



Local Government Remuneration Tribunal

Ref: A4374304

To Mayors/General Managers

29 October 2019

Dear Mayors/General Managers

I write to advise that the Local Government Remuneration Tribunal has commenced its review for the 2020 annual determination.

Pursuant to s. 241 of the *Local Government Act 1993* (LG Act), the Tribunal is required to make an annual determination, by no later than 1 May 2020, on the fees payable to Councillors and Mayors to take effect from 1 July 2020.

In accordance with the LG Act, and as foreshadowed in the 2019 Report and Determination, the Tribunal will undertake a review of the categories as part of the 2020 review. Section 239 of the LG Act requires the Tribunal to determine the categories of councils and mayoral offices at least once every 3 years.

The Tribunal last undertook a significant review of the categories and the allocation of councils into each of those categories in 2017. The review was prompted by the amalgamation of councils resulting in the creation of 20 new councils and an overall reduction in the number of councils in NSW from 152 to 128.

In reviewing the categories, the Tribunal examined a range of statistical and demographic data and considered the views of councils and Local Government NSW (LGNSW). Having regard to that information, the Tribunal determined a categorisation model which differentiates councils primarily on the basis of their geographic location. Other factors which differentiate councils for the purpose of categorisation include population, the sphere of the council's economic influence and the degree of regional servicing.

Existing categorisation

Each of the 128 councils is allocated into one of the following nine categories:

Metropolitan

- Principal CBD
- Major CBD
- Metropolitan Large
- Metropolitan Medium
- Metropolitan Small

Non-metropolitan

- Regional City
- Regional Strategic Area
- Regional Rural
- Rural

The criteria for each of the categories are outlined on pages 16 to 19 of the 2019 determination.

2020 review

The Tribunal foreshadowed in the 2019 Report and Determination that a case may exist to revise some categories and their applicable criteria:

“12. A few submissions have suggested alternative categorisation models. The Tribunal will consider this in detail in the 2020 review. The Tribunal intends to commence the 2020 annual review earlier than usual to ensure there is time to review the existing model and to examine alternatives. The Tribunal is of the preliminary view that a case may exist to revise the number of categories, and their applicable criteria, particularly for regional and rural councils.”

The Tribunal has reviewed the existing model and proposes to create a new category for Non-Metropolitan councils. The new category, if determined, is proposed to be titled Regional Centre.

The Tribunal considers that changes to the categories and criteria applicable to Metropolitan councils and county councils are not warranted at this time.

The proposed categories and applicable criteria are outlined in **Attachment 1** and the proposed allocation of councils into each of those categories is outlined in **Attachment 2**.

Fees

The Tribunal will also determine the minimum and maximum fee levels for each category in the categorisation structure.

In accordance with section 242A of the LG Act the Tribunal is required to apply the Government’s public sector wages policy to the determination of ranges of fees for Councillors and Mayors. The public sector wages policy currently provides for a cap on increases of 2.5 per cent.

Sub-sections (3) and (4) of section 242A makes it clear that the minimum and maximum fees applicable to the existing categories cannot be increased by more than 2.5 per cent. The Tribunal is however able to determine that a council can be placed in another category with a higher range of remuneration without breaching the government’s wage policy.

The range of fees payable to the proposed new category of Regional Centre, if determined, will be between the ranges of fees currently paid to Regional Rural and Regional Strategic Centre.

Submissions

The Tribunal invites submissions from individual councils addressing the following four matters:

- 1. Proposed classification model and criteria**
Comments on the proposed classification model outlined in **Attachment 1**, including the titles and criteria for each category.
- 2. Allocation in the proposed classification model**
Comments on the appropriate allocation for their individual council in the proposed classification model outlined in **Attachment 2**, having regard to the proposed criteria for each category.
- 3. Range of fees payable in the proposed classification model**
Comments on the ranges of fees for the proposed classification model, having regard to the Tribunal’s obligations under section 242A of the LG Act as outlined above. Any recommendations in respect of the proposed new category of Regional Centre, if determined, should have regard to the capacity of their individual council to pay any increase in fees (**Attachment 2**).
- 4. Other matters**
Councils may wish to address other matters within the Tribunal’s jurisdiction under the LG Act.

Deadline and where to send submissions

The Tribunal has a limited period to undertake the annual review and the determination is required to be made before 1 May. For that reason, council submissions should be submitted as follows:

Deadline: No later than Friday 20 December 2019
Send to: catherine.power@psc.nsw.gov.au
(hard copies of submissions are not required)

Please note that any material provided to the Tribunal may be made available to any member of the public under the *Government Information (Public Access) Act 2009*.

As part of the annual review the Tribunal will seek to meet with LGNSW, as it does each year, to receive a sector wide view on local government in NSW.

If you require any further information, please email sarah.bradshaw@psc.nsw.gov.au or telephone on 02 9272 6006.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Lang', with a long horizontal flourish extending to the right.

