

## 23. ELECTED MEMBERS' REMUNERATION 2010/11



<b>General Manager responsible:</b>	General Manager Regulation & Democracy Services, DDI 941 8462
<b>Officer responsible:</b>	Democracy Services Manager
<b>Authors:</b>	Lisa Goodman

### 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 remuneration to elected members for the balance of this financial year; up until 30 June 2011.

### EXECUTIVE SUMMARY

2. Currently the remuneration pool for the elected members of the Christchurch City Council and its eight community boards has been fixed at \$1,472,123 for the 2010/11 financial year. This excludes the Mayor's gross salary of \$168,700 which has already been fixed by the Remuneration Authority.
3. 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 the 53 elected members (Councillors and Community Board members) for the balance of the 2010/11 financial year and, once decided by the Council, submit its proposal to the Remuneration Authority for approval. That approval must be given before the Council can implement its proposed remuneration structure. The proposal will cover the period between the date on which current elected members took office (Friday 15 October) and 30 June 2011.

4. Given that:

- (a) the total amount of the remuneration pool is unchanged from the previous financial year, and
- (b) the Remuneration Authority has previously set out its views on the remuneration ratio between Councillors and Community Board members, including a distinction between metropolitan and rural Community Boards,

it is proposed that the remuneration levels for the Deputy Mayor, Councillors, Community Board Chairs and remaining Community Board members be continued at the same levels as those immediately prior to the election, i.e. retain the status quo.

5. All Community Boards have been consulted on the contents of this report.

### FINANCIAL IMPLICATIONS

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

6. Sufficient provision has been included in the 2010/11 Annual Plan for all elected member salaries to be continued at or about their present levels, until 30 June 2011.

### LEGAL CONSIDERATIONS

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

7. 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 2010/11 remuneration proposal (or any variation thereof) has been approved by the Remuneration Authority, it will be gazetted via the Local Government Elected Members' Determination 2011.

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**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?**

8. Page 156 of the LTCCP, level of service under Democracy and Governance refers.

**ALIGNMENT WITH STRATEGIES****Do the recommendations align with the Council's strategies?**

9. Not applicable.

**CONSULTATION FULFILMENT**

10. The Council's proposal for remuneration must be received by the Remuneration Authority no later than February 2011 so that the Authority can issue its final Determination for this year. This has meant there has been sufficient time to consult with all Community Boards and seek their views which will be included in this report when it is submitted to the Council. The views of the Boards are outlined in paragraphs 28 to 39 this report.
11. In submitting its proposal to the Remuneration Authority, the Council is required to notify the Authority of:
- (a) details of any dissent at Council;
  - (b) details of any dissent from its community boards.
12. Any person (including individual community boards) also has the ability to express any opposing views they might have on the Council's final proposal direct to the Remuneration Authority. Although there is no set closing date for the lodging of such submissions with the Authority, they should be lodged as soon as possible after the Council has reached a final decision on its preferred remuneration structure, as the Authority intends to deal with each application within a relatively short time-frame.

**STAFF RECOMMENDATION**

13. 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 remainder of the 2010/11 financial year.  
  
*Note: The remuneration framework requires all community board members to be paid an annual salary (i.e. there is no provision for the payment of meeting fees to community board members).*
  - (b) Recommend to the Remuneration Authority for its approval that the remuneration levels for the Deputy Mayor, Councillors, Community Board Chairs and remaining Community Board members be retained at the same ratios as those for 2008/09, 2009/10 and the three month period leading up to the 9 October local body elections, i.e. that the status quo be retained.
  - (c) 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.

**BACKGROUND (THE ISSUES)****Remuneration Framework**

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).

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15. A brief summary of the remuneration framework and the rules and principles under which the Remuneration Authority works is attached as Attachment One.
16. The indicative pool for Christchurch City Council elected member remuneration in the remainder of 2010/11 is \$1,472,123. This is for the total remuneration for the Deputy Mayor and Councillors, and 50 per cent of the total remuneration paid to elected Community Board members (excluding Councillors as they have been appointed by the Council to community boards). Fifty per cent of the total remuneration paid to elected community board members is paid outside the pool.
17. 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.
18. 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.
19. The Mayor's salary is set independently by the Remuneration Authority, and is not 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.

**Prior to Election: Determination**

20. The salaries that applied to Christchurch City Council elected members for the 2009/10 (excluding the Mayor), carried over to the period up to Friday 15 October (the date current elected members came into office), were:

	<b>Total Positions</b>	<b>Individual Salary</b>	<b>Totals</b>
Deputy Mayor	1	\$99,571	\$99,571
Councillors	12	\$86,249	\$1,034,988
<i>Total Councillors salaries</i>	<i>13</i>		<i>\$1,134,559</i>
City CB Chairs	6	\$24,270	\$145,620
BP CB Chairs	2	\$16,018	\$32,036
City CB members	24	\$16,989	\$407,736
BP CB members	8	\$11,216	\$89,728
<i>Total CB salaries</i>	<i>40</i>		<i>\$675,120</i>
<i>less 50% outside pool</i>			<i>\$337,560</i>
<b>Total paid from pool</b>			<b>\$1,472,119</b>

21. Factors underlying the rationale given previously by the Remuneration Authority in 2007 for approving the above ratio between Councillors and Community Boards, and Deputy Mayor and Councillors, are as follows:
  - (a) The size, complexity and in particular the accountability of the Councillors' role, especially compared to that of the members of Community Boards
  - (b) Maintaining a margin between the remuneration of the Deputy Mayor and that of a Councillor

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- (c) City Community Board Chairs – maintaining relativity with other urban Community Board Chairs
- (d) Maintaining a 70 per cent relationship between the remuneration of Community Board members and that of the Board Chairs
- (e) The remuneration for Chairs of the Peninsula Community Boards is well above the norm for chairs of rural community boards, but as part of Christchurch City there is a wider role for both the chairs and members, and a corresponding extra time commitment, which may not be faced by members of other rural community boards.

