

Flying Minute: Submission to Salaries and Allowances Tribunal Local Government Remuneration Inquiry (05-034-01-0102 TL)

By Tim Lane, Manager Strategy and Association Governance

That the Submission to the Salaries and Allowances Tribunal Remuneration Inquiry for Local Government Chief Executive Officers and Elected Members be endorsed.

RESOLUTION 213.FM/2022

CARRIED

Executive Summary

- The Salaries and Allowance Tribunal (SAT) are undertaking their annual Inquiry into Local Government Chief Executive Officer and Elected Member Remuneration
- A draft submission has been prepared that makes three recommendations relating to Elected Member remuneration and the Regional/Isolation Allowance that may be payable to Chief Executive Officers as follows:
 - i. That Elected Member Fees and Allowances, including limits for reimbursable expenses, are increased by up to four percent.
 - ii. That the maximum payable Regional/Isolation Allowance be increased for Local Governments that are particularly isolated, long distances from population centres with low amenity.
 - iii. That the Salaries and Allowances Tribunal publish the methodology, criteria, and weightings for the Regional/Isolation Allowance.
- Given the timeframes associated with the SAT's Inquiry, the draft submission was considered by State Council via Flying Minute, following consideration by the Governance and Organisational Services Policy Team.

Attachment

- Submission – Salaries and Allowances Tribunal – Remuneration Inquiry: Local Government Chief Executive Officers and Elected Members

Policy Implications

This submission broadly aligns with current policy. Recommendations two and three relating to the Regional/Isolation Allowance available to be paid to Chief Executive Officers establish a new advocacy position.

Background

The Salaries and Allowances Tribunal wrote to WALGA on 2 December 2021 advising of their annual Inquiry into Local Government Chief Executive Officers' and Elected Members' Remuneration with submissions invited from Local Governments and other stakeholders by Friday, 28 January 2022.

Given the late January deadline, which does not align with State Council's meeting schedule, the draft submission will be considered by State Council via Flying Minute, following consideration by the Governance and Organisational Services Policy Team.

Local Governments can put forward a submission, particularly relating to their own circumstances including requests to be classified in a different band. A draft submission has been developed on

behalf of the Local Government sector addressing two issues: Elected Member remuneration and the Regional/Isolation Allowance which may be payable to Chief Executive Officers.

Comment

The draft submission discusses two issues:

1. The need for a broad increase in remuneration for Elected Members given very limited increases over the past five years coupled with increasing responsibilities and time commitments of the role, and
2. A need for an increase in the maximum payable Regional/Isolation Allowance for particularly remote and isolated Local Governments, coupled with a request for more detail of the Regional/Isolation Allowance's methodology to be published.

In relation to Elected Member remuneration, the submission:

- Highlights that Elected Member remuneration has increased by one percent during the past five years while, in the four years to June 2021, the consumer price index for Perth has increased by 7.14 percent and the public sector wage price index has risen by 4.68 percent.
- Argues that the responsibilities and workload of Elected Members is increasing and references mandatory training requirements, data from the 2021 Local Government elections in terms of uncontested and unfilled vacancies, and the Minister for Local Government's proposal to reduce the number of Elected Members in many Local Governments.
- Argues that the remuneration framework should not be a barrier to enhanced diversity in Elected Member representation to reflect community demography.
- Recommends that Elected Member Fees and Allowances, including limits for reimbursable expenses, are increased by up to four percent.

In relation to the Regional/Isolation Allowance which may be payable to Chief Executive Officers, the submission:

- Notes the inadequacy of the Regional/Isolation Allowance is a concern to many of WALGA's members, particularly remote and isolated Local Governments, and therefore recommends that the maximum payable Allowance be increased for remote and isolated Local Governments to facilitate Chief Executive Officer attraction and retention.
- Highlights the confusion and uncertainty in the Local Government sector regarding the methodology for calculating the Regional/Isolation Allowance and, on that basis, recommends that further information regarding the methodology, criteria and weightings be published.

The draft submission, which was considered and endorsed by the Governance and Organisational Services Policy Team, is put forward for endorsement.