Dr Robert Lang
Local Government Remuneration Tribunal

Enclosed: Attachment 1 and Attachment 2

Local Government Remuneration Tribunal – 2020 Annual Review - Proposed Classification Model

General Purpose Councils - Metropolitan

No changes are proposed to the titles and criteria for Metropolitan Councils. The titles and criteria as determined in the 2019 Annual Determination are below.

Principal CBD

The Council of the City of Sydney (the City of Sydney) is the principal central business district (CBD) in the Sydney Metropolitan area. The City of Sydney is home to Sydney's primary commercial office district with the largest concentration of businesses and retailers in Sydney. The City of Sydney's sphere of economic influence is the greatest of any local government area in Australia.

The CBD is also host to some of the city's most significant transport infrastructure including Central Station, Circular Quay and International Overseas Passenger Terminal. Sydney is recognised globally with its iconic harbour setting and the City of Sydney is host to the city's historical, cultural and ceremonial precincts. The City of Sydney attracts significant visitor numbers and is home to 60 per cent of metropolitan Sydney's hotels.

The role of Lord Mayor of the City of Sydney has significant prominence reflecting the CBD's importance as home to the country's major business centres and public facilities of state and national importance. The Lord Mayor's responsibilities in developing and maintaining relationships with stakeholders, including other councils, state and federal governments, community and business groups, and the media are considered greater than other mayoral roles in NSW.

Major CBD

The Council of the City of Parramatta (City of Parramatta) is the economic capital of Greater Western Sydney and the geographic and demographic centre of Greater Sydney. Parramatta is the second largest economy in NSW (after Sydney CBD) and the sixth largest in Australia.

As a secondary CBD to metropolitan Sydney the Parramatta local government area is a major provider of business and government services with a significant number of organisations relocating their head offices to Parramatta. Public administration and safety has been a growth sector for Parramatta as the State Government has promoted a policy of moving government agencies westward to support economic development beyond the Sydney CBD.

The City of Parramatta provides a broad range of regional services across the Sydney Metropolitan area with a significant transport hub and hospital and educational facilities. The City of Parramatta is home to the Westmead Health and Medical Research precinct which represents the largest concentration of hospital and health services in Australia, servicing Western Sydney and providing other specialised services for the rest of NSW.

The City of Parramatta is also home to a significant number of cultural and sporting facilities (including Sydney Olympic Park) which draw significant domestic and international visitors to the region.

Local Government Remuneration Tribunal – 2020 Annual Review - Proposed Classification Model**Metropolitan Large**

Councils categorised as Metropolitan Large will typically have a minimum population of 200,000.

Other features may include:

- total operating revenue exceeding \$200M per annum
- the provision of significant regional services to greater Sydney including, but not limited to, major education, health, retail, sports, other recreation and cultural facilities
- significant industrial, commercial and residential centres and development corridors
- high population growth.

Councils categorised as Metropolitan Large will have a sphere of economic influence and provide regional services considered to be greater than those of other metropolitan councils.

Metropolitan Medium

Councils categorised as Metropolitan Medium will typically have a minimum population of 100,000.

Other features may include:

- total operating revenue exceeding \$100M per annum
- services to greater Sydney including, but not limited to, major education, health, retail, sports, other recreation and cultural facilities
- industrial, commercial and residential centres and development corridors
- high population growth.

The sphere of economic influence, the scale of council operations and the extent of regional servicing would be below that of Metropolitan Large councils.

Metropolitan Small

Councils categorised as Metropolitan Small will typically have a population less than 100,000.

Other features which distinguish them from other metropolitan councils include:

- total operating revenue less than \$150M per annum.

While these councils may include some of the facilities and characteristics of both Metropolitan Large and Metropolitan Medium councils the overall sphere of economic influence, the scale of council operations and the extent of regional servicing would be below that of Metropolitan Medium councils.

Local Government Remuneration Tribunal – 2020 Annual Review - Proposed Classification Model

General Purpose Councils - Non-Metropolitan

A new category (Regional Centre) is proposed between Regional Strategic Area and Regional Rural. The existing category of Regional City is to be renamed Major Regional City. New and amended criteria are outlined below.

Major Regional City

Councils categorised as Major Regional City will typically have a population above 150,000.

These councils:

- are metropolitan in nature with major residential, commercial and industrial areas
- typically host government departments, major tertiary education and health facilities and incorporate high density commercial and residential development
- provide a full range of higher order services and activities along with arts, culture, recreation and entertainment facilities to service the wider community and broader region
- typically contain ventures which have a broader State and national focus which impact upon the operations of the council.

Newcastle City Council and Wollongong City Councils are categorised as Major Regional City.

Regional Strategic Area

Councils categorised as Regional Strategic Area are differentiated from councils in the Regional Centre category on the basis of their significant population and will typically have a population above 200,000.

These councils:

- contain a mix of urban and rural settlements
- provide a range of services and activities including business, office and retail uses, along with arts, culture, recreation and entertainment facilities to service the wider community
- host tertiary education campuses and health facilities.

While councils categorised as Regional Strategic Area may have populations which exceed those of Regional City, they would not typically provide the same range of regional services or have an equivalent sphere of economic influence.

