


## 2. ELECTED MEMBERS' REMUNERATION 2007/08



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### PURPOSE OF REPORT

1. The purpose of this report is to:
  - (a) Enable the Council to make a decision at its meeting on 15 March 2007 on a proposal to be submitted to the Remuneration Authority regarding remuneration to be paid to elected members for the balance of the current triennium, up until the October 2007 elections;
  - (b) Enable the Council to make a decision at its meeting on 15 March 2007 on a recommended remuneration structure to take effect after the October 2007 election;
  - (c) Permit Community Boards to indicate to the Council their preferred option for the allocation of the 2007/08 remuneration pool after the October 2007 election amongst the elected members of the Christchurch City Council and the eight Christchurch community boards.
  - (d) Request Community Boards to confirm (with any suggested amendments) the role responsibility templates developed by the HayGroup for Community Board chairs and Community Board members.

### EXECUTIVE SUMMARY

2. The Remuneration Authority has advised that the remuneration pool for the elected members of the Christchurch City Council and its eight community boards has been fixed at \$1,581,844 for the 2007/08 financial year and that the Mayor's gross salary has been fixed at \$156,590. This means the amount available to be paid as remuneration for Councillors (including the Deputy Mayor) and community board members is \$1,425,254.
3. The Remuneration Authority has confirmed that it is prepared to approve a further temporary adjustment to the pool for 2007/08, to permit all elected member salaries to be continued at their present levels until the existing members go out of office following the October 2007 elections.
4. The following salaries currently apply until 30 June 2007:

<b>Position</b>	<b>Annual Salary</b>
Mayor	\$146,110 gross
Deputy Mayor	\$89,137
Councillors (12 positions)	\$77,977
Community Board Chairs (6 City Boards) (6 positions)	\$35,850
Community Board Members (6 City Boards) (24 positions)	\$22,450
Community Board Chairs (Lyttelton/Mt Herbert and Akaroa/Wairewa) (2 positions)	\$11,412
Community Board Members (Lyttelton/Mt Herbert and Akaroa/Wairewa) (8 positions)	\$6,273
<b>TOTAL 2006/07 remuneration sum:</b>	<b>\$1,997,879</b>

5. The difference between the 2006/07 remuneration pool and the 2007/08 remuneration pool is a **reduction** of \$7,801.
6. The Council is now required (following the present round of consultation with Community Boards) to decide whether to recommend a continuation of elected member salaries at their present levels until the October 2007 elections; and whether, after considering the four options developed on behalf of the Council by the HayGroup, to recommend the allocation of the 2007/08 pool on a different basis given that because of the reduction of the pool, the existing remuneration levels cannot continue to be paid after the election in October 2007.

7. The Remuneration Authority expects the pool to be fully allocated. The Council's proposal must be approved by the Remuneration Authority before any amended salaries proposed can be implemented.
8. The incoming Council will be required to revisit the allocation of the pool following the October 2007 elections, and submit a new proposal to the Remuneration Authority, covering the period between the date on which the new Council assumes office and 30 June 2008. For this reason it is preferable that the Council reach a view (which is endorsed by the Remuneration Authority) on 15 March 2007 to recommend to the new Council a remuneration structure for the balance of 2007/08.
9. Any adjustment approved by the Authority for the remainder of the current triennium will cease when the present members go out of office, and the new proposal submitted by the Council following the elections must provide for the allocation of the pool in such a way as to ensure that the pool of \$1,581,844 is not exceeded.
10. Following discussions with elected members, the HayGroup has developed the attached generic role responsibility templates for the positions of Mayor, Councillor, Community Board chair and Community Board member (Appendix C). These were discussed at the elected member seminar held on Thursday 15 February 2007, and are being circulated to all Community Boards for their consideration.
11. Now is the appropriate time for this Council to consider and adopt a revised remuneration structure that is within the 2007/08 pool figure. This revised remuneration structure can then be communicated to all candidates for the October 2007 election.

#### **FINANCIAL AND LEGAL CONSIDERATIONS**

12. The principal statutory provisions which apply in this instance are the Seventh Schedule of the Local Government Act 2002, and the Remuneration Authority Act 1977. Once this Council's 2007/08 remuneration proposal (or any variation thereof) has been approved by the Remuneration Authority, it will be gazetted via the Local Government Elected Members' Determination 2007.
13. Sufficient provision has been included in the draft 2007/08 Annual Plan for all elected member salaries to be continued at or about their present levels, until the October election.

