

## **Submission to the Local Government Remuneration Tribunal**

**14 December 2022**

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## Introduction

Local Government NSW (“LGNSW”) is the peak body for Local Government in NSW and represents the interests of NSW councils, county councils, joint organisations and regional organisations of councils.

LGNSW is registered as an industrial organisation of employers under the *Industrial Relations Act 1996* (NSW) and separately under the *Fair Work (Registered Organisations) Act 2009* (Cth).

LGNSW makes this submission pursuant to section 243(2)(b) of the *Local Government Act 1993* (NSW) (“Act”).

In its determination of 20 April 2022, the Local Government Remuneration Tribunal (“Tribunal”) awarded an increase of 2% in councillor and mayoral fees having considered key economic indicators, issues of inequality and comparable markets.

LGNSW thanks the Tribunal for the opportunity to provide this submission for consideration.

## Executive Summary

The Tribunal is required by section 242A of the Act to give effect to the NSW State Government’s Public Sector Wages Policy (“Wages Policy”) when determining the minimum and maximum fees to be paid to NSW mayors and councillors. Currently, clause 3.1 of the Wages Policy limits any increase in remuneration or other conditions of employment to a maximum of 3.0%.

LGNSW submits that even an increase by the maximum amount of 3.0% is inadequate and does not address the historic undervaluation of work performed by elected representatives and the substantial responsibility associated with local government. In lieu of significant reform in this space, LGNSW strongly urges the Tribunal to increase fees payable to mayors and councillors in NSW by the maximum of 3.0%. This submission sets out the bases for LGNSW’s argument in support of the maximum increase being applied.

Firstly, economic and wage data relevant to mayors and councillors shows a need to award the maximum increase because of steadily rising inflation and the cost of living in the state of NSW. While this may still result in an overall reduction in real terms, it will mitigate to the fullest extent possible, any further reduction in the real value of the remuneration determination. This will also limit the steadily

increasing wage gap between NSW mayors and councillors and their counterparts in the Qld local government sector jurisdiction, NSW state government and not-for-profit sector.

Secondly, LGNSW has analysed economic data from the last twelve months as it relates to chairs and directors of not-for-profits organisations, Qld local government and NSW State parliamentarians. The analysis identified the stark disparity between fees payable to these categories of individuals and that which is paid to NSW mayors and councillors when considering the amount of time required for effective performance of their role and the community impact of mayors and councillors. This highlights the need for major reform, as mayors and councillors in NSW are systematically paid significantly less than every other comparable category included in this submission.

Thirdly, LGNSW submits that the increasing instances of uncontested elections and the recent experiences of rural and regional communities in NSW, provides overwhelming evidence that a drastic increase in remuneration is essential in preserving the integrity of local government and representative democracy in the State. Quality candidates, particularly from rural and regional areas are finding that they are increasingly unable to reconcile the economic implications of standing for election and the increased responsibilities placed on mayors and councillors to respond to ongoing crises facing their communities.

LGNSW supports the current category framework determined by the Tribunal in 2017 and confirmed in the review in 2020. LGNSW also supports the submission of individual members seeking recategorisation as part of the Tribunal's review of categories in 2023. Liverpool City Council and Penrith City Council have indicated that they will seek re-categorisation into various categories in line with their rapid economic development as well as their socio-cultural capital and population size.

## Part 1 Fees Payable to Mayors and Councillors

### 1.1 Superannuation for Mayors and Councillors

Section 254B of the Act provides that superannuation contributions to councillors shall be made in certain circumstances. Relevantly, sub-sections 254B(1) to (5) provide as follows:

- (1) *A council may make a payment (a “superannuation contribution payment”) as a contribution to a superannuation account nominated by a councillor, starting from the financial year commencing 1 July 2022*
- (2) *The amount of a superannuation contribution payment is the amount the council would have been required to contribute under the Commonwealth superannuation legislation as superannuation if the councillor were an employee of the Council*
- (3) *A superannuation contribution payment is payable with, and at the same intervals as, the annual fee is payable to the councillor*
- (4) *A Council is not permitted to make a superannuation contribution payment -*
  - a. *unless the council has previously passed a resolution at an open meeting to make superannuation contribution payments to its councillors, or*
  - b. *if the councillor does not nominate a superannuation account for the payment before the end of the month to which the payment relates, or*
  - c. *to the extent the councillor has agreed in writing to forgo or reduce the payment*
- (5) *The Remuneration Tribunal may not take superannuation contribution payments into account in determining annual fees or other remuneration payable to a mayor or other councillor.*

Based on the above, the payment of superannuation to mayors and councillors is not automatic, as a resolution by the council is required. Further, the earliest possible time a mayor or councillor may benefit from an increase in superannuation guarantee contributions is 1 July 2023, as the earliest possible superannuation contribution that was able to be made was 1 July 2022.

