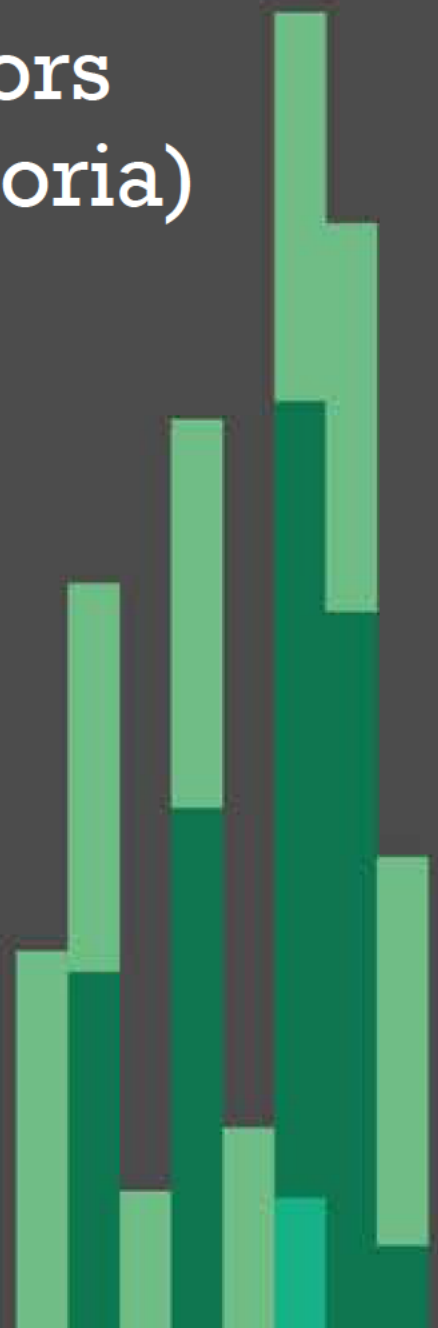
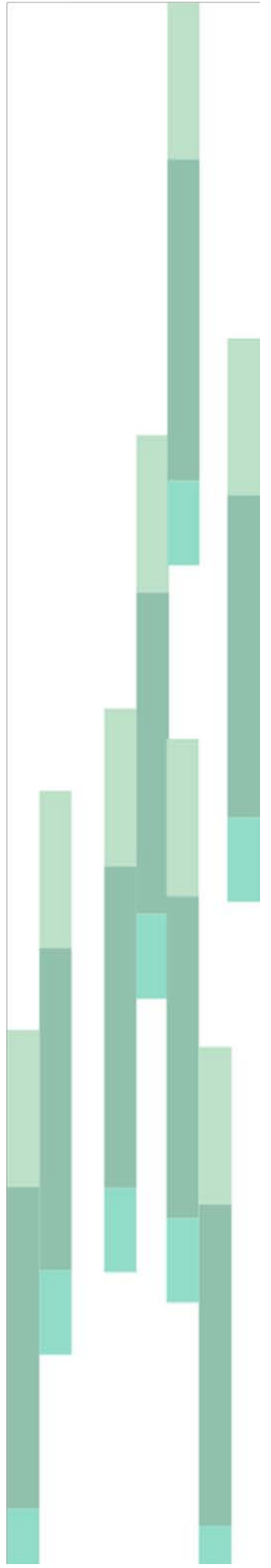

Victorian
Independent
Remuneration
Tribunal

Allowance payable to
Mayors, Deputy Mayors
and Councillors (Victoria)
Annual Adjustment
Determination 2022





DETERMINATION

[2022] DCMA 01

Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)

Part 3—Determinations for annual adjustments in relation to Mayors, Deputy Mayors and Councillors.

Allowance payable to Mayors, Deputy Mayors and Councillors (Victoria) Annual Adjustment Determination 2022



A. Pursuant to section 23B(1) of the *Victorian Independent Remuneration Tribunal and Improving Parliament Standards Act 2019* (Vic) (VIRTIPS Act), the Tribunal determines to make the following adjustments to the *Allowance payable to Mayors, Deputy Mayors and Councillors (Victoria) Determination No. 01/2022*.

