
REPORT 2*(1215/13/IM and 1215/10/01)*

**ELECTED MEMBERS' REMUNERATION: 2008/2009
FINANCIAL YEAR**

1. Purpose of Report

To submit for the Board's consideration, a recommended allocation of the remuneration pool and the rules for the reimbursement of expenses and the payment of allowances to the elected members of the Makara/Ohariu Community Board for the 2008/2009 financial year.

2. Executive Summary

The Remuneration Authority has set the Council's elected members' remuneration pool at \$1,314,700 for the 2008/2009 financial year; an increase of \$11,304 on the size of the current pool (i.e. 0.87%).

The Mayor's salary for the 2008/2009 financial year has been fixed at \$148,167 p.a. (an increase of \$1,989 p.a.). This leaves a balance of \$1,166,533 available for distribution amongst the Council's remaining elected members, including the elected members of the Tawa and Makara/Ohariu Community Boards. The increase in the Mayor's salary must be met from within the pool leaving a balance of \$9,315 "additional" money for allocation amongst the remaining elected members.

Once agreed the Council is required to submit its recommended proposal to the Remuneration Authority for approval before the new salary rates can be implemented. The new rates will not take effect until 1 July 2008.

The Council is also required to review the rules and policies it has in place for the reimbursement of expenses and the payment of allowances to its elected members for the 2008/2009 financial year and, once approved, to submit those rules and policies to the Remuneration Authority for approval.

Those rules and policies have also been reviewed and are submitted for the Board's consideration.

3. Recommendations

It is recommended that the Board:

1. *Receive the information.*
2. *Note that the rules set by the Remuneration Authority require 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).*
3. *Agree that the salaries to be paid to the elected members of the Makara/Ohariu Community Board for the 2008/2009 financial year be as follows:*

<i>Chair</i>	<i>\$12,900 pa</i>
<i>Elected member</i>	<i>\$5,040 pa</i>

Note:

- (a) *The setting of the remuneration rates for the 2008/2009 financial year is to be considered by the Tawa Community Board (on 10 April 2008) and Council (on 30 April 2008). The remuneration figures currently recommended for the members of the Makara/Ohariu Community Board may therefore be subject to some change as a result of these decisions.*
 - (b) *The level of community board members' remuneration met from the pool has been set at 64.28% (previously 64.23%).*
 - (c) *The new salary rates will come into effect on 1 July 2008, after the Remuneration Authority has approved the Council's remuneration proposal.*
4. *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 the Council's final remuneration proposal.*
 5. *Agree that the reviewed rules and policies for reimbursement of expenses and the payment of allowances to community board members for the 2008/2009 financial year, as contained in Appendix 2 of this report, be confirmed.*
 6. *Support the Council in any approach it may make to the Remuneration Authority concerning a change to the current mileage allowance rules which would allow elected members to be reimbursed when using all forms of transport, including public transport, on Council related business.*

4. Background

The Remuneration Authority has advised that the remuneration pool for the elected members of the Wellington City Council, including its two community

boards, will be \$1,314,700 for the 2008/2009 financial year. This is an increase of \$11,304 (i.e. 0.87%) on the size of the current pool (i.e. \$1,303,396).

The Mayor's salary for the 2008/2009 financial year has been fixed at \$148,167 pa, an increase of \$1,989 pa (i.e. 1.36%) on the salary the position currently attracts. This leaves \$1,166,533, an increase of \$9,315 (i.e. 0.80%), available for allocation amongst the remaining elected members.

The Council reviewed its existing committee structure at its meeting on 6 November 2007 and, based on that new structure, received the approval of the Remuneration Authority to allocate the balance of the 2007/2008 pool as follows:

Mayor	\$146,178 pa
Deputy Mayor	\$100,400 pa
Portfolio Leaders (x 6)	\$85,000 pa
Chair, Regulatory Processes Committee	\$82,000 pa
Chair, Grants Subcommittee	\$72,000 pa
Councillor (x 5)	\$66,000 pa
Chair, Tawa Community Board	\$20,000 pa
Member, Tawa Community Board (x 5)	\$8,000 pa
Chair, Makara/Ohariu Community Board	\$12,800 pa
Member, Makara/Ohariu Community Board (x 5)	\$5,000 pa

In agreeing its new committee structure on 6 November 2007, the Council agreed that some governance related matters would be the subject of a further review in six months' time.

