

Launceston Ratepayers' Association Inc.

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The Secretariat
Tasmanian Industrial Commission
Board of Inquiry into
Review of Allowances for Local Government Councillors
G.P.O. Box 1108
HOBART TAS 7001

Attention : Ms Kerrie Parsons Kerrie.Parsons@justice.tas.gov.au

Dear Ms Parsons,

We are thankful for the Commission's invitation to make a submission to the Board of Inquiry into the Review of Allowances for Local Government Councillors, and to you for mailing us a copy of the February 2008 Issues Paper.

We also note that on Wednesday 2 April 2008, a Public Hearing was conducted in Launceston, however none of the members of our Association were aware of any public notice of the Hearing, so we are particularly grateful for this opportunity to forward you our thoughts.

The Launceston Ratepayer's Association Inc. has been in operation now for a number of years and holds regular meetings of its members and visitors, at various urban and township venues in the municipality. We are not just representative of ratepayers, as our "charter" includes that of residents of Launceston, many of whom are of course tenants or 'renters'. Until our 2007 AGM, when we shortened and simplified our name, the Association was called Launceston Municipal Ratepayers and Residents Association Incorporated.

We encourage the Secretariat to peruse the Association's website to gain further information and insight into our activities and achievements. In particular, we suggest you peruse our very comprehensive submission to the Australian Productivity Commission's Report **ASSESSING LOCAL GOVERNMENT REVENUE RAISING CAPACITY**. We were pleased to find that a number of the Association's points were accepted for publication in the Commission's final report (findings recently published).

The Association's Executive Committee have made your Issues Paper available to our membership, and some issues raised by them were discussed at our monthly General Meeting held last week. At the meeting, the Executive were charged with the work of giving a more detailed assessment of the Association's issues and past considerations and of putting together this submission, for consideration by your Board. Should you have any further questions of matters raised in our submission, then you are encouraged to make early contact with us, preferably via our email address.

Whilst we realize that your issues paper cannot be exhaustive as to the issues your Board must take into account, our general observation is that Councillors in Tasmania

in the main, receive much higher remuneration or allowances than their interstate counterparts. We certainly don't advocate that Councillors not receive an allowance for their contribution to local government governance, however hold the strong view that Local Government Councillors are not inducted to this level of governance with a pre-requisite that they hold any particular academic qualifications or skills in governance (including financial management) and rely almost completely on advice provided by appropriately qualified staff and consultants employed by the municipal authority.

It is a matter of fact, that individuals choose to offer themselves for election to a position of Councillor and furthermore to the positions of Mayor and Deputy Mayor, and in so doing they are very much aware of the quantum of the contribution of what is expected of them and of the allowances or remuneration available.

It is often observed by Local Government electors, that many successful candidates at Local Government level are attracted initially as a period of 'apprenticeship', and go on to aspire to public office at State or Commonwealth level. This observation includes one that Local Government service holds such aspirants in good stead and public prominence to better achieve positive notoriety in the community, which is of significant personal advantage to achieve paid service at other levels of government, which comes with generous allowances and retirement benefits at the sunset of one's service career.

It with this view, that members of our Association feel that the notion of Councillors receiving allowances for their services that are based on their level/degree of oversight and strategic management of substantial funds is faulty, particularly given the observation of their low qualification and high level of support by highly qualified staff/consultants. It is our view that the actual level of risk and resultant penalty to a candidate for even the perception of liability and responsibility, is more borne out of a political consequence and subsequent voting out at a later election, rather than a direct financial loss to that Councillor. There is also the opportunity for an insurance policy to be used to better protect the financial standing of a Councillor (like Director's Indemnity Insurance) that should certainly cover claims of a hapless nature and where no incompetence or negligence is evident.

In summation on this aspect, our submission is that until Local Government candidates are compelled to comply with minimum candidature requirements based on academic qualifications and management skills in financial and governance faculties, there should never be a concept where allowances are based on any correlation, loose or otherwise, that these Councillors are truly providing a service for remuneration.

