

Independent Councillor Remuneration Tribunal

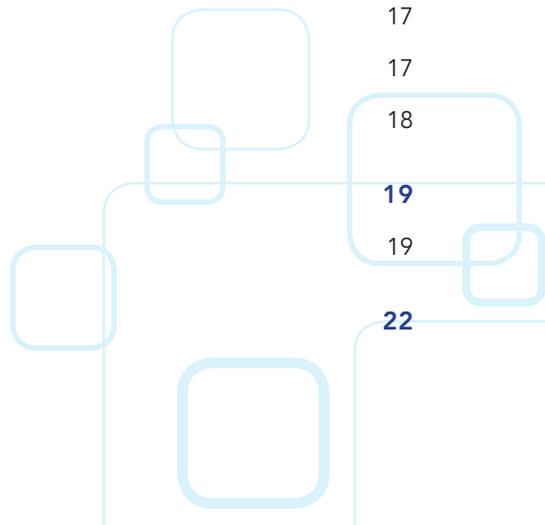
FINDINGS AND RECOMMENDATIONS

8 November 2013



Table of contents

Executive Summary	2
1. Background and Overview	3
1.1 Introduction	3
1.2 Establishing the Tribunal	3
1.3 Role of the Tribunal	3
1.4 Timings	3
1.5 Councillor Remuneration Policy	4
1.6 Definitions	4
1.7 Tribunal Members	5
1.8 Key Activities Related to the Review	5
1.9 The Role of the Secretariat	5
1.10 Councillor Remuneration	6
1.11 Historical Salary Adjustments at Federal Government, Queensland Government and Brisbane City Council	7
2. Key Considerations	8
2.1 Brisbane City Council – size, scale and demographics	8
2.2 Councillor Responsibility by Class of Office	8
2.3 Queensland Government’s Queensland Independent Remuneration Tribunal	10
2.4 Local Government Remuneration and Discipline Tribunal	11
2.5 2011 Commonwealth MP Remuneration Review	12
2.6 A Summary Comparison of Local Government Remuneration Trends	12
2.7 Remuneration Increases – Council’s EBA Staff, Executives and Councillors	15
2.8 State and National CPI Increases	16
3. Findings and Recommendations	17
3.1 Remuneration of a Councillor	17
Tribunal Recommendation 1	17
3.2 Remuneration of Office Holders	17
Tribunal Recommendation 2	17
Tribunal Recommendation 3	17
Tribunal Recommendation 4	18
4. Appendix	19
4.1 AP 216 Councillor Remuneration Policy and Terms of Reference	19
5. References	22



Executive Summary

This Report outlines the independent Councillor Remuneration Tribunal's (the Tribunal's) findings with regard to the remuneration payable to a Brisbane city councillor and to office holders, comprising the Lord Mayor, Deputy Mayor, Leader of the Opposition, Chairperson of Council and Committee Chairpersons.

The Tribunal was established by the Brisbane City Council (Council) pursuant to the Councillor Remuneration Policy (the Policy) and Terms of Reference (ToR) approved by Council Resolution 17/2013-14 on 30 July 2013.

The Policy provided for the formulation of recommendations by the Tribunal for presentation to Council's Chief Executive Officer (CEO) by 8 November 2013.

In reaching its findings and recommendations, the Tribunal considered a range of information and material relating to councillor and office holder roles and responsibilities, relativities to elected representatives at local, state and federal levels, and comparisons between the work and remuneration of councillors, and the work and remuneration of positions of other relevant bodies. The uniqueness of Council, as acknowledged within the *City of Brisbane Act 2010 (Qld)* and subordinate legislation, was seen by the Tribunal as particularly significant. The Tribunal noted that the last increase in salary for councillors and office holders was 1 July 2011.

The Tribunal determined that an increase in councillor remuneration was appropriate, and recommends the new salary for councillors be set at \$147,581 effective 1 July 2013, representing an 8% increase. The effective date of this increase is in line with the Tribunal's ToR. The ToR is contained in Appendix 1.

With respect to office holders other than the Lord Mayor, the Tribunal is of the view that, when viewed in isolation, the percentage salary loading appeared insufficient to compensate for the additional responsibilities. However, the Tribunal further considers that when the Expense of Office Allowance, which is for all intents and purposes paid and taxed as salary, is also taken into account, the total outcome is appropriate.

With respect to the office of the Lord Mayor, the Tribunal noted the salary for the office is currently equal to that of a Queensland Cabinet Minister. The Lord Mayor also receives an Expense of Office Allowance and Electorate Allowance, set by reference to the Expense of Office Allowance and minimum Electorate Allowance set out in the Queensland Government's Members of the Legislative Assembly handbook, and grossed up for taxation purposes. The Tribunal considers this nexus should be severed, and accordingly, recommends the establishment of a salary for the Lord Mayor at 165% of the salary of a councillor. Further, the Tribunal recommends the Lord Mayor be paid an Expense of Office Allowance, the amount being equal to the current gross amount of the Expense of Office Allowance and Electorate Allowance combined. The Tribunal considers that this aggregate of salary and allowances provides appropriate remuneration for the very demanding nature of the duties of the office.

The Tribunal considered there could be merit in removing allowances altogether and rolling them into salary for office holders. The Tribunal has not made a specific recommendation in this regard because of the complexities with such an approach. However, given the further work into salary and allowances by the Queensland Government's Queensland Independent Remuneration Tribunal, the Tribunal suggests Council consider a review of the remuneration structure for Council office holders after the completion of that work.