That review is currently underway and it is anticipated that a report on this matter will be submitted to the Council on 30 April 2008. A further report recommending the proposed allocation of the remuneration pool for the 2008/2009 financial year will also be considered at that meeting.

However, before finalising its proposal it has been the practice for the Council to seek input and obtain the agreement of its community boards to the proposed allocation of the remuneration pool. A recommended proposal for an increase to the amount currently paid to the elected members of the Makara/Ohariu Community Board is submitted for the board's consideration.

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 required to review its rules and policies in relation to these matters and to submit them to the Remuneration Authority for approval before they can be implemented. Those rules and policies have been reviewed and are also submitted for the board's consideration.

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

5. Discussion

5.1 Decisions to be made

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

- To decide whether the 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 a proposal for the allocation of the money within the remuneration pool.
- To confirm or reconfirm the basis on which the Mayoral car is supplied for the incumbent's use
- To review and agree the rules and policies for the reimbursement of elected members' expenses and the payment of allowances.

5.2 Basis of remunerating its elected community board members

The rules set by the Remuneration Authority require 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 Authority has also determined that only one salary is payable to any elected member and that any Councillors who are appointed as members of a community board are not eligible for any additional payment for serving on the board.

5.3 Distribution proposal

The Mayor's salary (of \$148,167 pa) is set by the Remuneration Authority and must be met from the pool. Once this amount is excluded from the approved pool of \$1,314,700 a sum of \$1,166,533 is left available for distribution amongst the remaining elected members, including community board members. This is an increase of only \$9,315 pa on what is currently available for allocation (i.e. 0.80%).

In order to help keep the current relativities in place it is recommended that, insofar as the salaries for community board members are concerned, an across the board increase of 0.8% be applied to the salaries currently paid to community board members.

The Council is required to meet at least 50% of the total salary costs for elected community board members from the remuneration pool. The rules do allow a greater percentage of those costs to be met from within the pool and the Council has, with the approval of the Remuneration Authority, agreed to meet approximately 64% of these costs from the pool for the last two years. The decision to meet a higher percentage of these salary costs from within the pool results in a saving to the city's ratepayers. It is proposed that this practice be

continued for the 2008/2009 financial year with 64.28% of community board members' remuneration being met from the pool.

Applying those principles it is recommended that the following salaries be payable to the elected members of the Makara/Ohariu Community Board for the 2008/2009 financial year:

	Proposed salary	Current (2007/2008) salary
Chair	\$12,900 pa	\$12,800 pa
Elected member	\$5,040 pa	\$5,000 pa

5.4 Payment of allowances and reimbursement of expenses

In addition to determining their remuneration levels, the Remuneration Authority is also required to approve, on a yearly basis, the payment of allowances and the reimbursement of expenses for all elected members, including members of community boards.

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

Board members will recall that the Remuneration Authority completed an extensive review of the rules around the payment of allowances and the reimbursement of expenses to elected members for all local authorities in 2007. The reason for the review was to ensure that the rules did not provide elected members with private financial benefits, more in the way of income, than the reimbursement of the actual costs incurred for legitimate business reasons.

The Council carefully reviewed its existing rules and policies as part of its remuneration considerations in November 2007 and subsequently obtained the Remuneration Authority's approval for their implementation earlier this year.

The Council has raised with the Remuneration Authority on a number of occasions since 2003 the need to amend the current mileage allowance rules to allow elected members to be reimbursed when using transport, other than a private car, on Council related business. The intention is that this would include the reimbursement for travel on all forms of transport, including public passenger transport. The proposal is that this reimbursement would be calculated on a mileage travelled basis, similar to the rules which currently apply for the payment of car mileage allowances.

In the Council's view the fact that the payment of mileage allowances does not apply for other active modes of transport is inconsistent with sustainable transport policy and a number of Government's transport strategies. Also with the current price of fuel and increasing global warming concerns the argument in favour of such a policy is much stronger now than it was five years ago when the Council first raised the issue with the Remuneration Authority.

The Council will be asked to consider a recommendation that it raise with the Remuneration Authority again the question of amending the current mileage allowance rules to allow elected members to be reimbursed when using all forms

of transport, including public transport, when travelling on Council related business. The matter is referred to the Makara/Ohariu Community Board for its consideration and, if considered appropriate, its support for the Council in any approach it may make to the Remuneration Authority.

