

The Hon Nick Staikos  
Minister for Local Government  
2 Treasury Place  
EAST MELBOURNE VIC 3002

By email: [minister.staikos@dgs.vic.gov.au](mailto:minister.staikos@dgs.vic.gov.au)

Dear Minister

## **PROPOSED COMPREHENSIVE DETERMINATION OF LOCAL GOVERNMENT ALLOWANCES**

The Victorian Independent Remuneration Tribunal made its first local government comprehensive determination in 2022, which implemented a new allowance structure for elected local government representatives and re-set the values of those allowances.

The Tribunal considered that an increase to allowance values was justified at that time for several reasons, including the changes to the scope and complexity of councillor roles, the high level of community expectation on councillors and that allowance values had not kept pace with broader wages and prices.

The Tribunal has made annual adjustment determinations in each subsequent year, which have sought to broadly maintain the value of allowances. However, annual adjustment determinations do not provide a vehicle to consider broader issues, including a thorough review of the structure or value of allowances.

Feedback to the Tribunal through consultation on successive annual adjustments and other stakeholder engagement has raised the following substantive issues with the current allowance framework:

- further changes to the nature, complexity and workload of councillor roles since 2022
- updated data on the time commitment for councillors to perform their role, which appears to have increased (based on the recent census undertaken by the Victorian Local Governance Association)
- suggested changes to the structure of allowances and the allocation of councils to different allowance categories (which are based on the population and revenue of a council)
- challenges in attracting and retaining councillors with the skills and capabilities to perform their role and represent the diversity of our communities.

While there are diverse views on some of these issues, the Tribunal considers that it would be timely to undertake a new comprehensive determination to review the roles of councillors and implications for the structure and value of allowances.



However, under the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (VIRTIPS Act), the next comprehensive determination is not due until 2029 — which is over seven years since the Tribunal’s first comprehensive determination. The Tribunal considers that this timeframe is too long to address the substantive issues raised by stakeholders, support a capable and representative councillor cohort and ensure councillors are treated fairly.

The Tribunal therefore proposes that the next local government comprehensive determination be undertaken in 2026.

There are several advantages to undertaking a comprehensive determination in 2026, including that:

- substantive issues raised by stakeholders — which are likely to be raised again via an annual adjustment determination — would be carefully considered through a transparent and independent process
- the implications of recent state government reforms (including to improve governance and accountability arrangements for local government) would also be considered
- any changes to the structure or value of local government allowances would be implemented well ahead of the 2028 local government elections
- it would broadly align with the four-year period between comprehensive determinations for other groups covered by the Tribunal (including Members of Parliament).

This timeframe would complement the Tribunal’s existing work program and the determination can be undertaken within existing resources. The Tribunal notes that the proposed comprehensive determination in 2026 would effectively replace the annual adjustment determination that would otherwise be required by the VIRTIPS Act.

Under the VIRTIPS Act, the Minister for Local Government can, in consultation with the Minister for Finance, request that the Tribunal make a new comprehensive determination, which would need to be completed within six months of a request from the Minister.

The Tribunal proposes that it makes a comprehensive determination in mid-2026 to align with the usual timing for an annual adjustment determination. In this scenario, the Tribunal would appreciate an early indication of your views on this proposal, which would enable early planning for a determination in its forward work program; a formal request could then be provided in December 2025 for the Tribunal to make the determination in June 2026. The Tribunal would be happy to accommodate an alternative timeline — noting that a comprehensive determination would in practice need to be made no later than 31 December 2026.

The Tribunal has had preliminary discussions with Local Government Victoria on this proposal and would be pleased to discuss it with you directly.

I have copied this letter to the Minister for Finance.

Yours sincerely



**Warren McCann**

Chair

Victorian Independent Remuneration Tribunal

5 June 2025

Page 2 of 2