

Attachment A

**Council Submission – Local Government
Remuneration Tribunal – 2025 Annual
Review**

Submission by the Council of the City of Sydney to the Local Government Remuneration Tribunal



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Part 1 The Need for Structural Reform

In its 2023 Report and Determination, the Local Government Remuneration Tribunal observed:

“Submissions made to the 2023 review and the Tribunal’s own conclusions from evidence it has examined, suggest that there are significant issues underlying the concerns raised about mayor and councillor remuneration. It is apparent to the Tribunal that those issues which include a lack of diversity in representation, changing nature of work required to be undertaken and changed community expectations cannot be easily resolved under the existing framework. In the Tribunal’s view, there would be merit in a comprehensive review of the framework for mayor and councillor remuneration.”¹

We agree and in doing so, we suggest that the Tribunal undertake this comprehensive review in making its next determination.

Since 2001, the Tribunal has set fees by applying a uniform percentage increase to mayoral and councillor fees for all NSW Councils. The Local Government Act 1993 (the Act) provides no criteria to guide how this percentage increase is determined. Section s242A (1) of the Act does however require the Tribunal to give effect to the same policies on increases in remuneration as those of the Industrial Relations Commission. In its 2023 and 2024 reports, the Tribunal acknowledged it considered key economic indicators, including the Consumer Price Index and Wage Price Index, in setting this percentage increase.

Mayors and Councillors may however receive a fee increase greater than the uniform percentage if the Tribunal reclassifies their councils into a higher category. In determining the categories of Councils, s240 of the Act requires the Tribunal to consider several matters which include:

- the nature and volume of business dealt with by each council
- such matters as the Remuneration Tribunal considers relevant to the provision of efficient and effective local government

Changes in the role of Councillors and Mayors have changed the “nature and volume of business” they are required to deal with under the Act.

“Efficient and effective local government” requires Councillors to not only have the attributes necessary to be a Councillor, but also reflect the diversity of their communities.

We suggest that these are common matters for all or most NSW Councils and as such should be considered in determining overall fee increases.

¹ Report and Determination of the Local Government Remuneration Tribunal under Sections 239 and 241 of the Local Government Act 1993, 27 April 2023 p24

1.1 Changes in the role of Councillors and Mayors

Amendments to the Act by the Local Government Amendment (Governance and Planning) Bill 2016 significantly changed the roles of Mayors and Councillors.

The Mayor's role was expanded to "include being a leader of the council and in the local community, being the principal member and spokesperson of the governing body and to promoting the effective and consistent implementation of strategic plans, programs and policies of the council as well as to include other matters relating to engagement with the local community and key stakeholders"².

The Councillor's role was revised to "include requirements to represent the collective interests of residents, ratepayers and the local community, to uphold and represent accurately the policies and decisions of the governing body and to make all reasonable efforts to acquire and maintain the skills necessary to perform the role of Councillor"³.

These changes have had a significant impact on the role, responsibilities and workload of Mayors and Councillors. This includes an increase in the "volume and nature of council business" they are now required to deal with by the Act. Moreover they occurred at a time when fee increases were limited due to public sector salary caps imposed by the previous government.

The Tribunal has not acknowledged let alone considered the impact of these changes. It must now do so.

An example – Strategic Planning

For example, since 2009, Councils have been required to prepare a community strategic plan which:

- addresses civic leadership, social, environmental and economic issues in an integrated manner, and
- is based on social justice principles of equity, access, participation and rights, and
- is adequately informed by relevant information relating to civic leadership, social, environmental and economic issues, and
- is developed having due regard to the State government's State Plan and other relevant State and regional plans of the State government.⁴

Councils are required to review this plan by 30 June following each Council election.

In its 2011 Report, the Tribunal acknowledged submissions that argued that this new requirement for Councils, along with other additional functions, had increased the workload of Councils. The Tribunal responded by stating that "an increase in workload does not in itself reflect a change in the roles and responsibilities of Councillors which is the test for considering whether any increase in remuneration is warranted"⁵. Previous determinations contained similar observations.