A.1 Delete Table 2 and replace it with the following:

Table 2: Value of the base allowance for Mayors, by Council allowance category, 18 December 2022 until 17 December 2023

Council allowance category	Value of allowance (\$ per annum)
Category 1	77,933
Category 2	100,637
Category 3	124,469
Category 4 – Melbourne City Council	248,941

A.2 Delete Table 3 and replace it with the following:

Table 3: Value of the base allowance for Mayors, by Council allowance category, 18 December 2023 until 17 December 2024

Council allowance category	Value of allowance (\$ per annum)
Category 1	80,040
Category 2	103,357
Category 3	127,833
Category 4 – Melbourne City Council	255,669

A.3 Delete Table 4 and replace it with the following:

Table 4: Value of the base allowance for Mayors, by Council allowance category, 18 December 2024 until 17 December 2025

Council allowance category	Value of allowance (\$ per annum)
Category 1	82,146
Category 2	106,078
Category 3	131,198
Category 4 – Melbourne City Council	262,398

A.4 Delete Table 5 and replace it with the following:

Table 5: Value of the base allowance for Mayors, by Council allowance category, from 18 December 2025

Council allowance category	Value of allowance (\$ per annum)
Category 1	84,252
Category 2	108,797
Category 3	134,562
Category 4 – Melbourne City Council	269,125

A.5 Delete Table 7 and replace it with the following:

Table 7: Value of the base allowance for Deputy Mayors, by Council allowance category, 18 December 2022 until 17 December 2023

Council allowance category	Value of allowance (\$ per annum)
Category 1	38,967
Category 2	50,319
Category 3	62,235
Category 4 – Melbourne City Council	124,470

A.6 Delete Table 8 and replace it with the following:

Table 8: Value of the base allowance for Deputy Mayors, by Council allowance category, 18 December 2023 until 17 December 2024

Council allowance category	Value of allowance (\$ per annum)
Category 1	40,019
Category 2	51,679
Category 3	63,917
Category 4 – Melbourne City Council	127,834

A.7 Delete Table 9 and replace it with the following:

Table 9: Value of the base allowance for Deputy Mayors, by Council allowance category, 18 December 2024 until 17 December 2025

Council allowance category	Value of allowance (\$ per annum)
Category 1	41,073
Category 2	53,039
Category 3	65,598
Category 4 – Melbourne City Council	131,199

A.8 Delete Table 10 and replace it with the following:

Table 10: Value of the base allowance for Deputy Mayors, by Council allowance category, from 18 December 2025

Council allowance category	Value of allowance (\$ per annum)
Category 1	42,126
Category 2	54,399
Category 3	67,280
Category 4 – Melbourne City Council	134,563

A.9 Delete Table 12 and replace it with the following:

Table 12: Value of the base allowance for Councillors, by Council allowance category, 18 December 2022 until 17 December 2023

Council allowance category	Value of allowance (\$ per annum)
Category 1	25,147
Category 2	31,353
Category 3	37,565
Category 4 – Melbourne City Council	56,346

A.10 Delete Table 13 and replace it with the following:

Table 13: Value of the base allowance for Councillors, by Council allowance category, from 18 December 2023

Council allowance category	Value of allowance (\$ per annum)
Category 1	25,851
Category 2	32,232
Category 3	38,618
Category 4 – Melbourne City Council	57,926

A.11 In clause 10.1, delete '\$44' and '\$5,500' and replace with '\$45' and '\$5,625', respectively.

A.12 In Schedule A, delete 'Moreland City Council' and replace with 'Merri-bek City Council'.

B. This Determination commences on 18 December 2022.

C. The Allowance payable to Mayors, Deputy Mayors and Councillors (Victoria) Determination No. 01/2022 as varied is available on the Tribunal's website.



Warren McCann

Chair

Victorian Independent
Remuneration Tribunal



The Honourable
Jennifer Acton

Member

Victorian Independent
Remuneration Tribunal



Laurinda Gardner

Member

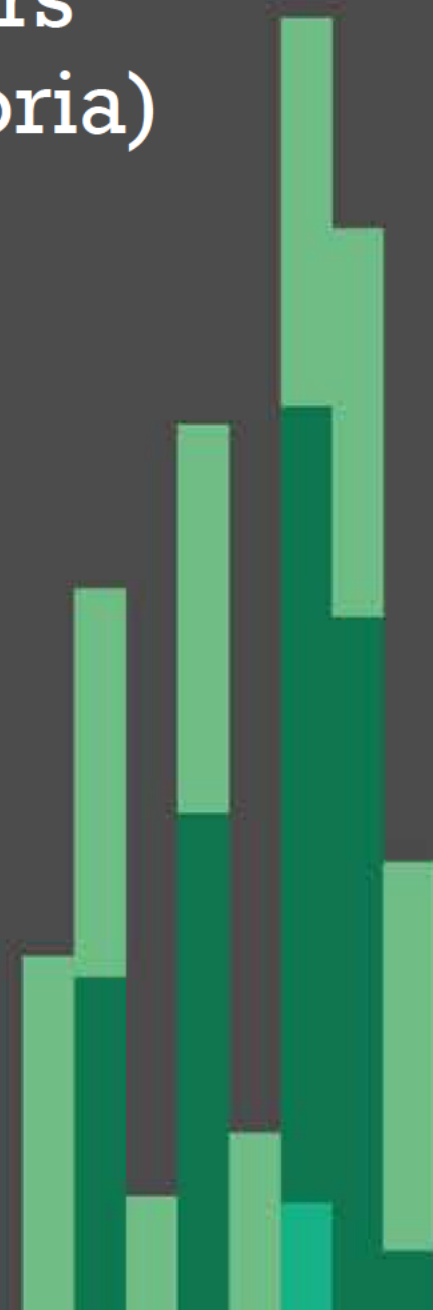
Victorian Independent
Remuneration Tribunal

