



ELECTED MEMBER REMUNERATION FOR 2011/12

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| General Manager responsible: | General Manager Regulation & Democracy Services, DDI 941 8462 |
| Officer responsible: | Democracy Services Manager |
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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 twelve month period beginning 1 July 2011.

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 for the 2011/12 year has been fixed at \$1,510,828. This is an increase of \$38,705 in the size of the pool (approximately 2%) compared to this current financial year, which is \$1,472,123.
3. The pool excludes the Mayor's gross salary of \$168,700 which has already been fixed by the Remuneration Authority. This has not been increased.
4. 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 53 elected members (Councillors and Community Board members) for the 2011/2012 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.
5. Given that:
 - (a) the Remuneration Authority has recently confirmed its views on the remuneration ratio between Councillors and Community Board members, including a distinction between metropolitan and rural Community Boards, and
 - (b) the Council has only recently discussed this remuneration ratio on 10 April 2011 when submitting a proposal to the Authority for the remuneration for the balance of this current financial year,

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 ratios as those for the 2010/11 year, and that the increase of \$38,705 in the size of the pool be allocated on a pro-rata basis across all elected member roles.

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

FINANCIAL IMPLICATIONS

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

7. With the increase in the pool there will be an increase in overall remuneration for elected members of \$47,588; comprising the \$38,705 increase as well as an additional \$8,883 to meet the increase in community board remuneration from outside the pool. Provision for this increase will be made in the draft 2011/12 Annual Plan.

LEGAL CONSIDERATIONS

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

8. 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 2011/12 remuneration proposal (or any variation thereof) has been approved by the Remuneration Authority, it will be gazetted via the Local Government Elected Members' Determination 2012.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

9. 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?

10. Not applicable.

CONSULTATION FULFILMENT

11. The Council's proposal for remuneration must be received by the Remuneration Authority no later than May 2011 so that the Authority can issue its Determination prior to 1 July 2011. 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.
12. In submitting its proposal to the Remuneration Authority, the Council is required to notify the Authority of:
- (a) details of any dissent at Council; and
 - (b) details of any dissent from its community boards.
13. 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

14. It is recommended 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 2011/12 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) Agree to submit the proposal set out in paragraph 27 of this report to the Remuneration Authority, which provides for 2010/11 remuneration levels and ratios to be applied for 2011/12, with the increase in the pool's size of \$38,705 and associated increase of \$8,883 from outside the pool to be allocated on the 2010/11 pro-rata basis across all elected member salaries (with the exception of the Mayor).
 - (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

15. 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).
16. A brief summary of the remuneration framework and the rules and principles under which the Remuneration Authority works is attached as **Attachment One**.

17. The indicative pool for Christchurch City Council elected member remuneration in the remainder of 2011/2012 is \$1,510,828. 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.
18. 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.
19. 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.
20. 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.
21. 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.
22. Christchurch City Council has had a salary only basis for remuneration of all its elected members since 2004.

Current Remuneration Levels

23. The salaries that currently apply to Christchurch City Council elected members for the 2010/11 year (excluding the Mayor) are:

| Position | Total Positions | Individual Salary | Totals |
|-----------------------------------|-----------------|-------------------|--------------------|
| Deputy Mayor | 1 | \$99,571 | \$99,571 |
| Councillors | 12 | \$86,249 | \$1,034,988 |
| <i>Total Councillors salaries</i> | <i>13</i> | | <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> | <i>40</i> | | <i>\$675,120</i> |
| <i>less 50% outside pool</i> | | | <i>\$337,560</i> |
| Total paid from pool | | | \$1,472,119 |

24. The proportions in percentage terms of the current 2010/11 Determination as set by the Remuneration Authority are:

| | |
|--|--|
| <i>Deputy Mayor</i> | |
| <i>Councillors x 12</i> | <i>(86.62% of Deputy Mayor's salary)</i> |
| <i>City Community Board Chairs x 6</i> | <i>(28.14% of Councillors)</i> |
| <i>City Community Board members x 24</i> | <i>(70% of City Board Chair)</i> |
| <i>Peninsula Community Board Chairs x 2</i> | <i>(66% of City Board Chair)</i> |
| <i>Peninsula Community Board members x 8</i> | <i>(70.02% of Peninsula Board Chair)</i> |

25. 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.
26. In a letter to the Council dated 2 March 2011, responding to the Council's proposal for 2010/11 remuneration that was adopted at the Council meeting of 10 February 2011, the Remuneration Authority has confirmed its views on the differing levels of remuneration (see **Attachment Two**).

Proposed New Remuneration Levels

27. 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 points outlined in paragraphs 25 and 26 above and that elected members have discussed these issues within the past three months, it is proposed that the 2010/11 relativities between elected members be continued for the next financial year, with the increase in the pool allocated on a pro-rata basis resulting in the following adjustments:

| | Total Positions | Individual Salary | Totals |
|-----------------------------------|------------------------|--------------------------|--------------------|
| Deputy Mayor | 1 | \$102,190 | \$102,190 |
| Councillors | 12 | \$88,517 | \$1,062,204 |
| <i>Total Councillors salaries</i> | 13 | | \$1,164,394 |
| City CB Chairs | 6 | \$24,909 | \$149,454 |
| BP CB Chairs | 2 | \$16,440 | \$32,880 |
| City CB members | 24 | \$17,436 | \$418,464 |
| BP CB members | 8 | \$11,511 | \$92,088 |
| <i>Total CB salaries</i> | 40 | | \$692,886 |
| <i>less 50% outside pool</i> | | | \$346,443 |
| Total paid from pool | | | \$1,510,837 |