This is no longer the case. As a result of the 2016 amendments, the Mayor has a statutory role in relation to the strategic plans, programs and policies of the council, including the community strategic plan. This statutory role includes:

- ensuring the timely development and adoption of the strategic plans, programs and policies of the council

² Explanatory notes, Local Government Amendment (Governance and Planning) Bill 2016
<https://www.parliament.nsw.gov.au/bills/Pages/bill-details.aspx?pk=3316>

³ Ibid

⁴ Local Government Act 1993 s402 (3) (a)

⁵ Report and Determination of the Local Government Remuneration Tribunal under Sections 239 and 241 of the Local Government Act 1993, 28 April 2011 p3

- promoting the effective and consistent implementation of the strategic plans, programs and policies of the council
- advising, consulting with and providing strategic direction to the general manager in relation to the implementation of the strategic plans and policies of the council⁶.

Councillors have a statutory role to represent the “collective interests of residents, ratepayers and the local community”. Given that the community strategic plan should reflect the aspirations, needs and “collective interests of residents, ratepayers and the local community”, Councillors have a statutory role relation to the community strategic plan. This statutory role requires Councillors to collectively:

- identify and prioritise key local community needs in developing the community strategic plan
- develop and endorse the community strategic plan, delivery program and other strategic plans, programs, strategies and policies of the council
- regularly review implementation of the community strategic plan and its delivery program
- review and if required, amend the community strategic plan following each Council election.

The 2016 amendments, combined with these and many other statutory requirements have significantly changed the roles of Councillors and Mayors. Given the associated increased workload associated with these changed roles, the Tribunal can no longer avoid considering this increased workload in determining Councillor and Mayoral remuneration.

Training and Professional Development

Since 2016, s232 (g) of the Act has required Councillors “to make all reasonable efforts to acquire and maintain the skills necessary to perform the role of a Councillor”.

This section is reinforced by s183 of the Local Government (General) Regulation 2021. This section requires the general manager to ensure each new and reelected Councillor receives induction training courses or refresher induction courses within six months of an election. These courses must provide Councillors with information about the functions and obligations of councils and Councillors and the administrative procedures and operations of the council. Councillors must make all reasonable efforts to participate in these inductions.

The general manager must also ensure Mayors and Councillors receive ongoing professional development during the course of their term of office. This must provide support and assistance in the development of the skills necessary to perform the role of Mayor or Councillor and ensure that these skills are maintained.

Councillors must make all reasonable efforts to participate in the induction training and ongoing professional development. The regulation requires participation by Mayors and Councillors (and implicitly non-participation) in this training and professional development to be included in the Council’s annual report.

These near mandatory requirements have imposed a significant additional time burden on Councillors and Mayors in carrying out their statutory roles. The Tribunal has yet to consider this in determining Councillor and Mayoral remuneration. It must now do so.

⁶ Local Government Act 1993 s226 (g) (h) and (j)

1.2 Ensuring efficient and effective local government

As noted above “efficient and effective local government” requires Councillors who reflect the diversity of their communities as well as having the necessary attributes of a Councillor.

Ensuring diversity

The 2023 Tribunal Report acknowledged the detailed submission by Associate Professor Tanya Jakimow of the Australian National University, which outlined the negative impacts of inadequate Councillor and Mayoral remuneration, and observed that:

“... inadequate pay has significant negative consequences: low quality local democracy, an unacceptable burden on Councillors and their families, and poor Councillor diversity.”⁷

Professor Jakimow’s submission also argued that remuneration levels did not adequately reflect the hours and complexity of the work of Councillors and Mayors.

Her submission reflected the extensive research she had undertaken in conjunction with others. This included a 2021 survey of NSW Councillors which examined whether the impact of low pay and high workloads determined who could become a Councillor. It received 389 responses. In a subsequent article⁸ she wrote:

“The complexity of the role, which requires understanding of changing legislation and knowledge of operational and strategic matters, all while being responsive to constituents, has increased the demands on Councillors, leading to workloads in excess of 40 hours a week for some. Councillors frequently described their work as ‘full-time’ for part-time pay, and outlined the financial sacrifices they bore in order to undertake their council activities to a satisfactory level. This juggling is intensified for Councillors with significant caring responsibilities. As one Councillor said, women’s underrepresentation ‘reflects the demands on women in employment and also looking after the family, which together does not leave a lot of room for council’.