#### **STAFF RECOMMENDATIONS**

It is recommended that the Community Board decide:

- (a) Whether it wishes to recommend to the Council that all elected member salaries (with the exception of the Mayor) be continued at their present levels until the existing members go out of office following the October 2007 elections.
- (b) Whether it wishes to recommend that for the balance of the 2007/08 year following the October 2007 elections elected member salaries be amended in accordance with Option 4 developed by the HayGroup.
- (c) Whether or not it wishes to recommend any adjustments to the present allowances and expenses for elected members.
- (d) Whether it wishes to recommend confirmation (with any suggested amendments) of the role responsibility templates developed by the HayGroup for community board chairs and community board members.

## **BACKGROUND ON ELECTED MEMBERS' REMUNERATION 2007/08**

14. The Remuneration Authority is responsible for setting the salaries of elected local government representatives (clause 6 of Schedule 7 of the Local Government Act 2002 refers).
15. A brief summary of the remuneration framework and the rules and principles which the Remuneration Authority works under is attached as Appendix A.
16. The Remuneration Authority revises remuneration pools annually, and each council is thus required to review its levels of remuneration prior to the start of each financial year, based on the new pool. Therefore, this report has been submitted to allow the Council to consider the allocation of the 2007/08 pool for the balance of the current triennium, with any adjustments to the present salaries being applicable from 1 July 2007.
17. The Authority has now released the Christchurch City indicative pool for 2007/08, which amounts to:

Total pool	\$1,581,844
less Mayor's gross salary	\$156,590
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Nett pool available for Deputy Mayor, 12 Councillors, eight community board chairs and 32 community board members	\$1,425,254

18. This represents a reduction of \$7,801 in the amended pool approved by the Authority for the current year.
19. 50% of the total remuneration paid to community board members and elected community board members (excluding members appointed by the Council) is paid outside the pool.
20. The pool is fixed by the Remuneration Authority relative to other councils and has regard to population, expenditure and assets.
21. Only one salary is payable to elected members. Thus, a Councillor who serves as an appointed member of a Community Board is paid a Councillor's salary only, and receives no additional payment for serving on the Community Board.
22. Directors' fees paid to Councillors who serve as directors of Council-controlled organisations cannot be taken into account when considering Councillors' remuneration. The directors' fees paid to such Councillors reflect their service as directors of the companies concerned, rather than their role as Councillors.
23. Although the Mayor's salary is set independently by the Remuneration Authority, it is included within the pool. Where a Mayor has partial or full private use of a car provided by the Council (as is the case in Christchurch), the Mayor's gross salary is reduced by an amount which reflects both the extent of private use and the value of the car supplied.
24. In September 2006, the HayGroup were engaged to size the roles of Councillors, Community Board chairs and Community Board members, taking into account their respective roles and responsibilities, and to recommend appropriate salaries for each position, within the available remuneration pool. A copy of the initial findings of the HayGroup and a schedule listing both existing salaries and the four suggested options is attached to this report as Appendix B.

## **DISCUSSION**

### **Decisions to be Made**

25. In preparing its proposal the Council is required to agree appropriate levels/rates for the different positions/roles on the Council and its community boards and, using that information, develop an option for the allocation of the money within the remuneration pool.

### **Basis of Remuneration**

26. Although it is possible for the Council to recommend the payment of a mixture of salary and meeting fees to Councillors, community board members must be paid on a salary only basis, without meeting fees.

## **Distribution Options**

27. The allocation of the pool was discussed with Councillors and Community Board members at seminars held on Saturday 11 November 2006 and Thursday 15 February 2007. At the latter seminar, members were requested to consider the possible continuation of all salaries at their present levels until the elections, and to indicate a preference for one of the four options developed by the HayGroup.
28. Most members present at the 15 February seminar seemed to agree that present salaries should be continued at their existing levels until the elections. However, there appeared to be no general consensus as to which of the four options developed by the HayGroup were favoured for possible adoption by the new Council after the elections.
29. The Remuneration Authority has confirmed that it is prepared to approve a further temporary (upwards) adjustment to the 2007/08 pool to allow all salaries to be continued at their present level until the elections.