Importantly, sub-section 254B(5) of the Act prohibits the Tribunal from considering superannuation contribution payments or potential contribution increases flowing from these payments as part of the current review of the fees payable to mayors and councillors.

As such, it is the submission of LGNSW that the potential payment of superannuation (and any associated increases) must not be considered in the determination of the fees payable to mayors and councillors.

## 1.2 Economic Indexes & Wage Data

### 1.2.1 Consumer Price Index (CPI)

In the twelve months to September 2022, the Consumer Price Index (Australia, All groups) (CPI) rose by 7.3%; increasing by 1.8% in the September Quarter 2022 alone.<sup>1</sup> The Reserve Bank of Australia noted in a media release published 1 November 2022 that this number is forecasted to reach 8% by the end of 2022.<sup>2</sup>

### 1.2.2 National and State Wage Case

On 15 June 2022 the Full Bench of the Fair Work Commission awarded a 4.6% increase to the national minimum wage and the minimum rates of pay for Modern Awards, and a 5.2% to non-Award reliant workers.<sup>3</sup> The Full Bench of the Industrial Relations Commission of New South Wales followed suit on 17 and 23 August 2022 for NSW Awards not subject to negotiated increases.

The Fair Work Commission noted in its decision that an increase of 2.5% or 3% would result in a real wage reduction for Award reliant workers<sup>4</sup> and that these workers are especially vulnerable to the sharp rise in the cost of living flowing from rising inflation.<sup>5</sup>

This increase is expected to flow on to employees in the local government sector by way of future State Wage Case adjustments or negotiated adjustments referencing the National and State Wage Case increases.

Applying the reasoning of the Fair Work Commission to the matter of mayoral and councillor remuneration indicates that any determination, including an increase of the maximum 3%, will result in a reduction in remuneration in real terms. In lieu of comprehensive reform in this area, it is the submission of LGNSW that the maximum increase of 3% be awarded to combat rising pressures associated with cost of living across the State of NSW.

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<sup>1</sup> Australian Bureau of Statistics, *Consumer Price Index, Australia, 2022* (Web Page, November 2022) < [Consumer Price Index, Australia, September Quarter 2022 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/abs/press-releases/2022/09/092022)>.

<sup>2</sup> Reserve Bank of Australia, *Statement by Philip Lowe, Governor: Monetary Policy Decision, 2022* (Web Page, November 2022) < [Statement by Philip Lowe, Governor: Monetary Policy Decision | Media Releases | RBA](https://www.rba.gov.au/monetary-policy/2022/11/01)>.

<sup>3</sup> *Annual Wage Review 2021-22 [2022]* FWCFB 3500.

<sup>4</sup> *Ibid* [174].

<sup>5</sup> *Ibid* [179].

### 1.3 Market Comparability

In comparing the remuneration of NSW mayors and councillors with their contemporaries in different sectors or jurisdictions, the inequity associated with their current remuneration becomes apparent. This part of the submissions will compare the fees payable to NSW mayors and councillors with the:

- Fees payable to chairs/directors of not-for-profit organisations (NFPs)
- Fees payable to mayors and councillors in Qld
- Fees payable to NSW State Members of Parliament (State MPs)

#### 1.3.1 Comparison of fees payable to NSW mayors/councillors and fees payable to chairpersons/directors of not-for-profit organisations

The responsibilities of mayors and councillors outlined in sections 226 and 232 of the Act are directly comparable with those of NFP board chairs and directors per chapter 2D.1 of the *Corporations Act 2001* (Cth).

The 2022 Australian Board Remuneration Survey Report (“Australian Board Survey”) was used to collect data on NFP organisations and the fees payable to chairs and directors in various capacities.<sup>6</sup> The Australian Board Survey has collected data from 1,128 Boards based on a variety of factors through which a direct comparison to NSW mayors and councillors may be made. Namely, LGNSW has extracted comparisons between NFP directors and councillors based on comparable full-time equivalent employee (FTE) counts and the total revenue of the organisation.

