

16. ELECTED MEMBERS' REMUNERATION 2008/09

General Manager responsible:	General Manager Regulation and Democracy Services, DDI 941-8549
Officer responsible:	Democracy Services Manager
Author:	Max Robertson

PURPOSE OF REPORT

1. The purpose of this report is to:
 - (a) Enable the Council to formulate a proposal to be submitted to the Remuneration Authority for the payment of salaries to elected members for the 2008/09 year.
 - (b) Seek approval for the associated schedule of expenses and allowances for 2008/09 to be submitted to the Remuneration Authority with the Council's proposal.

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 \$1,583,335 for the 2008/09 financial year and that the Mayor's gross salary has been fixed at \$158,081. This means that the amount available to be paid as remuneration for Councillors (including the Deputy Mayor) and community board members is \$1,425,254.
3. The following is a comparison between the 2008/09 Christchurch City remuneration pool, and the pools applicable in preceding years:

Year	Pool
2005/06	\$1,469,944
2006/07	Base pool \$1,529,250 plus temporary adjustment of \$60,395 to allow continuation of existing salaries.
2007/08	\$1,581,844
2008/09	\$1,583,335

4. Therefore, the difference between the 2007/08 remuneration pool and the 2008/09 pool is an increase of \$1,491.
5. The increase of \$1,491 in the available pool, is exactly the amount required to cover the increase in the Mayor's salary, from \$156,590 (2007/08) to \$158,081 (2008/09). Therefore, all remaining elected member salaries can be maintained at their present levels for 2008/09.
6. The following schedule lists the salaries which apply until 30 June 2008, and the salaries proposed to apply from 1 July 2008:

Position	Current Salaries	Current 2007/08 Remuneration Sum	Current 2007/08 Remuneration Sum within Remuneration Pool	Proposed 2008/2009 Salaries	Proposed 2008/09 sum within remuneration pool
Mayor	\$156,590	\$156,590	\$156,590	\$158,081	\$158,081
Deputy Mayor	\$96,400	\$96,400	\$96,400	\$96,400	\$96,400
Councillors (12 positions)	\$83,500	\$1,002,000	\$1,002,000	\$83,500	\$1,002,000
Community Board Chairs (6 City Boards) (6 positions)	\$23,500	\$141,000	\$70,500	\$23,500	\$70,500
Community Board Members (6 City Boards) (24 positions)	\$16,450	\$394,800	\$197,400	\$16,450	\$197,400
Community Board Chairs (Lyttelton/Mt Herbert and Akaroa/Wairewa) (2 positions)	\$15,510	\$31,020	\$15,510	\$15,510	\$15,510
Community Board Members (Lyttelton/Mt Herbert and Akaroa/Wairewa) (8 positions)	\$10,860	\$86,880	\$43,440	\$10,860	\$43,440
Totals:		\$1,908,690	\$1,581,840		\$1,583,331

7. It is considered that little would be gained by seeking substantial alterations to the salary margins which currently apply.
8. With regard to the proposed allowances and expenses for elected members in 2008/09, staff are recommending that the Council again seeks payment of a flat communication allowance.

FINANCIAL IMPLICATIONS

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

9. Sufficient provision has been included in the 2008/09 Annual Plan for all elected member salaries to be continued at or about their present levels, until 30 June 2009.

LEGAL CONSIDERATIONS

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

10. 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 2008/09 remuneration proposal (or any variation thereof) has been approved by the Remuneration Authority, it will be gazetted via the Local Government Elected Members' Determination 2008.

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?

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

ALIGNMENT WITH STRATEGIES

Do the recommendations align with the Council's strategies?

12. Not applicable.

CONSULTATION FULFILMENT

13. In view of the fact that there is little or no option but to maintain salaries at the present levels through to 30 June 2009, and given that the Authority has requested the proposed figures for 2008/09 by 1 April 2008, community boards have not been formally consulted on the allocation of the 2008/09 pool. However, all Board members have been made aware of the contents of this report, and their ability to make submissions direct to the Remuneration Authority.

STAFF RECOMMENDATIONS

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 2008/09 financial year.

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

- (b) Agree to submit the proposal set out in clause 6 of this report to the Remuneration Authority, which provides for the salaries payable to all elected members (with the exception of the Mayor) to be continued at their present levels for the year ending 30 June 2009.
- (c) Resolve to submit to the Remuneration Authority for its approval the proposed rules and policies for the reimbursement of elected member expenses and allowances for the year ending 30 June 2009 described in Appendix A of this report.
- (d) 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 proposal.