“‘Role-strain’ of juggling family, paid employment and council work more accurately captures the reason for the missing cohort in councils. One answer to the enduring problem of women’s underrepresentation is then to increase Councillor pay so that women (and men) do not need to balance it with full-time employment.”

Professor Jakimow also observed that in addition to the impact on women’s underrepresentation on councils, there were also impacts for men without an independent source of income, and for cultural and ethnic diversity.

“Being a Councillor ‘is not a full-time job, and this puts a lot of people off’, as migrant families are often aspirational and want their children to have decent jobs.”

The Tribunal should consider the impact of the levels of Councillor and Mayoral remuneration on the diversity of Councillor representation, and thus effective local government.

⁷ Report and Determination of the Local Government Remuneration Tribunal under Sections 239 and 241 of the Local Government Act 1993, 27 April 2023 p23

⁸ Jakimow, Tanya “Roadblocks to Diversity in Local Government in New South Wales, Australia: Changing Narratives and Confronting Absences in Diversity Strategies”, *Commonwealth Journal of Local Governance*, Issue 26 May 2022

Capacity

The Tribunal has, in the past, rejected submissions suggesting any relationship between Councillor remuneration and the willingness of “quality candidates” to seek election⁹. We note however, the following observation in the most recent report of the Parliamentary Remuneration Tribunal:

“Not only should Members of Parliament be fairly remunerated for their important and challenging work, within the State’s means, but it must also be remembered that such **remuneration and the other conditions and entitlements** provided by the Determination **play a real role in attracting people of high intellect, integrity and vigour to stand for election to the Parliament** (our emphasis). People who have the necessary skills to perform such work well and who are prepared to devote their time to serving the public interest, rather than only their own interests. Appropriate salary and conditions also help to ensure that such people are also prepared to continue seeking re-election in order to continue performing the important work of their offices”¹⁰.

The same must surely apply for local government Councillors. We note there is no legislation which sets out the statutory roles and responsibilities of Members of Parliament. In contrast, and has been demonstrated above, the statutory roles and responsibilities of Mayors and Councillors are extensive, as are the obligations imposed on them.

Conclusion to Part 1

This submission has set out matters which the Tribunal should consider in comprehensively reviewing the framework for Mayor and Councillor remuneration. Such a review must precede any determination being made. If the Tribunal insists that undertaking such a review is beyond its current remit, it should actively seek a referral from the Minister to do so.

⁹ See, for example, Report and Determination of the Local Government Remuneration Tribunal under Sections 239 and 241 of the Local Government Act 1993, 28 April 2011 p7

¹⁰ Annual Determination Report and Determination of additional entitlements for Members of the Parliament of New South Wales pursuant to the Parliamentary Remuneration Act 1989, 24 May 2024 p12.

Part 2 Structural Reform and the City of Sydney

2.1 The City's unique category

The City of Sydney has enjoyed its own unique category since the Tribunal's first determination was published on 22 April 1994. Over time the category name has changed: Initially "S1" in 1994, changed to "Principal City" in 2009, and to "Principal CBD" in 2017.

Regardless of the category name, the Tribunal has consistently recognised the City of Sydney for "its role as the commercial, cultural, entertainment and ceremonial centre of the City and State".¹¹

This recognition reflects submissions to the Tribunal made by the City of Sydney in 1994, 1995, 1997 and 2000. As such, they reflect the City as it was between 1 January 1989 and 8 May 2003. As the map below shows, the City then covered the Sydney CBD, Haymarket, The Rocks, Millers Point, Dawes Point, Pyrmont, Ultimo and the edges of Potts Point and Darlinghurst, an area totalling 6.19km². The City's residential population at the 1991 census was 13,501, increasing to 24,883 at the 1996 census.