The comparisons undertaken below provide the **average** remuneration of a director/chair and the **maximum** fees payable to mayors and councillors in NSW.

*Gunnedah Council and a NFP (comparable by the total number of full-time equivalent employees)*

Position	Total FTE	Average Remuneration	Maximum Remuneration
Chair NFP	151-200	\$61,775	-
Mayor Gunnedah Shire Council	199	-	\$40,250
<b>Difference in the average remuneration paid to the Chairman of a NFP organisation and the maximum fee payable to the Mayor of Gunnedah Shire Council: \$21,525</b>			
Director NFP	151-200	\$31,039	-

<sup>6</sup> *Australian Board Remuneration Survey Report*, published by McGuirk Management Consultants Pty Ltd., 2022.

Councillor Gunnedah Shire Council	199	-	\$12,650
<b>Difference in the average remuneration paid to a Director of a NFP organisation and the maximum fee payable to a Councillor of Gunnedah Shire Council: \$18,389</b>			

*Woollahra Council and a NFP (comparable by total revenue)*

Position	Total Revenue	Average Remuneration	Maximum Remuneration
Chair NFP	\$80-120M	\$74,760	-
Mayor Woollahra Council	\$112M	-	\$67,110
<b>Difference in the average remuneration paid to the Chairman of a NFP organisation and the maximum fee payable to the Mayor of Woollahra Council: \$7,650</b>			
Director NFP	\$80-120M	\$38,702	-
Councillor Woollahra	\$112M	-	\$21,100
<b>Difference in the average remuneration paid to a Director of a NFP organisation and the maximum fee payable to a Councillor of Woollahra Council: \$17,602</b>			

The tables above highlight that mayors and councillors are consistently under-remunerated even when compared to average rates of pay for individuals undertaking like work. In actuality, the disparity may be even more acute than that which is provided for in this comparison, as maximum remuneration for a particular category is not automatically applied and the figures used for Chairs and Directors is averaged, indicating the difference is likely to be far more significant.

### **1.3.2 Comparison of fees payable to NSW mayors/councillors and fees payable to Qld mayors/councillors**

Local government in NSW and Qld are immediately comparable. The Qld Remuneration Commission is required to consider factors including geographical and environmental terrain, population, and LGA size (among others) to determine the appropriate category, and therefore the fees payable to mayors and councillors.<sup>7</sup> This is provided for in regulation 242 of the *Local Government Regulation 2012* (QLD).

These factors are effectively mirrored in section 240 of the NSW Act for the purposes of determining categorisation of LGAs and in turn, allowing the relativity of the fees payable to be considered. The data below comparing the NSW and Qld jurisdictions presents an unacceptable disparity; the roles and

<sup>7</sup> *Annual Report 2020-2021*, Local Government Remuneration Commission, 2021.



responsibilities of the elected officials in both jurisdictions are almost identical, with Qld members being awarded fees more than \$60,000 higher than NSW in some instances.

The continued disparity further disadvantages local government in NSW and frustrates the process of representative democracy at a local level. Local government in NSW will not be able to attract suitable candidates to run for local elections if the current landscape governing remuneration continues to apply.

These figures are taken from the NSW Office of Local Government Time Series data<sup>8</sup> and the Qld Department of State Development, Infrastructure, Local Government and Planning.<sup>9</sup>

*Newcastle City Council (NSW) and Ipswich City Council (Qld) (comparable by total revenue and FTE)*

Position	Total Revenue	Total FTE	Maximum Remuneration
Mayor Ipswich City Council	\$311.6M	1290	\$212,279
Mayor Newcastle City Council	\$344.8M	1094	\$144,580
<b>Difference in maximum fee payable to the Mayor of Ipswich City Council and the maximum fee payable to the Mayor of Newcastle City Council: \$67,699</b>			
Councillor Ipswich City Council	\$311.6M	1290	\$127,366
Councillor Newcastle City Council	\$344.8M	1094	\$33,330
<b>Difference in maximum fee payable to a Councillor of Ipswich City Council and the maximum fee payable to a Councillor of Newcastle City Council: \$94,036</b>			

*Edward River Council (NSW) and Hinchinbrook Shire Council (Qld) (comparable by total revenue and FTE)*

