

## 7. ELECTED MEMBERS' REMUNERATION 2006/07

<b>General Manager responsible:</b>	General Manager Regulation and Democracy Services, DDI 941-8549
<b>Officer responsible:</b>	Secretariat Manager
<b>Author:</b>	Max Robertson, Council Secretary

### PURPOSE OF REPORT

1. The purpose of this report is to formally advise the Council of the Remuneration Authority's decision relating to the remuneration structure to apply for Christchurch City and Christchurch Community Boards for 2006/07, and the associated expenses and allowances schedule approved by the Authority.

### EXECUTIVE SUMMARY

2. At its meeting on 11 May 2006 the Council considered a report suggesting a number of remuneration options, and summarising the preferences expressed by each of the eight City Community Boards regarding those options. Rather than adopting one of the options previously considered by the Community Boards, the Council instead adopted a new option, which envisaged the continuation of the existing salaries for the Deputy Mayor, Councillors and Metropolitan Community Board Chairs and members, and the payment of the Chairs and members of the two Banks Peninsula Community Boards at the same rates as their urban counterparts.
3. A deputation from the Council comprising Councillors Anna Crighton and Bob Parker, plus Mrs Yvonne Palmer and the General Manager Regulation and Democracy Services, met with the Remuneration Authority in Wellington on 24 May. At that meeting the Council's representatives made strong representations in support of the Council's proposal.
4. The Remuneration Authority subsequently decided not to accept the Council's proposal, and instead:
  - Agreed to increase the remuneration pool to \$1,589,645 (ie an increase of \$60,395) to enable the current salaries for the Deputy Mayor, Councillors and the Chairs and members of both metropolitan and Banks Peninsula Community Boards to be continued at the same levels during 2006/07.
  - Amended the proposed rules for the payment of expenses and allowances submitted by the Council to:
    - continue the communications allowance at the present level of \$120 per month (rather than increasing it to \$150 per month as proposed by the Council).
    - provide for car mileage to be paid at "the rate per kilometre approved by the Remuneration Authority" so that if the RA subsequently amends the rate payable (currently 70 cents per kilometre) the new rate can be automatically applied without having to seek fresh approval.
5. A schedule setting out the salaries approved by the Authority for 2006/07 is attached to this report as Appendix 1. Although the salaries for the remaining positions will continue at their present levels, the Mayor's gross salary has increased from \$146,110 to \$151,330 per annum, although the latter figure has been reduced by the Authority to \$147,037, in recognition of the assessed value of the Council car made available for the Mayor's use.
6. The Council is bound by the Remuneration Authority's Determination.
7. As indicated later in this report, the RA has advised that the Council should not anticipate a further increase to the remuneration pool next year. However, it will be open to the Council to reconsider the allocation of the pool, and the margins applicable to all positions after the 2007/08 pool has been released. Although it will be open to the Council at that time to recommend to the RA some increase in the salaries of the Chairs and members of the two Banks Peninsula Community Boards, the RA has sent a clear message that it is unlikely to approve full parity with their urban counterparts.

8. A remuneration seminar for both Councillors and Community Board members will be held in the Councillors' Lounge between 10am and 1pm on Monday 18 September 2006 when the Chairman of the RA (Mr David Oughton) will outline for elected members the legislative and procedural framework within which the RA is required to operate in determining elected member salaries.
9. A further seminar will be held later this year or early next year to consider the allocation of the 2007/08 pool, before a report is submitted to the Council.

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

10. The Remuneration Authority Act permits the Authority to make final determinations in respect of each Council's remuneration structure. The Council's Draft LTCCP has been updated to reflect the Authority's decision.

#### **STAFF RECOMMENDATIONS**

It is recommended that the Council:

- (a) Receive the information.
- (b) Reconsider the salaries to be recommended for each position within the available pool when the new pool for Christchurch City for 2007/08 is released by the Remuneration Authority.

## REMUNERATION AUTHORITY'S DECISION ON REMUNERATION FOR 2006/07

### Salaries

11. The following are the relevant extracts from the Remuneration Authority's letter of 31 May 2006 regarding the salaries which are to apply in respect of Christchurch City and Christchurch Community Boards for 2006/07:

*"The Authority has decided to increase the 2006/07 remuneration pool for the Christchurch City Council by \$60,395 to \$1,589,645. By charging 50% of Community Board salaries to the pool, the Council will be able to maintain all salaries at their current level (in effect Option Seven in the attachments to the letter of 12 May).*

*Our decision not to accept the Council's proposal was based on three main considerations.*

*First, it does not seem to the Authority a sustainable position that the governance and representation costs for Banks Peninsula should increase by more than 60% as a result of the amalgamation with Christchurch City. (This is based upon the figures in Annex 2 to this letter.) Indeed, the formula the Authority uses to set the total remuneration pool, and which has broad acceptance among local authorities, does not generate a 1:1 relationship between growth in size of a local authority and its governance cost. It seems to us that at least some cost efficiency as a result of this amalgamation should be reflected in the remuneration pool for the now amalgamated authorities, even if this may not be fully realised in the first year or so of transition.*

*Second, we remain unconvinced that the Banks Peninsula Community Board positions are either as "big" as those in the metropolitan area, or have grown as a result of the amalgamation to warrant a more than 300% increase in their remuneration.*

*Third, we have concerns about the relativity with Community Boards in other jurisdictions, and in particular those in neighbouring areas to Christchurch. This is a matter of fairness to those who have accepted and are working within the framework we have applied to set their remuneration. Put simply, we could not justify to them acceptance of Christchurch City's proposals for the Banks Peninsula Community Boards.*

*Against these arguments we recognise that there is a transition issue to be managed. It would not be reasonable to expect elected representatives to accept a reduction in remuneration (unless the Council agreed a significant redistribution of members' responsibilities as a result of the amalgamation) during their term of office. Therefore, we have agreed to increase the remuneration pool to \$1,589,645 to enable current salaries to be held.*

*The Council should not anticipate a further increase to the remuneration pool next year. It may well be that the application of the formula for setting the remuneration pool for 2007/08 will result in a figure similar to, or even below, \$1,589,645.*

*If the 2007/08 figure is less than now being approved, the Authority will hold all salaries at the level now approved until the date set for the 2007 elections."*

### Schedule of Gross Salaries Payable for 2006/07

12. A schedule listing the gross salaries approved by the Authority in respect of Christchurch City for 2006/07 is attached to this report as Appendix 1. Again, it should be noted that the salary applicable in the case of the Mayor has been reduced to \$147,037 per annum, reflecting the value of the Council car made available for the Mayor's use.

### Schedule of Expenses and Allowances

13. A copy of the amended schedule of expenses and allowances approved by the RA is attached to this report as Appendix 2. It should be noted that elected members can now claim car mileage for a wider range of events than previously.