BACKGROUND ON ELECTED MEMBERS' REMUNERATION 2008/09

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. 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 2008/09 pool, with any adjustments to the present salaries being applicable from 1 July 2008.
16. The Authority has now released the Christchurch City indicative pool for 2008/09, which amounts to:

Total pool	\$1,583,335
less Mayor's gross salary	\$158,081

Nett pool available for Deputy Mayor, 12 Councillors, eight community board chairs and 32 community board members	\$1,425,254
17. This represents an increase of \$1,491 in the pool approved by the Authority for 2007/08. This increase of \$1,491 in the available pool, is exactly the amount required to cover the increase in the Mayor's salary, from \$156,590 (2007/08) to \$158,081 (2008/09). Therefore, all remaining elected member salaries can be continued at their present levels for 2008/09.
18. 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.
19. 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.
20. 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.
21. 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, 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.

DISCUSSION

Basis of Remuneration

22. 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. However, because of the administrative difficulties associated with the payment of meeting fees and in ensuring that the total remuneration paid does not exceed the pool in any one year, it is recommended that the Council retain the salary only model for all elected members, rather than reverting to a mixture of salary and meeting allowances.

Distribution Options

23. Although a variety of distribution options were considered by the Council and community boards both prior to and following the elections, it is considered that little would be gained by attempting to revisit the margins prescribed by the Remuneration Authority in its post-election determination.
24. It is therefore recommended that the present salaries for all elected members (apart from the Mayor) be continued at their present levels for 2008/09.

Elected Member Allowances and Expenses

25. 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 A is similar to the schedule previously approved by the Authority for the remainder of 2007/08, with the following exceptions:
- For 2008/09 it is proposed to restrict the supply of laptops and printers to the Mayor, Deputy Mayor, Councillors and Community Board Chairs, reflecting the fact that there is insufficient funding currently available in the LTCCP for this hardware to be supplied for all community board members
 - It seeks approval for the payment of a flat communications allowance of \$100 per month to the Deputy Mayor, Councillors and all Community Board members, in place of the maximum reimbursing payment of \$100 which can currently be claimed by all elected members upon production of receipted accounts.

These amendments are shown in bold on page 8 of the Schedule.

26. The schedule submitted to and approved by the Authority for the remainder of the current year made provision for laptops and printers to be supplied to all elected members. However, inclusion of that provision was due to staff error. The report to the Council meeting of 7 November 2007 did not specifically recommend that provision, given the significant additional cost involved (approximately \$105,000 for equipment plus running costs), and the fact that no provision for this additional expenditure has been made in the current LTCCP. Unfortunately, the staff error was to have included the words "Community Boards" in relation to provision of laptops and printers, in the version of the allowances and expenses policy attached to the Council report for approval. In these circumstances, it is proposed to limit the supply of this equipment to the Mayor, the Deputy Mayor, Councillors and Community Board Chairs for the remainder of 2008/09 (which has been the practice in previous years), although it is proposed that the Council will continue to provide all members with a broadband connection.
27. Currently the Deputy Mayor, Councillors and all Community Board members can claim a maximum reimbursement of \$100 per month for the following costs, subject to the production of receipted accounts, with the relevant Council or Community Board related charges clearly identified:
- Council or Community Board related toll calls made from members' home telephone lines
 - Call charges for Council or Community Board related calls made from members' cellphones
 - Broadband.
28. In earlier communications, the Remuneration Authority has indicated a strong preference for reimbursing payments, rather than the payment of flat communications allowances. The Authority has also previously commented that administrative convenience is not in itself sufficient reason to pay standard communications allowances, rather than reimbursing payments. However, the requirement to submit fully documented claims has major downsides for both elected members and staff. As an example, one Councillor uses three different internet providers for emails, and three different phone providers, all with separate accounts. The cellphone plan used by the member in question permits 200 minutes within a flat charge, with the result that it is difficult for the member to cost out individual calls. The collation, checking and approval of documented claims also involves a considerable amount of time for both staff and Councillors.
29. It is noted that the Authority has recently approved the payment of flat communications allowances in the cases of some other Councils, eg North Shore City and the Wellington Regional Council.

30. The amended schedule attached as Appendix A therefore seeks approval for the payment of the following flat communications allowances:

The Deputy Mayor, Councillors and all Community Board members

A flat allowance of \$100 per month as a contribution towards:

- The standard cost of a residential phone connection
- Council or Community Board related toll calls made from members' home telephone line
- Call charges for Council or Community Board related calls made from members' cellphones
- Broadband charges related to Council or Community Board business.

Unanimity of the Council's Decision

31. 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.
32. Community Boards and individual Community Board members (or any other person) also have the ability to express any opposing views they might have on the Council's final proposal direct to the Remuneration Authority.
33. 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

34. The salaries and expenses approved by the Remuneration Authority will apply from 1 July 2008 until 30 June 2009.