Date: 08/12/2022

Victorian
Independent
Remuneration
Tribunal

Allowance payable to
Mayors, Deputy Mayors
and Councillors (Victoria)
Annual Adjustment
Determination 2022

Statement of Reasons



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Abbreviations and glossary



Term or abbreviation	Definition
2022 Local Government Annual Adjustment Determination	The Tribunal's <i>Allowance payable to Mayors, Deputy Mayors and Councillors (Victoria) Annual Adjustment Determination 2022</i>
ABS	Australian Bureau of Statistics
AWOTE	Average weekly ordinary time earnings
Comprehensive Determination	The Tribunal's <i>Allowance payable to Mayors, Deputy Mayors and Councillors (Victoria) Determination No. 01/2022</i>
Council member	A Mayor, Deputy Mayor or Councillor
CPI	Consumer Price Index
DTF	Department of Treasury and Finance
FWC	Fair Work Commission
GDP	Gross Domestic Product
GSP	Gross State Product
Pre-Election Budget Update	<i>2022 Victorian Pre-Election Budget Update</i> , a document prepared by DTF
RBA	Reserve Bank of Australia
Victorian Financial Report	<i>2021/22 Financial Report (incorporating Quarterly Financial Report No. 4)</i> , a document prepared by DTF
VIRTIPS Act	<i>Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)</i>
WPI	Wage Price Index

Summary

- The Victorian Independent Remuneration Tribunal is required to make an annual adjustment to the values of the allowances payable to Mayors, Deputy Mayors and Councillors (Council members) in Victoria.
- The Tribunal has determined to apply a 1.5 per cent increase to the value of the base allowance payable to each Council member from 18 December 2022, taking into account a variety of considerations, including:
 - current and projected economic conditions and trends
 - the financial position and fiscal strategy of the State of Victoria
 - recent remuneration adjustments for comparable roles
 - the limited period of time that has passed since the Tribunal made its first Determination setting the values of allowances for Council members.
- The resultant base allowances payable from 18 December 2022 are set out below:

Allowance Category	Value of base allowance from 18 December 2022 (\$ p.a.)		
	Mayor	Deputy Mayor	Councillor
Category 1	77,933	38,967	25,147
Category 2	100,637	50,319	31,353
Category 3	124,469	62,235	37,565
Category 4	248,941	124,470	56,346

- The 1.5 per cent increase has also been applied to the value of base allowances that take effect on:
 - 18 December 2023
 - 18 December 2024 (Mayors and Deputy Mayors only)
 - 18 December 2025 (Mayors and Deputy Mayors only).
- The Tribunal has also decided to increase the value of the Remote Area Travel Allowance by 1.5 per cent (rounded to the nearest dollar for the daily rate, with a consequential effect on the maximum annual amount). From 18 December 2022, the Remote Area Travel Allowance will be \$45 per day for eligible Council members, up to a maximum of \$5,625 per annum.

1 Context

The Victorian Independent Remuneration Tribunal is required to make an annual adjustment to the values of the allowances payable to Mayors, Deputy Mayors and Councillors (Council members) set in a Determination under the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act).¹

The Determination in effect is the *Allowance payable to Mayors, Deputy Mayors and Councillors (Victoria) Determination No. 01/2022* (Comprehensive Determination), which was made on 7 March 2022.²

The Comprehensive Determination set a base allowance for every Council member in Victoria, the value of which varies according to role (Mayor, Deputy Mayor or Councillor) and the allowance category to which a Council has been assigned.

The Comprehensive Determination also provides for a Remote Area Travel Allowance, and sets eligibility criteria for claiming it.

The Tribunal is required to include a Statement of Reasons in a Determination.³ This Statement of Reasons relates to the *Allowance payable to Mayors, Deputy Mayors and Councillors (Victoria) Annual Adjustment Determination 2022* (2022 Local Government Annual Adjustment Determination).

The 2022 Local Government Annual Adjustment Determination takes effect on 18 December 2022.

1.1 Legislative requirements

Before making a Determination, the VIRTIPS Act requires the Tribunal to:

- publish notice of its intention to make a Determination (s. 24(1)(a))
- include details about the proposed Determination in the public notice (s. 24(1)(b))

¹ VIRTIPS Act, s. 23B.

² Victorian Independent Remuneration Tribunal (2022a).

³ VIRTIPS Act, s. 24(3).

- give any affected person or class of persons a reasonable opportunity to make a submission in relation to the proposed Determination (s. 24(1)(c)).

