

5. ELECTED MEMBER REMUNERATION

Officer responsible City Manager	Author Max Robertson, Council Secretary, DDI 941-8533
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The purpose of this report is to outline the new elected member remuneration framework determined by the Higher Salaries Commission. A decision is also sought as to whether the Council wishes to continue with the present payments regime for the balance of the current Council term, or whether instead it wishes to adopt the new remuneration framework as from 1 July 2003.

BACKGROUND

The HSC issued a draft proposal in mid-2002, on which this Council made extensive written and oral submissions.

The HSC has now released its final determination, and has given councils until 10 March 2003 to advise the Commission whether they wish to stay with their current "conditions of remuneration and expenses" until the 2004 local government elections, or adopt the new "remuneration and expenses" proposed by the Commission. If the Council wishes to take up the Commission's new remuneration proposals, it is also required to advise the Commission how it proposes to allocate the pool, by 10 March.

PRINCIPAL FEATURES OF NEW PAYMENTS REGIME

The HSC has confirmed the use of a remuneration pool as a means of setting the overall payments made by each Council to its elected members. The formula for calculating the pool for each Council is simpler than previously, and gives greater weight to population.

The value of the indicative pool for Christchurch is \$1,364,207. The Mayor's salary is set at \$137,508. Thus, the pool available for Councillors and Community Board members would be approximately \$1,227,000. This can be compared with the budget for the current year which is a fraction under \$2.1 million.

The indicative pool does not include many categories of expenses that are currently aggregated as "costs of democracy". The following is a brief description of those items which are to be included in and those which are to be excluded from the pool:

1. Payments to community and Iwi/Maori representatives on standing committees or special committees are **outside** the indicative pool.
2. The indicative pool **includes** half the cost of the remuneration of community board members. The other half is **outside** the pool limit - it can be thought of as a "top up".
3. The Mayor's salary is **included** in the indicative pool amount (although separately specified).
4. Meeting fees for attendance at the hearing of applications for resource consent under the Resource Management Act 1991 may be paid **outside** the pool. A fee of \$60 per hour of hearing will be allowable for attendance at the hearing of resource consent applications, which will include the time spent at the actual hearing, but will **exclude** time spent by a member in preparation or review of issues outside of the formal hearing. However, meeting fees in respect of attendance at all other hearings including:
 - (a) hearings relating to the establishment and variations of a district/regional plan; and
 - (b) other statutory hearings such as permit and bylaw application hearings etc,are **included** in the pool.
5. Expenses, such as mileage allowances and the reimbursement of Council-related cell phone call charges are **outside** the pool, although the actual amount/rates that can be claimed will be set by the HSC.

MEETING FEES

A council which wishes to retain meeting fees for its members needs to recommend the rate and basis on which they should be paid. This basis does not need to be the same as the current basis, indeed the HSC believes that the current basis can create some real anomalies. The number of meetings in each year is by definition difficult to predict. At the end of the year a council which has not expended all that part of the pool put aside for meeting fees can request the HSC to carry forward in what will then be the current year up to 30% of the previous year's meeting fee budget.

MAYORAL CARS

A Mayor can have a car supplied by the Council. The reduction in the Mayor's salary for full private use of a car will be a percentage of the cost of the car. This will range from 12% for the Mayor of a large city to 24% for the Mayor of a small district, ie if the car cost \$40,000 the reduction in the Mayor's salary would range from \$4,800 to \$9,600 per annum depending on the size of the Council. The actual percentage will be determined by the HSC.

MILEAGE ALLOWANCES

Where an elected member needs to use their own vehicle on council business, they will be able to be paid an allowance of 70 cents per kilometre. This rate reflects both cost recovery and an element of remuneration in respect of travelling time.