Position	Total Revenue	Total FTE	Maximum Remuneration
Mayor Hinchinbrook Shire Council	\$34.6M	179	\$110,386
Mayor Edward River Council	\$32.7M	106	\$40,250
<b>Difference in maximum fee payable to the Mayor of Hinchinbrook Shire Council and the maximum fee payable to the Mayor of Edward River Council: \$70,136</b>			
Councillor Hinchinbrook Shire Council	\$34.6M	179	\$55,192

<sup>8</sup> Office of Local Government, *Time Series Data, 2020-2021* (Web Page, November 2022) < [Your Council Report - Office of Local Government NSW](#) >.

<sup>9</sup> Department of State Development, Infrastructure, Local Government and Planning, *Comparative Reports, 2020-2021* (Web Page, November 2022) < [Local Government Comparative Reports | State Development, Infrastructure, Local Government and Planning](#) >.

Councillor Edward River Council	\$32.7M	106	\$12,650
<b>Difference in maximum fee payable to a Councillor of Hinchinbrook Shire Council and the maximum fee payable to a Councillor of Edward River Council: \$42,542</b>			

*Mid-Western Regional Council (NSW) and Lockyer Valley Regional Council (Qld) (comparable by total revenue and FTE)*

Position	Total Revenue	Total FTE	Maximum Remuneration
Mayor Lockyer Valley Regional Council	\$62.7M	296	\$135,860
Mayor Mid-Western Regional Council	\$74.2M	394	\$67,140
<b>Difference in the maximum fee payable to the Mayor of Lockyer Valley Regional Council and the maximum fee payable to the Mayor of Mid-Western Regional Council: \$68,720</b>			
Councillor Lockyer Valley Regional Council	\$62.7M	296	\$72,174
Councillor Mid-Western Regional Council	\$74.2M	394	\$21,100
<b>Difference in the maximum fee payable to a Councillor of Lockyer Valley Regional Council and the maximum fee payable to a Councillor of Mid-Western Regional Council: \$51,074</b>			

There is no logical differentiation between the roles and responsibilities of the mayors and councillors across NSW and Qld which accounts for and justifies a disparity in pay of this magnitude.

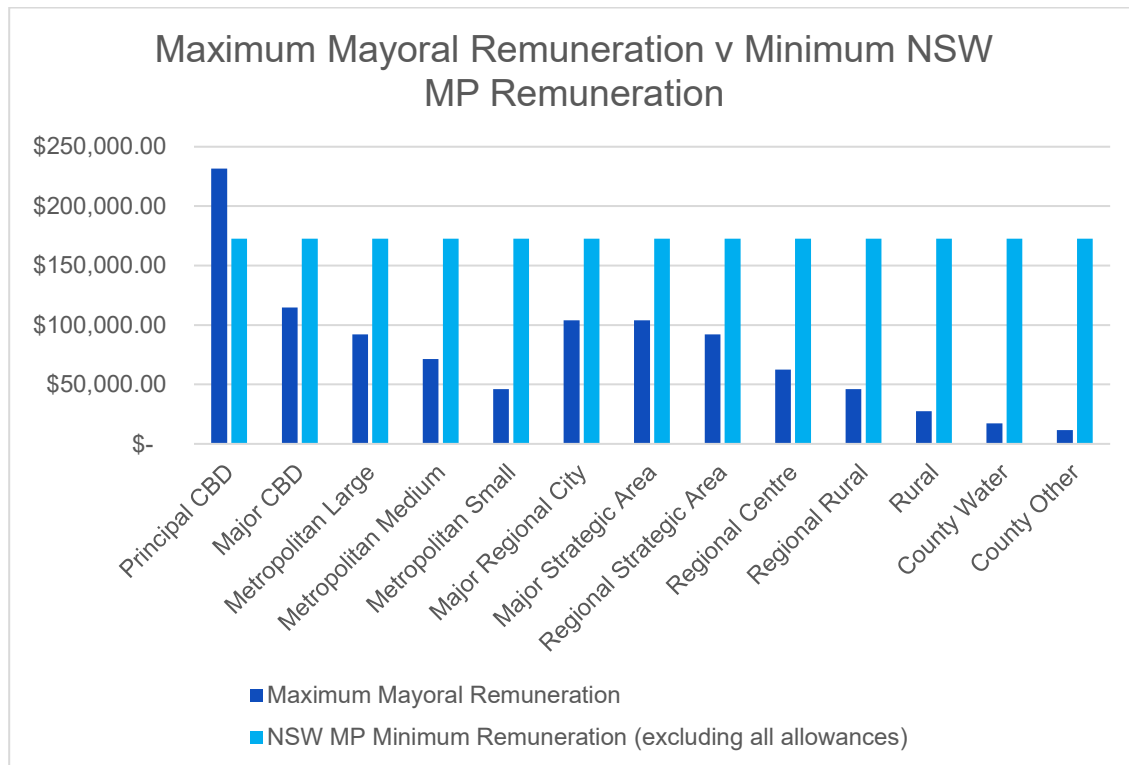
### **1.3.3 Comparison of the fees payable to NSW mayors/councillors and the salaries of NSW MPs**