FLYING MINUTE OUTCOME

Poll created: 18/01/2022 at 8:52

Poll closed: 25/01/2022 at 9:00

Total invited to survey: 24

Total finished survey: 15

Endorse the Recommendation: 13

Endorse the Recommendation subject to comment below: 2

Do not endorse: 0

First Name	Last Name	Completed Date
Carol	Adams OAM	24/01/2022 8:29
Phillip	Blight	Not completed
Laurene	Bonza	24/01/2022 20:25
Ruth	Butterfield	24/01/2022 1:07
Carl	Celedin	20/01/2022 6:39
Karen	Chappel	23/01/2022 13:26
Cheryl	Cowell	Not completed
Frank	Cvitan	Not completed
John	Daw	24/01/2022 14:12
Tony	Dean	19/01/2022 12:16
Catherine	Ehrhardt	Not completed
Russ	Fishwick	18/01/2022 17:35
Logan	Howlett JP	19/01/2022 10:42
Mark	Irwin	Not completed
Paul	Kelly	24/01/2022 20:17
Peter	Long	Not completed
Chris	Mitchell JP	Not completed
Chris	Pavlovich	22/01/2022 16:26
Les	Price	21/01/2022 18:03
Michelle	Rich	Not completed
Helen	Sadler	23/01/2022 12:16
Ken	Seymour	Not completed
Stephen	Strange	21/01/2022 14:09
Doug	Thompson	21/01/2022 12:20

Responses

(13) Endorse the submission: Russ Fishwick JP (on: 18/01/2022 17:35), Logan Howlett JP (on: 19/01/2022 10:42), Tony Dean (on: 19/01/2022 12:16), Carl Celedin (on: 20/01/2022 6:39), Doug Thompson (on: 21/01/2022 12:20) Stephen Strange (on: 21/01/2022 14:09), Les Price (on: 21/01/2022 18:03), Helen Sadler (on: 23/01/2022 12:16), Karen Chappel (on: 23/01/2022 13:26), Ruth Butterfield (on: 24/01/2022 1:07), Carol Adams OAM (on: 24/01/2022 8:29), John Daw (on: 24/01/2022 14:12), Paul Kelly (on: 24/01/2022 20:17)

(2) Endorse the submission subject to comment below: Chris Pavlovich (on: 22/01/2022 16:26), Laurene Bonza (on: 24/01/2022 20:25)

(0) Do not endorse: NIL

Comments

Chris Pavlovich on 22/01/2022 16:26

Recommendation 2 should have a target increase for clarity on sector expectations.

Laurene Bonza on 24/01/2022 20:25

In the Elected Member section, I wonder if the "including reimbursable expenses" needs to be in there. Surely, you are only reimbursed the actual cost of what you are seeking to be reimbursed for? Or have I missed something???

Secretariat Comment

Recommendation 2 in the submission relates to the maximum Regional/Isolation Allowance payable to Chief Executive Officers and reads as follows:

That the maximum payable Regional/Isolation Allowance be increased for Local Governments that are particularly isolated, long distances from population centres with low amenity.

The point regarding specifying a target increase is noted. Given the opacity of the methodology of determining the Regional/Isolation Allowance (which is addressed by Recommendation 3), it is difficult to propose a target increase. Further, as Recommendation 2 principally relates to a small subset of the Local Government sector, it is difficult to specify a targeted increase in a sector-level submission.

In relation to reimbursable expenses, the intent of the submission is to argue that the *maximum* reimbursement payable may be insufficient in some cases and should be increased as part of the general increase to Elected Member fees and allowances. For instance, the 2021 determination states that the maximum that a Council Member can be reimbursed for childcare is "the actual cost per hour or \$30 per hour, whichever is the lesser amount". For added clarity, the word maximum has been added to the recommendation, which now reads:

That Elected Member Fees and Allowances (including maximum reimbursable expenses) are increased by up to four percent.



Submission

**Salaries and Allowances
Tribunal**

**Remuneration Inquiry:
Local Government Chief
Executive Officers and
Elected Members**

January 2022

About WALGA

The Western Australian Local Government Association (WALGA or 'the Association') is the peak organisation for Local Government in Western Australia. The Association is an independent, membership-based group representing and supporting the work and interests of 137 mainland Local Governments in Western Australia, plus the Indian Ocean Territories of Christmas Island and Cocos (Keeling) Islands.

The Association provides an essential voice for 1,215 Elected Members, approximately 22,600 Local Government employees, and the 2.6 million constituents that they serve and represent. The Association also provides professional advice and offers services that provide financial benefits to Local Governments.

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Background

WALGA and the Local Government sector appreciate the opportunity to make a submission to inform the Salaries and Allowances Tribunal's (SAT) Inquiry into Local Government Chief Executive Officer and Elected Member Remuneration.

