

Item 7: Office of the General Manager

7.1 Payment of Superannuation Contributions for Councillors

REPORT BY THE GOVERNANCE COORDINATOR

TO 16 MARCH 2022 ORDINARY MEETING

GOV400098, GOV400006

RECOMMENDATION

That Council:

1. **receive the report by the Governance Coordinator on the Payment of Superannuation Contributions for Councillors; and**
2. **commence making a payment (a superannuation contribution payment) as a contribution to a superannuation account nominated by a Councillor starting from the financial year commencing 1 July 2022.**

Executive summary

The Office of Local Government consulted with the Local Government sector during 2020 resulting in legislating that councils may commence making superannuation contribution payments for Councillors.

Disclosure of Interest

Nil

Detailed report

Under the Commonwealth Superannuation Guarantee (Administration) Act 1993, Councils across Australia were not required to make superannuation contributions in relation to the fees they pay to mayors and councillors. This is because mayors and councillors are elected to a civic office in a council and are not employees of the council.

The release of the discussion paper was prompted by concerns raised within the local government sector that the ineligibility of councillors to receive superannuation payments is inequitable and is a deterrent to more women and younger people standing as candidates at council elections.

The discussion paper sought the views of councils and others on the following four options:

- Maintaining the status quo – Mayors and Councillors can continue to voluntarily contribute a portion of their fees to a complying superannuation fund of their choice.
- Mandate the current voluntary situation – amend the Local Government Act 1993 (the Act) to make it compulsory for Councils to pay a portion of the Mayors' and Councillors' fees equivalent to the superannuation guarantee amount into a complying superannuation fund nominated by the Mayor and Councillor.

- Amend the Act to allow Councils to voluntarily pay an amount equivalent to the superannuation guarantee into a complying superannuation fund nominated by the Mayor and Councillors in addition to the Mayor's and Councillors' fees – this means that the payment of Councillor superannuation in addition to their fee would be at each Council's discretion, allowing the Council to take into account the Council's resources and the local community's views; or
- Amend the Act to make it compulsory for Councils to pay an amount equivalent to the superannuation guarantee into a complying superannuation fund nominated by the Mayor and Councillors in addition to the Mayor's and Councillors' fees.

The Local Government Amendment Act 2021 No.11 gave effect to Section 254B Payment for superannuation contributions for Councillors.

Community Plan implications

Theme	Good Governance
Goal	Strong civic leadership
Strategy	Provide accountable and transparent decision making for the community

Strategic implications

Council Strategies

Not Applicable

Council Policies

Not Applicable

Legislation

Section 254B Local Government Act

Financial implications

It is estimated that the cost in the first financial year of 2022/23 will be \$23,700. This will be funded from Council's unrestricted cash and will have a negative impact on the Operating Performance Ratio. This cost has been allowed for in developing Council's Draft Operational Plan 2022/23 and any future budget forecasts.

Associated Risks

Not Applicable

TIM JOHNSTON
GOVERNANCE COORDINATOR

SIMON JONES
DIRECTOR COMMUNITY

25 February 2022

Attachments: Nil

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER