
REPORT 1

(1215/13/IM and 1215/10/01)

**ELECTED MEMBERS' REMUNERATION: 2006/2007
FINANCIAL YEAR**

1. Purpose of Report

To submit for the Board's consideration a recommended level of remuneration for the elected members of the Makara/Ohariu Community Board for the 2006/2007 financial year.

2. Executive Summary

The Remuneration Authority has advised the Council that its elected members' remuneration pool has been set at \$1,268,671 for the 2006/2007 financial year; an increase of \$59,061 on the size of the previous pool.

The Mayor's annual salary for 2006/07 has been fixed at \$141,571; an increase of \$5,218 on the salary she received for the 2005/06 financial year. This increase must be met from the pool, leaving a balance of \$53,843 for allocation amongst the remaining elected members, including the Council's community board members.

Based on the rules and principles set by the Remuneration Authority the Council must now decide how the "new" pool is to be allocated amongst its elected members (excluding the Mayor). Once agreed the Council is required 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 rates.

3. Recommendations

It is recommended that the Board:

- 1. Receive the information.*
- 2. Note that all community board members must be paid a salary (i.e. there is no option to pay meeting fees).*
- 3. Note that a review of the terms of reference and delegated authorities for both the Makara/Ohariu and Tawa community boards is underway and that, as a result of the work done to date, no significant changes are proposed that would warrant an increase or decrease to the current level of remuneration paid to the Council's community board members, other than that proposed under recommendation 4 below.*

4. *Agree that the salaries to be paid to the elected members of the Makara/Ohariu Community Board for the 2006/2007 financial year be either of the following options, depending on the decision taken by Council concerning the possible establishment of a Property Subcommittee:*

Chair \$12,084 pa
Elected member \$4,718 pa
(if a Property Subcommittee is established)

Or

Chair \$12,152 pa
Elected member \$4,746 pa
(if a Property Subcommittee is not established)

Note:

Remuneration options are being considered by the Tawa Community Board (on 9 March 2006) and the Council itself (on 6 April 2006). The remuneration figures recommended in both of these options for the Makara/Ohariu Community Board may therefore be subject to some change as a result of these decisions.

The new salary rates will come into effect on 1 July 2006, after the Remuneration Authority has given its approval to the Council's remuneration proposal.

5. *Agree that a home-based technology allowance of \$45 per month be paid to the Chair of the Makara/Ohariu Community Board to reimburse the incumbent of that position a portion of the communication costs (i.e. business related phone calls, internet connection, fax machine etc) incurred in carrying out her/his duties.*
6. *Confirm the current rules and policies which apply for the reimbursement of expenses to community board members (with the exception of the payment of a home-based technology allowance to the Board Chair) and refer them to the Remuneration Authority for approval. The current rules are those as are set out in the latest edition of the Elected Members' Handbook, a copy of which is held by board members.*
7. *Note that the Council is required to notify the Remuneration Authority of any dissent expressed by members of the Makara/Ohariu Community Board in relation to its final proposal.*

4. Background

The Remuneration Authority has advised that the elected members' remuneration pool for the 2006/2007 financial year has been increased from \$1,209,610 to \$1,268,671, i.e. an increase of \$59,061 (4.88%).

The Mayor's salary has been increased from \$136,353 to \$141,571, an increase of \$5,218 (3.83%) which must be met from the pool.

The allocation of the 2005/2006 pool, as determined by the Remuneration Authority, was as follows:

Mayor	\$136,353 pa
Deputy Mayor	\$94,092 pa
Chair, Strategy and Policy Committee	\$91,056 pa
Portfolio Leaders (x 5)	\$78,915 pa
Chair, Regulatory Processes Committee	\$72,844 pa
Chair, Audit and Risk Management Subcommittee	\$66,774 pa
Chair, Grants Subcommittee	\$66,774 pa
Councillor	\$60,703 pa
Chair, Tawa Community Board	\$18,714 pa
Member, Tawa Community Board (x 5)	\$7,157 pa
Chair, Makara/Ohariu Community Board	\$11,572 pa
Member, Makara/Ohariu Community Board (x 5)	\$4,518 pa

Prior to the allocation of its 2005/2006 remuneration pool, and in order to assist the Council to determine appropriate remuneration levels for its community board members, Hay Group was asked to carry out a review of the functions, responsibilities and time commitments of the elected members of both the Makara/Ohariu and Tawa community boards.

As a result of that review the Council recommended, and the Remuneration Authority approved, salary increases for community board members ranging from 2.6% to 7.3%, with an average increase of 5% for all positions. This compared with a 0.95% increase for all other elected positions on the Council, excluding the Mayor who received an increase of 1.45%.

The Council must now decide how the 2006/2007 pool is to be allocated and to forward its proposal to the Remuneration Authority for consideration and approval. The approval of the Remuneration Authority is required before the Council can implement its proposed remuneration rates.

