

8. ELECTED MEMBERS' REMUNERATION

General Manager responsible:	General Manager Regulation and Democracy Services
Officer responsible:	Secretariat Manager
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PROPOSAL/PURPOSE OF REPORT

1. The purpose of this report is to submit for the Council's consideration a proposal for the allocation of the 2005/06 remuneration pool amongst the elected members of the Christchurch City Council and the six Christchurch community boards.

EXECUTIVE SUMMARY

2. 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 fixed at \$1,469,944 for the 2005/06 financial year and that the Mayor's salary has been fixed at \$146,110. In the case of the Mayor this figure represents the gross amount to be debited against the pool - the Mayor's net salary will be \$141,818, reflecting the fact that he has full private use of a car provided by the Council.
3. This represents an increase of \$44,079 (or 3.09138%) in the present pool of \$1,425,865.
4. Based on the rules and principles set by the Remuneration Authority the Council is now required to decide how it proposes to allocate the pool amongst its elected members for the 2005/06 financial year and, once agreed, to submit its proposal to the Remuneration Authority for approval. It should be emphasised that the Remuneration Authority expects the pool to be fully allocated, and it is thus incumbent on the Council to revise the current salaries to reflect the increase in the pool.
5. The Council's proposal must be approved by the Remuneration Authority before any amended salaries proposed by the Council can be implemented.

FINANCIAL CONSIDERATIONS

6. Once the allocation of the increased pool has been decided by the Council and approved by the Remuneration Authority, it will be necessary to revise the seven different budget provisions for this item (Councillors and six community boards) to reflect the increase of \$44,079.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Receives the information.
- (b) Resolves to continue the salary only model as its basis of remuneration for elected members of the Christchurch City Council for the 2005/06 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).

- (c) Recommends to the Remuneration Authority that the remuneration pool for the 2005/06 financial year be allocated to elected members in accordance with the figures outlined in Appendix B of this report.
- (d) Confirms the amended 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.
- (e) Notes 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

7. 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).
8. A brief summary of the remuneration framework and the rules and principles which the Remuneration Authority works under is attached as Appendix A.
9. The Council's remuneration proposal devised in December 2004 (and approved by the Remuneration Authority in January 2005) only applied for the balance of the 2004/05 financial year. 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 increased pool for the 2005/06 financial year. The increased salaries proposed will thus apply from 1 July 2005.
10. It will be recalled that the Remuneration Authority modified the proposal previously adopted by the Council on 2 December 2004, to slightly improve the community boards' relativity. In coming to this view the Authority stated that it had taken into account:
 1. The need to equitably distribute the pool following the reduction in the number of Councillors.
 2. The consequential increase in representational activities for community boards.
 3. The role of the community boards as established by Government policy and the Local Government Commission's representation review.
 4. Representations made by community boards.
11. The Authority further advised that Christchurch is seen as a model for how the two arms of local representation can work effectively at the macro and micro levels.
12. The Authority's decision resulted in the allocation of the pool on the following basis:

	\$	Ratio	% of pool
Deputy Mayor and Councillors	76,136	1.0	64%
Community Board Chairs	35,000	0.45	
Community Board members	22,000	0.28	25.87%
13. The Authority has now released the Christchurch City indicative pool for 2005/06, which amounts to:

Total pool	\$1,469,944
less Mayor's gross salary	\$146,110

Net pool available for 12 Councillors and 30 community board members	\$1,323,834
14. This represents a total increase of **\$44,079** (or 3.09138%) in this Council's remuneration pool.
15. Although included within the pool, the Mayor's salary is independently set by the Remuneration Authority.
16. It should also be noted that 50% of the total remuneration paid to community board Chairs and elected community board members is paid outside the pool.
17. The following table sets out the proposals approved by the Council at its meeting on 2 December 2004, the rates finally approved by the Remuneration Authority which currently apply, and the salaries for 2005/06 recommended in this report:

Position	Council's proposal (December 2004)	Rates Approved by RA (January 2005)	Salaries Proposed for 2005/06
Mayor	\$143,236 (gross)	\$143,236 (gross)	\$146,110 (gross)
Deputy Mayor	\$78,760 per annum	\$76,136 per annum	\$89,137 pa
Councillors	\$78,760 per annum	\$76,136 per annum	\$77,977 pa
Community Board Chairs	\$32,500 per annum	\$35,000 per annum	\$35,850 pa
Community Board members	\$20,000 per annum	\$22,000 per annum	\$22,450 pa

18. Although the Mayor's salary is set 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 (as is the case in Christchurch), 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

Decisions to be Made

19. 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.