1. Background and Overview

1.1 Introduction

This chapter provides an overview of the historical context of Council's councillor remuneration and the background to the establishment of the Tribunal. This chapter also outlines the Policy and associated ToR for the Tribunal.

Council's former councillor remuneration policy framework directly linked councillor salaries to salaries paid to Members of Parliament (MPs) in Queensland. Following the decision of the Queensland Government not to proceed with the implementation of a 41.9% salary increase for Queensland MPs, Council rescinded its policy framework around councillor remuneration and established the Tribunal. This Tribunal was responsible for the review and resetting of councillor remuneration.

1.2 Establishing the Tribunal

On 30 July 2013, Council rescinded the existing councillor remuneration policy framework, which set the councillor salary at \$500 less than the salary of a Queensland MP and the salary of the Lord Mayor to be equivalent to the salary of a Cabinet Minister. At the same time, Council adopted its new Policy, which provided for the establishment of the Tribunal. This Policy also included the Tribunal's ToR. The Policy and the ToR are contained in Appendix 1.

The Policy provided that the Tribunal be reconstituted every five years in time to allow implementation of the Tribunal's determination by 1 July of the relevant year. In the intervening years between Tribunal sittings, councillor remuneration will be adjusted in accordance with the percentage increases applied by the Queensland Government's Independent Remuneration Tribunal for Queensland MPs.

1.3 Role of the Tribunal

The Tribunal's role was set out in the ToR and required the Tribunal to review and, as required, reset the remuneration level for a councillor and all classes of offices. Remuneration was defined as salary and allowances. Council contributed superannuation was excluded from the definition. The ToR required the Tribunal to give consideration to the following factors:

- average national and state wage increases
- actual wage increases for Council staff
- actual councillor wage increases
- community expectations
- councillor workload
- comparative conditions of employment provided to elected officials at other levels of government.

The Tribunal was not limited to consideration of these matters.

1.4 Timings

The ToR provided that the consideration of the factors set out in section 1.3 was to be for the period since 1 July 2008. The Tribunal would not award back pay prior to 1 July 2013.

The ToR required the Tribunal's report be delivered to Council's CEO by 8 November 2013.

1.5 Councillor Remuneration Policy

The Policy established the following principles to guide the Tribunal in its remuneration considerations:

- remuneration setting processes will be transparent and accountable
- councillors will accept the decision of the independent Tribunal
- any determination or recommendation in relation to councillor remuneration will be compliant with the provisions set out in Chapter 8, Part 1, Division 1, s230 – s235 of the *City of Brisbane Regulation 2012 (Qld)*
- councillors' remuneration will be reviewed every five years
- consideration is to be given to community expectations
- public release of remuneration decisions will occur as soon as practicable.

The Policy contained no firm position on maintaining or terminating the automatic nexus between councillors' and state MPs' salaries. The Policy provided that:

- the Tribunal shall consist of three members, appointed by the Establishment & Coordination Committee (E&C), in consultation with the Leader of the Opposition
- each Tribunal member will be paid a flat fee, determined by E&C at the time of their appointment
- the Tribunal will act in accordance with the ToR as approved by Council
- members are appointed to the Tribunal for a term of one review only, although they may subsequently be appointed to future Tribunals
- the Tribunal's recommendations will be implemented without amendment and not be subject to review.

Additionally, the Policy provided that in the intervening years between Tribunal sittings, Council's CEO would implement the percentage movement awarded by the Queensland Independent Remuneration Tribunal to Queensland MPs, without a requirement to refer the matter back to Council.

1.6 Definitions

Councillor remuneration is defined as salary and allowances.

In accordance with the Tribunal's ToR and the *City of Brisbane Act 2010*, remuneration excluded any Council contributed superannuation (currently set at 20% of salary) and Council ward related expenditure.ⁱ The Tribunal's ToR further outlined that 'tools of trade', such as motor vehicles, telephone and mobile computing devices are considered out of scope for the purposes of the Tribunal's review.

ⁱ) Remuneration is defined in both the ToR and s233 of the *City of Brisbane Regulation 2012* as excluding any amount for expenses to be paid or facilities to be provided to a councillor under Council's expenses reimbursement policy (ward related expenses), or any contribution Council makes for a councillor to a voluntary superannuation scheme for councillors, established or taken part in by Council.

1.7 Tribunal Members

On 30 July 2013, E&C approved the appointment of three Tribunal members to undertake the work of the Tribunal. The Tribunal members appointed were:

Mr Don Brown	Retired, former Queensland Industrial Commissioner and former Queensland Workplace Rights Ombudsman.
Dr Sally Pitkin	Company Director, Lawyer and Adjunct Professor UQ Business School.
Mr Bruce Wilson AM	Consultant, former Queensland Government Director-General and former Public Service Commissioner.

1.8 Key Activities Related to the Review

On 30 July 2013, Council rescinded its councillor remuneration policy framework and approved a new Policy which established the Tribunal. Tribunal members, appointed by E&C, convened for the first time on 13 August 2013 and had a series of subsequent meetings leading up to the presentation of this report to the CEO on 8 November 2013.