### Post Elections: Interim Determination

22. The Remuneration Authority has already made an interim determination called the Local Government Elected Members (2010/11) (Except Auckland) Determination 2010 (SR2010/245). This interim determination is for the period from 15 October 2010 (when Councillors and elected Community Board members came into office) which provides for the payment of the following salaries to elected members of the Christchurch City Council in the immediate post election period:

Position	Annual Salary
Mayor	\$158, 527 (less adjustment for value of car supplied)
Councillors	\$69,000 (80% of previous levels)
Community Board members (metro)	\$15,300 (90% of previous levels)
Community Board members (Banks Peninsula)	\$10,000

23. These interim salaries will apply up until the date on which the Council has reached a decision on the preferred allocation of the indicative remuneration pool and the Council's agreed proposal has been submitted to and approved by the Remuneration Authority. Any increases applicable (including those relating to the positions of Deputy Mayor and Community Board Chairs) can then be backdated. The likely timing of the Authority's decision, which will be set out in its Determination, is February or March 2011.

### Basis of Remuneration

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.
25. Christchurch City Council has had a salary only basis for remuneration of all its elected members since 2004.

### REMUNERATION STRUCTURE FOR REMAINDER OF 2010/2011

26. Given that:
- (a) the total amount of the remuneration pool is unchanged from the previous financial year, and
  - (b) the Remuneration Authority has previously set out its views on the remuneration ratio between Councillors and Community Board members, including a distinction between metropolitan and rural Community Boards,

it is proposed that the remuneration levels for the Deputy Mayor, Councillors, Community Board Chairs and remaining Community Board members be continued at the same levels as those immediately prior to the election, i.e. retain the status quo.

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27. While there are many possible options that can be provided on this topic (such as a mix of salary and meeting fees and other differences between elected members), given the Remuneration Authority's previous determinations staff are recommending that the 2009/10 relativities between elected members set out in paragraph 20 continue and be adopted by the Council as set out in the staff recommendation.

#### **VIEWS OF THE COMMUNITY BOARDS**

28. All Community Boards considered this report at their December 2010 meetings, and excerpts from their minutes are set out below. In summary, seven out of the eight Boards support the staff recommendation, though some did not concerns with the overall level of the pool during their discussions.

#### **Akaroa/Wairewa**

##### *Board Consideration*

29. The Board believed that there had been sufficiently robust debate on the issue of elected members remuneration in previous years, to support the retention of the status quo.

##### *Board Recommendation*

30. The Board resolved to adopt the staff recommendation.

#### **Burwood/Pegasus**

##### *Board Recommendation*

31. That the staff recommendation be adopted.

#### **Fendalton/Waimairi**

##### *Board Recommendation*

32. That the staff recommendation be adopted. In addition it is strongly recommended that the Remuneration Authority consider increasing the pool of funding available to Christchurch City Council at its next review.

#### **Hagley/Ferrymead**

##### *Board Recommendation*

33. That the staff recommendation be adopted.

#### **Lyttelton/Mt Herbert**

##### *Board Consideration*

34. The Board noted that the remuneration proposal was the same as the status quo and that although members did not agree with the disparity between urban and rural Boards, they appreciated that the Council had argued against the difference during the last round of negotiations with the Remuneration Authority, but to no avail.

##### *Board Recommendation*

35. That the staff recommendation be adopted.

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**Riccarton/Wigram***Board Recommendation*

36. That the staff recommendation be adopted.

**Shirley/Papanui***Board Recommendation*

37. That the staff recommendation be adopted.

**Spreydon/Heathcote***Board Consideration*

38. The Board consideration of remuneration included a discussion regarding the reduction in remuneration for Community Board members in the 2007 determination, and the Board noted the effective continuation of this reduction in the present level of remuneration. Members considered that this level of remuneration does not reflect accurately the level of responsibilities undertaken by Community Board members, compounded at present given the extra commitment due to the earthquake and the recovery process. Further, it was considered that the present level of remuneration is so low that it might preclude people with average household incomes from standing for election to Community Boards. It was also noted that the overall pool of funds available for remuneration should be higher. Board members noted that elected Members of Parliament received a remuneration increase in 2010 whereas Community Board members have not. For these reasons the Community Board members did not accept the staff recommendation in full.

*Board Recommendation*

39. The Spreydon/Heathcote Community Board resolved to recommend to the Council:
- (a) That the Council adopt staff recommendations (a) and (c)
  - (b) That in relation to staff recommendation (b):
    - (i) The Board notes that the Remuneration Authority 2007 decision resulting in a substantial reduction in remuneration of Community Board members does not reflect accurately the level of responsibilities held by Community Board members.
    - (ii) The Board comments on the inadequacy of the remuneration which may preclude people on or below the average household income from standing as a Community Board member.
    - (iii) That the Council requests the Remuneration Authority to increase the overall pool available for elected member remuneration.

(Note: Mike Thorley recorded that he did not support the Board recommendation (b)(ii) above.)