The payment of allowances and reimbursement of expenses to elected members, including members of community boards, also requires the approval of the Remuneration Authority.

The Council is therefore also required to submit a copy of its proposed rules for the recovery of expenses by elected council and community board members for the Authority's approval.

A summary of the remuneration framework and the Remuneration Authority's rules and principles that the Council is required to work under is attached as Appendix 1.

5. Discussion

5.1 Rules on remuneration for community board members

In deciding the method for remunerating its Councillors, the Council has the option of paying its members on a salary only basis or a combination of salary and meeting fees. It has chosen, in the past, to pay its members on a salary only basis.

However, the remuneration framework determined by the Remuneration Authority 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).

The Remuneration Authority has determined in the past that the council salary received by those councillors who have been appointed to a community board is to incorporate the remuneration for both roles (i.e. those members are not entitled to any additional remuneration for their role as an appointed member of the community board). This situation does not apply to the Makara/Ohariu Community Board.

5.2 Review of terms of reference and delegations for community boards

The review of the terms of reference and delegated authorities that was agreed to last year, for both the Makara/Ohariu and Tawa community boards, is currently underway. It is proposed that the Boards hold a joint workshop on the review later in March.

While the current proposal sees a number of changes to the existing terms of reference, no changes are proposed that would warrant an increase or decrease to the current level of remuneration paid to the Council's community board members.

5.3 Distribution proposal

The Remuneration Authority has confirmed that the Wellington City Council's elected members' remuneration pool for the 2006/2007 financial year has been set at \$1,268,671, an increase of \$59,061 (4.88%) on last year's pool. The Mayor's salary, which is set by the Remuneration Authority, has been increased by \$5,218 pa (from \$136,353 pa to \$141,571) and this increase must be met from the pool.

A report recommending the establishment of a Property Subcommittee is likely to be considered by the Council at its meeting on 22 March 2006. If that recommendation is approved, one of the Councillors currently without Portfolio or Chair responsibilities may be appointed to that position. If that happens the salary of the Councillor concerned will need to be increased by \$6,340 to bring his/her salary in line with the level of remuneration currently paid to the Council's other subcommittee chairs.

If the recommendation to establish a Property Subcommittee is approved, \$11,558 of the \$59,061 increase will therefore be "committed" leaving a balance of \$47,503 for allocation.

Because the structure of the Council has not significantly changed since the Remuneration Authority approved the Council's latest proposal and in order to keep the current relativities in place it is recommended that an across the board percentage increase be applied to all salaries (excluding the 3.83% increase for the Mayor). This

equates to a 4.43% salary increase for all elected members, including community board members.

The approval of this proposal will result in the following salaries being paid to the members of the Makara/Ohariu Community Board for the 2006/2007 financial year:

Chair	\$12,084 pa
Elected member	\$4,718 pa

If however the recommendation to establish a Property Subcommittee is not proceeded with, a total of \$53,843 will be available for distribution (excluding the Mayor). Again, for the reasons outlined above, it is proposed that the available balance be allocated across the board which will equate to a 5.03% salary increase for board members.

Under this scenario the following salaries are recommended for payment to members of the Makara/Ohariu Community Board for the 2006//2007 financial year:

Chair	\$12,152 pa
Elected member	\$4,746 pa

5.4 Payment of allowances and reimbursement of expenses

At its meeting on 28 April 2005, the Tawa Community Board requested officers to investigate the possibility of reimbursing community board members for the communication expenses they incur in their various communications with council officers.

A survey of other councils has been undertaken and, apart from the Auckland City Council who are looking to introduce a “home-based technology” allowance for community board members this year (subject to the approval of the Remuneration Authority), no other local authorities appear to be paying or considering such an allowance.

All Councillors are currently provided with a computer and a mobile phone to enable them to carry out their Council-related business. The Council also reimburses individual Councillors up to \$85 a month or the actual amount of the account, whichever is the smaller, towards the cost of the mobile phone and pays an allowance of \$60 per month to each Councillor towards the cost of the monthly rental charge for a broadband connection. It does not provide this equipment or pay these allowances to its community board members.

It is acknowledged that there is a reasonably significant level of communication between council officers and the community boards’ chairs in particular. The maintenance of this communication is reliant on the two board members concerned not only providing the necessary equipment but also paying for the running costs at “their end”. The reliance on this form of communication is also likely to increase.

Because the bulk of the communications at this stage is with the community board chairs, it is recommended that a home-based technology allowance of \$45 per month be paid to the chairs of the Makara/Ohariu and Tawa community boards to reimburse them for the communication costs they incur in carrying out their official duties.

It is considered that the level of contact that other board members have with Council officers at this stage through this form of technology does not warrant the payment of a similar allowance to them; however this position can be reviewed next time the matter comes up for discussion.