The Tribunal approached its task in a systematic manner and considered information including, but not limited to:

- the relevant legislation in place
- the role of a councillor and their responsibilities, including those attributed to the various office holders
- demographic and statistical material relating to the city of Brisbane and other local governments including geographical size, population, scope of responsibility, operating budget and key achievements
- recorded community opinions of Council's performance through independent market surveys conducted by Council
- material gathered from other levels of Government in relation to remuneration of elected officials, including at state and federal levels
- conditions and remuneration adjustments experienced in a sample selection of local governments (within Queensland, interstate and New Zealand)
- parallels between the work of Queensland MPs and the work of Brisbane city councillors
- remuneration adjustments implemented for Council's EBA employees and its executive service
- the Queensland Government's Independent Remuneration Tribunal's first determination.

1.9 The Role of the Secretariat

Secretariat support was provided to the Tribunal from the Executive Manager's Office, Office of the Chief Executive. The role of the Secretariat was to assist the Tribunal in its administration, coordination of meetings and research tasks. The Tribunal was very appreciative of the work undertaken by the Secretariat.

1.10 Councillor Remuneration

There has been a long standing historical connection between the salaries paid to Commonwealth MPs, Queensland MPs and Brisbane city councillors. Until recently, salaries paid to Queensland MPs were set at \$500 less than the annual salary of Commonwealth MPs, and Brisbane city councillor salaries were set at \$500 less than the salary paid to Queensland MPs.

In 1988, Council augmented this already existing salary arrangement in order to better reflect the workload of councillors. The amendment to the policy provided a framework for differential salaries to be paid, depending on the various class of office held.

The basis for this framework is provided for in s231 of the *City of Brisbane Regulation 2013* (the Regulation), which provides that "Council may decide the remuneration that is payable to councillors differentially according to the following classes of offices – the mayor; the deputy mayor; the leader of the opposition; the chairperson of the council; chairpersons of Standing Committees of the council; other councillors."

As at 30 July 2013, councillors' salaries and allowances, and the differential rates payable to office holders are set out in Table 1 below.

Table 1 – Current Salary, Differential Rates & Relativities

Position	No.	Salary	Relativity (salary)	Allowances ¹	Salary + allowances (excluding superannuation)
Councillor	17	\$136,649	100%	-	\$136,649
Leader of the Opposition	1	\$150,314	110%	\$18,268	\$168,582
Chairperson of Council	1	\$170,811	125%	\$18,268	\$189,079
Committee Chairperson	6	\$170,811	125%	\$18,268	\$189,079
Deputy Mayor ²	1	\$177,644	130%	\$18,268	\$195,912
Lord Mayor ³	1	\$ 222,026	163%	\$89,693	\$311,719

Note 1 - Allowances for office holders, other than the Lord Mayor, comprise an 'Expense of Office Allowance'. These allowances are paid with salary, subject to PAYE taxation, but not taken into account for superannuation purposes. The Expense of Office Allowance for all office holders except the Lord Mayor is subject to Consumer Price Index (CPI) adjustment each financial year.

The Lord Mayor's allowances comprise the following: \$8,701 (Electorate Allowance) + \$39,263 (Lord Mayor Expense of Office Allowance) = \$47,964 (NET), as set with reference to the Queensland Members of the Legislative Assembly handbook, adjusted from time to time. This amount is grossed up to \$89,693 for taxation purposes.

Note 2 - As the Deputy Mayor is a committee chairperson, he or she receives an Expense of Office Allowance.

Note 3 - The Lord Mayor's salary has historically been set to be equivalent to a Queensland Cabinet Minister.

Source: *Brisbane City Council Annual Report 2011-2012*.

1.11 Historical Salary Adjustments at Federal Government, Queensland Government and Brisbane City Council

In considering these arrangements the Tribunal had regard to the fact that, in recent years, the former Queensland Government chose not to automatically flow on salary increases awarded to Commonwealth MPs to Queensland MPs, with the consequence that they were not flowed on to Brisbane city councillors.

These increases were either delayed or not implemented in full by the Queensland Government. Table 2 shows the historical salary adjustments at the three levels of government.

Table 2 – Historical Salary Adjustments – Commonwealth and State Governments & Brisbane City Council

Commonwealth Government			Queensland Government			Council	
Date	Increase	Amount	Date	Increase	Amount	Increase	Amount
01.07.2008	0%	\$127,060	01.07.2008	0%	\$126,560	0%	\$126,060
01.10.2009	3.1%	\$131,040	01.01.2010	3.1%	\$130,540	3.1%	\$130,040
01.08.2010 ⁴	4.3%	\$136,640	01.08.2010	2.5%	\$133,804	2.5%	\$133,304
01.07.2011 ⁴	3.1%	\$140,910	01.08.2011	2.5%	\$137,149	2.5%	\$136,649
15.03.2012	31.3% ¹	\$185,000	-	0% ²	-	0%	-
01.07.2012	3%	\$190,550	-	0% ²	-	0%	-
01.07.2013	2.4%	\$195,130	01.07.2013	8.5% ³	\$148,848	8%	\$147,581 ⁵

Note 1 - The significant increase awarded at the federal level in 2012 was a result of an independent review undertaken of Commonwealth MPs' remuneration.

Note 2 - The 0% increase awarded to Queensland MPs in 2012 (and subsequently to Brisbane city councillors) was a result of the former Queensland Government's decision to delay or not implement in full the increases awarded at the federal level.