In making a Determination, the VIRTIPS Act requires that the Tribunal take into account:

- any statement or policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent) and the remuneration and allowances of any specified occupational group (s. 24(2)(a))
- the financial position and fiscal strategy of the State of Victoria (s. 24(2)(b))
- current and projected economic conditions and trends (s. 24(2)(c))
- submissions received in relation to the proposed Determination (s. 24(2)(d)).

In performing its functions and exercising its powers, the Tribunal must act independently and impartially and is not subject to the control or direction of any person, including the Minister.⁴

1.2 Consultation

In accordance with section 24(1) of the VIRTIPS Act, the Tribunal:

- published notice of its intention to make a Determination on its website, including details about the proposed Determination, in October 2022
- gave any affected person or class of affected persons a reasonable opportunity to make a submission regarding the proposed Determination.

Due to the impact of flooding on some Councils in October and November 2022, the Tribunal extended the closing date for making a submission from Friday 28 October to Friday 11 November 2022.

The notice of intention included a summary of the matters the Tribunal was required to consider in the making of the Determination and called for submissions.

The Tribunal received two submissions, which have been published on the Tribunal's website. One submission was made by a currently serving Council member — Cr Laura Binks, the Mayor of Strathbogie Shire — and the other submission was made by an individual who requested to be de-identified.

⁴ VIRTIPS Act, s. 5.

The submission from Cr Binks stated that there should be a ‘consistent wage’ for Mayors, Deputy Mayors and Councillors across the whole of Victoria (i.e. that there should be a single allowance category for all Councils).

It went on to say that:

Given we are all bound by the Local Government Act 2020 and required to perform our duties accordingly, the size of our shire has no bearing on our requirements under the [Act] and I find the current division of councils into various categories inconsistent with other levels of government and not reflective of the enormous amount of work mayors, deputy mayors and councillors do in the smaller shires.

The other submission commented on the relativities between the base allowances for different roles. In relation to the Tribunal’s decision to introduce a separate base allowance for Deputy Mayors equal to 50 per cent of the base allowance for Mayors, the submission stated that:

... the big discrepancy between the allowances for Councillors and Deputy Mayors has seen ... a lot of Councillors wanting to become the Deputy Mayor, not because they’d be good in a leadership role, but because they will get paid double with very little extra commitments attached.

The submission went on to say that the base allowance payable to Councillors was inadequate and should be increased to be within \$10,000 of the base allowance payable to Deputy Mayors, with no change to the base allowances payable to Mayors or Deputy Mayors.

The substantive matters raised by these submissions — namely, the grouping of Councils into allowance categories and relativities between allowances for different roles — were considered by the Tribunal earlier this year in making its Comprehensive Determination.⁵ The Tribunal is not persuaded that it should revisit these matters in determining the current annual adjustment.

⁵ Victorian Independent Remuneration Tribunal (2022a), pp. 112-121.

2 Economic factors



In accordance with section 24(2) of the VIRTIPS Act, the Tribunal is required to consider:

- current and projected economic conditions and trends
- the financial position and fiscal strategy of the State of Victoria
- any statement or policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent) and the remuneration and allowances of any specified occupational group.

2.1 Current and projected economic conditions and trends

The Tribunal examined international, Australian and Victorian economic and financial conditions and trends. There is considerable uncertainty about future conditions, with geopolitical factors being significant in this regard. The Tribunal relied upon the data and forecasts available to it at the time of making this Determination.

International economic conditions

The Reserve Bank of Australia's (RBA) latest *Statement on Monetary Policy* (November 2022) observed that global inflation has persisted near multi-decade highs, with little sign of moderation in measures of core inflation. However, it also noted that headline inflation may have peaked in many economies due to the easing of pressures associated with supply chain disruptions and elevated commodity prices.⁶ The RBA expects growth in the global economy to slow to well below pre-pandemic rates, as central banks increase interest rates to combat high inflation.

⁶ RBA (2022b), pp. 1, 5.

Australian economic conditions

Data from the Australian Bureau of Statistics (ABS) indicate that Australia's Gross Domestic Product (GDP) rose by 0.9 per cent in the June quarter 2022, which was the first full quarter of re-opened domestic and international borders since the start of the COVID-19 pandemic. This contributed to year-on-year growth of 3.9 per cent, the strongest since 2011-12.⁷ The RBA expects GDP to grow 'solidly' over the second half of 2022 before slowing in subsequent years. Under its 'central scenario', it forecasts growth of 3 per cent over 2022 and 1.5 per cent over 2023.⁸

The RBA noted that inflation is high and broad based.⁹ The Consumer Price Index (CPI) increased by 7.3 per cent over the 12 months to the September quarter 2022 — the highest annual growth since 1990. Meanwhile, trimmed mean inflation (the RBA's preferred measure of underlying inflation) was 6.1 per cent over the same period.¹⁰ The RBA's November Statement revised up its forecasts for inflation. CPI growth and trimmed mean inflation are now expected to peak by the end of 2022 at around 8 per cent and 6.5 per cent, respectively, before slowing to 3.25 per cent (just above the top of the RBA's target range of 2 to 3 per cent) by the end of 2024.¹¹