LGNSW maintains that the role and responsibilities of mayors and councillors in NSW are directly comparable to NSW MPs. Mayors and Councillors are elected through a democratic process to represent their communities, which involves a high degree of collaboration with both local stakeholders and the NSW parliament. This is mirrored in the functions of NSW MPs, who regularly meet with local business leaders, organisations and local government representatives to appropriately allocate funding and drive improvement in the community.

It is LGNSW's submission that mayors and councillors are held accountable to financial, regulatory and administrative bodies in a way that is analogous to NSW MPs and their functions in State Government.

On 1 July 2022 the Parliamentary Remuneration Tribunal awarded a 3.0% increase to the base salary of NSW MPs, bringing their remuneration to \$172,576. In addition to this, NSW MPs in the Legislative Council are awarded an electoral allowance of \$63,275 in addition to various other allowances such as

committee allowances, communication allowances, travel allowances, and skills and development allowances. The graph below displays the **maximum** fees payable to mayors based on the current categories against the **minimum** fee payable (base salary) to NSW MPs (\$172,576).



Notably, only councils categorised as Principal CBD exceed the rate of pay attracted by NSW MPs (Mayor of City of Sydney Council only). The table demonstrates that the current remuneration attracted by mayors across NSW is entirely inadequate, particularly when considering the significant disparity between maximum mayoral fees for rural and regional areas compared with the minimum salary of State MPs.

## 1.4 Impacts of Low Remuneration

### 1.4.1 Appropriateness of current remuneration in Regional NSW

Rural and regional mayors and councillors suffer the lowest rate of remuneration among all General-Purpose Councils (maximum \$40,250 for Rural and maximum of \$67,140 for Regional Rural respectively) owing to, in part, the categorisation of their respective councils as non-metropolitan. Section 240 of the Act provides that a determination of category is to be made on a prescriptive list of factors, which includes the physical terrain of an area, its population and the diversity of communities served.

This closed list of considerations does not include the continued crises and rapidly changing circumstances faced by councils in rural and regional NSW.

In February and July of 2021, NSW faced recurring flooding, particularly affecting the Hunter Valley and Mid North Coast regions. This crisis has continued in 2022, with the Mid Western regions of NSW, Richmond Valley, Lismore, Upper Lachlan and Forbes currently facing the ongoing effects of similar major flooding incidents. These floods are estimated to have caused in excess of \$2.9 billion in damage to property and infrastructure, displacement of communities and the destruction of homes and small businesses. This situation has demanded that mayors and councillors lead the rebuilding of their community.

In addition to the ongoing flood crisis, regional councils have been and are continuing to face ongoing challenges including bushfires, grasshopper infestations, mouse plagues and the ongoing effect of COVID-19. In the last several years, the Tribunal has elected not to undertake the necessary reform to provide for just and fair payment to elected officials who often sacrifice time and private employment opportunities in service of their communities.

While these councils may have a smaller full-time workforce than larger metropolitan councils, the challenges faced by regional councils are not smaller in scale, thereby necessitating an increased investment of a councillor or mayor's time over and above what they may normally be required to give. Mayors and councillors in regional NSW are, by virtue of their position required to respond to these situations as they arise. The unique, ongoing, and increasingly complex challenges faced by mayors and councillors in regional NSW are not reflected in their present remuneration. The remuneration previously determined by this Tribunal is wholly inadequate in appropriately compensating mayors and councillors for the value they bring to the community and the critical role they play in responding to threats and meeting community-wide needs.

