

8. ELECTED MEMBERS' REMUNERATION

Officer responsible
General Manager Regulation and Democracy
Services

Author
Max Robertson, Council Secretary, DDI 941-8533

PROPOSAL/PURPOSE OF REPORT

The purpose of this report is to submit for the Council's consideration a proposal for the allocation of the balance of the 2004/05 remuneration pool amongst the elected members of the Christchurch City Council and the six Christchurch community boards.

EXECUTIVE SUMMARY

An amendment to the Local Government Act in December 2002 transferred the responsibility for setting the salaries of elected local government representatives to the Remuneration Authority (previously the Higher Salaries Commission). Prior to 1 July 2003 these rates were set by the Minister of Local Government.

When the Remuneration Authority assumed responsibility for this task, councils were given the option of either moving immediately to the new payments regime, or continuing with the rates set by the Minister of Local Government until the October 2004 elections. The former Christchurch City Council chose the latter option, and the rates set by the Minister thus continued to apply until October 2004. Therefore, this is the first occasion on which the Christchurch City Council has been required to devise a preferred payment structure within the remuneration pool.

The Remuneration Authority has advised that the remuneration pool for the elected members of the Christchurch City Council and its six community boards has been set at \$1,425,865 for the 2004/05 financial year and that the Mayor's salary has been fixed at \$143,236 (in the case of the Mayor, this amount represents the gross amount to be debited against the pool - the Mayor's net salary including car use amounts to \$141,590 pa).

Based on the rules and principles set by the Remuneration Authority the Council is now required to determine how it proposes to allocate the pool amongst its elected members for the balance of the 2004/05 financial year and, once agreed, to submit its proposal to the Remuneration Authority for approval.

The proposal must be approved by the Remuneration Authority before the Council can implement its proposed remuneration payments.

STAFF RECOMMENDATIONS

It is recommended that the Council:

1. Receive the information.
2. Adopt the salary only model as its basis of remuneration for elected members of the Christchurch City Council for the 2004/05 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).

3. Agree that the remuneration rates for the balance of the 2004/05 financial year be allocated to elected members in accordance with the figures outlined in Appendix B of this report.
4. Agree with the proposed rules and policies for the reimbursement of elected member expenses described in Appendix C of this report and refer them to the Remuneration Authority for approval.
5. 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 final proposal.
6. Note that once a final determination has been made for the balance of the 2004/05 financial year, the Remuneration Authority will give approval to any backdating of salaries it considers appropriate.

7. Note that once the size of the 2005/06 remuneration pool has been set by the Remuneration Authority, the Council will be required to submit to the Authority for its approval a fresh remuneration proposal for the 2005/06 financial year (this is expected to occur early in 2005).

BACKGROUND

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). Prior to 1 July 2003 these rates were set by the Minister of Local Government.

The salaries currently payable in the case of Christchurch City, as set out in an interim Determination issued by the Remuneration Authority, are as follows:

Mayor	\$141,590 pa (allows for full private use of Council car)
Councillors	\$64,132 pa
Community Board members	\$9,000 pa

The current interim Determination will apply until the Council's agreed remuneration structure has been submitted to and approved by the Remuneration Authority.

A proportion of the full 2004/05 remuneration pool will be available for distribution for the balance of the 2004/05 financial year, from the date the new Council was declared elected until 30 June 2005 (as the successful candidates were declared elected on 20 October 2004, the proportion of the indicative pool available for the balance of the current year will therefore be $\frac{253}{365}$ of the pool).

Now that the Council has agreed its governance structure, it is required to determine how the pool is to be allocated amongst its elected members for the balance of the 2004/05 financial year (except the Mayoral salary of \$141,590 net, which has been set by the Remuneration Authority). Once the allocation of the pool has been decided, the Council is required to forward its proposal to the Remuneration Authority for its consideration and approval.

The approval of the Remuneration Authority is required before the Council can implement its proposed remuneration payments. A brief summary of the remuneration framework and the rules and principles which the Remuneration Authority works under is attached as Appendix A.

DISCUSSION

Decisions to be Made

In preparing its proposal the Council is required to make the following decisions:

- To decide whether the remuneration pool should be allocated on a salary only basis or whether it should be a mix of salary and meeting fees.
- To agree appropriate levels/rates for the different positions/roles on the Council and its community boards and, using that information, develop an option for the allocation of the money within the remuneration pool.
- To determine whether any changes are required to the Council's current policies in relation to the reimbursement of expenses incurred by elected members and community board members.

Basis of Remuneration

The Council has the choice of allocating the remuneration pool on a salary only basis or on a combination of salary and meeting fees.

Prior to the elections, the former Council recommended the payment of straight salaries post-election, without meeting fees, and informal discussions to date indicate that the present Council likewise favours a salaries only payments regime.

Straight salaries have benefits for both elected members and Council officers. Under this system elected members have a regular income and know what their annual income is going to be. Insofar as Council officers are concerned, the salary only option is much better for administrative reasons. There was an initial concern elsewhere that where other councils had already changed to a salary only option, this might affect the meeting attendance of elected members. This has proved not to be the case.

It is therefore recommended that the Council adopt the salary only model as its basis of remuneration for the balance of the 2004/05 financial year.

Distribution Options

Informal discussions have been held with both councillors and community board members to brief them on the remuneration process and the framework, rules and principles operated by the Remuneration Authority. Several options were canvassed in the course of these discussions.

It is clear that the Remuneration Authority expects to see different pay rates for different positions, reflecting their respective size and complexity. It should also be noted that **half** the salary payable to community board members can be met from outside the pool.

Payment of Back Pay

There will inevitably be a minor time delay between the Council agreeing its remuneration proposal and the receipt of final approval from the Remuneration Authority.