The remuneration framework is respected and supported by the Local Government sector and provides assurance to the community that Elected Members and Chief Executive Officers are being remunerated appropriately in accordance with their skills, expertise, and contribution. As the Tribunal would be aware, the current framework came about through WALGA's sector-led advocacy to have the SAT determine Elected Member remuneration.

While the remuneration framework is well supported overall, WALGA contends there is room for improvement in relation to key issues. Firstly, Local Government Elected Members, who have only received one minor remuneration increase over five years, should be recognised for the challenges and commitment inherent in the role with a broad increase in fees and allowances. Secondly, the Regional/Isolation Allowance available to Councils to attract and retain Chief Executive Officers should recognise the significant isolation of some Local Governments with an increase in the maximum payable allowance. In addition, to enhance understanding of the Regional/Isolation Allowance in the Local Government sector, the methodology, criteria, and weightings should be made available. These issues will be explored and expanded upon in this submission.

Elected Member Fees and Allowances

WALGA would like to reinforce the importance and challenges of the role of Elected Member in Local Government, and to reiterate the need for Elected Members to be appropriately remunerated for the time and commitment they bring to their decision-making and community leadership responsibilities.

WALGA contends that it is time for the fees and allowances payable to Elected Members to be broadly increased. Elected Member remuneration has only increased by one percent during the past five years (including 2021-22). In the four years to June 2021, the consumer price index for Perth has increased by 7.14 percent and the public sector wage price index has risen by 4.68 percent. As per the table below, Elected Member remuneration has not kept pace with the broader economic context nor with public sector remuneration.¹

Year	Elected Member Fees and Allowances	CPI – Perth (June)	WPI – WA Public (June)
2017-18	0.0%	1.1%	1.3%
2018-19	0.0%	1.6%	1.3%
2019-20	1.0%	0.1%	1.1%
2020-21	0.0%	4.2%	0.9%
Four-year change (compounding)	1.00%	7.14%	4.68%

Furthermore, Elected Member remuneration was not increased in the SAT's 2021 Determination meaning that any rise in prices will see Elected Members' real remuneration further eroded during the 2021-22 financial year.

On this basis, given the growing disparity between Elected Member remuneration and the relevant indices discussed above, Elected Members ought to receive a general increase in their remuneration for their governance responsibilities and their service to the community. Increases should also be applied to reimbursable expenses, such as child minding, travel, and ICT, to ensure that the current rates reflect current costs.

¹ Australian Bureau of Statistics. *Wage Price Index, Australia, September 2021*. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release>; Australian Bureau of Statistics. *Consumer Price Index, Australia, September 2021*. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>; Salaries and Allowances Tribunal. 2021. *Local Government Chief Executive Officers and Elected Members Determinations (2021, 2020, 2019, 2018, 2017)*. Available from: <https://www.wa.gov.au/government/document-collections/local-government-chief-executive-officers-and-elected-members-previous-determinations>

Responsibilities and Commitment of Elected Members

Local Government is a key pillar of Australian democracy and Australian government, and responsibilities of Elected Members have been increasing over many years. Serving on Council means that many Elected Members are sacrificing opportunities for paid work or time with or caring for loved ones. In an age of ubiquitous social media and expectations of around-the-clock access, combined with increasingly complex decision-making responsibilities, Local Government Elected Members dedicate many hours to their role serving on Council.

Responsibilities of Elected Members are likely to further increase in the future. The Minister for Local Government has proposed a broad reduction in the number of Elected Member positions on Councils, as part of a recently announced reform package.² This will mean that the community liaison, representation, and leadership responsibilities will be borne by fewer Elected Members.

Beyond the responsibilities of the role, Elected Members are legally required to undertake professional development training. Specifically, Elected Members are required, within 12 months of their election, to undertake five modules of compulsory training. WALGA's Council Member Essentials program incorporates five full days of training which does not include the assessment requirements. While professional development to improve the skills and knowledge of Elected Members is broadly supported, the time and commitment to professional development should be recognised through the fees and allowances framework.

Data from the 2021 Local Government elections suggests that there may be mismatch between the responsibilities and commitment required to serve on Council and the fees and allowances payable to Elected Members. At the 2021 Local Government elections there were 640 positions up for election. Close to one quarter (24.5%) of these positions were filled by candidates unopposed without the opportunity for electors to vote for their community representatives. A further 24 positions were not filled and required extraordinary elections to be held to fill the vacancies. It is WALGA's view that the remuneration framework should aim to facilitate competitive elections to enhance democracy and Council legitimacy in the eyes of the community.