Apart from this issue, the Council's current rules and policies for the payment of allowances and the reimbursement of expenses for elected members appear to be working satisfactorily. It is therefore recommended that the Board agree that the current rules and policies as outlined in the attached application form (**Appendix 2**) be confirmed and referred to the Remuneration Authority for its approval.

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 ability to express any opposing views it might have on the Council's final proposal 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. However, the Authority has the power to amend any proposal if the level of dissatisfaction is high or if it considers the proposal is unreasonable.

6. Conclusion

The Council is required to submit its recommended proposal for the allocation of the 2008/2009 elected members' remuneration pool and its rules and policies for the reimbursement of expenses and the payment of allowances to its elected members to the Remuneration Authority for its approval.

Before doing so it has been the practice for Council to seek input from its community boards before finalising and lodging its proposals with the Remuneration Authority.

The Council will consider the allocation of the 2008/2009 remuneration pool and its rules for the reimbursement of expenses to its elected members at its meeting on 30 April 2008. An indication of the Board's position on the suggested pool allocation, insofar as remuneration payments to the Board members are concerned, and the reviewed rules are needed in time for that meeting.

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

Supporting information

1) Strategic Fit/Strategic Outcome

This project supports Long-term outcome 7.2.2 “Wellington will operate an open and honest decision making process that generates confidence and trust in the democratic system”.

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

The project relates to C534: Elections, Governance and Democratic Process.

3) Treaty of Waitangi implications

There are no Treaty of Waitangi implications.

4) Decision-making

This is not a significant decision.

5) Consultation

Consultation between the Remuneration Authority and the Tawa and Makara/Ohariu Community Boards is ongoing. No public consultation or consultation with Maori is required.

6) Legal implications

There are no legal implications.

7) Consistency with existing policy

This report is consistent with existing Wellington City Council policy

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)
- The Mayor’s salary is set by the Remuneration Authority and must be fully met from the pool.
- The balance of the pool is available for distribution to the Council’s remaining elected members, including any community board members.
- There are two options available to Council for distributing the pool
 - A salary only model, or
 - A salary: meeting fee split (e.g. 75% salary and 25% meeting fee).
- All community board members must be paid a salary (i.e. the payment of meeting fees is not an option).
- 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.
- The maximum number of hours any individual member may be paid for is 40 hours per week (i.e. 2080 hours per annum).
- Different salary and meeting fee weightings, to those originally provided by the Remuneration Authority, may be proposed.

APPENDIX 1

- 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 for the Remuneration Authority's 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 (i.e. salary or salary/meeting fee split)
 - the actual payments received by each elected member, and
 - the total amount of expenses reimbursed to each elected member.

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 Council.
- The total salary costs for any appointed community board members.
- At least half the salary costs for elected community board members. Up to 100% of these remuneration costs can be met from the pool.

What remuneration is excluded from the pool?

- 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 of \$85 per hour of hearing time. A member who is not the chairperson of the resource consent hearing is entitled to a fee of \$68 per hour of hearing time. 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 incurred in the reimbursement of expenses (i.e. mileage allowances, cell phones etc).
- The payment of Trustees/Directors fees to those elected members appointed to the Council's Council Controlled Organisations.

Mileage allowances

Where an elected member needs to use their own vehicle on council business, they are entitled to be paid a mileage allowance of up to 70 cents per kilometre. This rate has been set by the Remuneration Authority to reflect both cost recovery and an element of remuneration in respect of travelling time.

**Remuneration Authority
P O Box 10 084
Wellington 6143**

Date: April 2008

**APPLICATION FOR APPROVAL OF EXPENSE RULES (INCLUDING
REIMBURSING ALLOWANCES) APPLICABLE TO ELECTED MEMBERS OF
LOCAL AUTHORITIES FOR PERIOD 1 JULY 2008 TO 30 JUNE 2009**

SECTION 1 - NAME OF LOCAL AUTHORITY

Wellington City Council

Contact person for enquiries:

Name: Ross Bly

Designation: Special Projects and
Electoral Officer

Email: ross.bly@wcc.govt.nz

Telephone: (04) 801-3484 (DDI)

SECTION 2 - DOCUMENTATION OF POLICIES

List the local authority's policy documents which set out the policies, rules and procedures relating to the expenses and allowances payable to elected members.

