



DIRECTOR CORPORATE SERVICES REPORT

14th June 2005

**DCS4 MAYORAL AND COUNCILLOR FEES
FILE: 276 PJH**

SUMMARY:

Reporting on the Local Government Remuneration Tribunal determinations for the 2005/2006 year.



The Local Government Remuneration Tribunal sets the maximum increase in fees for all Councillors in the state each year, after consultation with Councils and the Local Government and Shires Association.

The Tribunal as part of this years report was also to review the categories of Councils.

Changes deferred pending review by Department

Council may recall that at the Council meeting on 12th April 2005 advice was given to Council that the Department of Local Government was to undertake a review of Council's expenses policies and preparing guidelines on payment of Councillor expenses.

Council resolved to defer adoption of any amendment to our current policy pending receipt of the review by the Department.

The Local Government Remuneration Tribunal has taken the same approach and deferred any amendments to the quantum of fees or the categories pending the review. The review by the Department is expected to be completed by the end of this year.

The following is an extract from the Tribunal report: -

"The Minister for Local Government, the Hon Tony Kelly MLC has advised the Tribunal that the Department of Local Government will undertake a review of the expenses policies adopted by councils with a view to guidelines being developed. Councils are currently required, pursuant to

section 252 of the Act, to adopt a policy for the payment of expenses to Mayors, Deputy Mayors and other Councillors.

As the issues surrounding the payment of fees and expenses are related, the Minister has requested that the Tribunal defer its review of categories until such time as the Department has completed its review. One option being considered is the central regulation of expenses and whether different categories of councils should have variable expense structures.

In light of the review of expenses policy the Tribunal has considered the quantum of fees for 2005/2006. It has been determined to defer any changes to the fee structure until the results of the Government's inquiry are available."

A copy of the full report of the Tribunal has been forwarded to each Councillor.

Determination of Categories and Limits for 2005/2006

The Tribunal's decision will mean that the categories and amount limits set for 2004/2005 will remain for the 2005/2006 year until further reviewed by the Tribunal. Kempsey Shire Council is a category 3 Council with the following limits on Councillor fees.

Councillor:	Minimum \$5,875	Maximum \$12,925
Mayor:	Minimum \$12,490	Maximum \$28,215

This Council currently pays the upper limit to its Mayor and Councillors.

REPORT IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Council is being open with the community in its decision on fees payable to the Councillors through all such matters being in open Council. The Tribunal is an independent body reporting to the Minister and sets the upper and lower limits payable.

- ***Economic (Financial)***

Mayoral and Councillor fees are provided for in Council's budget for Elected Members Services. The Draft Budget for 2005/2006 allows for a 3% increase in Mayoral and Councillor fees. As this Council pays the upper limit of category 3 at the moment, no increase will be possible until the Tribunal conducts its further review. A saving of

approximately \$4,500 is likely on the 2005/06 Budget provision.

- *Policy or Statutory*

Section 248 of the Local Government Act requires that Councils must pay each Councillor a fee as determined by the Tribunal guidelines. If such fee is not set by Council it must pay the minimum fee set by the Tribunal for that category Council.

- *Director's Review*

Whilst the Local Government & Shires Association has recommended that Council's should postpone formulating their new expense policies until the Department has conducted its review of policies and guidelines agreed upon. The Department has been advised that Kempsey Shire Council has deferred adoption of an amended policy pending development of the guidelines.

RECOMMENDATION:

That Mayoral and Councillor fees payable for the 2005 / 2006 year be the maximum allowed in category 3 as determined by the Local Government Remuneration Tribunal.

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G B Snape
DIRECTOR CORPORATE SERVICES