Diversity of Representation

It is WALGA's view that the overall Local Government system, including the remuneration framework, should strive to enhance the diversity of representation on Councils to reflect community demography. As community representatives, it is important that the Council comprises members from a range of backgrounds and life experiences. The legitimacy of

² Department of Local Government, Sport and Cultural Industries. 2020. *Local government reforms announced*. <https://www.dlgsc.wa.gov.au/department/news/news-article/2021/11/10/local-government-reforms-announced>

Council decisions from the perspective of community members is enhanced if the Council comprises *‘people like me’* who *‘share my concerns’*.

Despite campaigns by WALGA and the Department of Local Government, Sport and Cultural Industries, there is still more to be done to foster diversity of representation on Councils. Following the 2021 Local Government elections, approximately 41 percent of the overall Elected Member cohort in WA is female, and a little over one third (37 percent) of Mayors and Presidents are female.

In addition, it is well established in the corporate governance and decision-making literature that diverse groups tend to make better decisions.³ To facilitate diversity on Councils, reflecting the communities Councils represent, the remuneration framework must ensure that serving on Council is not financially prohibitive to a broad range of prospective community leaders.

Recommendations

- 1. That Elected Member Fees and Allowances (including maximum reimbursable expenses) are increased by up to four percent.**

³ McKinsey and Company. 2015. *Diversity Matters*: <https://www.mckinsey.com/~media/mckinsey/business%20functions/organization/our%20insights/why%20diversity%20matters/diversity%20matters.ashx> and Rock, D. and Grant, H. 2019. *Why Diverse Teams are Smarter*. Harvard Business Review. <https://hbr.org/2016/11/why-diverse-teams-are-smarter>.

Chief Executive Officer Remuneration

A key issue with the Chief Executive Officer remuneration framework, raised consistently by several WALGA members, relates to the Regional/Isolation Allowance. This issue has been raised with WALGA by Local Governments in the Goldfields-Esperance, Murchison, and Gascoyne regions, and has been discussed by the WALGA State Council at a strategic forum meeting.

There is a strong view, particularly among WALGA's more remote and isolated members, that the Regional/Isolation Allowance is insufficient to attract and retain suitably qualified and experienced Chief Executive Officers. In addition, there is a lack of clarity concerning how the Regional/Isolation Allowance is determined.

Particularly remote and isolated Local Governments are seeking greater flexibility with the upper limit of the Regional/Isolation Allowance to aid attraction and retention of Chief Executive Officers. It is contended by many of WALGA's members that "isolation" and "remoteness" is insufficiently recognised through the determinative process in the setting of the maximum Regional/Isolation Allowance. There are examples of Local Governments that are particularly remote, are long distances from regional centres, have very limited, if any, passenger air services, and have limited amenity from the perspective of prospective CEO candidates, that have had ongoing difficulties attracting and retaining suitable Chief Executive Officer candidates.

This cohort of Local Governments is seeking greater flexibility through the Regional/Isolation Allowance to attract, retain and negotiate with their Chief Executive Officer or prospective candidates, recognising the challenges for professionals living in distant, isolated places with low amenity.

Beyond greater recognition of isolation, limited access to major population centres and low amenity, the Local Government sector is seeking greater clarity about how the Regional/Isolation Allowance is determined in terms of the criteria and their relative weightings. It is noted that the Tribunal considered the issue of regional isolation allowances in [2011](#)⁴ and [2012](#)⁵, however there has been no further review.

⁴ Salaries and Allowances Tribunal. 2011. *Report Under Section 7A of the Salaries and Allowances Act 1975: Local Government Chief Executive Officers*. <https://www.wa.gov.au/system/files/2019-11/Local%20Government%20Chief%20Executive%20Officers%20Report%20No%20of%202011.pdf>

⁵ Salaries and Allowances Tribunal. 2012. *Determination Under Section 7A of the Salaries and Allowances Act 1975: Local Government Chief Executive Officers*. <https://www.wa.gov.au/system/files/2019-11/Local%20Government%20Chief%20Executive%20Officers%20Determination%20No%20of%202012.pdf>

Recommendations

- 2. That the maximum payable Regional/Isolation Allowance be increased for Local Governments that are particularly isolated, long distances from population centres with low amenity.**
- 3. That the Salaries and Allowances Tribunal update and publish the methodology, criteria, and weightings for the Regional/Isolation Allowance.**