In response to inflationary pressures, the RBA has raised its target for the cash rate at each of its meetings between May and November. These increases — the first since November 2010 — have brought the cash rate target from an all-time low of 0.1 per cent to 2.85 per cent. In announcing the RBA's decision to increase the cash rate target at its meeting of 1 November 2022, Governor Lowe flagged further increases over the period ahead, stating:¹²

The size and timing of future interest rate increases will continue to be determined by the incoming data and the [RBA] Board's assessment of the outlook for inflation and the labour market. The [RBA] Board remains resolute in its determination to return inflation to target and will do what is necessary to achieve that.

⁷ ABS (2022a).

⁸ RBA (2022b), p. 67.

⁹ RBA (2022b), p. 53.

¹⁰ ABS (2022d).

¹¹ RBA (2022b), p. 67-68.

¹² RBA (2022a).

The RBA's November Statement noted that the labour market is very tight.¹³ The seasonally-adjusted national unemployment rate decreased to 3.4 per cent in October 2022,¹⁴ its lowest level in almost 50 years. Meanwhile, the seasonally-adjusted participation rate remains at historically high levels, being 66.5 per cent in September 2022.¹⁵ The RBA forecast the unemployment rate to remain around 3.5 per cent until mid-2023, when it is forecast to begin rising due to slowing economic growth.¹⁶

According to the RBA, aggregate wages growth has increased over recent months, driven in part by strong demand in a tight labour market.¹⁷ According to ABS data, the seasonally-adjusted Wage Price Index (WPI) rose by 3.1 per cent over the 12 months to the September quarter 2022 — the largest annual increase since March 2013.¹⁸ The RBA forecast annual growth in the WPI to increase to around 3.75 per cent by mid-2023 and 4 per cent by mid-2024, before stabilising as the unemployment rate rises.¹⁹ If realised, the latter would represent the fastest growth since 2009.²⁰

The Fair Work Commission (FWC) issued its *Annual Wage Review 2021-22 Decision* on 15 June 2022. This Decision increased the National Minimum Wage by \$40 per week (5.2 per cent), with effect from 1 July 2022.²¹ It also increased modern award minimum wages by 4.6 per cent, subject to a minimum increase of \$40 per week.²² The increases to modern award minimum wages were effective from 1 July 2022, with the exception of certain awards in the aviation, hospitality and tourism sectors, where increases took effect on 1 October 2022.²³ The FWC stated that its Decision would provide relief to low paid workers in the context of rising inflation without having a 'significant adverse effect on the performance and competitiveness' of the Australian economy.²⁴

¹³ RBA (2022b), p. 21.

¹⁴ ABS (2022e).

¹⁵ ABS (2022e).

¹⁶ RBA (2022b), p. 67.

¹⁷ RBA (2022b), p. 72.

¹⁸ ABS (2022f).

¹⁹ RBA (2022b), p. 73.

²⁰ ABS (2022f).

²¹ FWC (2022), pp. 44, 60.

²² FWC (2022), p. 46.

²³ FWC (2022), pp. 61-62.

²⁴ FWC (2022), pp. 45-47.

Victorian economic conditions

ABS data state that Victoria's Gross State Product (GSP) rose 5.6 per cent in 2021-22. This was the strongest result for any state or territory, reflecting the lifting of pandemic-related restrictions which constrained economic activity in the previous two financial years.²⁵

ABS data also show that the seasonally-adjusted Victorian unemployment rate remained at 3.5 per cent in October 2022, after reaching an all-time low of 3.1 per cent in July.²⁶ Meanwhile, the seasonally-adjusted Victorian participation rate was steady at 66.6 per cent in October 2022, which is high by historical standards.²⁷

Regarding movements in prices, the All Groups CPI for Melbourne increased by 2.1 per cent over the three months to the September quarter 2022, resulting in annual growth of 7.4 per cent.²⁸

Regarding movements in wages, the Victorian WPI increased by 3.1 per cent over the 12 months to the September quarter 2022,²⁹ while another commonly used measure of wages growth — the annual change in the average weekly ordinary time earnings (AWOTE) of full-time adults in Victoria declined by 0.02 per cent.³⁰ The decline in AWOTE was likely due to compositional changes in the labour force.³¹ An additional measure of wages growth, the average annualised wage increase for federal enterprise agreements which commenced in Victoria during the June quarter 2022, was 2.8 per cent.³²

The *2022 Victorian Pre-Election Budget Update* (Pre-Election Budget Update), released in November 2022, outlined the Victorian Government's latest forecasts for the Victorian economy (Table 2.1). In summary:³³

- real GSP is forecast to grow by 3 per cent in 2022-23, and by 1.75 per cent in 2023-24

²⁵ ABS (2022b).

