


4. PROPOSAL FOR ELECTED MEMBERS' REMUNERATION 2009/10

 General Manager responsible:	General Manager Regulation and Democracy Services, DDI 941-8462
Officer responsible:	Democracy Services Manager
Author:	Lisa Goodman, Democracy Services Manager

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 salaries to elected members of the Christchurch City Council for the 2009/10 year.
2. A separate report on the issue of expenses and allowances for the same period will be submitted to the Council at a later date, so that full consideration can be given by the eight Community Boards and the Council to a recent proposal of the Remuneration Authority on the matter of mileage expenses.

EXECUTIVE SUMMARY

3. In December 2008 the Remuneration Authority advised that the indicative remuneration pool for the 2009/10 year for the elected members of the Christchurch City Council and its eight community boards has been fixed at \$1,635,235 (an increase of \$51,900 from the 2008/09 pool of \$1,583,335). The Authority has requested that it receive proposals from local authorities on the distribution of the pool by 1 April 2009.
4. Although a variety of distribution options was considered by the Council and community boards both prior to and following the October 2007 election, it is considered that little would be gained by attempting to revisit the margins prescribed by the Remuneration Authority in its post-election determination (**see Attachment A**).
5. In a letter dated 28 January 2009 (see Attachment B), the Remuneration Authority has made reference to current media and public interest in the remuneration of public officials, and related enquiries as to whether it is mandatory that local authorities fully allocate their 2009/10 remuneration pools. The Authority notes in its letter that its preference is for the pools to be fully allocated, and while prepared to consider submissions from any council for other than a full allocation of the pool where there is unanimity among its elected representatives for this course of action, it will be looking for valid reasons to agree to such requests.
6. Once the Remuneration Authority's Determination is made the Council is required to fully allocate the pool as set out in the Determination. The Council has no power to decide not to fully allocate the Pool. The Council's proposal arising from this report is the only opportunity the Council has to say to the Remuneration Authority that the Council does not wish to receive any increase.
7. This report therefore presents two options for the Council's proposal to the Remuneration Authority:
 - Option A: retain the status quo; to apply the 2008/09 margins for salary allocations from the pool for 2009/10, with the increase in the pool's size of \$51,900 to be allocated on the current 2008/09 pro-rata basis across all elected member salaries (with the exception of the Mayor as his salary has already been determined by the Remuneration Authority).
 - Option B: a zero remuneration adjustment; for salaries to remain at their current 2008/09 level without utilising the increase in the 2009/10 pool.
8. Consultation was undertaken with eight community boards in December 2008. Given the timing of the Remuneration Authority's letter of 28 January 2009 regarding the issue of full allocation of 2009/10 remuneration pools, there has been insufficient time to formally consult with the community boards for their views on Option B and incorporate those views in this report. All Board members have been given a copy of this letter, however, and Community Board Chairs present at this meeting will have the opportunity to advise the Council of their Boards' views.

FINANCIAL IMPLICATIONS

9. For Option A there would be an increase in overall remuneration for elected members of \$62,615; comprising \$51,900 for the increase in the remuneration pool, as well as an additional \$10,715 to meet the increase in community board salaries from outside the pool. This additional expenditure has not been taken into account in the draft 2009-19 LTCCP. Therefore if the Council supports Option A in its submission to the Remuneration Authority, the sum of \$62,615 will need to be included in the final 2009-19 LTCCP by 30 June 2009.
10. There are no financial implications for Option B. There is sufficient provision in the draft 2009-2019 LTCCP for all elected member salaries to be continued at or about their present levels from 1 July 2009.

LEGAL CONSIDERATIONS

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

11. 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 2009/10 remuneration proposal (or any variation thereof) has been approved by the Remuneration Authority, it will be gazetted via the Local Government Elected Members' Determination 2009.

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?

12. Yes. 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?

13. Not applicable.

CONSULTATION FULFILMENT

14. In August 2008 the Remuneration Authority wrote to the Council noting that *"For some Councils with Community Boards there still appears to be an issue over the time of discussions between Councils and Community Boards over the formula/process for considering recommendations on remuneration levels. It seems to the Authority that the basic timetable for dealing with indicative pools is now well established ... It would therefore seem appropriate for all Councils and Community Boards to debate and decide in advance, a formula for allocation of the pool as between the Council and Community Boards. Then, when the indicative pool levels are available, the application of the formula should in most cases be a "mechanical" process that can be readily accommodated within the normal scheduled meetings of Councils and Community Boards"*.
15. Community boards were therefore given the opportunity prior to Christmas to make a recommendation on the proposed formula for the 2009/10 year, so that comments could be incorporated into this report. That proposed formula was based on the status quo. We have since received notification by the Remuneration Authority of both the size of the indicative remuneration pool for 2009/10, and the issue of some councils seeking zero remuneration adjustments.
16. Community Board recommendations and comments on the proposed formula are outlined in paragraphs 34-44 of this report. As these Board recommendations were reached before the 28 January 2009 letter in **Attachment B** was received, the Boards' views on Option B will need to be advised to the Council through the Board Chairs at this meeting.
17. All Board members have been made aware of their ability to make submissions direct to the Remuneration Authority.