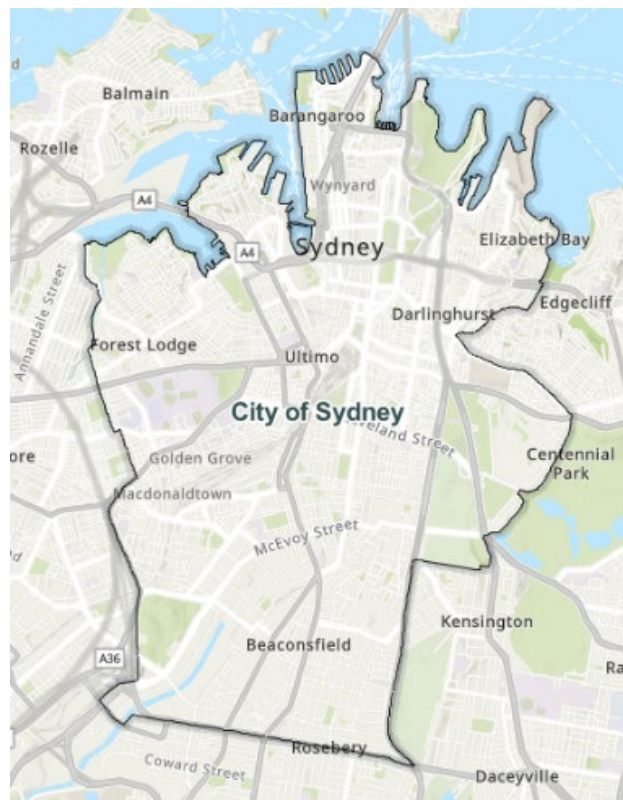


¹¹ Report and Determination of the Local Government Remuneration Tribunal under sections 239 and 241 of the Local Government Act 1993, 29 April 2009 p21. Other reports have provided more detailed statements.

On 8 May 2003, the NSW Government expanded the City by transferring Darlinghurst and the 2011 Postcode area from the former South Sydney Council and Glebe and Forest Lodge from the former Leichardt Council. On 6 February 2004, the remaining areas of South Sydney were forcibly amalgamated with the City of Sydney. This increased the City's area to 25km² (see map on the following page).

In its 1994 determination the Tribunal drew on the City's submission to note that the City was:

“... the seat of Government and the focus for the judiciary of the State's Legal System; the centre for the major financial and commercial institutions of the State and the financial centre of the Pacific; the cultural and entertainment centre of the State and a mirror of Australian culture and tradition; the gateway to Australia for overseas tourists and visitors and the main centre for tourism in Australia; the focus for the major civic, ceremonial and religious activities of the City ... a principal centre of intellectual activity, media and communications ... through its Universities an educational centre of excellence; a principal centre for the provision of higher order, specialised medical services ...”¹²



City of Sydney from 2004

This continued to be the case following the 2004 amalgamation. The expanded boundaries included within them the University of Sydney, Notre Dame University, St Vincent's Hospital, Taylor Square Law Courts, the North and South Eveleigh precincts, Belvoir Theatre, Carriageworks (from 2007), the Kings Cross and Oxford Street entertainment districts and the site for major events such as Sydney Gay and Lesbian Mardi Gras. The City of Sydney's role as "the commercial, cultural, entertainment and ceremonial centre of the City and State" was no longer confined to the CBD.

Moreover, while the primary focus of the former City was on central Sydney business activity (as acknowledged in its submissions to the Tribunal) the expanded City includes village centres such as Glebe, Newtown, Erskineville, Darlinghurst, Surry Hills and East Sydney, along with the Green Square urban renewal area.

¹² Report and Determination of the Local Government Remuneration Tribunal under sections 239 and 241 of the Local Government Act 1993, p12 22 April 1994

In addition to these village centres, the City has eight distinct economic precincts. As shown in the map below, four are in the area added to the City in 2004:



Data from the City’s most recent Floorspace and Employment Survey and presented in the following table shows that 44.8 per cent of businesses within the City of Sydney are located in the Tech Central West, Eastern Creative, Economic and Recreation and Southern Enterprise Precincts.