Basis of Remuneration

20. As previously advised, the Council has the choice of allocating the remuneration pool on a salary only basis, or on a combination of salary and meeting fees.
21. Straight salaries have proven 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. The salary only option is also much simpler to administer.
22. It is therefore recommended that the Council continue the salary only model as its basis of remuneration for the 2005/06 financial year.

Distribution Options

23. As the present ratios and percentage allocations within the pool were only decided by the Remuneration Authority in January of this year, it is considered unlikely that the Authority would approve a significantly different allocation for 2005/06. It is therefore desirable that the pool is divided in a way which preserves approximately the same percentage allocations applied by the Remuneration Authority in its January 2005 Determination.
24. The allocation of the increased pool was discussed informally with a group of Councillors and two community board Chairs on 14 April 2005. It was agreed as a result of these discussions that in view of her high workload and additional responsibilities, the Deputy Mayor's salary should be increased by \$13,000, with the remainder of the increased sum available being apportioned on a percentage basis to the salaries applicable to the remaining positions, bearing in mind that half of the salaries paid to community board Chairs and elected community board members are paid outside the pool. The recommended salaries set out in Appendix B of this report have therefore been calculated on this basis, with some small adjustments to ensure that the pool is fully allocated.

Elected Member Allowances and Expenses

25. As part of its amended remuneration proposal, the Council is also required to seek the Remuneration Authority's approval for any amendments to the Schedule of Elected Member Allowances and Expenses previously approved by the Authority. The schedule attached as Appendix C (which is otherwise identical to the schedule previously approved by the Authority) has been amended to:
- Reflect the resolution adopted by the Council on 10 March 2005 that, for the balance of the current Council term, the Council approve the payment of the associated travel costs for the Mayoress to enable her to accompany the Mayor on overseas trips, where appropriate (subject to any flights associated with such overseas travel by the Mayoress being booked utilising the Mayor's accumulated air points where possible).
 - Empower the Subcommittee comprising the Deputy Mayor and Councillor Cox previously appointed with delegated power to approve attendance by Councillors at conferences, courses, seminars and training programmes etc to also approve travel, accommodation and related costs proposed to be incurred by Mrs Yvonne Palmer in her capacity as the current Chairperson of the New Zealand Community Boards' Executive Committee. There needs to be a mechanism sanctioned by the Remuneration Authority for such costs to be approved by the Council.
26. The Executive Committee comprises six members representing each Local Government New Zealand zone, elected by community boards within each of those zones.
27. Since mid-2002 the Executive Committee has been working with Local Government New Zealand and through an agreed Memorandum of Understanding has the status of an advisory committee to the National Council of Local Government New Zealand.
28. Key roles of the Community Boards' Executive Committee are:
1. To provide advice to the National Council of Local Government New Zealand on all matters involving community boards;
 2. Liaising between Local Government New Zealand and community boards to gather information on issues and matters of national interest;
 3. Keeping National Council informed of current and future issues of concern to community boards that may have implications for local government generally;
 4. Advising on training needs of community boards and their members that might be included in a national capacity building strategy.
 5. The Executive Committee meets four times a year in the Local Government New Zealand offices in Wellington, with travel costs being met by Local Government New Zealand.
29. Local Government New Zealand covers the costs of Mrs Palmer's airfares, taxi fares and lunch for four annual meetings of the New Zealand Community Board Executive Committee.
30. Currently, such travel by Mrs Palmer is a charge on the provision in the public accountability budget for travel and conference attendance by Councillors, rather than by members of the Shirley/Papanui Community Board. It is considered that Mrs Palmer's involvement with the Executive Committee provides city-wide benefits, and reflects this Council's long-standing support for community boards. Also it would be unfair for the relevant costs to be borne by one community board alone. The amendment proposed will provide a transparent process for the granting of approval for such future travel by Mrs Palmer.

31. The above proposal is to cover the cost of her remaining travel associated with her ongoing involvement in community board issues. This involvement includes the training of community board members in New Zealand. Based on past expenditure this cost is estimated to be about \$4,000 per annum. It is proposed that such expenditure in the future be met from the Councillor's travel code.
32. In addition to her role as chairperson of the New Zealand Community Board Executive Committee, Mrs Palmer is also the Zone 5 chairperson on the New Zealand Community Board Executive Committee through until February 2007. The proposed source of funding and approval mechanism would also apply to Zone 5 meetings.

Unanimity of the Council's Decision

33. 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.
34. 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.
35. 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

36. The Council is required to submit its recommended remuneration proposal to the Remuneration Authority for approval no later than 10 May 2005.
37. The new remuneration rates cannot be implemented until that approval is received.