Note 3 - While the Queensland Government awarded a 41.9% increase in July 2013, this was subsequently rescinded with the commencement of the *Queensland Independent Remuneration Tribunal Act 2013*. This returned Queensland MP salaries to their 30 June 2013 levels. On 15 October 2013, the Queensland Government's Independent Remuneration Tribunal handed down its first determination, which set a new salary for Queensland MPs. Effective from 1 July 2013, the salary for a Queensland MP was set at \$148,848.

Note 4 - Commonwealth MP percentage increases shown for 2010 and 2011 are published on the Parliament of Australia website as 3.8% (2010) and 3.6% (2011). These variant percentages are a result of changes to how salary was calculated. Table 2 contains the percentage increases of 4.3% (2010) and 3.1% (2011) which correlates with the dollar amounts noted on the Parliament of Australia website. Commonwealth salary amounts noted in table 2 correspond with those printed on the Commonwealth's Parliamentary Library website.

Note 5 - The salary amount noted reflects the Tribunal's 8% recommendation.

Sources: *Parliament of Australia website www.aph.gov.au, Queensland Government Gazette (2007, 2009 and 2013), Queensland Independent Remuneration Tribunal Determination 1/2013, Council records.*

2. Key Considerations

This chapter outlines the issues identified and key considerations of the Tribunal. In particular, the Tribunal considered the workload of councillors and the additional responsibilities attributed to office holders and the relativities to elected representatives at federal and state levels. It also undertook a comparative analysis between Brisbane city councillors and other elected representatives in local governments within Queensland, interstate and New Zealand.

2.1 Brisbane City Council – size, scale and demographics

Brisbane City Council is the largest local government in Australia, covering 1,338.1 km² with an estimated population of 1.1M, as at 30 June 2012. Brisbane has been an amalgamated Local Government Area (LGA) since the implementation of the *City of Brisbane Act 1924* (currently the *City of Brisbane Act 2010*).

Brisbane is the only local government within Queensland with its own individual Act of Parliament. Compared to other local governments in Queensland, Council is unique in its nature and the extent of its responsibilities and powers, which are set out below:

- it is the capital city of Queensland
- it is the largest provider of local government services in Australia
- there is a Lord Mayor and 26 councillors
- the Lord Mayor is popularly elected by all residents of Brisbane
- there are 26 councillors who each represent the interests of the residents of a Council ward
- the Lord Mayor and councillors are elected by Brisbane residents at quadrennial elections
- the Lord Mayor and all councillors perform their role in a full-time capacity as elected representatives of Brisbane
- the Lord Mayor has executive powers under the *City of Brisbane Act 2010*
- Council has an E&C, chaired by the Lord Mayor, and seven Standing Committees. Each of the Standing Committee Chairpersons has portfolio responsibilities and are members of E&C
- a Chairperson of Council presides at all Council meetings and is responsible for ensuring its rules of procedure are observed and enforced.

2.2 Councillor Responsibility by Class of Office

2.2.1 Lord Mayor

The Lord Mayor is popularly elected and represents all residents of Brisbane. As well as fulfilling the responsibilities of a councillor, the Lord Mayor is required to carry out additional duties.

These additional duties include:

- developing and implementing policies for adoption by Council
- leading and controlling Council business
- preparing a budget for Council
- leading, managing and providing strategic direction to Council's CEO to achieve high quality administration of Council
- ensuring Council provides information and responses to the Local Government Minister in a timely fashion

- arranging Council representation at ceremonial or civic functions
- directing the CEO and senior executives of Council.ⁱⁱ

Further, the Lord Mayor is Chairperson of E&C, which has been delegated significant responsibility by full Council. E&C meets on a weekly basis and has delegations to make decisions on behalf of Council when in recess.

The Lord Mayor is also an ex officio member of all Standing Committees of Council. He may attend and participate in or vote at any meeting of the Standing Committees.

2.2.2 Deputy Mayor

The Deputy Mayor acts on behalf of the Lord Mayor in his absence or incapacity and takes on all Lord Mayoral responsibilities during that time.ⁱⁱⁱ The Deputy Mayor is also a ward councillor and, currently, the Chairperson of Council's Infrastructure Committee.

2.2.3 Leader of the Opposition

The Leader of the Opposition is the councillor nominated by the party of minority councillors with the largest number of councillors. If there is no separate party with the largest number of minority councillors and there is no agreement between the minority councillors as to who is to be the Leader of the Opposition, then full Council will determine who is to be the Leader of the Opposition.^{iv} The Leader of the Opposition leads the Opposition in debate in the Council chamber in putting forward alternative proposals and views on matters coming before Council. The Leader of the Opposition is a ward councillor and currently, the shadow Chairperson of Council's Infrastructure Committee.

2.2.4 Chairperson of Council

The Chairperson of Council presides at all Council meetings and is responsible for ensuring its rules of procedure are observed and enforced. The Chairperson also has powers in relation to councillor conduct at Council meetings. The Chairperson of Council does not preside at committee meetings as these are chaired by the respective Committee Chairpersons.^v

The Chairperson of Council is able to participate in debate, however, convention is that at such a time the Deputy Chairperson of Council would take control of the meeting.

The Chairperson of Council is also a ward councillor and, currently, a member of the Infrastructure Committee. There are approximately 29 Council meetings scheduled each year, and a similar number for each Standing Committee. In 2012, there were a total of 27 Council meetings.