Document name	Reference no. (if any)	Date
Policy on Payment of Elected Members' Allowances and Reimbursement of Expenses		November 2007
Elected Members' Mileage Policy		November 2007
Mobile Phone Policy		November 2007
Councillor Information Technology Policy		November 2007
Councillor Stationery and Computer Consumables Policy		November 2007
Wellington City Council Travel and Accommodation Standard	S-014	February 2007
Schedule of elected member allowances and expenses		May 2007

SECTION 3 - AUTHENTICATION OF EXPENSE REIMBURSEMENTS AND ALLOWANCES

Summarise the principles and processes under which the local authority ensures that expense reimbursements and allowances payable in lieu of expense reimbursements,—

- are in line with council policies
- have a justified business purpose
- are payable under clear rules communicated to all claimants
- have senior management oversight
- are approved by a person able to exercise independent judgement
- are adequately documented
- are reasonable and conservative in line with public sector norms
- are, in respect of allowances, a reasonable approximation of expenses incurred on behalf of the local authority by the elected member
- are subject to internal audit oversight.
 - Comprehensive policy documents, copies of which have been included in our previous applications to the Remuneration Authority for approval of allowances and reimbursement of work related expenses for elected members.
 - The basis of reimbursement is “actual and reasonable” expense only.
 - In the case of one-off expenditure such as travel to conferences, the prior approval of Council must be given.
 - Full documentation of the policies is included in the Elected Members Handbook, copies of which are issued to all members.
 - Periodic reviews of all expense reimbursements are undertaken by the City Secretary on a random basis.
 - All expense claims are approved by the City Secretary. Full receipts are required.
 - Policies set by the Council reflect public sector norms of reasonableness and conservatism.
 - Allowances have been calculated as carefully as possible to approximate expenditure to which allowances relate.
 - Work undertaken by Risk Assurance includes random checks on expense claims and allowances paid to elected members.

SECTION 4 - VEHICLE PROVIDED

Are any elected members provided with use of a vehicle, **other than** a vehicle provided to the Mayor or Chair and disclosed in the remuneration information provided to the Remuneration Authority? No

SECTION 5 - MILEAGE ALLOWANCES

1. Rate(s) of allowances paid per kilometre:

70 cents per kilometre

2. Restrictions on mileage claims

- Reimbursement will only be made when travelling to Council-approved meetings and functions.
- Reimbursement can only be claimed for actual travel by private motor vehicle or by public transport.
- Claims for reimbursement must reflect the most direct route between the elected member's normal place of residence and the venue of the Council approved meeting or function.
- Travel expenses funded or claimed in full or in part from or by any other person, body corporate or through the tax system cannot be claimed.
- Travel expenses that would be incurred regardless of whether or not an elected member attends a Council meeting or function are not claimable.
- All mileage claims are subject to audit by Democratic Services and/or Risk Assurance.

SECTION 6 - TRAVEL AND ACCOMMODATION

Taxis and other transport

Are the costs of taxis or other transport reimbursed or an allowance paid? Yes

- No allowances are paid.
- Costs of travelling by public transport to and from Council-approved meetings and functions and for attendance at conferences or seminars approved by the Council are reimbursed (on production of receipts).
- Taxi chits are provided when required for official Council purposes. The Council has an approved taxi service provider for local usage.

Car parks

Are car parks provided? Yes

- Car parks are provided as and when required to enable elected members to carry out their governance and representation responsibilities
- Car licence plates must be registered with Democratic Services and security staff

Use of rental cars

Are rental cars ever provided?

Yes

- If travel to a conference out of Wellington has been approved by Council and the cost of a rental car is cheaper than paying a mileage allowance or air fare.

Air Travel Domestic

Summarise the rules for domestic air travel.

- For travel to conferences/seminars etc approved by Council (in advance) where travel by air is the most cost effective travel option.
- All travel must be booked through the Democratic Services Unit.
- Compliance in all respects with the Council's Travel and Accommodation Standard. (See Section 2).

Air Travel International

Summarise the rules for international air travel (including economy class, business class, stopovers)

- All travel must be approved in advance by the Council.
- All travel must be booked through the Democratic Services Unit.
- Economy class for flights up to 8 hours.
- Business class travel approved for flights over 8 hours.
- Compliance in all respects with the Council's Travel and Accommodation Standard. (See Section 2).

Airline Clubs/Airpoints/Airdollars

Are subscriptions to airline clubs (such as the Koru Club) paid or reimbursed?

No

Are airpoints or airdollars earned on travel, accommodation etc., paid for by the local authority available for the private use of members

No

Accommodation costs whilst away at conferences, seminars, etc.

Summarise the rules on accommodation costs.

