

23. ELECTED MEMBER REMUNERATION 2012/13



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

**PURPOSE OF REPORT**

1. This report seeks a recommendation from the Council to the Remuneration Authority on the payment of remuneration to elected members for the twelve month period beginning 1 July 2012.

**EXECUTIVE SUMMARY**

2. The Remuneration Authority notes in a letter to the Council (**Attachment One**) that “it is clear that the information upon which we have traditionally based remuneration will not be robust for some years to come, with population and expenditure significantly affected by the earthquakes and reconstruction process”. Therefore the Authority has decided to apply a simple 1.5 per cent increase to the remuneration pool for the elected members of the Christchurch City Council and its eight community boards for the 2012/13 year. This is an increase of \$22,662 (or 1.5 per cent), taking the pool from \$1,510,828 in this current financial year to \$1,533,490.
3. The pool excludes the Mayor’s gross salary of \$171,200, which has already been fixed by the Remuneration Authority. This is also an increase of 1.5 per cent from the 2011/12 gross mayoral salary of \$168,700.
4. Based on the rules and principles set by the Remuneration Authority, the Council is required to submit a proposal to the Authority for how the pool will be allocated amongst the 53 elected members (Councillors and Community Board members) for the 2012/13 year. In its attached letter, the Authority has indicated it would be happy to apply the 1.5 per cent increase evenly across the board (i.e. for each role to receive an additional 1.5 per cent). This report therefore proposes that approach be taken by the Council in its proposal, the effect of which is seen in the table provided in paragraph 21 of this report.
5. A brief summary of the remuneration framework and rules and principles under which the Remuneration Authority works is attached (**Attachment Two**).

**FINANCIAL IMPLICATIONS**

**Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?**

6. With the increase in the pool there will be an increase in overall remuneration for elected members of \$27,839; comprising the \$22,662 increase as well as an additional \$5,177 to meet the increase in community board remuneration from outside the pool. Provision for a minimal increase to elected member salaries has already been made in the Draft Annual Plan 2012/13.

**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 2012/13 remuneration proposal has been approved by the Remuneration Authority, it will be gazetted via the Local Government elected Members’ Determination 2013.

**ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS**

**Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?**

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

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ALIGNMENT WITH STRATEGIES

Do the recommendations align with the Council's strategies?

9. Not applicable.

CONSULTATION FULFILMENT

10. The Remuneration Authority has asked for the Council's proposal by 7 May 2012 so that the Authority can issue its Determination prior to 1 July 2012.
11. In previous years the practice has been for formal consultation to take place with the Community Boards prior to the Council considering its remuneration proposal to the Authority. This year, given the Authority's comments on the unique issues facing Christchurch and that it would accept a proposal that applied the 1.5 increase evenly across the board, formal consultation has not taken place. Instead, the Authority's letter has been sent to all Board members previously, as has a copy of this report.
12. Any person (including individual community boards) 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 decided upon its remuneration proposal, as the Authority aims to deal with each application within a relatively short time-frame. The Authority will need to be advised of any dissent expressed by members of the Council, or its Community Boards, in relation to the Council's final proposal.

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 2012/13 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) Agree that its proposal to the Remuneration Authority on 2012/13 remuneration be that the increase of 1.5 per cent be increased evenly across the board, as set out in columns D and E in the table set out in paragraph 21 of this report.

BACKGROUND (THE ISSUES)

Remuneration Framework

13. 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).
14. A brief summary of the remuneration framework and the rules and principles under which the Remuneration Authority works is attached as **Attachment Two**.
15. A remuneration pool fixed by the Authority 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.
16. 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.

**COUNCIL 10. 5. 2012**

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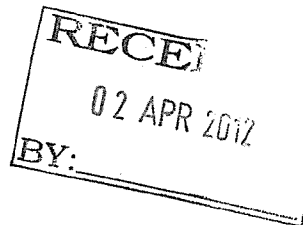
17. Directors' fees paid to Councillors who serve as directors of Council-controlled organisations cannot be taken into account when considering Councillors' remuneration. The directors' fees paid to such Councillors reflect their service as directors of the companies concerned, rather than their role as Councillors.
18. 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.
19. 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.
20. Christchurch City Council has had a salary only basis for remuneration of all its elected members since 2004.

**Current and Proposed Remuneration Levels**

21. The table below shows the number of elected members remunerated from the pool, the current 2011/12 remuneration and the proposed 2012/13 remuneration when the 1.5 per cent increase in the pool is applied evenly across the board:

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>Position</b>	<b>Total Positions</b>	<b>2011/12 Individual</b>	<b>2011/12 Totals</b>	<b>(Proposed) 2012/13 Individual</b>	<b>(Proposed) 2012/13 Totals</b>
Deputy Mayor	1	\$102,190	\$102,190	\$103,723	\$103,723
Councillors	12	\$88,517	\$1,062,204	\$89,845	\$1,078,140
<i>Total Councillors' salaries</i>	<i>13</i>		\$1,164,394		\$1,181,863
City CB Chairs	6	\$24,909	\$149,454	\$25,282	\$151,692
BP CB Chairs	2	\$16,440	\$32,880	\$16,686	\$33,372
City CB members	24	\$17,436	\$418,464	\$17,697	\$424,728
BP CB members	8	\$11,511	\$92,088	\$11,683	\$93,464
<i>Total CB salaries</i>	<i>40</i>		\$692,886		\$703,256
<i>less 50% outside pool</i>			\$346,443		\$351,628
<b>Total paid from pool</b>			<b>\$1,510,837</b>		<b>\$1,533,491</b>

20 March 2012



Mr Bob Parker  
Mayor of Christchurch City  
P O Box 237  
CHRISTCHURCH 8140

Dear Mr Parker

#### **ELECTED OFFICIAL REMUNERATION**

Thank you for sparing the time to discuss the remuneration of Christchurch elected officials in the coming year/s.