²⁶ ABS (2022e).

²⁷ ABS (2022e).

²⁸ ABS (2022d).

²⁹ ABS (2022f).

³⁰ ABS (2022c).

³¹ According to the ABS, the 'increase ... in full-time employment in some lower paid industries, such as Accommodation and food services, moderated the strength seen in wages growth'. By comparison, AWOTE for full-time Victorian adults in the public sector increased by 3.1 over the same period. ABS (2022c).

³² Department of Employment and Workplace Relations (Cth) (2022), p. 10.

³³ DTF (2022b), p. 4.

- the Victorian unemployment rate is expected to average 3.75 per cent in 2022-23 and 4 per cent in 2023-24
- annual growth in the Melbourne CPI is expected to average 7.25 per cent in 2022-23 and 4 per cent in 2023-24
- annual growth in the Victorian WPI is expected to average 3.25 per cent in 2022-23 and 3.5 per cent in 2023-24.

Table 2.1: Pre-Election Budget Update forecasts for the Victorian economy

Indicator	2022-23	2023-24	2024-25	2025-26
Real GSP ^(a)	3.00	1.75	2.75	2.75
Unemployment rate ^(b)	3.75	4.00	4.25	4.50
Melbourne CPI ^(a)	7.25	4.00	2.75	2.50
Victorian WPI ^(a)	3.25	3.50	3.25	3.25

Notes: (a) Values represent percentage change in year-average terms compared to the previous financial year.

(b) Values represent average rate across the financial year.

Source: DTF (2022b), p. 4.

The Pre-Election Budget Update notes that the ‘risks to Victoria’s economic outlook remain greater than normal’.³⁴ Key sources of risk include:³⁵

- significant uncertainty around the outlook for inflation and interest rates, both domestically and internationally
- geopolitical conditions
- recent flood events impacting parts of regional Victoria
- the ongoing impact of the COVID-19 pandemic.

2.2 Financial position and fiscal strategy of the State of Victoria

The Tribunal’s analysis of financial and fiscal factors draws on the *2021/22 Financial Report* (Victorian Financial Report) and Pre-Election Budget Update, both prepared by the Department of Treasury and Finance (DTF), and the latest report by the Victorian Auditor-General on Victoria’s finances.

Victorian Financial Report

The Victorian Financial Report, released in October 2022, noted that the State’s financial results for 2021-22 were ‘heavily impacted by COVID-19’. The general government sector recorded an operating deficit of \$13.8 billion in 2021-22. This

³⁴ DTF (2022b), p. 11.

³⁵ DTF (2022b), p. 3.

represents an improvement of \$3.8 billion compared with the revised estimate in the *Victorian Budget 2022/23*, partly due to expenses being \$2.7 billion lower than expected.³⁶

Net debt for the general government sector was \$100 billion (19.4 per cent of GSP) at 30 June 2022, compared to \$73 billion (15.3 per cent of GSP) at 30 June 2021. According to the Victorian Financial Report, the increase in net debt reflects ‘additional borrowings required to finance an increase in service delivery, including the Government’s response to the COVID-19 pandemic, and ... the Government’s infrastructure program’.³⁷

Pre-Election Budget Update

The Pre-Election Budget Update forecast an operating deficit (for the general government sector) of approximately \$10.2 billion for 2022-23. Smaller deficits are forecast for the following years, before an expected return to an operating surplus in 2025-26. Meanwhile, a return to an operating cash surplus is forecast for 2022-23.³⁸

Net debt is forecast to be \$116 billion (20.3 per cent of GSP) in June 2023 and \$165.9 billion (24.6 per cent of GSP) by June 2026, lower than was forecast in the *Victorian Budget 2022/23*.³⁹

Auditor-General’s report

According to the *Auditor-General’s Report on the Annual Financial Report of the State of Victoria: 2021-22*, released in October 2022, the ‘COVID-19 pandemic continues to affect the State’s financial performance and position, with longer-term consequences for its financial sustainability’.⁴⁰ The report stated that the Victorian Government’s estimated timeframes for steps two and three of its fiscal strategy — returning to an operating cash surplus and operating surplus, respectively — were ‘at risk’ due to delays in achieving cost savings via targeted staff reductions in the public sector.⁴¹

³⁶ DTF (2022a), p. 5.

³⁷ DTF (2022a), pp. 5, 7.

³⁸ DTF (2022b), p. 14.

³⁹ DTF (2022b), p. 14.

⁴⁰ Victorian Auditor-General’s Office (2022), p. 1.

⁴¹ Victorian Auditor-General’s Office (2022), p. 1.

2.3 Wages Policy

Box 2.1 reproduces the Victorian Government Wages Policy, which applies to departments and agencies in the Victorian public sector and is in force at the time of making this Determination.

