



## 8. ELECTED MEMBERS' REMUNERATION 2010/11

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### PURPOSE OF REPORT

1. The purpose of this report is to enable the Council to formulate a proposal to be submitted to the Remuneration Authority for the payment of remuneration to elected members for the balance of this financial year; up until 30 June 2011.

### EXECUTIVE SUMMARY

2. Currently the remuneration pool for the elected members of the Christchurch City Council and its eight community boards has been fixed at \$1,472,123 for the 2010/11 financial year. This excludes the Mayor's gross salary of \$168,700 which has already been fixed by the Remuneration Authority.
3. Based on the rules and principles set by the Remuneration Authority the Council is now required to determine how it proposes to allocate the pool amongst the fifty three elected members (Councillors and Community Board members) for the balance of the 2010/11 financial year and, once decided by the Council, submit its proposal to the Remuneration Authority for approval. That approval must be given before the Council can implement its proposed remuneration structure. The proposal will cover the period between the date on which current elected members took office (Friday 15 October) and 30 June 2011.

4. Given that:

- (a) the total amount of the remuneration pool is unchanged from the previous financial year, and
- (b) the Remuneration Authority has previously set out its views on the remuneration ratio between Councillors and Community Board members, including a distinction between metropolitan and rural Community Boards,

it is proposed that the remuneration levels for the Deputy Mayor, Councillors, Community Board Chairs and remaining Community Board members be continued at the same levels as those immediately prior to the election, i.e. retain the status quo.

5. All Community Boards have been consulted on the contents of this report.

### FINANCIAL IMPLICATIONS

#### Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

6. Sufficient provision has been included in the 2010/11 Annual Plan for all elected member salaries to be continued at or about their present levels, until 30 June 2011.

### LEGAL CONSIDERATIONS

#### Have you considered the legal implications of the issue under consideration?

7. 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 2010/11 remuneration proposal (or any variation thereof) has been approved by the Remuneration Authority, it will be gazetted via the Local Government Elected Members' Determination 2011.

## ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

### Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

8. Page 156 of the LTCCP, level of service under Democracy and Governance refers.

## ALIGNMENT WITH STRATEGIES

### Do the recommendations align with the Council's strategies?

9. Not applicable.

## CONSULTATION FULFILMENT

10. The Council's proposal for remuneration must be received by the Remuneration Authority no later than February 2011 so that the Authority can issue its final Determination for this year. This has meant there has been sufficient time to consult with all Community Boards and seek their views which will be included in this report when it is submitted to the Council.
11. In submitting its proposal to the Remuneration Authority, the Council is required to notify the Authority of:
  - (a) details of any dissent at Council;
  - (b) details of any dissent from its community boards.
12. Any person (including individual community boards) also has the ability to express any opposing views they might have on the Council's final proposal direct to the Remuneration Authority. Although there is no set closing date for the lodging of such submissions with the Authority, they should be lodged as soon as possible after the Council has reached a final decision on its preferred remuneration structure, as the Authority intends to deal with each application within a relatively short time-frame.

## STAFF RECOMMENDATION

It is recommended that the Board recommends that the Council:

- (a) Adopt the salary only model as its basis of remuneration for elected members of the Christchurch City Council for the remainder of the 2010/11 financial year.

*Note: The remuneration framework requires all community board members to be paid an annual salary (i.e. there is no provision for the payment of meeting fees to community board members).*

- (b) Recommend to the Remuneration Authority for its approval that the remuneration levels for the Deputy Mayor, Councillors, Community Board Chairs and remaining Community Board members be retained at the same ratios as those for 2008/09, 2009/10 and the three month period leading up to the 9 October local body elections, i.e. that the status quo be retained.

- (c) Note that the Remuneration Authority must be advised of any dissent expressed by members of the Council or its Community Boards in relation to the Council's final proposal.

## BACKGROUND (THE ISSUES)

### Remuneration Framework

13. 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).
14. A brief summary of the remuneration framework and the rules and principles under which the Remuneration Authority works is attached as **Attachment One**.