2.2.5 Committee Chairperson

A Committee Chairperson is responsible for managing the conduct of Standing Committee meetings. Committees consider petitions put forward by the residents of Brisbane and councillors, and partake in discussion regarding projects, initiatives and issues relating to the Committee's portfolio.

Committee Chairmen are answerable to the Lord Mayor for matters within their portfolio and provide strategic guidance and oversight to the Council areas and staff related to the particular Committee they chair. While unable to direct Council officers, they act with the authority of E&C and the Lord Mayor. In addition to E&C, Council has seven Standing Committees. They are:

1. Brisbane Lifestyle Committee
2. Environment, Parks and Sustainability Committee

ii) Part 2, s14 of the *City of Brisbane Act 2010*

iii) s165 of the *City of Brisbane Act 2010*

iv) Schedule 1 of the *Meetings Local Law 2001*

v) s25 of the *City of Brisbane Act 2010*

3. Field Services Committee
4. Finance, Economic Development and Administration Committee
5. Infrastructure Committee
6. Neighbourhood Planning and Development Assessment Committee
7. Public and Active Transport Committee.

Each Committee Chairperson is a councillor who represents a Council ward within Brisbane. Committee Chairpersons are also members of E&C.

2.2.6 Councillors

Councillors must represent the current and future interests of the residents of Brisbane. Councillor responsibilities are set out in s14 of *City of Brisbane Act 2010* and include:

- representing the current and future interests of Brisbane residents
- attending and participating at Council and Standing Committee meetings
- ensuring achievement of corporate and community plans
- ensuring Council meets its legislative responsibilities
- providing leadership to the Council and the community
- complying with legislative requirements that apply to Council
- participating in policy development and decision making about matters being considered at a meeting of the Council and Standing Committee meetings
- being accountable to the community for Council's performance
- serving the overall public interest of the whole of Brisbane.

2.3 Queensland Government's Queensland Independent Remuneration Tribunal

While the Policy adopted by Council contained no firm position on either maintaining or terminating the existing nexus between Queensland MP and councillor salaries, the Tribunal noted from the Queensland Independent Remuneration Tribunal's review, the strong parallels between Queensland MPs and Brisbane councillors.

In particular, the areas of workload and time commitments, role responsibilities and accountabilities, public expectations and constituency size are comparable. This is illustrated in Table 3 below which provides the average population for Council wards against the average population of Queensland electorate districts found fully or partially within the Brisbane city LGA.

Table 3 – Comparison of Average Ward and Electorate Populations within Brisbane LGA

Ward	Number of Council wards	26
	Average Council ward population	42,710
Electorate	Number of Electorates within Brisbane LGA	24
	Average Electorate population within LGA	47,065

Sources: *Brisbane Community Profiles, estimated ward population 2012, ESQ State Population Statistical Profile 2013.*

The Queensland Independent Remuneration Tribunal handed down its first determination entitled *Building a New Remuneration Structure for members of the Queensland Parliament* on 15 October 2013. This determined the salary for Queensland MPs should be \$148,848, from 1 July 2013. The Queensland Independent Remuneration Tribunal has also indicated it will be undertaking further work, including a review of Queensland parliamentary office holder salaries and allowances. The report and findings of the Queensland Independent Remuneration Tribunal have been a key consideration of the Tribunal.

2.4 Local Government Remuneration and Discipline Tribunal

The *Local Government Act 2009 (Qld)* established the Local Government Remuneration and Discipline Tribunal. The Local Government Remuneration and Discipline Tribunal determines remuneration payable to mayors, deputy mayors and councillors for all Queensland local governments, except Brisbane City Council. The Local Government Remuneration and Discipline Tribunal considered a number of factors when determining councillor remuneration. These include:

- The size and geographical and environmental context of the LGA
- population of the local government area including:
 - demographics
 - spread of population serviced by the local government
 - extent of the services the local government provides.

The Local Government Remuneration and Discipline Tribunal may also consider other factors it considers relevant to the effectiveness, efficiency and sustainability of the local government, such as:

- diversity of communities in the local government area, including cultural diversity
- extent of development in the local government area, including economic and community development, level of infrastructure and industry
- councillor workload, taking into account the size of each division (for a divided council) or LGA (for an undivided council) and whether councillors hold office on a full-time or part-time basis.

This Tribunal will make its determination on 1 December 2013, with effect from 1 July 2014. While the Tribunal noted the potential benefit of reviewing the Local Government Remuneration and Discipline Tribunal's findings, time constraints preclude consideration of its pending recommendations.

2.5 2011 Commonwealth MP Remuneration Review

The Tribunal noted that in December 2011 the Commonwealth Remuneration Tribunal undertook a full work value review of the remuneration of Commonwealth parliamentarians and determined parliamentary salary would be \$185,000 per annum. The significant increase in parliamentary salaries at that time, some 31.3%, is primarily attributable to the rolling in of certain allowances into salary.

The Tribunal noted that the Commonwealth Remuneration Tribunal, in its report, recommended the linkage between state and territory parliamentary and assembly members and the base salary of federal parliamentarians in South Australia, Queensland, Tasmania and Victoria should be severed on the basis that this linkage:

- cannot be justified without a state or territory based work value assessment similar to that conducted for federal parliamentarians
- will include the direct flow-on of increased base salary without the elimination of certain other entitlements, which elimination goes hand in hand with the increase in base salary
- may not differentiate salaries for superannuation purposes and inappropriately create a flow on of the increased base salary to pension entitlements.

