

7. REMUNERATION AUTHORITY: POST ELECTION ELECTED MEMBERS' REMUNERATION



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PURPOSE OF REPORT

1. The purpose of this report is to:
 - (a) advise the Council of the salaries which will be payable to elected members in the immediate post election period, and;
 - (b) advise the Council of the Remuneration Authority's views regarding the possible allocation of the Remuneration Pool for the balance of the current financial year, following the immediate post-election period.

SALARIES PAYABLE IN THE INTERIM POST ELECTION PERIOD

2. The Remuneration Authority (RA) has forwarded an advance copy of an interim determination which will be gazetted towards the end of August, which provides for the payment of the following salaries to members of the Christchurch City Council and Christchurch Community Boards in the immediate post election period:

Position	Annual Salary
Mayor	\$156,590 (less adjustment for value of car supplied)
Councillors	\$67,000
Urban Community Board members	\$15,000
Banks Peninsula Community Board members	\$6,300

3. In all cases, these interim salaries will apply up until the date on which the incoming Council has reached a decision on the preferred allocation of the indicative remuneration pool of \$1,581,844 and the Council's agreed proposal has been submitted to and approved by the RA. Any increases applicable (including those relating to the positions of Deputy Mayor, Committee Chairpersons and Community Board Chairs) can then be backdated to the date on which any standing committees were established and/or Councillors were appointed to those positions. Any increase in the base remuneration for Councillors or Community Board members will also be backdated to the date on which they were declared elected.

FINAL DETERMINATION FOR 2007/08

4. The RA will send out forms in due course, seeking the incoming Council's recommendations regarding the remuneration of members of the newly elected Council and Community Boards.
5. The following are the relevant extracts from the RA's letter of 1 August 2007:

"The Authority is aware that the incoming council and officers will face some challenges establishing a remuneration pool that brings expenditure within the indicative pool established by the Authority for the 2007-2008 financial year."

"The Authority reiterates its previous advice that sitting representatives, having been protected from unanticipated remuneration reductions post the Christchurch City/Banks Peninsula amalgamation, must now develop a remuneration structure that reflects the respective responsibilities of elected representatives, but can be accommodated within the indicative pool."

"Developing the interim determination in a way that allows some flexibility for the incoming representatives has been at the forefront of the Authority's mind. The approach taken by the Authority in establishing the interim determination is outlined below:"

1. *Councillors' remuneration has been frozen since July 2005. Had normal movements applied, salary could have been expected to rise by approximately 7%. The Authority has factored in this movement (to a notional salary of \$83,450) and has then set the interim salary at 80% of this figure \$67,000.*

This adjustment reflects the Authority's view that councillors cannot be expected to carry the cost of the amalgamation indefinitely, but the headroom provides scope for the council to review its structure, and remuneration of the Deputy Mayor.

2. *Having applied the Mayor's salary and the notional councillors' salaries to the pool, the Authority was left with a figure of approximately \$327,000 available within the pool to fund community boards. This equates to \$654,000 for community board salaries. Two principles could have been applied in allocating that pool: either a structure that reflected parity of remuneration among boards; or the current structure where two levels of salary apply. For the purpose of this determination, the Authority has continued to apply a differential between the urban and rural boards, setting the interim board salaries at \$15,000 and \$6,300 respectively.*

The attached table shows the two possible approaches. Even maintaining this structure requires significant reductions in urban community board salaries, albeit less substantial than had all community board members' salaries been moved to a single regime. In completing our calculation a margin of approximately 50% was estimated for the salaries of board chairs, and then a figure set at 90% of the possible rate.

3. *No additional remuneration is established for other positions (such as standing committee or community board chairs).*
4. *The Mayor's salary remains unchanged from the 2007-2008 determination (including adjustments made to recognise provision of a motor vehicle for private use).*
5. *No allocation of meeting fees has been made or will be paid for the interim period."*
6. The two possible approaches suggested by the RA indicate payment of the following post-election salaries, depending on the approach taken by the incoming Council:

Position	Scenario 1 (Equality of Community Board Salaries)	Scenario 2 (Differential between Metropolitan and Banks Peninsula Community Boards)
Mayor	\$156,590	\$156,590
Deputy Mayor	\$96,450	\$96,450
Councillors	\$83,450	\$83,450
Urban Community Board Chairs	\$22,000	\$25,500
B.P. Community Board Chairs	\$22,000	\$14,200
Urban Community Board members	\$15,000	\$17,000
B.P. Community Board members	\$15,000	\$7,800

7. At its meeting on 23 March 2007 the present Council adopted a resolution which envisaged equality of urban and Banks Peninsula Community Board salaries after the elections.

FINANCIAL IMPLICATIONS

8. There are no direct financial implications, insofar as provision has been made in the 2007/08 Annual Plan for elected member salaries to be accommodated within the total available pool of \$1,581,844.

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

9. Not applicable.

LEGAL CONSIDERATIONS

10. The principal statutory provision which applies in this instance is the Remuneration Authority Act 1977.

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

11. Yes.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

12. Page 113 of the LTCCP, level of service under Democracy and Governance refers.

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

13. As above.

ALIGNMENT WITH STRATEGIES

14. Not applicable.

Do the recommendations align with the Council's strategies?

15. Not applicable.

CONSULTATION FULFILMENT

16. All elected members will be consulted regarding the preferred allocation of the pool before a formal report is submitted to the Council following the elections, and the Council's decision thereon is conveyed to the RA.

STAFF RECOMMENDATION

It is recommended that the Council receive the information contained in this report, and the associated advice received from the Remuneration Authority.