

16. **LOCAL GOVERNMENT (ELECTED MEMBER REMUNERATION AND TRADING ENTERPRISES)
AMENDMENT BILL - SELECT COMMITTEE REPORT**

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This Bill was introduced into Parliament earlier this year and has two purposes:

- (a) To provide for the Higher Salaries Commission to be the remuneration-setting body for members of local authorities; and
- (b) To increase the accountability of Local Authority Trading Enterprises by altering their statutory objectives and extending the provisions of the Local Government Official Information and Meetings Act 1987 and the Ombudsmen's Act 1985 to them.

The Local Government and Environment Select Committee has now heard all submissions on the Bill (including one from this Council) and has reported back to Parliament.

The Committee has recommended that the Bill proceed with a number of changes. Those changes are:

- (a) The Higher Salaries Commission has been authorised to set an ex gratia payment of salary for loss of office by an elected member with the amount not to exceed three months salary.
- (b) Any person, including an elected member, may make written submissions to the Higher Salaries Commission when it is proposing to make a new determination. It is intended that the determinations be three-yearly.
- (c) The provision in the Local Government Act setting out the principal objective of a Local Authority Trading Enterprise has been altered to read:

“(1) The principal objective of a Local Authority Trading Enterprise is to operate as a successful business.

“(2) Operating as a successful business includes –

- (a) achieving the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of corporate intent; and*
- (b) being a good employer; and*
- (c) exhibiting a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.”*

The Committee also recommended that the official information provisions of the Local Government Official Information and Meetings Act 1987 and the provisions of the Ombudsmen's Act 1975 be extended to Local Authority Trading Enterprises. The Committee believed that given the experience of State Owned Enterprises being subject to the Official Information Act 1982 (which is generally similar to the Local Government Official Information and Meetings Act 1987) that the existing safeguards in the Act for the protection of commercially sensitive information were adequate to protect the commercial position of Local Authority Trading Enterprises.

Chairman's

Recommendation: That the information be received.