Conversely, and as discussed in section 2.3 of this Report, the Tribunal considered that it was able to rely to a significant extent on the parallels between the role of a councillor and the role of a Queensland MP. In particular, the Tribunal acknowledged that incumbents of both roles were subject to similar work constraints and expectations, noting the requirement for both to be accessible outside ordinary working hours, the comparable sizes of each respective constituency as shown in Table 3, the duties undertaken and responsibility and accountability in serving their constituents.

2.6 A Summary Comparison of Local Government Remuneration Trends

During this process, the Tribunal was consistently of the view that the unique nature of Brisbane city did not allow for meaningful comparisons with other Australian local governments. The Tribunal reviewed material with respect to other LGAs including Auckland (New Zealand), Geelong, Gold Coast, Melbourne, Newcastle, Sutherland Shire, Townsville and Wollongong.

In all these local governments, remuneration is set by an independent body and/or state legislation. Several local governments were eliminated from further benchmarking as the role of their councillors was significantly different (e.g. the councillor was part-time and received a nominal allowance for their duties).

Of all local governments assessed, the most relevant to Brisbane city were Auckland, New Zealand and Gold Coast, Queensland. The Tribunal noted in particular that Auckland city provided a useful comparison with Brisbane city, in light of the recent amalgamation of smaller local governments to form Auckland city. Table 4 below provides a brief summary of key statistics of several local government authorities.

Table 4 – Statistics of Selected LGAs

LGA Statistics			
City	Budget for 2013/2014	Population	Geographical Size
Auckland	NZD \$3.2B	1.37M	1,086 km ²
Brisbane	\$2.9B ¹	1.1M	1,338 km ²
Gold Coast	\$1.1B ¹	526,173	1,379 km ²
Newcastle	\$235M	148,531	187 km ²
Townsville	\$373M	184,697	3,736 km ²
Wollongong	\$244M	203,025	715 km ²

Note 1 - Due to variant reporting between local governments, Brisbane and Gold Coast's budgets are inclusive of capitalised expenditure. Brisbane's budget is inclusive of approximately \$1.1B capitalised expenditure, and Gold Coast's budget is inclusive of approximately \$230M capitalised expenditure.

Sources: *Auckland Council: The Annual Plan 2013/14 Maintaining Momentum*, *Brisbane City Council's Annual Plan and Budget 2013-14*, *City of Newcastle Delivery Plan 2013*, *City of Newcastle 2011/2012 Annual Report*, *Gold Coast Community Profile*, email communication, *Gold Coast City Council, Mayors Budget Speech 2013-14 Appendices*, *Townsville City Council corporate website*, *Townsville City Council Proposed 2013/14 Operational Plan*, *Wollongong Community Profile*, *Wollongong Draft Budget 2013/14 and Capital Budget 2013/14*.

All local governments benchmarked provided for a differential rate to be paid to their mayor, however, not all applied differential rates to the various office holders found within Brisbane city. The respective rates are set out in Table 5.

Table 5 – Councillor and Office Holder Salary Comparisons

City	Councillor	Leader of the Opposition	Chairpersons	Deputy Mayor	Mayor
Auckland	NZD \$98,672	-	\$116,762	\$141,337	\$251,010
Brisbane	\$136,649	\$150,314	\$170,811	\$177,644	\$222,026
Gold Coast	\$130,035	-	-	\$151,121	\$217,896
Newcastle ¹	\$23,360	-	-	-	\$91,443
Townsville	\$91,376	-	-	\$105,434	\$154,636
Wollongong ¹	\$15,880 - \$26,220	-	-	-	\$49,640 - \$102,610

Note 1 - Wollongong and Newcastle salaries are set by the NSW Local Government Remuneration Tribunal. The salary for a councillor is set in the range of \$15,880 - \$26,220. The Mayors of Wollongong and Newcastle are eligible for an additional fee above that applicable to a councillor and this fee is within the range \$33,760 - \$76,390. The Newcastle salaries noted above are taken from the *City of Newcastle 2011-2012 Annual Report*.

Sources: *Report and Determination of the [NSW] Local Government Remuneration Tribunal (8 April 2013)*, *Queensland Local Government Remuneration and Discipline Tribunal (2012 Report)*, *2013/2014 Remuneration Authority Determination for Auckland Council*, *City of Newcastle 2011-2012 Annual Report*. *Brisbane City Council's Annual Report 2011-12*.

2.7 Remuneration Increases – Council’s EBA Staff, Executives and Councillors

The Tribunal also reviewed remuneration increases to Brisbane City Council EBA employees, executives and councillors for the period 2008 to 2013. Table 6 summarises increases to salary awarded over the relevant period.

Table 6 – Increases to Salary for Council’s EBA Staff, Executives and Councillors (2008 – 2013)

	2008	2009	2010	2011	2012	2013	TOTAL	AVERAGE
EBA	4.5%	3%	4%	4.5%	4.25%	2%	22.25%	3.7%
Executive	4.5%	3%	2.5%	3.5%	4%	2% ²	19.5%	3.3%
Councillor	0%	3.1%	2.5%	2.5%	0%	8% ¹	16.1%	2.7%

Note 1 - An 8% increase, effective 1 July 2013, is recommended by the Tribunal. At the time of preparing this report this increase had not been implemented.