EXPENSES

Although such expenses will be **outside** the pool, the HSC will also determine the allowances and expenses of all elected members, including members of community boards. In order to cater for the different situations that exist amongst councils and community boards, the HSC intends to complete its expenses determination on a basis that:

- (a) Establishes certain allowances or rules that are common to all or many elected members.
- (b) Permits local authorities to reimburse members' other expenses on the basis of the council's rules for the recovery of expenses, where those rules have been approved by the HSC and are on an actual and reasonable basis.

Each council is required to send to the HSC a copy of its proposed rules for the recovery of expenses by elected members and community board members. Attached is a schedule of proposed rules for the recovery of such expenses in the case of this Council. This schedule reflects this Council's existing practices and policies for the recovery of such expenses.

INTERIM ARRANGEMENTS MAY APPLY WHILE NEW COUNCIL SETTLES IN FOLLOWING TRIENNIAL ELECTIONS

The HSC has recognised the fact that in many cases, incoming councils may need time to consider how they should operate, whilst at the same time they need to be paid during this initial settling in period. The Commission has indicated that in recognition of this situation it might consider a determination which will provide for:

- All Councillors to be paid a salary as determined by the Commission in their determination at the previous 1 July.
- Any additional salary payable to apply retrospectively, once the councils have had time to consider how they will operate, and have submitted recommended salaries to the HSC for positions such as the chairs of committees and community boards.
- Any additional salaries to apply in respect of such positions to apply retrospectively, with back pay to be payable in respect of the period between the elections and 1 April the following year.
- Alternatively, councils could also make recommendations on what remuneration should be payable from 1 April (including meeting fees if so desired).

Although this proposal might achieve an equitable result, it would mean that no meeting fees (other than for resource management application hearings) would be payable during this initial period.

ABILITY TO MAINTAIN CURRENT PAYMENT REGIME UNTIL NEXT ELECTIONS IN OCTOBER 2004

The new payments system does not need to be implemented by individual councils until after the next elections in 2004, unless they choose otherwise. If the Christchurch City Council decides to retain the status quo, then the salary of the Mayor will automatically remain at its present level of \$99,100 per annum.

Informal discussions with some Councillors indicate that there is likely to be a majority preference for the retention of the current payments regime until the next elections.

If the Christchurch City Council decides to retain the status quo, it will then be up to the incoming Council to consider how the pool is to be allocated amongst Councillors, Committee Chairs, Community Board Chairs, Community Board members and the Deputy Mayor.

The HSC has not yet decided how it will formulate its determinations as at 1 July 2004. Based on current thinking, the HSC has indicated that it would probably continue the present system except that if a council decided to continue with the present payments regime until the 2004 triennial elections, then the indicative pool would be split into three separate parts, namely:

- (a) The period from 1 July 2004 to the date of the elections. In determining the remuneration for this period the HSC would consider the recommendations from each council and allocate a portion of the pool based on the number of days from 1 July to the elections.
- (b) The period from the date of the elections to 1 April 2005. For this period the HSC would set fixed salaries for each councillor and community board member.
- (c) The period from 1 April 2005 to 1 July 2005 together with back pay in respect of period (b) above. The residue of the pool would be available for this remuneration and the HSC would invite recommendations from each council.

DISSENTING VIEWS

If any Councillor/s has a dissenting view in respect of the decision reached by the Council on this issue, that dissenting view must be recorded and sent to the Commission with the Council's decision.

Staff

Recommendation:

That the Council:

1. Decide whether it wishes to:
 - (a) Continue with the present payment regime until the October 2004 elections; or
 - (b) Adopt the new remuneration framework as from 1 July 2003.
2. Request the Legislation Subcommittee to urgently consider and report back to the Council on how the indicative pool should be allocated, in the event of the Council deciding to adopt alternative (b) above.
3. Formally adopt the proposed rules for the recovery of expenses by elected members and Community Board members set out in Schedule A attached to this report.

Chair's

Recommendation:

1. That the Council continue with the present payment regime until the October 2004 elections.
2. That the Council formally adopt the proposed rules for the recovery of expenses by elected members and Community Board members set out in the schedule attached to this report.