- Actual and reasonable costs reimbursed.
- Designated hotels to be used where possible.
- All accommodation booked through Democratic Services.
- Compliance in all respects with the Council's Travel and Accommodation Standard. (See Section 2).

APPENDIX 2

Meals and sustenance, incidental expenses

Summarise the rules on meals, sustenance and incidental expenses incurred when travelling. (If allowances are payable instead of actual and reasonable reimbursements, state amounts and basis of calculation.)

- Reimbursement of meal costs, either payment of the agreed meal allowance or reimbursement based on actual and reasonable costs.
- No reimbursements for purchases from hotel mini-bars and charges for in-room video or cable movies.
- No reimbursement for meals provided by others.
- No incidental allowances are paid for travel within New Zealand.
- Compliance in all respects with the Council's Travel and Accommodation Standard. (See Section 2).

Private accommodation paid for by local authority

Is private accommodation (for example an apartment) provided to any member by the local authority?

No

Private accommodation provided by friends/relatives

Are any allowances payable in respect of accommodation provided by friends/relatives when travelling on local authority business?

Yes

- Elected members travelling on Council business who choose to stay privately are paid an allowance of \$60 per night, which includes the cost of accommodation breakfast and dinner.

SECTION 7 - ENTERTAINMENT AND HOSPITALITY

Are any hospitality or entertainment allowances payable or any expenses reimbursed?

No

SECTION 8 - COMMUNICATIONS AND TECHNOLOGY

Equipment and technology provided to elected member

Is equipment and technology provided to elected members for use at home on council business?

PC or Laptop	Yes
Fax	No
Printer	Yes
Broadband	Yes
Second landline to house	No
Consumables and stationery	Yes

APPENDIX 2

Mobile Phone	Yes
Other equipment or technology*	No
Are any restrictions placed on private use of any of the above?	Yes
<ul style="list-style-type: none">• Equipment not to be used for electioneering purposes.	
Home telephone rental costs and telephone calls (including mobiles)	
Are telephone rental costs reimbursed in whole or part?	Yes
Are telephone call expenses reimbursed in whole or part?	Yes
<ul style="list-style-type: none">• Reimbursement of up to \$85 per month or the actual amount of the account, whichever is the smaller, is made to elected members for mobile phones provided (excluding community board members).• This reimbursement includes the monthly rental costs.• The Mayor has landline and a mobile phone provided and paid for by the Council.	
Allowances paid in relation to communication and/or technology provided by elected member	
Are any allowances paid in relation to communications and/or technology provided by the member relating to council business?	Yes
<ul style="list-style-type: none">• A reimbursement allowance of \$50 per month is paid to elected members (excluding community board members) towards the monthly rental and usage charges for broadband. (Note: A allowance of \$60 per month is currently being paid to elected members)• The calculation of the allowance is based on the average costs charged by a range of service providers.	
SECTION 9 - PROFESSIONAL DEVELOPMENT, CLUBS AND ASSOCIATIONS`	
Are any expenses reimbursed or allowances paid in respect of members' attendance at professional development courses, conferences and seminars?	Yes
<ul style="list-style-type: none">• No allowances are paid.• Course registration fees are paid subject to the approval of the City Secretary.	
Are any expenses reimbursed or allowances paid in respect of subscriptions to clubs or associations?	No

APPENDIX 2

SECTION 10 - OTHER EXPENSE REIMBURSEMENTS AND ALLOWANCES

Are any other expense reimbursements made or allowances paid? Yes

- A home-based technology reimbursement of up to \$45 per month is paid to the Chairs of the Tawa and Makara/Ohariu Community Boards to reimburse the incumbents of those positions a portion of the communication costs (i.e. business related telephone calls, internet connection, fax machines etc) incurred by them in carrying out their duties. (receipts to be provided)

SECTION 11 - TAXATION OF ALLOWANCES

Are any allowances (as distinct from reimbursements of actual business expenses) paid without deduction of withholding tax? Yes

- Withholding tax is deducted from the mileage allowances paid but is not deducted from any of the other allowances paid (i.e. the broadband allowance).

SECTION 12 - SIGNATURE

I seek approval from the Remuneration Authority, in relation to the period 1 November 2007 to 30 June 2008, of the expense reimbursement rules and payments of allowances applicable to elected members as set out in this document.

The approved document and any attachments will be available for public inspection in accordance with the Remuneration Authority's determination.

_____	City Secretary	-04-08
Signature	Designation	Date