Note 2 - Executives received a 2% increase, comprised of a salary increase of 1.75% and an increase in superannuation contributions of 0.25% in order to maintain compliance with superannuation legislation.

Source: Council records.

The Tribunal noted that EBA and executive staff have received aggregated increases of 22.25% and 19.5% respectively. Following the adoption of the 8% increase recommended by the Tribunal Councillors will have received an aggregated increase of 16.1%.

2.8 State and National CPI Increases

In line with the ToR, the Tribunal considered movements, locally and nationally, for the period under review.

Table 7 – CPI Increases by Year

	Calendar Year		Financial Year		
	Australia	Brisbane		Australia	Brisbane
2008	3.7%	4.3%	2007/08	4.4%	5.1%
2009	2.1%	2.5%	2008/09	1.4%	2.0%
2010	2.8%	3.1%	2009/10	3.1%	3.2%
2011	3.0%	2.4%	2010/11	3.5%	3.9%
2012	2.2%	2.2%	2011/12	1.2%	0.9%
2013 ¹	2.6%	2.5%	2012/13	2.4%	2.0%

Note 1 - pro-rata amount is based on the year to September annualised.

Source: *Consumer Price Index, Brisbane Group, All Groups.*

3. Findings and Recommendations

3.1 Remuneration of a Councillor

The Tribunal is satisfied, having considered all the material and information referred to in this report, that the salary of a councillor should be increased. In particular, the Tribunal considers that comparisons with other local authorities are of limited relevance whereas a comparison with Queensland MPs provides the most relevant benchmark for Brisbane city councillors.

Tribunal Recommendation 1

The Tribunal recommends the salary of a councillor be increased by 8%, resulting in a salary of \$147,581. In line with the ToR, increases to salary are to be effective from 1 July 2013.

3.2 Remuneration of Office Holders

With respect to office holders other than the Lord Mayor, the Tribunal is of the view that, when viewed in isolation, the percentage salary loading appears insufficient to compensate for the additional responsibilities. However, the Tribunal further considers that when the Expense of Office Allowance, which is for all intents and purposes paid and taxed as salary, is also taken into account, the total outcome is appropriate.

Tribunal Recommendation 2

The Tribunal recommends for office holders (other than the Lord Mayor) maintaining the current percentage loading on salary, and maintaining the current Expense of Office Allowance. The Expense of Office Allowance should be adjusted for a CPI increase effective 1 July 2013.

The Tribunal notes that in the intervening years between Tribunal sittings, remuneration will be adjusted in accordance with the percentage increases applied by the Queensland Independent Remuneration Tribunal for MPs. This means that in the intervening years, adjustments to allowances will be made using this mechanism. There will be no further adjustments to the Expense of Office Allowance using the CPI mechanism Council has historically used.

With respect to the office of the Lord Mayor, the Tribunal notes that the salary for the office is currently equal to that of a Queensland Cabinet Minister. The Lord Mayor also receives an Expense of Office Allowance and Electorate Allowance, set by reference to the Expense of Office Allowance and minimum Electorate Allowance set out in the Queensland Government's Members of the Legislative Assembly handbook, and grossed up for taxation purposes. The Tribunal considers that the nexus between the Lord Mayor's remuneration (comprising salary and allowances) with Queensland Cabinet Ministers should be severed to remove uncertainty for remuneration for the Lord Mayor, which may arise from the on-going work of the Queensland Independent Remuneration Tribunal in relation to salary and allowances payable to Queensland parliamentary office holders.

Accordingly, the Tribunal considers that the percentage loading on salary for the Lord Mayor should be 165% of the salary of a councillor. This, when aggregated with allowances, provides appropriate remuneration for the demanding nature of the duties of the office.

Tribunal Recommendation 3

The Tribunal recommends the salary for the Lord Mayor be set at 165% of the salary of a councillor.

The Tribunal also considers that the allowances for the office of Lord Mayor require simplification.

Tribunal Recommendation 4

The Tribunal recommends the two current allowances for the Lord Mayor be rolled into one allowance, the amount being equal to the combined gross amount, and be known as an Expense of Office Allowance.

The Tribunal recommends this allowance be adjusted in the same way as the Expense of Office Allowance for other office holders by applying a CPI adjustment from 1 July 2013, and by flowing on the percentage increases awarded by the Queensland Independent Remuneration Tribunal for MPs.

The Tribunal considers that there could be merit in removing allowances altogether and rolling them into salary for office holders. The Tribunal has not made a specific recommendation in this regard because of the complexities with such an approach. An example is the potential to compound the effect of the salary increases recommended by this Tribunal. Additionally, allowances do not currently attract superannuation. If allowances were rolled into salary they would also attract superannuation. However, given the further work of the Queensland Independent Remuneration Tribunal into salary and allowances for Queensland parliamentary office holders, the Tribunal suggests Council consider a review of the remuneration structure for Council office holders after the completion of that work.

4. Appendix

4.1 AP 216 Councillor Remuneration Policy and Terms of Reference

Overview

Council will establish an independent tribunal to determine councillor remuneration. The Tribunal will be reappointed every five years. Council will adopt annual percentage movements between the review periods as set out by the State Government's Independent Tribunal.