Box 2.1: Victorian Government Wages Policy

The Victorian Government Wages Policy has three pillars:

- Pillar 1: Wages — increases in wages and conditions will be capped at a rate of growth of 1.5 per cent per annum over the life of the agreement. In practice this means employee wages and conditions will be allowed to grow at this rate.
- Pillar 2: Best Practice Employment Commitment — all public sector agencies will be required to make a Best Practice Employment Commitment which will outline measures to operationalise elements of the Government's Public Sector Priorities^(a) that reflect good practice within Government and can be implemented operationally or without significant costs.
- Pillar 3: Additional strategic changes — additional changes to allowances and other conditions (not general wages) will be capped at 0.5 per cent per annum of the salary base and will only be allowed if the Government agrees that the changes will address key operational or strategic priorities for the agency, and/or one or more of the Public Sector Priorities.

A 'Secondary Pathway' is also available for public sector agencies whose current enterprise agreement reaches its nominal expiry date between 1 January 2022 and 31 December 2022 which permits one annual wage and allowance increase capped at 2 per cent (instead of at 1.5 per cent).

Note: (a) The Public Sector Priorities are: the delivery of exceptional services and value for Victorians; a professional and responsive public sector; government as a fair and best practice employer.

Source: Industrial Relations Victoria (2022).

3 Tribunal's considerations



The Tribunal now turns to determining an annual adjustment to the values of the allowances payable to Council members.

In determining an adjustment to base allowances and the Remote Area Travel Allowance, the Tribunal has, as required by legislation, considered a range of information on current and projected economic conditions, the fiscal strategy and financial position of the State of Victoria, the Wages Policy and submissions received by the Tribunal.

The Tribunal has also considered other relevant information, including recent adjustments to:

- allowances for Council members in other Australian jurisdictions
- remuneration for Members of the Parliament of Victoria (MPs).

3.1 Base allowance

In early 2022, the Tribunal made the Comprehensive Determination — its first Determination setting the values of the allowances payable to Council members.

Compared to the previous equivalent allowances, the values of the base allowances determined by the Tribunal for Mayors and Councillors were increased by 20 per cent and 10 per cent respectively. The Comprehensive Determination also introduced a separate base allowance for Deputy Mayors.⁴²

The Tribunal decided to phase in the increases to base allowances over five years for Mayors, and over three years for Councillors, as follows:

- an initial increase of eight per cent was applied to Mayoral base allowances (backdated to 18 December 2021), with the remaining 12 per cent increase

⁴² Prior to the making of the Comprehensive Determination, Deputy Mayors received the same allowance as other Councillors.

to be applied in four equal portions on 18 December each year from 2022 to 2025

- an initial increase of four per cent was applied to Councillor base allowances (backdated to 18 December 2021), with the remaining six per cent increase to be applied in two equal portions on 18 December 2022 and 18 December 2023.

Deputy Mayoral base allowances were set at 50 per cent of Mayoral base allowances, with increases also phased in over five years.

Since it made the Comprehensive Determination in early 2022, the Tribunal has observed material changes in current and projected economic conditions and relevant data, particularly with regard to the rate of inflation, as well as adjustments to remuneration for comparable roles.

Regarding inflation, ABS data show that between the December quarter 2021 and September quarter 2022, the Melbourne CPI increased by 6.3 per cent, while the trimmed mean — the RBA’s preferred measure of underlying inflation — rose 4.9 per cent.⁴³ By comparison, the Victorian WPI increased by 2.6 per cent over the same period.⁴⁴ In November, the RBA forecast the national CPI to peak at around eight per cent in late 2022.⁴⁵

All but one Australian jurisdiction has recently increased the values of the allowances payable to Council members by between two and three per cent (Table 3.1).

Table 3.1: Adjustments to allowances for Council members in other Australian jurisdictions

Jurisdiction ^(a)	Adjustment (%)	Effective date
New South Wales	2	1 July 2022
Queensland	2 ^(b)	1 July 2022
South Australia	3	Start of next Council term
Western Australia	2.5	1 July 2022
Tasmania	2.9 ^(c)	1 November 2022
Northern Territory	Nil	N/A

Notes: (a) The Australian Capital Territory does not have a third level of government. (b) Allowances for Brisbane City Council, which are determined by a different body than other Queensland Councils, were increased by 2.5 per cent from 1 July 2022. (c) Under the *Local Government (General) Regulations 2015* (Tas), allowances are automatically indexed on 1 November each year in line with the annual change in the Tasmanian WPI.

⁴³ ABS (2022d).

⁴⁴ ABS (2022f).

⁴⁵ RBA (2022b), p. 59.

In June 2022, the Tribunal increased the values of the basic salary, additional salaries and expense allowances provided to Victorian MPs by 2.75 per cent from 1 July 2022.⁴⁶

On balance, the Tribunal has determined to apply an increase of 1.5 per cent to the value of the base allowance payable to each Council member from 18 December 2022.