## **Principles Applicable to the Remuneration Review**

30. Given that the Council is required to make a recommendation to the Remuneration Authority as to how the pool is to be divided it is considered appropriate that before considering options elected members consider the principles which should guide them in their deliberations on this topic.
31. At its 11 May 2006 meeting the Council adopted the following principles in considering the elected member remuneration issue:

**Principle:** Remuneration for any elected position should be such as to attract people to hold office within the Council's governance structure so that remuneration should not limit the diversity of representation for councillor and community board positions.

**Principle:** Members with similar responsibilities should receive similar remuneration.

**Principle:** A differential rate of remuneration between the same class of elected member within the Council (eg councillor, community board chair or community board member) should exist only where it can be justified by reference to relevant differences.

**Principle:** Remuneration should be set at a level that acknowledges the impact that performing the role of an elected member has on personal lives and careers.

**Principle:** Remuneration should not be reduced part way through a three year electoral term, when that risk was not known to a candidate at the preceding election unless there are circumstances outside the Council's control.

## **Councillor Remuneration**

32. On 5 May 2005 the Council resolved to have a differential for the Deputy Mayor in recognition of her high workload and additional responsibilities.
33. On 8 December 2005 the Council resolved that the Banks Peninsula Ward Councillor be remunerated at the same rate as the other Councillors, on the basis that all Councillors have city wide responsibilities.
34. The four options developed by the HayGroup assume that the Council will not be changing its May and December 2005 resolutions in respect of these two positions.

## **Community Board Remuneration**

35. At present, city board members are paid \$22,450 per annum while Peninsula board members receive \$6,273 per annum. The figures for community board chairs are \$35,850 and \$11,412, respectively. These are relativities of 28% and 32% respectively.
36. Community boards have their respective roles set by the Local Government Act 2002 and the other legislation administered by the Council.

37. S. 52 of the Act provides that the role of a community board is to:
- represent, and act as an advocate for, the interests of its community; and*
  - consider and report on all matters referred to it by the territorial authority, or any matter of interest or concern to the community board; and*
  - maintain an overview of services provided by the territorial authority within the community; and*
  - prepare an annual submission to the territorial authority for expenditure within the community; and*
  - communicate with community organisations and special interest groups within the community; and*
  - undertake any other responsibilities that are delegated to it by the territorial authority.*
38. The provisions of S.52 apply equally to all eight community boards. In addition the Council has given the same level of delegations to all eight boards. The Council's expectation of the workload of community boards is the same, as far as their delegated authority is concerned.

#### **Land Area and Representation Ratios within each Community**

39. The following table sets out the land area of each community, and the number of residents represented by each community board member:

<b>Community</b>	<b>Land Area in Hectares</b>	<b>No of Members (including both elected and appointed members)</b>	<b>Population 2006 Census</b>	<b>No of Residents per member</b>
Akaroa/Wairewa	94,320	6	2,724	454
Burwood/Pegasus	4,540	7	57,018	8,145
Fendalton/Waimairi	10,610	7	52,959	7,565
Hagley/Ferrymead	5,800	7	55,272	7,896
Lyttelton/Mount Herbert	21,480	6	5,442	907
Riccarton/Wigram	9,800	7	60,825	8,689
Shirley/Papanui	9,660	7	60,144	8,592
Spreydon/Heathcote	4,490	7	54,051	7,721

40. While there are population differences between the boards the question needs to be asked whether the democratic responsibilities and the Local Government Act responsibilities of a Peninsula Board member are any less because they represent fewer people. Apart from having a greater number of people to represent, a City board member does not have any additional governance responsibilities to a Peninsula board member.
41. The question also needs to be asked whether the responsibilities associated with the role of democratic representation is dependent on the number of constituents represented? If Christchurch is one city, the starting point would be equality of remuneration, except where a differential can be rationally justified. All Board members, regardless of the size of the population served by the Board need to have members fully engaged in their role and able to commit time to that role. Complex and contentious issues for a community board can arise from an area with a small population just as easily as an area with a large population. That can be more so where the small population area is developing and geographically is more challenging to administer.
42. The average weekly hours which community board chairs and members spend on community board work (as advised by the incumbents) is set out in the schedule supplied by the HayGroup, ie:
- Councillors 53 hours
  - Community Board Chairs – City 21 hours
  - Community Board Chairs – Peninsula 13 hours
  - Community Board members – City 16 hours
  - Community Board members – Peninsula
  - Insufficient information – assumed 10 hours on proportional basis