STAFF RECOMMENDATION

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 2009/10 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) Submit the following proposal to the Remuneration Authority for the 2009/10 remuneration of the elected members of the Christchurch City Council and the eight Christchurch community boards (with the exception of the Mayor):

Either:

Option A: That the 2008/09 remuneration levels be applied for 2009/10, with the increase in the pool's size of \$51,900 to be allocated on the 2008/09 pro-rata basis across all elected member salaries (with the exception of the Mayor)

Or:

Option B: That there be a zero remuneration adjustment for the Christchurch City Council from 2008/09 levels.

- (c) Note that for the Council to propose a zero remuneration adjustment as outlined in Option B of this report, the Remuneration Authority has stated that:
 - (i) there should be unanimity amongst a council's elected representatives for such a course of action, and
 - (ii) there should be valid reasons for the Remuneration Authority to agree to such proposals.
- (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

18. 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). The Authority approves a "remuneration pool" for each local authority, the size of which is determined by a number of consistent and transparent criteria. That criteria includes population, expenditure and assets gross.
19. The 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.
20. 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 to serving on the Community Board.
21. 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.
22. The Mayor's salary is included within the pool, although it is set independently by the Remuneration Authority.
23. Fifty per cent of the total remuneration paid to community board members is paid **outside** the pool.
24. 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. 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 Councillors, rather than reverting to a mixture of salary and meeting allowances.
25. The following table shows the current salary levels paid and the corresponding allocation "formula" in percentage terms.

26. The current pool for the Christchurch City Council in 2008/09 amounts to:

<i>Total pool</i>	1,583,335
<i>less Mayor's gross salary</i>	158,081

<i>Pool available for Deputy Mayor, Councillors and Community Board members</i>	1,425,254

27. The 2008/09 salaries funded from within and outside the pool are as follows:

Position	Current Salaries
Mayor	158,081
Deputy Mayor	96,400
Councillors (12)	83,500
City Community Board Chairs (6)	23,500
Banks Peninsula Community Board Chairs (2)	15,510
City Community Board members (24)	16,450
Banks Peninsula Community Board members (8)	10,860

28. The proportions in percentage terms of the current 2008/09 Determination as set by the Remuneration Authority are:

<i>Deputy Mayor</i>	<i>(60.98% of Mayor's salary)</i>
<i>Councillors x 12</i>	<i>(86.62 of Deputy Mayor's salary)</i>
<i>City Community Board Chair x 6</i>	<i>(28.14% of Councillors)</i>
<i>City Community Board members x 24</i>	<i>(70.00% of City Board Chair)</i>
<i>Peninsula Community Board Chair x 2</i>	<i>(66.00% of City Board Chair)</i>
<i>Peninsula Community Board member x 8</i>	<i>(70.02% of Peninsula Board Chair)</i>

DISTRIBUTION OPTIONS FOR 2009/10

29. The indicative pool for the Christchurch City Council in 2009/10 amounts to:

<i>Total pool</i>	1,635,235
<i>less Mayor's gross salary</i>	163,113

<i>Pool available for Deputy Mayor, Councillors and Community Board members</i>	1,472,122

30. Although a variety of distribution options were considered by the Council and community boards both prior to and following the election, it is considered that little would be gained by attempting to revisit the margins prescribed by the Remuneration Authority in its post-election determination (see Attachment A).
31. Two options are presented for consideration for proposals to be submitted to the Remuneration Authority.

Option A

32. Option A is to essentially maintain the status quo and continue the salary margins that currently apply in 2008/09 (with very slight shifts in those margin percentages to reflect the increase in the Mayor's gross salary). The increase in the pool's size of \$51,900 would be allocated on the current 2008/09 pro-rata basis across all elected member salaries. This would be with the exception of the Mayor as his salary has already been determined by the Remuneration Authority. The table set out in **Attachment C** outlines the salary figures that would apply on that basis for 2009/10.