It is clear that the information upon which we have traditionally based remuneration will not be robust for some years to come, with population and expenditure significantly affected by the earthquakes and reconstruction process.

The Authority has therefor decided to apply a simple 1.5% increase to the gross mayoral remuneration and the indicative pool for the period from 1 July 2012 to 2013.

This results in:-

- an indicative pool (**excluding mayoral position**) for the 12 month period to 30 June 2013 of \$1,533,490, and
- gross Mayoral remuneration level for the same period of \$171,200, which does not form part of the pool.

I have enclosed the normal paperwork for completion, but if it would reduce the bureaucratic burden on your staff and elected members would be happy to apply the increase evenly across the board on the basis of a simple resolution to that effect.

Would you please now consider the new figures and forward to the Authority, by **7 May 2012** your recommendations for the distribution of the indicative pool. Your assistance in meeting this deadline will enable the early issue of the final determination for this year.

Remuneration Authority

PO Box 10084, Morrison Kent House, 105 The Terrace, Wellington 6143, New Zealand  
Telephone 04 499 3068 Facsimile 04 499 3065 Email [info@remauthority.govt.nz](mailto:info@remauthority.govt.nz)

### **Mayoral Cars**

The Authority needs to obtain confirmation of details of any vehicle currently allocated to the Mayor. (Form enclosed.) It is important whenever a change in the Mayoral vehicle is authorised by council that the Authority be advised immediately in order that appropriate adjustments, up or down, can be made to the Mayoral net salary. This adjustment can only be validated through the issue of a determination.

### **2013 and beyond**

You will be aware that the Remuneration Authority has been undertaking a review of the current process for setting levels of remuneration of elected members.

The Authority had hoped to have the review complete in time to implement in July this year.

It has become clear however that the level of engagement required with local government to ensure the smooth implementation of the review could not take place prior to 1 July this year.

The Authority intends to issue a response to submissions to the review in late April and will engage with elected members through the latter half of the year.

It is likely that your members will continue to experience unique issues as we move forward to reform the remuneration setting, and the Authority will seek to ensure that we work closely together to reach an appropriate outcome, based on the information available to us all.

### **2013 Onwards**

The Authority is planning to undertake some broader work in the area of council/community board remuneration during this year, with the view to any changes being implemented in 2013-2014. As this work progresses, the Authority will engage with Local Government New Zealand and councils to seek their views.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Errington', written over a horizontal line.

John Errington  
Chairman

Enc.

## **SUMMARY OF THE REMUNERATION FRAMEWORK - ITS RULES AND PRINCIPLES**

### **BASIS OF THE REMUNERATION SYSTEM**

- The Remuneration Authority approves a “remuneration pool” for each local authority, the size of which is determined on a number of consistent and transparent criteria (set by the Authority).
- The factors used by the Remuneration Authority to determine the size of the remuneration pool (for a territorial authority) are:
  - Population (50% weighting)
  - Expenditure (33% weighting)
  - Assets Gross (17% weighting)
- There are two options available to Council for distributing the pool
  - A salary only model, or
  - A salary: meeting fee split (eg 75% salary and 25% meeting fee).
- The Remuneration Authority must issue at least one determination every three years. In normal circumstances an annual determination will be made.

### **GENERAL PRINCIPLES WHICH APPLY**

- The size of the remuneration pool is both the maximum and minimum amount payable to elected members.
- All proposals must be approved by the Remuneration Authority prior to implementation.
- Any divergent views of Councillors and community board members in respect of the Council’s proposed allocation of the pool must accompany the proposal submitted by the Council for approval.
- The Remuneration Authority is under no obligation to approve any scheme and will look at each proposal on its merits. Any proposal that is likely to result in distortions in behaviour or lack of fairness in relativity will not be approved by the Authority.
- The Remuneration Authority will not determine how the remuneration for elected members should be funded.
- Any amendment to a determination requires the prior approval of the Remuneration Authority.
- All Councils are required to publish in their Annual Report:
  - the remuneration scheme adopted (ie salary or salary/meeting fee split)
  - the actual payments received by each elected member, including community board members, and
  - the total amount of expenses reimbursed to each elected member.

#### **WHAT REMUNERATION IS INCLUDED IN THE POOL**

- The total salary for the Deputy Mayor and Councillors
- The total salary for any appointed community board members (effectively the Deputy Mayor and Councillors in this Council's case).
- Half the salary for elected community board members.

#### **WHAT REMUNERATION IS EXCLUDED FROM THE POOL**

- Half the salary for elected community board members.
- Meeting fees paid to elected members in respect of resource consent hearings.

**Note:** A member who acts as the chairperson of a resource consent hearing is entitled to a fee per hour of hearing time. A member who is not the chairperson of the resource consent hearing is also entitled to a fee, at a reduced rate than the Chair. For any period of hearing time that is less than one hour, the fee must be apportioned accordingly. These fees have been set by the Remuneration Authority.

- The costs involved in the reimbursement of expenses (e.g. mileage reimbursement)
- The payment of Trustees/Directors fees to those elected members appointed to the Council's Council Controlled Organisations.
- The Mayor's salary, as determined by the Remuneration Authority,

#### **REMUNERATION FOR COMMUNITY BOARD MEMBERS**

- All community board members must be paid a salary (ie the payment of meeting fees is not an option).
- Half the salary costs for elected community board members can be met from outside the remuneration pool.
- Total salary costs for appointed community board members (effectively the Deputy Mayor and Councillors in this Council's case) must be met from the remuneration pool.