The Remuneration Authority has therefore advised that at the end of the interim period, once a new determination has been agreed for the balance of the 2004/05 financial year, it is proposed that salaries will be backdated for:

- a deputy mayor, from the date of appointment
- chairpersons of committees and other specified positions, from the date of appointment (not applicable in Christchurch City's case)
- councillors and community board members, if the number of councillors and community boards, or both, has reduced from the date the new members were declared elected
- councillors and community board members who fell under the previous ministerial determination until the 2004 local authority elections
- community board members, if new community boards have been established (not applicable in Christchurch City's case)
- chairpersons of community boards, if the position had been previously filled by a Councillor (not applicable in Christchurch City's case)
- any deputy chairperson of community boards, from the date of appointment.

The Remuneration Authority has indicated that there will be no backdating of salaries for councillors or community board members except as outlined above.

Community Board Members' Views

An informal meeting of elected Community Board members was held on 24 November to discuss the Boards' preferred remuneration structure. At that meeting it was agreed:

- That it be recommended to the Council that the following salaries apply in respect of Community Board positions:

Community Board Chairs	\$35,000 per annum
Elected Community Board members	\$20,000 per annum
- That the following allowances, expenses and services be made available to **all** elected Community Board members:
 - Standard telecommunications allowance of \$120 per month.
 - Provision of laptops and printers at the Council's cost, including full ongoing support and JetStream connection (to be provided on personal telephone line) with a refund of \$40 per month for JetStream connection.
 - Access to Council rates for the purchase of cell phones and cell phone call plans (this has since been arranged, and a memo will shortly be sent to all Community Board members outlining what is available in this respect).
 - Supply of consumables for laptops, faxes and printers etc (it is already proposed that such consumables will be provided free of charge to all elected members, including Community Board members - see schedule).

Some Community Boards have also met informally to discuss their individual proposals, which are set out below:

Burwood/Pegasus Community Board

Chairperson's salary	\$35,000 pa
Elected Board member's salary	\$20,000 pa
Provision of internet access for all elected Board members	
Payment of standard telecommunications allowance of \$120 per month to all elected Board members	

Fendalton/Waimairi Community Board

Chairperson's salary	\$35,000 pa
Elected Board member's salary	\$20,000 pa

Hagley/Ferrymead Community Board

Chairperson's salary	\$35,000 pa
Elected Board member's salary	\$20,000 pa

Riccarton/Wigram Community Board

Chairperson's salary	\$35,000 pa
Elected Board member's salary	\$22,000 pa

The provision of one telephone line rental
A non-taxable allowance to cover Council related toll calls and cellphone calls
The provision of consumables associated with the use of a home computer
The provision of a leased computer, at CCC rates, at the user's expense, with an option for buy back at the end of the lease
The provision of Broadband connection

Spreydon/Heathcote Community Board

Not stated.

Shirley/Papanui Community Board

Not stated.

Reimbursement of Expenses

The draft schedule attached as Appendix C sets out the Council's proposals for the reimbursement of elected member expenses. In most cases, these reflect the Council's existing policy, with the following exceptions:

- The payment of a standard telecommunication allowance of \$120 per month for both Councillors and Community Board Chairpersons (in place of the existing policy providing for a maximum reimbursement of \$120 per month for the cost of Council or Community Board-related cell phone calls, and calls made to cell phones from landlines).
- Revised arrangements for the granting of approval for the attendance of elected members at conferences, courses, seminars and training programmes.

At present, Councillors and Community Board Chairs are entitled to a maximum reimbursement of \$120 per month for the cost of Council or Community Board-related calls made from their cellphones, or for calls made to cellphones from their home landlines. However, in the past relatively few members have bothered to claim such reimbursement, probably because it requires a considerable amount of time to go through their monthly cellphone and landline accounts, and separate personal and Council-related calls before claiming reimbursement. If a standard allowance of \$120 per month is to be paid to all Councillors and Community Board members, then the annual cost of this is estimated at \$60,480, which will require some additional provision in the 2005/06 and subsequent years' budgets.

It has also been suggested that laptops should be provided to all elected Community Board members, including Chairpersons.

The one-off costs of providing an additional 24 laptops are estimated at \$97,176 to purchase the laptops and provide ADSL/JetStream services. There are ongoing costs relating to ITS support and internet charges of \$100,921 per annum, ie monthly ongoing support costs of \$8,410. The total cost in the first full year to provide 24 additional Community Board members with laptops is \$198,097. After that there would be yearly ongoing additional costs of \$100,921, plus the replacement of laptops at three yearly intervals, in line with Council policy. There are no amounts budgeted in 2004/05 to provide such a service to the affected 24 Community Board members.

A Community Board member has also raised the possibility of provision being made for the payment of a bicycle allowance. However, in relation to a similar enquiry, the Remuneration Authority previously advised the Wellington City Council that this would require an amendment to the current mileage entitlement rules.

It is therefore proposed that a copy of the draft schedule of elected member allowances and expenses be forwarded to the Remuneration Authority for its approval.

Unanimity of the Council's Decision

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.

A community board also has the ability to express any opposing views it might have on the Council's final proposal direct to the Remuneration Authority.

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.

Allocation of the 2005/06 Remuneration Pool

The Remuneration Authority has asked for, and has been supplied with, the figures which will enable it to assess the Council's indicative remuneration pool for the 2005/06 financial year.

It is the Authority's intention, provided all councils respond in time, to indicate what the size of the pool will be before Christmas. Once that figure is known the Council will be required to decide on its allocation for 2005/06. This decision is likely to be made in February/March next year.

CONCLUSION

Now that the Council has agreed its new governance structure it is required to submit its recommended remuneration proposal (for the balance of the 2004/05 financial year) to the Remuneration Authority for approval.

The new remuneration rates cannot be implemented until that approval is received.