Option B

33. Option B is a zero remuneration adjustment; for salaries to remain at their current 2008/09 level without utilising the increase in the 2009/10 pool. The table in Attachment C outlines the salary figures that would apply. This option is only put forward on the basis of the letter sent by the Remuneration Authority on the issue of councils querying whether a remuneration pool needs to be fully allocated. The Authority notes in its letter that its preference is for the pools to be fully allocated, and while prepared to consider submissions from any council for other than a full allocation of the pool where there is unanimity among its elected representatives for this course of action, it will be looking for valid reasons to agree to such requests (see Attachment B).

IEWS OF COMMUNITY BOARDS

34. The recommendations of the report submitted to the community boards prior to Christmas essentially recommended the status quo (along the lines of Option A), i.e:

That the Community Board recommend to the Council that it:

- a) *Adopt the salary only model as its basis of remuneration for elected members of the Christchurch City Council for the 2009/10 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) *Apply the following formula for the allocation of the 2009/10 remuneration pool amongst the elected members of the Christchurch City Council and the eight Christchurch community boards (with the exception of the Mayor):*

<i>Deputy Mayor</i>	
<i>Councillors x 12</i>	
<i>City Community Board Chair x 6</i>	<i>(28.14% of Councillors)</i>
<i>City Community Board members x 24</i>	<i>(70.00% of City Board Chair)</i>
<i>Peninsula Community Board Chair x 2</i>	<i>(66.00% of City Board Chair)</i>
<i>Peninsula Community Board member x 8</i>	<i>(70.02% of Peninsula Board Chair)</i>

- (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 2010.*
- (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.*

Akaroa/Wairewa

- 35. The Board decided to recommend that the Council adopt the staff recommendations subject to the points raised by members.
- 36. *Comment:* The Board felt that the percentage allocation recognised that the area of Banks Peninsula needed to be serviced by representatives.

Burwood/Pegasus

- 37. The Board decided to recommend that the Council adopt the staff recommendations (a), (c) and (d), with the amendment to recommendation (b) as follows:
 - (b) That if the pool increases, the quantum of the Deputy Mayor and Councillors remuneration remain unchanged and that the increase be allocated pro rata to all Community Board allocations only.

Fendalton/Waimairi

- 38. The Board decided to recommend that the Council adopt the staff recommendations with the addition of a new recommendation (e):
 - (e) Note that in accepting the status quo currently, the Board requests that the Council give consideration to a change to the model and formula in the future.

Hagley/Ferrymead

- 39. The Board decided to recommend that the Council adopt the staff recommendations.

Lyttelton/Mt Herbert

- 40. The Board decided to recommend that the Council adopt the staff recommendations.
- 41. *Comment:* The Lyttelton/Mt Herbert Community Board considered that the Remuneration Authority did not deal with the issues raised by the Lyttelton/Mt Herbert Board and that there is an implied message from the Remuneration Authority to disregard the work of community boards, using the abolition and inclusion of Banks Peninsula within Christchurch City as an opportunity to ratchet down the remuneration of community boards in the city. The Board considered that the city metropolitan boards are tolerant in their acceptance of the amounts.

Riccarton/Wigram

- 42. The Board decided to recommend that the Council adopt the staff recommendations.

Shirley/Papanui

- 43. The Board decided to recommend that the staff recommendations be adopted, and in addition recommended that the Council:
 - (e) Advocate to the Remuneration Authority for the review of the criteria for establishing remuneration pools for local authorities, and establish a formula more realistic to current day circumstances.
 - (f) Advocate through Zone 5 and Local Government New Zealand for ACC levies to be a classification that fits within the role of an elected member.

Spreydon/Heathcote

44. The Board recommended that the staff recommendations be adopted.

Comment: The Board considers that the remuneration figures for community board members and chairpersons as determined by the Remuneration Authority are not fair.

ELECTED MEMBER ALLOWANCES AND EXPENSES

45. The Council is also required to seek the Remuneration Authority's approval for the allowances and expenses proposed to be paid to elected members.
46. In a letter dated 28 January 2009, the Remuneration Authority has requested that local authorities consider a proposal for the Mileage Allowance for elected members be abolished. Feedback is required by 1 July 2009. While the proposal if adopted by the Authority would apply from the 2011 Local Body elections, the Authority has suggested that there is an opportunity for Councils to make a change along these lines with effect from 1 July 2009.
47. When consulting with community boards prior to Christmas on the issue of remunerations and allowances/expenses, this proposal was not raised. Staff will therefore consult with the community boards in upcoming months on the Authority's proposal regarding mileage, and come back to the Council on the issue of allowances and expenses.

UNANIMITY OF THE COUNCIL'S DECISION

48. 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.
49. 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.
50. 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

51. The salaries approved by the Remuneration Authority will apply from 1 July 2009 until 30 June 2010.