Apart from this amendment it is not proposed to change the existing rules for the reimbursement of expenses for community board members. Those rules are set out in the current version of the Elected Members' Handbook, a copy of which is held by board members.

If the Board has any other changes it wishes to recommend to the Council's current rules its suggestions would be welcome.

5.5 Unanimity of the Council's decision

In submitting its proposal the Council is required to notify the Remuneration Authority with details of:

- (i) any dissent at Council, and
- (ii) any dissent from community boards.

The Board also has the right to express any opposing views it might have direct to the Remuneration Authority if it so wishes

If the Council's recommendations are unanimous and reasonable it is unlikely that the Authority 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.

6. Conclusion

The Council is required to seek input from its community boards before finalising and lodging its remuneration proposal with the Remuneration Authority.

The Council will consider the allocation of the remuneration pool at its meeting on 6 April 2006 and an indication of the Board's position on the suggested allocation, insofar as remuneration payments to the Board members are concerned, is needed in time for that meeting.

Contact Officer: *Ross Bly, Special Projects & Electoral Officer.*

Supporting Information

1) Strategic Fit / Strategic Outcome

This project supports objective 9.2.1 of outcome 9.2:

9.2. City governance and decision making.

2) LTCCP/Annual Plan reference and long term financial impact

The project relates to C534 Committee and Council process. The expenditure involved has been provided for in the Elected Members' budget in the 2006/07 Draft Long Term Council Community Plan.

3) Treaty of Waitangi considerations

There are no Treaty of Waitangi implications.

4) Decision-Making

This is not a significant decision. The report recommends a level of remuneration to be paid to community board members for the 2006/07 financial year.

5) Consultation

a) General Consultation

Consultation with the Remuneration Authority is ongoing. No public consultation is required.

b) Consultation with Maori

No specific consultation is required.

6) Legal Implications

There are no legal implications.

7) Consistency with existing policy

This report is consistent with existing WCC policy.

Summary of the remuneration framework and rules applied by the Remuneration Authority

Basis of the remuneration system

- The Remuneration Authority sets a “remuneration pool” for each local authority, the size of which is assessed on a number of consistent and transparent criteria.
- 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)
- The Mayor’s salary is set by the Remuneration Authority and is met from the pool.
- The balance of the pool is available for distribution to the remaining elected members – including community board members.
- There are two options available to Council for allocating the pool
 - Salary only model, or
 - A salary: meeting fee split (e.g. 75% salary and 25% meeting fee).
- The Remuneration Authority is required to issue a determination at least once every three years. The practice has been to issue an annual determination.

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 their implementation.
- Any divergent views of Councillors and the views of Community Board members, in respect of the Council’s proposed allocation of the pool, must accompany the proposal submitted to the Remuneration Authority for approval.
- The Remuneration Authority is under no obligation to approve any scheme and will look at each scheme on its merits. No scheme that is likely to result in distortions in behaviour or lack of fairness in relativity will be approved by the Authority.
- The Remuneration Authority will not determine how remuneration for elected members should be funded by individual Councils.

APPENDIX 1

- Any amendment to the determination issued by the Remuneration Authority (i.e. caused by a change to the Committee structure) requires the prior approval of the Authority before it is implemented.

What remuneration is included in the pool

- The Mayor's salary (as determined by the Remuneration Authority) and the remuneration for the remaining elected members of the Council.
- The total remuneration for any appointed community board members, if the Remuneration Authority agrees that these members are to receive additional payment for their role on the Board.
- Up to 100% of the remuneration costs for elected community board members.

What remuneration is excluded from the pool

- Meeting fees paid to elected members in respect of resource consent hearings. A member who acts as the chairperson of a resource consent hearing is entitled to a fee of \$75 per hour of hearing time. A member, who is not the chairperson of the resource consent hearing, is entitled to a fee of \$60 per hour of hearing time. For any period of hearing time that is less than one hour, the fee must be apportioned accordingly.
- Up to half the remuneration costs for elected community board members.
- The reimbursement of expenses (i.e. mileage, cell phones etc).
- The payment of Directors/Trustees fees to those elected members appointed to the Council's Council Controlled Organisations.

Remuneration for community board members

- All community board members must be paid a salary (i.e. no meeting fees are payable).
- Half the remuneration costs for elected community board members can be met from outside the remuneration pool.
- Total remuneration costs for any appointed community board members must be met from the remuneration pool (if the Remuneration Authority agrees that these members are to receive additional payment for their role on the Board).

Mileage allowances

A local authority **may** pay a vehicle mileage allowance, up to a maximum of 70 cents per kilometre, to those elected members who need to use their own vehicle on council related business. This rate reflects both cost recovery and an element of remuneration in respect of travelling time.