Attached as Annexure 1 is correspondence from Cr Craig Davies, Mayor of Narromine Council with an account of the way in which the current remuneration scheme is adversely affecting local government in regional NSW. In connection with this submission, we welcome the opportunity to provide oral submissions to the Tribunal on behalf of, or with Cr Davies to further illustrate the impacts of the current remuneration scheme.

#### **1.4.2 Increasing Workload of Mayors and Councillors**

As indicated above, the rapidly developing events of the last several years have necessitated an increased commitment from elected representatives to appropriately manage the challenges facing their communities.

Notwithstanding, the low level of remuneration for mayors and councillors in NSW, the COVID-19 landscape has broadened the work required of elected representatives over the last several years. In her 2022 research paper entitled '*The costs of (inadequate) councillor remuneration: impacts on well-being, diversity and quality of representation*' (ANU Report), Dr Tanya Jackimow indicates that 46.11%

of surveyed councillors reported working more than 20 hours a week, with those living and working in COVID-19 hotspots especially reporting a significant increase in their day-to-day workload.

The current level of remuneration also does little to compensate regional councillors for the considerable travel burden undertaken in the service of their community. A maximum annual fee of \$12,400 annually applies to councillors in councils categorised as rural, irrespective of the size of the local government area. This fails to account for the hours which can be spent travelling through difficult terrain and/or unsafe conditions as part of their role on an ongoing and regular basis.

The additional requirements placed on councillors, including mandatory professional training and induction programs require a time commitment over and above what was required prior to 2018. These activities, which sit within the ambit of the councillor role, but which may not be considered 'hours of work' further lends itself to an understanding that many rural and regional councillors are performing work far more than what has historically been contemplated by the Tribunal in determining remuneration.

#### **1.4.3 Uncontested Elections**

In the 2021 elections, 14 councils either were or had wards that were uncontested or had less candidates than positions. This predominantly affects rural and regional councils, however, the uncontested election for Shellharbour City Council indicates that this phenomenon is not exclusive to the regions.

The extent to which elections were uncontested in 2021 highlights the increasingly unattractive nature of mayoral and councillor roles in NSW, particularly in the regions. One of the criteria for consideration by the Tribunal set out in section 240 of the Act is the diversity of the communities in a particular council area. With remuneration low levels, a significant portion of the population are excluded from considering serving in these roles as they lack the financial means to participate. Independent, wealthy or retired individuals are therefore more likely to engage in elections as candidates as the sub-par remuneration may not drastically alter their financial circumstances. This is echoed in the ANU Report, which has identified an overrepresentation of retirees and self-funded individuals in local government across the State, along with a disproportionate under-representation of women, young people, single parents and migrants. The subtle barriers restricting broader representation in local government is undoubtedly contributing to the erosion of representative democracy in the regions and is increasingly leading to situations wherein members of the community are excluded by virtue of their financial circumstances.

<b>Council (number of wards)</b>	<b>Uncontested</b>
Bourke (undivided)	Uncontested
Carrathool (3 wards)	Ward B uncontested
Cobar (undivided)	Uncontested (11 candidates for 12 positions)
Dungog (3 wards)	<b>Mayoral</b> position uncontested (1 candidate only)
Greater Hume (3 wards)	East Ward uncontested
Kyogle (3 wards)	Ward A uncontested
Lachlan (5 wards)	Ward A, B, C and D uncontested
Lockhart (3 wards)	Ward C uncontested
Murray River (3 wards)	All three wards uncontested
Narromine (undivided)	Uncontested
Shellharbour (4 wards)	Ward D uncontested
Tenterfield (5 wards)	Ward A, B, C and E uncontested
Walcha (4 wards)	Wards A and C uncontested
Warren (4 wards)	Ward C uncontested

### **1.5 Conclusion**

LGNSW believes that the fees currently payable to mayors and councillors are inadequate and fail to remunerate them for the responsibilities they embrace in line with community expectations and regulatory requirements. If the current remuneration structure continues, councils will not be able to attract a diverse and qualified range of candidates and will disenfranchise current representatives who may not be able to reconcile economic pressures with their role in local government.

This submission has identified that fees paid to mayors and councillors across the various categories in NSW are often significantly lower than fees paid to equivalent public and NFP sector roles involving similar responsibilities, time commitment and levels of accountability.