Central Coast Council and Lake Macquarie Council are categorised as Regional Strategic Area.

Regional Centre

Councils categorised as Regional Centre will typically have a minimum population of 40,000.

Other features may include:

- a large city or town providing a significant proportion of the region's housing and employment
- health services, tertiary education services and major regional airports which service the surrounding and wider regional community
- a full range of high-order services including business, office and retail uses with arts, culture, recreation and entertainment centres
- total operating revenue exceeding \$100M per annum
- a degree of economic activity within the Council area characterised by a Gross State Product exceeding \$2B
- the highest rates of population growth in regional NSW
- significant visitor numbers to established tourism ventures and major events that attract state and national attention
- a proximity to Sydney which generates economic opportunities.

Councils in the category of Regional Centre are often considered the geographic centre of the region providing services to their immediate and wider catchment communities.

Local Government Remuneration Tribunal – 2020 Annual Review - Proposed Classification Model

Regional Rural

Councils categorised as Regional Rural will typically have a minimum population of 20,000.

Other features may include:

- a large urban population existing alongside a traditional farming sector, and are surrounded by smaller towns and villages
- health services, tertiary education services and regional airports which service a regional community
- a broad range of industries including agricultural, educational, health, professional, government and retail services
- large visitor numbers to established tourism ventures and events.

Councils in the category of Regional Rural provide a degree of regional servicing below that of a Regional Centre.

Rural

Councils categorised as Rural will typically have a population less than 20,000.

Other features may include:

- one or two significant townships combined with a considerable dispersed population spread over a large area and a long distance from a major regional centre
- a limited range of services, facilities and employment opportunities compared to Regional Rural councils
- local economies based on agricultural/resource industries.

Local Government Remuneration Tribunal – 2020 Annual Review - Proposed Allocation of Councils

Proposed allocation of councils

Table 1: General Purpose Councils - Metropolitan

| Principal CBD | Major CBD | Metropolitan Large | Metropolitan Medium | Metropolitan Small |
|---------------|------------|----------------------|---------------------|--------------------|
| Sydney | Parramatta | Blacktown | Bayside | Burwood |
| | | Canterbury-Bankstown | Campbelltown | Camden |
| | | Cumberland | Georges River | Canada Bay |
| | | Fairfield | Hornsby | Hunters Hill |
| | | Liverpool | Ku-ring-gai | Lane Cove |
| | | Northern Beaches | Inner West | Mosman |
| | | Penrith | Randwick | North Sydney |
| | | Sutherland | Ryde | Strathfield |
| | | | The Hills | Waverley |
| | | | | Willoughby |
| | | | | Woollahra |

Table 2: General Purpose Councils – Non-Metropolitan

| Regional City | Regional Strategic Area | Regional Centre | | Regional Rural |
|---------------|-------------------------|-----------------|-------------------------|-------------------------|
| Newcastle | Central Coast | Albury | Mid-Coast | Bega |
| Wollongong | Lake Macquarie | Armidale | Orange | Broken Hill |
| | | Ballina | Port Macquarie-Hastings | Byron |
| | | Bathurst | Port Stephens | Eurobodalla |
| | | Blue Mountains | Queanbeyan-Palerang | Goulburn Mulwaree |
| | | Cessnock | Shellharbour | Griffith |
| | | Clarence Valley | Shoalhaven | Kempsey |
| | | Coffs Harbour | Tamworth | Kiama |
| | | Dubbo | Tweed | Lithgow |
| | | Hawkesbury | Wagga Wagga | Mid-Western |
| | | Lismore | Wingecarribee | Richmond Valley Council |
| | | Maitland | Wollondilly | Singleton |
| | | | | Snowy Monaro |

| Rural | | | | |
|-----------------|----------------------|------------------|---------------|--|
| Balranald | Cootamundra-Gundagai | June | Oberon | |
| Bellingen | Cowra | Kyogle | Parkes | |
| Berrigan | Dungog | Lachlan | Snowy Valleys | |
| Bland | Edward River | Leeton | Temora | |
| Blayney | Federation | Liverpool Plains | Tenterfield | |
| Bogan | Forbes | Lockhart | Upper Hunter | |
| Bourke | Gilgandra | Moree Plains | Upper Lachlan | |
| Brewarrina | Glen Innes Severn | Murray River | Uralla | |
| Cabonne | Greater Hume | Murrumbidgee | Walcha | |
| Carrathool | Gunnedah | Muswellbrook | Walgett | |
| Central Darling | Gwydir | Nambucca | Warren | |
| Cobar | Hay | Narrabri | Warrumbungle | |
| Coolamon | Hilltops | Narrandera | Weddin | |
| Coonamble | Inverell | Narromine | Wentworth | |
| | | | Yass | |

Table 3: County Councils

| Water | Other |
|--------------------|------------------------|
| Central Tablelands | Castlereagh-Macquarie |
| Goldenfields Water | Central Murray |
| Riverina Water | Hawkesbury River |
| Rous | New England Tablelands |
| | Upper Hunter |
| | Upper Macquarie |