While current and projected economic conditions, the financial position and fiscal strategy of the State of Victoria and some recent remuneration adjustments for comparable roles may warrant a larger increase, other wage considerations and the limited period of time that has passed since the Tribunal made the Comprehensive Determination serve to limit the increase.

A further annual adjustment for Council members must be made in 2023. In early 2023, the Tribunal proposes to issue notices of its intention to make annual adjustments to the values set in the current Determinations in relation to executives employed in public service bodies and prescribed public entities. The Tribunal also proposes to issue a notice of its intention to make the 2023 annual adjustment for Council members at the same time.

The Tribunal's annual adjustments in relation to executives employed in public service bodies and prescribed public entities are typically made in June, and take effect from 1 July each year. The Tribunal will seek submissions on whether the timing of the 2023 annual adjustment for Council members should be aligned with the timing of the 2023 annual adjustments for these other occupational groups.

The 1.5 per cent increase the Tribunal has determined to apply to the value of the base allowance payable to each Council member from 18 December 2022 will also be applied to the values of base allowances contained in the Comprehensive Determination which take effect on:

- 18 December 2023
- 18 December 2024 (Mayors and Deputy Mayors only)
- 18 December 2025 (Mayors and Deputy Mayors only).

Tables 3.2 – 3.4 set out the new base allowance values, incorporating the phased increases and 1.5 per cent annual adjustment rate.

⁴⁶ Victorian Independent Remuneration Tribunal (2022b).

Table 3.2: Values of Mayoral base allowances

Council allowance category	Value of base allowance from 18 December (\$ per annum)			
	2022	2023	2024	2025
Category 1	77,933	80,040	82,146	84,252
Category 2	100,637	103,357	106,078	108,797
Category 3	124,469	127,833	131,198	134,562
Category 4 – Melbourne City Council	248,941	255,669	262,398	269,125

Table 3.3: Values of Deputy Mayoral base allowances

Council allowance category	Value of base allowance from 18 December (\$ per annum)			
	2022	2023	2024	2025
Category 1	38,967	40,019	41,073	42,126
Category 2	50,319	51,679	53,039	54,399
Category 3	62,235	63,917	65,598	67,280
Category 4 – Melbourne City Council	124,470	127,834	131,199	134,563

Table 3.4: Values of Councillor base allowances

Council allowance category	Value of base allowance from 18 December (\$ per annum)	
	2022	2023
Category 1	25,147	25,851
Category 2	31,353	32,232
Category 3	37,565	38,618
Category 4 – Melbourne City Council	56,346	57,926

3.2 Remote Area Travel Allowance

As part of the Comprehensive Determination, the Tribunal increased the value of the Remote Area Travel Allowance by 10 per cent. This was consistent with the total increase applied to the base allowance for Councillors.

Consistent with this approach, and taking into account the legislative factors it is required to consider and the other factors to which the Tribunal has referred in determining the increase to the base allowance, the Tribunal has also determined to apply a 1.5 per cent increase to the value of the Remote Area Travel Allowance (rounding the daily rate to the nearest dollar, with a consequential effect on the maximum annual amount). From 18 December 2022, the Remote Area Travel Allowance will be \$45 per day for eligible Council members, up to a maximum of \$5,625 per annum.

3.3 Other matters

On 15 September 2022, following public consultation, Moreland City Council announced that it would be changing its name to Merri-bek City Council.⁴⁷ The name change came into effect on 26 September 2022.⁴⁸ As part of the 2022 Local Government Annual Adjustment Determination, the Tribunal has amended the Comprehensive Determination, and updated its website, to reflect this change.

3.4 Conclusion

This Statement of Reasons explains the Tribunal's considerations in making the 2022 Local Government Annual Adjustment Determination.

In October 2022, the Tribunal published notice of its intention to make a Determination on its website, including details about the proposed Determination and a summary of the matters it was required to consider. The Tribunal also gave any affected person or class of affected persons a reasonable opportunity to make a submission regarding the proposed Determination. The Tribunal received two submissions.

In accordance with the VIRTIPS Act, the Tribunal has determined to make an annual adjustment to the values of the allowances payable to Council members, taking into account a range of considerations including:

- current and projected economic conditions and trends
- the financial position and fiscal strategy of the State of Victoria
- recent remuneration adjustments for comparable roles
- the limited period of time that has passed since the Tribunal made its first Determination setting the values of allowances for Council members.

This Determination adjusts the value of the base allowance payable to each Council member by 1.5 per cent. This Determination also adjusts the value of the Remote Area Travel Allowance by the same percentage.

This Determination will take effect on 18 December 2022.

⁴⁷ Merri-bek City Council (2022).

⁴⁸ *Victoria Government Gazette*, G 37, 15 September 2022, p. 3871.

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