In the current economic context, any determination other than the maximum increase will result in a 'wage cut' in real terms of mayors and councillors across the state. The maximum increase of 3% is

critical in ensuring that elected representatives across the state are not penalised for their commitment to their communities and are experiencing wage growth akin to the rest of the State.

## Part 2 – Categorisation

### 2.1 Background

Section 239 of the Act provides that the Tribunal must, at least once every three years:

- (a) *Determine categories for councils and mayoral offices; and*
- (b) *Place each council and mayoral office into one of the categories it has determined*

The categorisation of councils and mayoral offices allows the Tribunal to determine minimum and maximum fees payable to mayors and councillors.

In its 2017 the Tribunal determined a new categorisation model. Each of the 128 general purpose or county councils was allocated into one of the following categories:

Category		Councillor/Member Annual Fee (\$) effective 1 July 2022		Mayor/Chairperson Additional Fee (\$) 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	33,300	40,740	103,840
	Major Strategic City	19,180	33,300	40,740	103,840

Non - Metropolitan	Regional Strategic Area	19,180	31,640	40,740	92,180
	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

## 2.2. Categorisation Criteria

Section 240 of the Act prescribes the criteria to which the Tribunal must have regard when determining the categories for councils and mayoral offices, being:

(1) *The Remuneration Tribunal is to determine categories for councils and mayoral offices according to the following matters –*

- *The size of areas*
- *The physical terrain of areas*
- *The population of areas and 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*

(2) *In the application of this section to county councils, the categories of county councils are to be determined having regard also to the functions of county councils.*

LGNSW notes that while all criteria must be considered by the Tribunal in its evaluation, population size and council expenditure have been historically identified as the most quantifiable criteria and have significant effects on determinations made by the Tribunal. This is supported by the Tribunal's determination in 1995 at page 24:



*“It is accepted, however that population and expenditure are very significant matters to be taken into account in determining the category appropriate to each council”.*

LGNSW submits that population as a consideration should not be viewed simply by the total populous of an area; rather, it should be considered in conjunction with the annual growth rate of the area relative to base population. There are ample demographic statistics which highlight the growth rate of a particular area and can therefore inform the future planning requirements for a particular area to support its population growth. Liverpool City Council is estimated by Informed Decisions (.id) to grow by 59.25% between 2021-2041.<sup>10</sup> These statistics are informed by Australian Bureau of Statistics population data and are commissioned by local councils across Australia and New Zealand. This is undoubtedly a relevant criterion for the Tribunal to consider, as flat population does not provide an accurate indicator of the future demographic landscape of an area.

### **2.3 Proposed Categorisation Model**

LGNSW has consulted with members as to whether the Tribunal’s model of categorisation is appropriate and invited suggestions for alternate category titles. Having considered the feedback from members, LGNSW extends its support to the current categorisation model as was decided in the Tribunal’s previous review in 2020.

## **2.4 Individual Categorisation Submissions**

### **2.4.1 Liverpool City Council**

Liverpool City Council (LCC) has made a submission to the Tribunal advocating for its inclusion in the Major CBD category, as opposed to Metropolitan Large.

In support of this, LCC notes its identification as an emerging CBD in Western Sydney on account of its rapid expansion and significant urban growth. LCC has an estimated population of 237,000 and is forecasted to grow at a rate of at least 2.35% per year. It has a diverse population, with 65.5% of residents indicating that both parents were born overseas. It is well connected to greater Western Sydney and the Sydney CBD by way of the M5 and M7 motorways, as well as the Hume Highway.

LCC also boasts the state-of-the-art Liverpool Hospital, which is set to be upgraded further following an announcement by the NSW State Government in 2021 that \$740 million will be invested in a health and academic precinct by 2026.

LCC has also experienced significant growth with the addition of two new university campuses within the area. Wollongong University and Western Sydney University have new campus buildings in the heart of

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<sup>10</sup> Informed Decisions, *Liverpool City Council population forecast* (Web Page, November 2022) <https://forecast.id.com.au/liverpool/population-summary>.

Liverpool CBD, making the precinct an attractive hub for students, professionals, and the broader community. The rapid development of LCC is supported by community housing infrastructure, women's centres and multicultural programs and slew of other services.