BUSINESS AND EMPLOYMENT WITHIN THE CITY OF SYDNEY							
AREAS WITHIN THE FORMER CITY OF SYDNEY 1989-2003							
	City North	City South	Harbour	Pyrmont	Total former City of Sydney	All LGA	% LGA
Total businesses							
Businesses	7,643	3,043	494	664	11,844	21,470	55.2
Employment	252,737	76,169	12,354	22,888	364,148	517,393	70.4
Internal floor area	5,163,814	2,470,860	518,625	787,297	8,940,597	16,445,137	54.4
Work space ratio (WSR)	20.4	32.4	42.0	34.4	31.8	31.8	

AREAS ADDED TO THE CITY OF SYDNEY 2004								
	Eastern Creative	Entertainment and Recreation	Southern Enterprise Area	Tech Central West	Remainder	Total area added 2004	All LGA	% LGA
Total businesses								
Businesses	2,670	228	1,435	1,656	3,636	9,625	21,470	44.8
Employment	39,347	5,775	17,821	48,000	42,302	153,245	517,393	29.6
Internal floor area	1,153,907	423,934	1,477,701	2,287,263	2,161,735	7,504,540	16,445,137	45.6
Work space ratio (WSR)	29.3	73.4	82.9	47.7	51.1	51.1	31.8	

While the amalgamation enhanced Sydney’s position as Australia’s only global city it also required Councillors to extend their focus beyond the city centre. Sydney City Councillors must also devote their attention, policy deliberation and time to the needs of the wider local government area in the interests of residents and the city, NSW and Australian economy. Thus their role is more complex and demanding than that of city Councillors in the 1990s.

Impact on representation

Between 1985 and 2003, the former City was served by a directly elected Lord Mayor and six other Councillors. After the amalgamation, the expanded city was served by a directly elected Lord Mayor and nine other Councillors. Between 1989 and 2004, the former South Sydney Council was served by nine Councillors including a Mayor elected by the council. The table below shows the dramatic effect of these changes on population and representation.

Changes in City of Sydney Population 1991-2023						
Year ¹	City of Sydney ²		South Sydney ³		City of Sydney (adj) ⁴	
	Population	Pop/Cr ⁵	Population	Pop/Cr ⁵	Population	Pop/Cr ⁵
1991	13,501	1929	77,818	8646		
1996	24,883	3555	82,960	9218	121,752	10146
2001	47,204	6743	92,249	10250	153,200	12767
2006					180,474	20053
2011					169,502	18834
2016					208,376	23153
2021					211632	23515
2023					231086	25676

Notes

- Years are census years with the exception of 2023 which is an estimate
- City of Sydney population within 1989-2003 boundaries
- Former South Sydney Council population within 1989-2003 boundaries
- 1996, 2001 ABS calculation of City of Sydney population on current boundaries
- 2006 onwards - population on current boundaries
- Number of residents divided by number of councillors

At the 2006 census, the residential population for the expanded City was 180,474. At the previous 2001 census, 47,204 residents were recorded as living within the City's then boundaries. Thus the amalgamation meant the population of the City of Sydney increased by 133,270 between 2001 and 2006.

ABS census data shows six Sydney City Councillors represented 24,883 residents in 1996, or one Councillor for every 4,147 residents. In 2021, nine Councillors represented 211,632 residents, that is one Councillor for every 23,515 residents. In 2021 each Councillor notionally represented 5.67 times as many residents as former City Councillors were required to represent in 1996.

The challenges of representing residents will only increase. Over the past decade the population has increased by 34,768 persons (17.7%) to an estimated 231,086 as at 30 June 2023. This is one Councillor for 25,676 residents, compared to six Councillors representing 24,883 residents in 1996.

Increased responsibilities and obligations

Between 1994 and 2003, the Act required former City Councillors to represent the collective interests of residents, ratepayers and the local community and to facilitate communication between the community and the council. This remains part of the Councillor's role. However, as set out in Part 1, Sydney City Councillors now have many additional statutory responsibilities and obligations, while actively and collectively ensuring Sydney builds on its position as Australia's only global city.

As explained in Part 1, Councillors have been required by law to be active and contributing members of council, and to make considered and well informed decisions since 2016. Part 1 gave the example of the statutory role Councillors have in strategic planning. During the last term, City Councillors collectively developed and adopted Sustainable Sydney 2030 to 2050, the successor to our initial long term strategic plan, Sustainable Sydney 2030. Current City Councillors are responsible for overseeing the implementation of this plan, along with the operational plan, delivery program and many strategies which sit under it. These include our detailed Economic Development Strategy, Environmental Strategy, Social Sustainability Strategy and Cultural Strategy.

Implementing these strategies also require our Councillors to make significant financial and budgetary decisions. The finances for which Councillors are now ultimately responsible are significantly greater than those than City Councillors in the 1990s, or indeed when the first Councillors of the expanded City took office.

