

ITEM 4 SUPERANNUATION FOR COUNCILLORS

In May 2021 an amendment to the *Local Government Act 1993* was enacted to permit the payment of superannuation contributions to the Councillors from 1 July 2022. This is an optional payment under the Act, and Council is required to resolve to make such superannuation payments.

RECOMMENDATION

- 1 From 1 July, 2022 Council make a superannuation contribution payment, in accordance with s254B of the *Local Government Act 1993*, to the nominated superannuation account of each councillor.
- 2 The amount of each superannuation contribution payment shall be equal to the amount Council would have been required to contribute under Commonwealth Superannuation legislation, as at the date of each payment, as if the councillor were an employee of Council.

REPORT AUTHORISATIONS

Report of: Michelle Martin, Manager Governance + Customer Service (Acting)
Authorised by: Todd Hopwood, Director Corporate Services - Connected + Engaged City (Acting)

ATTACHMENTS

There are no attachments for this report.

BACKGROUND

In May 2021 the *Local Government Amendment Act 2021* was enacted which enables Council's to resolve to make contributions to a superannuation account for each Councillor. The Amendment Act enacted s254B in the *Local Government Act 1993 (the Act)*, which is reproduced below:

254B Payment for superannuation contributions for councillors

- (1) A council may make 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.
- (2) The amount of a superannuation contribution payment is the amount the council would have been required to contribute under the Commonwealth superannuation legislation as superannuation if the councillor were an employee of the council.
- (3) A superannuation contribution payment is payable with, and at the same intervals as, the annual fee is payable to the councillor.
- (4) A council is not permitted to make a superannuation contribution payment—
 - (a) unless the council has previously passed a resolution at an open meeting to make superannuation contribution payments to its councillors, or
 - (b) if the councillor does not nominate a superannuation account for the payment before the end of the month to which the payment relates, or
 - (c) to the extent the councillor has agreed in writing to forgo or reduce the payment.
- (5) The Remuneration Tribunal may not take superannuation contribution payments into account in determining annual fees or other remuneration payable to a mayor or other councillor.
- (6) A person is not, for the purposes of any Act, taken to be an employee of a council and is not disqualified from holding civic office merely because the person is paid a superannuation contribution payment.
- (7) A superannuation contribution payment does not constitute salary for the purposes of any Act.
- (8) Sections 248A and 254A apply in relation to a superannuation contribution payment in the same way as they apply in relation to an annual fee.

Section 248A of the Act states that a Councillor who is suspended from Office may not receive any remuneration whilst suspended from office. This section will mean that no superannuation payment may be made to a Councillor who is suspended from office.

Section 254A of the Act states circumstances in which the annual fee paid to a Councillor may be reduced or must be suspended due to periods of leave. This section will mean that any superannuation payment may be reduced or suspended if any similar reduction or suspension of an annual fee paid to a Councillor occurs.

PROPOSAL

Prior to the introduction of Section 254B of the Act the payment of superannuation to Councillors was not permissible. The Office of Local Government has advised that the decision on whether to make superannuation contributions to Councillors is being left for each Council to determine, taking into account financial considerations, the views of Councillors and the expectations of their local community. Councils are required to make decisions in relation to superannuation by resolution at an open meeting of the Council, to ensure public accountability and transparency.

It is considered appropriate that Councillors receive a superannuation payment equal to the amount the council would have been required to contribute under the Commonwealth superannuation legislation as superannuation if the councillor were an employee of the council.

FINANCIAL IMPLICATIONS

If Council resolves to pay superannuation to Councillors from 1 July, 2022 the rate of payment will be equal to the Superannuation Guarantee Contribution percentage set by the Commonwealth Government. For 2022-23, the rate is 10.5%, however the rate will gradually increase to 12% by 1 July 2025.

The fees to be paid to Councillors for the 2022-23 financial year have not been determined by the Local Government Remuneration Tribunal at this point in time, It is anticipated that payment of superannuation to Councillors will equate to approximately \$52,000 for the 2022-23 financial year.

This report is being put forward at the present time to allow the additional costs to be incorporated into development of Council's 2022-23 Annual Budget.

CONCLUSION

The payment of superannuation to Councillors is seen as an important tool in encouraging a more diverse range of potential candidates to participate in local government, particularly by women.