43. Until now, there has been no empirical data available as to the workloads of elected members, to enable the “workload factor” to be taken into account by the Council when considering remuneration. However, now that the incumbents have advised their average weekly hours (set out above) these can be taken into account by Community Boards and the Council in considering the salaries payable. The figures supplied suggest that the present margins between metropolitan community boards and their Banks Peninsula counterparts are too large, and should be reduced. The average weekly hours advised by the incumbents suggest that the average weekly hours devoted to Community Board business by the Chairs and members of the Banks Peninsula Community Board equate to about 62% and 70% respectively of the hours advised by their metropolitan counterparts.
44. Another factor to be borne in mind in setting remuneration is the geographical area of the community board areas. As can be seen from the table above the Lyttelton/Mt Herbert community is twice as large as the biggest city community while Akaroa/Wairewa is nine times larger. The travelling time for a board member on the Peninsula in serving their constituents is greater than in a built up urban area. The ability to claim mileage is available equally to all Board members but recognition should be given to the time physically spent travelling in addition to being present at meetings and engaging in Board business. The Remuneration Authority has previously expressed the view that the mileage allowance is intended to include both the cost of the vehicle and the time spent travelling.

### **Role and Responsibilities of Community Board Members**

45. Following discussions with the incumbents, the HayGroup has developed the role responsibility templates, relating to the roles of elected members, attached as Appendix C. These templates were discussed at the seminar held on 15 February 2007. Each community board is requested to consider and approve (with any suggested amendments) the templates relating to the roles of community board chairs and community board members.

### **Remuneration Options**

46. The spreadsheet summarising the four options developed by the HayGroup is attached to this report as part of Appendix B. The four options proposed comprise:
- Option 1, which proposes salaries benchmarked to all organisations median fixed remuneration, less a 25% public good factor.
  - Option 2, which uses only public sector comparisons, rather than all organisations.
  - Option 3, which reflects the fact that councils represent ownership and provide governance and leadership functions on behalf of their communities, and that elected members are also expected to provide effective representation for their constituents.
  - Option 4, which assumes a reduction in councillor hours to 40 hours per week, with all other elected member hours remaining unchanged.

### **Elected Member Allowances and Expenses**

47. As part of its remuneration proposal, the Council is also required to seek the Remuneration Authority's approval for the allowances and expenses proposed to be paid to elected members. The schedule attached as Appendix D is identical to the schedule previously approved by the Authority for 2006/07. Members may recall that last year the Council proposed an increase in the communications allowance from \$120 to \$150 per month, but that the Authority declined to approve this increase. It is therefore proposed that the Council seek approval from the Authority for all present allowances to be continued at their existing levels.

### **Unanimity of the Council's Decision**

48. In submitting its proposal the Council is required to notify the Remuneration Authority of:
- (i) details of any dissent at Council, and
  - (ii) details of any dissent from its community boards.

49. A community board also has the ability to express any opposing views it might have on the Council's final proposal direct to the Remuneration Authority.
50. If the Council's recommendations are unanimous and reasonable it is unlikely that the Commission will withhold its approval. It does, however, have the power to amend any proposal if the level of dissatisfaction is high or if the proposal is considered unreasonable.

#### **CONCLUSION**

51. It is essential that each Board reaches an early decision on its preferred remuneration option for the balance of the current triennium, and on any recommended alterations to the present allowances and expenses policy, so that the boards' views can be taken into account by the Council when it reaches a final decision on its preferred remuneration option at its meeting on Thursday 15 March 2007.
52. In the writer's opinion, Option 4 developed by the HayGroup is the fairest of the four options presented, bearing in mind the factors discussed in this report.
53. Each Board is also requested to confirm (with any suggested alterations) the role responsibility templates for community board chairs and members.