The new Western Sydney Airport in Badgerys Creek is expected to open in 2026 which will generate incalculable economic interest in the LCC area. During the construction period alone an estimated \$1.9 billion will be generated, driving interest and activity in the local community and the tens of thousands of small businesses in the LGA. The opening of a major international airport in the heart of LCC further cements its status as a secondary CBD.

It is evident that there is significant merit to recategorise LCC as a Major Hub in line with the criteria of section 240 of the Act.

#### **2.4.2 Penrith City Council**

Penrith City Council (PCC) has also made a submission to the Tribunal to advance its inclusion in the proposed category of Metropolitan Large – Growth Centre, as opposed to Metropolitan Large. Penrith's current population is 219,000 and the local government area has experienced compound population growth of 1.7% per year over the last decade. Penrith is uniquely situated on the Nepean River, bordering the Blue Mountains region along with Greater Western Sydney connected by the Great Western Highway.

Nepean Hospital has been recently refurbished at the cost of \$138 million, with future upgrades planned to bolster the area's booming health care and assistance industries. Western Sydney University and TAFE NSW also have campuses within PCC, attracting domestic and international students to experience the vibrant and diverse cultures in this community.

PCC's leading role in the Western Sydney City Deal further iterates the impact to stimulate growth and development within the area, which is not reflected accurately in its current categorisation.

#### **2.4.3 Byron Shire Council**

Byron Shire Council (BSC) will also make a submission to the Tribunal to advocate for its inclusion in the Regional Centre category in order to more appropriately recognise the demographic and economic profile of the LGA.

LGNSW supports the submissions made by BSC.

## 2.5 Conclusion

LGNSW acknowledges the submissions made by individual councils with respect to their feedback and proposed allocation under the Tribunal's categorisation model.

It is LGNSW's position that the Tribunal must increase the fees paid to mayors and councillors by no less than the maximum of 3%. While this will not close the gap between NSW mayors and councillors and their contemporaries in the State government, the Qld jurisdiction and the NFP sector, it is a necessary step to compensate councillors and mayors for the work they do as elected representatives amid periods of high inflation and rising costs of living.

We thank the Tribunal for receiving our submission and look forward to meeting with the Tribunal to discuss these matters further.

For further information, please contact Adam Dansie, Director Workforce and Legal at [adam.dansie@lgnsw.org.au](mailto:adam.dansie@lgnsw.org.au) or alternatively on (02) 9242 4140.

## ANNEXURES

### Annexure 1 – Email content from Cr Craig Davies, Mayor of Narromine Shire Council

"In reference to the subject of Mayoral Remuneration I wish to offer the following.

As the Mayor of a Rural Council of 5265 kms 2 with a population of 6600 and growing rapidly due to Inland Rail, I am aghast at the manner in which Mayors in rural and regional areas are remunerated. For a 40–60-hour week, every week, I am rewarded with the princely sum of \$ 36,000 p.a. at an average of 50 hours per week I am earning \$14.40 /hour. None of us are prepared for work involved in running a shire properly and none of us become mayor to reap any financial reward.

As the Mayor I am expected to deal with Floods, bushfires, mouse plagues, grasshopper infestations, disgruntled rate payers and a host of other issues. I am a member of the Newell Highway taskforce, an executive member of the Country Mayors Association, an executive member of the Murray Darling Association, Chairman of the Alliance of Western Councils, a member of the Local Emergency management committee, the Trangie Action Group, The Macquarie Infrastructure Priority Committee, The Macquarie Flood reference committee to name a few. I travel tens of thousands of kms annually undertaking my role.

My Shire is roughly 70 x 80 kms and I regularly travel from one end to the other. I currently have two flooding rivers to deal with in the Bogan and Macquarie and carry much of the local knowledge in relation to these situations. The complexity of my responsibilities would leave any city mayor completely baffled and yet a receive a fraction of the remuneration. Their superannuation is almost my salary. The role I have held for the past six years has cost me over \$400,000 in lost wages due to my inability to hold a full-time role. It is the single reason we are floundering in trying to attract councillors to join because of the lack of incentive to strive to be Mayor. I am currently speaking with prospective employers/developers who will employ as any as 1500 people in new jobs being created across my shire, much of it due to my efforts. This in a shire with a current workforce of 2300.

How can this possibly relate to such an inadequate, embarrassing level of remuneration?"

Craig Davies

Mayor Narromine Shire

**Regards**

**Craig Davies**

Mayor

Narromine Shire Council

Chair Alliance of Western Councils

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