It is in respect of views of a similar kind in relation to workload accepted by aspiring candidates and provided in service by Councillors that our Association does not support Councillors receiving allowances in proportion to time spent out of a working week. The issue of quantum for allowances to be paid, must reflect the level of work done by paid staff. Whilst some Local Government Councillors may choose to involve themselves in the day-to-day operations of the municipality, this is not a necessity, and in fact can result in a very inefficient service to ratepayers. It would be useful for the Inquiry to seek data on the level of staffing that is provided to Councillors in each of the 7 levels identified in the Issues Paper. We are of the view that it is likely that these 7 levels would not be clearly defined as such by a survey of such kind.

We note with some alarm, the quote provided in the Issues Paper from the University of Birmingham University. The whole nature of Local Government in the United

Kingdom is entirely different to that in Tasmania, and there is the complete absence there of the State or second tier of government.

It is always desirable that members of community associations or bodies bring with them a profile that enables that body to be truly a "community", however, IN THE PRESENT DISCUSSION about Local Government, the issue of quantum of allowances is displayed as some compensation factor for real and proper input to financial and management governance, which it plainly isn't.

Our view in relation to expenses claimable by Councillors is that we support the reimbursement of reasonable claims, but that many such expenses ought to be recognised as being a proper part of an allowance and treated as such. For instance, it has been suggested to us that in some areas, Councillors are able to claim for MV fuel, and yet a car pool is still offered, or of course, the mayoral limousine is provided; and that credit cards, which can be subjected to some level of abuse are used from a management/administration viewpoint. We also ask whether such reimbursements are subject to Fringe Benefit Tax and as to the situation with loyalty point systems such as 'frequent flyer' type systems.

In any event, our Association opposes reimbursements for such expenses as **grooming**, which in other areas of service/employment are neither a matter for reimbursement nor tax-deductibility. A serving Councillor is certainly not participating in a fashion parade or beauty contest.

An overall observation of our members, is that the present attitude towards politicians in any of the 3 tiers of government, is that, so low is the public's respect of politicians, it is not a matter of improving/increasing allowances to attract better participation/improve the calibre of Councillors, but that until the standing of Councillors improves, decent candidates will not be attracted to serve or choose to associate with present dubious images.

We refute that the illustration of robust representation of municipal communities shown in Table 2. Our view is that because of the re-contesting by sitting candidates (which is not separately shown), the number of fresh blood candidates being introduced to Councils is too low, and too many re-elected councillors are serving for too-long a period or are providing 'tandem' service as members of the Legislative Council.

Younger/employed persons are certainly not being elected as Councillors, whether they are candidates or not.

The issue of the capacity to pay for municipal electors has been debated to some degree by the Commonwealth Inquiry previously referred to. It would be more palatable to Launceston ratepayers, if in order for Councillors' Allowances to be increased, the number of Councillors be reduced and/or the Council achieve a suitable reduction in its Operating Budget and an efficiency in the delivery of proper and adequate services.

There is no real nexus between allowances paid to directors of statutory authorities and Councillors because of the added corporation's law responsibilities of Directors.

The relativities between Mayors, Deputies and Councillors as illustrated in other States and compared to Tasmania, are not appropriate. There can be no justification for the disparity in Tasmania between Councillors and Mayors, and the role has nothing to do with a context of total revenue because this is well-supported by a suitable increase in professional staff/consultant support.

Our view is that there is no relativity between the cost of allowances for Councillors and the percentage of Total Revenue of a Municipality. Any indexing of percentages is well and truly offset by efficiency of scale of the Municipal operation.

Likewise we see no reason why the Wage Price Index should be applied to Allowances as they are NOT wages. Accordingly, the CPI is the appropriate index.

Again, we thank you for this opportunity to make our Association's views known by this submission.

Yours faithfully,

Kevin Jowell

Vice President
For and on behalf of the Launceston Ratepayers' Association Inc.