15. The indicative pool for Christchurch City Council elected member remuneration in the remainder of 2010/11 is \$1,472,123. This is for the total remuneration for the Deputy Mayor and Councillors, and 50 per cent of the total remuneration paid to **elected** Community Board members (excluding Councillors as they have been appointed by the Council to community boards). Fifty per cent of the total remuneration paid to elected community board members is paid outside the pool.
16. 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.
17. 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.
18. The Mayor's salary is set independently by the Remuneration Authority, and is not 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.

**Prior to Election: Determination**

19. The salaries that applied to Christchurch City Council elected members for the 2009/10 (excluding the Mayor), carried over to the period up to Friday 15 October (the date current elected members came into office), were:

	<b>Total Positions</b>	<b>Individual Salary</b>	<b>Totals</b>
Deputy Mayor	1	\$99,571	\$99,571
Councillors	12	\$86,249	\$1,034,988
<i>Total Councillors salaries</i>	13		<i>\$1,134,559</i>
City CB Chairs	6	\$24,270	\$145,620
BP CB Chairs	2	\$16,018	\$32,036
City CB members	24	\$16,989	\$407,736
BP CB members	8	\$11,216	\$89,728
<i>Total CB salaries</i>	40		<i>\$675,120</i>
<i>less 50% outside pool</i>			<i>\$337,560</i>
<b>Total paid from pool</b>			<b>\$1,472,119</b>

20. Factors underlying the rationale given previously by the Remuneration Authority in 2007 for approving the above ratio between Councillors and Community Boards, and Deputy Mayor and Councillors, are as follows:
  - (a) The size, complexity and in particular the accountability of the Councillors' role, especially compared to that of the members of Community Boards
  - (b) Maintaining a margin between the remuneration of the Deputy Mayor and that of a Councillor
  - (c) City Community Board Chairs – maintaining relativity with other urban Community Board Chairs
  - (d) Maintaining a 70 per cent relationship between the remuneration of Community Board members and that of the Board Chairs

- (e) The remuneration for Chairs of the Peninsula Community Boards is well above the norm for chairs of rural community boards, but as part of Christchurch City there is a wider role for both the chairs and members, and a corresponding extra time commitment, which may not be faced by members of other rural community boards.

#### **Post Elections: Interim Determination**

21. The Remuneration Authority has already made an interim determination called the Local Government Elected Members (2010/11) (Except Auckland) Determination 2010 (SR2010/245). This interim determination is for the period from 15 October 2010 (when Councillors and elected Community Board members came into office) which provides for the payment of the following salaries to elected members of the Christchurch City Council in the immediate post election period:

<b>Position</b>	<b>Annual Salary</b>
Mayor	\$158, 527 (less adjustment for value of car supplied)
Councillors	\$69,000 (80% of previous levels)
Community Board members (metro)	\$15,300 (90% of previous levels)
Community Board members (Banks Peninsula)	\$10,000

22. These interim salaries will apply up until the date on which the Council has reached a decision on the preferred allocation of the indicative remuneration pool and the Council's agreed proposal has been submitted to and approved by the Remuneration Authority. Any increases applicable (including those relating to the positions of Deputy Mayor and Community Board Chairs) can then be backdated. The likely timing of the Authority's decision, which will be set out in its Determination, is February or March 2011.

#### **Basis of Remuneration**

23. 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.
24. Christchurch City Council has had a salary only basis for remuneration of all its elected members since 2004.

#### **REMUNERATION STRUCTURE FOR REMAINDER OF 2010/2011**

25. Given that:
- (a) the total amount of the remuneration pool is unchanged from the previous financial year, and
  - (b) the Remuneration Authority has previously set out its views on the remuneration ratio between Councillors and Community Board members, including a distinction between metropolitan and rural Community Boards.

It is proposed that the remuneration levels for the Deputy Mayor, Councillors, Community Board Chairs and remaining Community Board members be continued at the same levels as those immediately prior to the election, i.e. retain the status quo.

26. While there are many possible options that can be provided on this topic (such as a mix of salary and meeting fees and other differences between elected members), given the Remuneration Authority's previous determinations staff are recommending that the 2009/10 relativities between elected members set out in paragraph 20 continue and be adopted by the Council as set out in the staff recommendation.