(Note: All amounts referred to below have been taken from City of Sydney Annual Reports and Financial Statements for the relevant financial years and have been adjusted for inflation using the Reserve Bank of Australia's inflation calculator).

At the end of the 1998-1999 financial year the total assets of the then City of Sydney were valued at \$4.2 billion. At the end of the 2004-2005 financial year (the first complete financial year for the expanded City), the City's total assets were valued at \$5.9 billion. At the end of the 2023-2024 financial year the City's total assets were valued at \$15.4 billion. This is an increase of 162 per cent since 2005.

Included in the City's assets are infrastructure, property, plant and equipment. In 2005 their combined value was \$5.3 billion. By 2024 this value had risen to \$13.7 billion, an increase of 161 per cent.

In 1999, six Councillors and a directly elected Lord Mayor had \$284 million in operating revenue to allocate. In 2024 nine Councillors and a directly elected Lord Mayor were responsible for allocating \$894.6 million.

Impact on Councillors

In Part 1 we noted the research of Associate Professor Professor Tanya Jakimow. The City has directly experienced the issues it raises.

On 3 April, 2023 Jess Scully resigned as a City of Sydney Councillor after becoming pregnant with her second child. During her approximately five years and six months on Council. Ms Scully made a significant contribution, including serving as Deputy Lord Mayor for three years. This extensive contribution was set out in the Lord Mayoral Minute which informed Council of her resignation. The Minute also observed:

"I think that in 2023, it is appalling that Councillors aren't eligible for parental leave, sick leave, compassionate leave, or carer's leave, or even payment beyond a minor stipend when they have to make important decisions for their communities and spend serious time on their council responsibilities. Because of that, there are fundamental barriers to public service for many in our community, because it's necessary to earn a living and contribute to family needs.

"If we want diverse representation in local government -- to have younger people, people in caring stages of their lives, parents, people from diverse backgrounds, people with disabilities -- we have to ensure that structures are in place to support people like Councillor Scully with caring responsibilities."

Another Councillor discovered after being elected that their role and responsibilities effectively required a full-time commitment observing:

"In order for me to service community, ratepayers and businesses I am required to do council work seven days a week. We have 10 Committee meetings per year and 10 Council meetings per year. The papers alone for this might be anywhere between 800 and 3,000 pages; all to be read over the weekend. That's 20 weekends per year I spend reading and preparing for my 'part-time' job. My evenings are now filled with community obligations, additional briefings and inductions, the list goes on. Weekends, meanwhile, see me attending park openings and other events and one on one meetings with residents. While I love being a Councillor, I am left with little time for my actual day job, which has resulted in my experiencing significant loss of income."

As argued in Part 1, urgent structural reform is needed to address these issues for all NSW councils. The challenges faced by the City of Sydney are particularly acute and need to be addressed.

Over the past 20 years, the Tribunal has recognised the important role played by the Lord Mayor of Sydney. It has however not similarly recognised the important and increasingly demanding and complex role and responsibilities of City of Sydney Councillors. This is demonstrated by the maximum fees for City Councillors being only 18.22 per cent of the maximum Mayoral fee. For all other NSW councils, the maximum fee ranges from 30.95 per cent to 46.61 per cent.

This disparity must not be allowed to continue.

Request to the Tribunal

Accordingly, we request that the Tribunal:

1. Undertakes the comprehensive review of the remuneration framework for Councillors and Mayors, taking into account the issues raised in Part 1.
2. Give detailed consideration to the roles and responsibilities of City of Sydney Councillors as members of the governing body of Australia's only global city, taking into account the issues raised in this submission, as part of this comprehensive review.
3. Actively seek a referral from the Minister for Local Government to undertake this review if the Tribunal determines that undertaking such a review is outside its remit.
4. As an interim measure make a specific determination as to the fees for City of Sydney Councillors which appropriately recognises their roles and responsibilities as members of the governing body of Australia's only global city and which address the issues raised in this submission.
5. Revert to the term "Principal City" as the unique category for the City of Sydney, to recognise that the City's significance and contribution extends beyond the Sydney CBD.
6. Note that the City of Sydney is not seeking any increase in the fees payable to the Lord Mayor of Sydney.