Applicability

This policy applies to all classes of offices in Council including; the Lord Mayor, Deputy Mayor, Chairman of Council, Chairmen of Standing Committees, Leader of the Opposition and other Councillors. (*Section 231 of City of Brisbane Regulation 2012*).

Dictionary

Remuneration is defined as salary and allowances.

Remuneration does not include:

- any amount for expenses to be paid or facilities to be provided to a councillor under Council's expenses reimbursement policy (including Ward Office expenses)
- motor vehicles, telephone and mobile computing devices as they are considered tools of trade
- any contribution the Council makes for a voluntary superannuation scheme, for councillors established or taken part in by the Council under section 210 of the *City of Brisbane Act 2010*.

Principles

This policy is based on the following principles:

- remuneration setting processes will be transparent and accountable
- Councillors will accept the decision of the independent Tribunal
- any determination and recommendations in relation to councillor remuneration will be compliant with the provisions set out in Chapter 8, Part 1, Division 1, sections 230 – 235 of the *City of Brisbane Regulation 2012*
- Councillor's remuneration will be reviewed every five years
- consideration is to be given to community expectations
- public release of remuneration decisions will occur as soon as practicable.

Policy

- Council will establish an independent Councillor Remuneration Tribunal to determine appropriate levels of remuneration for all classes of offices.
- The Tribunal's role is to review and, where appropriate, reset councillor remuneration.
- A Tribunal will be reconstituted every five years in sufficient time to allow implementation of the Tribunal's determination by 1 July of the relevant year.
- In the intervening years between Tribunal sittings, councillor remuneration will be adjusted in accordance with the percentage increases applied by the Queensland Government's remuneration tribunal for Members of the Legislative Assembly.

- Council authorises the CEO to implement the intervening percentage movement as outlined in the point above without requirement to refer the matter back to full Council.
- The Tribunal shall consist of three members appointed by Civic Cabinet after consultation with the Leader of the Opposition.
- Each Tribunal member will be paid a flat fee determined by Civic Cabinet at the time of their appointment.
- The Tribunal will act in accordance with Terms of Reference as approved by Council.
- Members are appointed to the Tribunal for a term of one review only, although they may subsequently be appointed to future Tribunals.
- The Tribunal's findings will be implemented without amendment and will not be subject to review.

Approving Authority

Council 30/07/2013

City of Brisbane Regulation 2012

AP032 – Councillor Expenses Reimbursement Policy

Policy Owner

Executive Manager, Office of the Chief Executive

Further Assistance

Executive Services Coordinator, Office of the Chief Executive

Related Information

See Terms of Reference – Appendix A

Review Date

01-Jul-2018

APPENDIX A - TERMS OF REFERENCE (ToR)

Document Purpose

1. The purpose of this document is to clearly define the Terms of Reference (TOR) for the 2013 independent Councillor Remuneration Tribunal.

Context

2. Council's councillor remuneration policy framework was established in accordance with Council Resolutions of 26 July 1988, 23 April 1991 and 31 May 1994, together with Establishment and Coordination Committee (E&C) Decisions of 17 May 1993 and 30 May 1994. Copies of these documents are attached.
3. On 30 July 2013, Council approved the rescinding of the existing policy framework and the establishment of a new policy framework including the independent Councillor Remuneration Tribunal (the Tribunal).

Authority

4. Chapter 8, Part 1, Division 1 of the *City of Brisbane Regulation 2012* provides Council with the authority to determine councillor remuneration.
5. This determination will be undertaken in accordance with AP216 - Councillor Remuneration Policy.

Definition

6. Remuneration is defined as salary and allowances. Remuneration does not include Council contributed superannuation or ward related expenditure which falls under Council's expense reimbursement policy (ward funds).
7. For the purposes of the Tribunal's review, motor vehicles, telephone and mobile computing devices are considered Tools of Trade and, accordingly, are excluded.

Role Of The Tribunal

8. The Tribunal's role is to:
 - a. review and, as required, reset the base remuneration level for a councillor
 - b. determine the relativities of remuneration for the following roles:
 - i. Lord Mayor
 - ii. Deputy Mayor
 - iii. Committee Chairman
 - iv. Chairman of Council
 - v. Leader of the Opposition.

Tribunal Considerations

9. The Tribunal's considerations are to include, but not be limited to, the following factors:
 - a. average national and state wage increases
 - b. actual wage increases for Council staff
 - c. actual Councillor wage increases
 - d. community expectations
 - e. workloads of councillors
 - f. comparative conditions of employment provided to elected officials at other levels of government.
10. The factors detailed in section 9.a-c above are to be for the period since 1 July 2008.
11. The Tribunal will not award back-pay prior to 1 July 2013.

Ward Funds

12. Ward funds are not provided as part of a Councillor's remuneration, cannot be used as salary, may only be spent on specific ward related purposes and must be fully acquitted. As such, the allocation of ward funds is not to be included in the Tribunal's deliberations.

Timings

13. The Tribunal's report is to be delivered to the CEO of Council by 8 November 2013.
14. The Tribunal's determinations will be back-dated to 1 July 2013.

Secretariat Support

15. The Executive Manager's Office, Office of the Chief Executive will provide secretariat support. The Secretariat will facilitate requests and information exchange between Council and the Tribunal. The Secretariat will be responsible for the preparation and distribution of meeting papers prior to each Tribunal meeting.
16. Funding requests for activities in support of the Tribunal's deliberations may be made to the Secretariat.

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