils have been placed in one of the existing or new categories. These twenty councils replaced forty-four former councils. The scale of the new councils means that the majority of these new councils will be eligible for fees that are higher than those paid to the former entities. However, the significant reduction in the number of councils from 152 to 128 has resulted in an estimated maximum saving on the overall cost of councillor fees in NSW of approximately \$2.5M.

Section 5 Other matters

Fees for Deputy Mayors

61. Several council submissions requested that the Tribunal review the remuneration payable to Deputy Mayors (14 per cent). It was suggested that the remuneration be increased to reflect the additional duties undertaken or that elected deputy mayors receive an allowance based on a percentage of the councillor fee.
62. Councils have raised the matter of separate fees for Deputy Mayors on previous occasions and the Tribunal notes that it has previously determined that there is no provision in the

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LG Act to empower the Tribunal to determine a separate fee or fee increase for Deputy Mayors. The method for determining separate fees, if any, for a Deputy Mayor are provided in section 249 of the LG Act as follows:

249 Fixing and payment of annual fees for the mayor

- (1) *A council must pay the mayor an annual fee.*
- (2) *The annual fee must be paid in addition to the fee paid to the mayor as a councillor.*
- (3) *A council may fix the annual fee and, if it does so, it must fix the annual fee in accordance with the appropriate determination of the Remuneration Tribunal.*
- (4) *A council that does not fix the annual fee must pay the appropriate minimum fee determined by the Remuneration Tribunal.*
- (5) *A council may pay the deputy mayor (if there is one) a fee determined by the council for such time as the deputy mayor acts in the office of the mayor. The amount of the fee so paid must be deducted from the mayor's annual fee."*

Conclusion

63. The Tribunal's determinations have been made with the assistance of the two Assessors - Mr Ian Reynolds and Mr Tim Hurst. The allocation of councils into each of the categories, pursuant to section 239 of the LG Act, is outlined in Determination No. 1. The maximum and minimum fees paid to councillors and mayors and members and chairpersons of county councils, pursuant to section 241 of the LG Act, is outlined in Determination No. 2.

64. On 14 February 2017, the Government announced that the proposed formation of a further five new councils in Sydney would proceed, subject to the outcome of court proceedings.

65. The Tribunal may need to consider the categorisation of further new councils following the conclusion of legal action. Should this occur prior to the making of the 2018 determination the Minister may direct the Tribunal to make a special determination(s) in accordance with section 242 of the LG Act.

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Signed

Dr Robert Lang

Dated: 12 April 2017

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Section 6 Determinations

Determination No. 1- Determination Pursuant to Section 239 of Categories of Councils and County Councils Effective From 1 July 2017

Table 1: General Purpose Councils - Metropolitan

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

Metropolitan Large (8)	Metropolitan Medium (9)
Blacktown	Bayside
Canterbury-Bankstown	Campbelltown
Cumberland	Georges River
Fairfield	Hornsby
Liverpool	Ku-ring-gai
Northern Beaches	Inner West
Penrith	Randwick
Sutherland	Ryde
	The Hills

Metropolitan Small (11)
Burwood
Camden
Canada Bay
Hunters Hill
Lane Cove
Mosman
North Sydney
Strathfield
Waverley
Willoughby
Woollahra

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Table 2: General Purpose Councils – Non-Metropolitan

Regional City (2)	Regional Strategic Area (2)	
Newcastle	Central Coast	
Wollongong	Lake Macquarie	

Regional Rural (37)	Rural (57)	
Albury	Balranald	Kyogle
Armidale	Bellingen	Lachlan
Ballina	Berrigan	Leeton
Bathurst	Bland	Liverpool Plains
Bega	Blayney	Lockhart
Blue Mountains	Bogan	Moree Plains
Broken Hill	Bourke	Murray River
Byron	Brewarrina	Murrumbidgee
Cessnock	Cabonne	Muswellbrook
Clarence Valley	Carrathool	Nambucca
Coffs Harbour	Central Darling	Narrabri
Dubbo	Cobar	Narrandera
Eurobodalla	Coolamon	Narromine
Goulburn Mulwaree	Coonamble	Oberon
Griffith	Cootamundra-Gundagai	Parkes
Hawkesbury	Cowra	Snowy Valleys
Kempsey	Dungog	Temora
Kiama	Edward River	Tenterfield
Lismore	Federation	Upper Hunter
Lithgow	Forbes	Upper Lachlan
Maitland	Gilgandra	Uralla
Mid-Coast	Glen Innes Severn	Walcha
Mid-Western	Greater Hume	Walgett
Orange	Gunnedah	Warren
Port Macquarie-Hastings	Gwydir	Warrumbungle
Port Stephens	Hay	Weddin
Queanbeyan-Palerang	Hilltops	Wentworth
Richmond Valley	Inverell	Yass
Shellharbour	Junee	
Shoalhaven		
Singleton		
Snowy Monaro		
Tamworth		
Tweed		
Wagga Wagga		
Wingecarribee		
Wollondilly		

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Water (5)	Other (7)
Central Tablelands	Castlereagh-Macquarie
Goldenfields Water	Central Murray
Mid-Coast	Hawkesbury River
Riverina Water	New England Tablelands
Rous	Southern Slopes
	Upper Hunter
	Upper Macquarie

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Determination No. 2- Determination Pursuant to Section 241 of Fees for Councillors and Mayors

Pursuant to s.241 of the *Local Government Act 1993*, 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 2017 are determined as follows:

Table 4: Fees for General Purpose and County Councils

Category		Councillor/Member Annual Fee		Mayor/Chairperson Additional Fee*	
		Minimum	Maximum	Minimum	Maximum
General Purpose Councils – Metropolitan	Principal CBD	26,310	38,580	160,960	211,790
	Major CBD	17,540	32,500	37,270	105,000
	Metropolitan Large	17,540	28,950	37,270	84,330
	Metropolitan Medium	13,150	24,550	27,940	65,230
	Metropolitan Small	8,750	19,310	18,630	42,120
General Purpose Councils – Non-metropolitan	Regional City	17,540	30,500	37,270	95,000
	Regional Strategic Area	17,540	28,950	37,270	84,330
	Regional Rural	8,750	19,310	18,630	42,120
	Rural	8,750	11,570	9,310	25,250
County Councils	Water	1,740	9,650	3,730	15,850
	Other	1,740	5,770	3,730	10,530

*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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Signed

Dr Robert Lang

Dated: 12 April 2017