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

ELECTED MEMBERS' REMUNERATION: 2009/2010 FINANCIAL YEAR

1. Purpose of Report

To submit for the Board's consideration, a recommended allocation of the remuneration pool and the approval of the rules for the reimbursement of expenses and the payment of allowances to the elected members of the Makara/Ohariu Community Board for the 2009/2010 financial year.

2. Executive Summary

The Remuneration Authority has advised that the remuneration pool for Wellington City Council's elected members has been set at \$1,383,479 for the 2009/2010 financial year. This represents an increase of \$68,779 in the size of the current pool (i.e. an increase of 5.23%).

The Mayor's salary for the 2009/2010 financial year has been fixed at \$153,660 p.a. (an increase of \$5,493 p.a. or 3.71%). This leaves a balance of \$1,229,819 available for distribution amongst the 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 the pool, leaving a balance of \$63,286 "additional" money for allocation amongst the remaining elected members.

Since notifying the increase to the pool and as a result of the current media and public interest in the rates of remuneration of public officials, the Remuneration Authority has now advised local authorities that although its preference is for councils to fully allocate their "notified" 2009/2010 governance pools it will, where there is unanimity among elected members, consider submissions from any council for other than a full allocation of the remuneration pool (i.e. a zero or a smaller increase than that notified). They have indicated however that they will be looking for valid reasons to agree to any such requests.

Once agreed on, the Council's recommended proposal must be referred to the Remuneration Authority for its approval before any new salary rates can be implemented. The new rates will take effect on 1 July 2009.

The Council is also required to review, on an annual basis, the rules and policies it has in place for the reimbursement of expenses and the payment of allowances to its elected members. Once agreed, these rules and policies must also be referred to the Remuneration Authority for approval, prior to their implementation by the Council.

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. *Note that although its preference is for councils to fully allocate their 2009/2010 governance pools the Remuneration Authority will, where there is unanimity among elected members and on the provision of valid reasons, consider submissions from any council for other than a full allocation of the pool (i.e. a zero or a smaller increase than that proposed by the Remuneration Authority will be considered).*
4. *Agree that, if the Council decides to fully allocate the pool, the following salaries are paid to the elected members of the Makara/Ohariu Community Board for the 2009/2010 financial year (Option 1 in the officer's report):*

<i>Chair</i>	<i>\$13,120 pa</i>
<i>Elected member (x5)</i>	<i>\$5,125 pa</i>

Note:

- (a) *The allocation of the pool has been based on the governance structure approved by the Council at its meeting on 24 April 2008.*
- (b) *The setting of the remuneration rates for the 2009/2010 financial year is to be considered by the Tawa Community Board (on 12 March 2009) and Council (on 25 March 2009). 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.*
- (c) *The level of community board members' remuneration met from the pool has been set at 100% (an increase from 56.69% for the 2008/2009 financial year).*

- (d) *The balance of the 2009/2010 pool adjustment has been allocated by applying a 1.7% “across the board” salary increase to all other elected positions (excluding the Mayor).*
- (e) *The new salary rates will come into effect on 1 July 2009, after the Remuneration Authority has approved the Council’s remuneration proposal.*

- 5. *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.*
- 6. *Note that the Council will be asked to ratify the “informal decision” it made on 17 December 2008 to discontinue the payment of a mileage allowance to elected members for the use of their private vehicles on Council business, and that this decision will take effect from 18 December 2008.*

Note:

This decision, if agreed to, will require the approval of the Remuneration Authority as it involves a change to the Council’s current rules and policies in relation to the payment of allowances and the reimbursement of expenses to its elected members.

- 7. *Note that the Remuneration Authority has released a discussion paper on the payment of mileage allowances to elected members, submissions on which are due on 1 July 2009 and will be the subject of a further report to Council.*
- 8. *Agree that the amended rules and policies for the reimbursement of expenses and the payment of allowances to community board members for the 2009/2010 financial year, as contained in Appendix 6 of this report, be confirmed.*

Note:

These recommended amendments incorporate changes to mileage allowances and the payment of the monthly home-based technology allowance to the chairs of the Tawa and Makara/Ohariu community boards.

4. Background

The Remuneration Authority advised Council in December 2008 that its elected members’ remuneration pool for the 2009/2010 financial year would be \$1,383,479; an increase of \$68,779 (5.23%) on the size of the 2008/2009 pool.

The allocation of the 2008/2009 pool, as determined by the Remuneration Authority, was as follows:

Mayor	\$148,167 pa
Deputy Mayor	\$106,720 pa
Portfolio Leaders (x 5)	\$86,456 pa
Associate Portfolio Leaders (x 2)	\$73,325 pa
Chair, Regulatory Processes Committee	\$83,325 pa
Chair, Grants Subcommittee	\$73,225 pa
Councillor (x 4)	\$67,114 pa
Chair, Tawa Community Board	\$20,160 pa
Member, Tawa Community Board (x 5)	\$8,060
Chair, Makara/Ohariu Community Board	\$12,900 pa
Member, Makara/Ohariu Community Board (x 5)	\$5,040 pa

This allocation was based on the governance arrangements that were approved by the Council at its meeting on 24 April 2008. The current governance structure is working satisfactorily and there are no proposals to change those arrangements at this time.

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 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 5**.

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

The Council is therefore 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.

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 an elected member. Any Councillor who is an appointed member of a community board is therefore not entitled to receive a separate salary for serving on the board.

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 more than 50% of these costs from the pool (ranging from 57% - 64%) over the last three 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.

5.3 Review of governance related matters

When approving its new committee structure for the 2007/2010 triennium on 6 November 2007, the Council agreed that some governance related matters would be the subject of further review within six months. That review was completed in early 2008 and the new portfolio structure, based on that review, was approved by the Council at its meeting on 24 April 2008. The allocation of the 2008/2009 remuneration pool was based on that governance structure.

The structure is working satisfactorily and there are no plans to change the governance arrangements in the immediate future.

5.4 Remuneration review for Chair Makara-Ohariu Community Board

At its meeting on 30 April 2008 the Council agreed that, due to an increase in the workload of the Chair of the Makara/Ohariu Community Board over the previous two or three years, a further job sizing assessment of that role should be undertaken prior to the 2009/2010 remuneration round to make sure that the rate set for this position was at an appropriate level.

A review of the functions, responsibilities and time commitments for the position has been undertaken by HayGroup. The Chair met with HayGroup and provided the information necessary to assess the accountabilities, complexities and time commitment required in the role. This information has been used to

review the evaluation or job size for the position using the Hay Job Evaluation methodology. The result of the review has found that, despite some changes to the types of issues presented to the Board, there is no significant change to the existing job sizing for the position.

There is therefore no proposal to recommend an increase to the existing relativities that apply to the position. The Chair of the Board is aware of HayGroup's assessment and is not unhappy with their findings.

5.5 Distribution of the pool

The legislation requires the Remuneration Authority to set the size of the governance pool for all local authorities and for each Council to recommend to the Authority how they would like the pool allocated among its elected members. The Council's recommended allocation requires the approval of the Remuneration Authority before any new pay rates can be implemented.

The size of the pool is both the maximum and minimum amount that can be spent on elected members' remuneration and in the past it has been mandatory for councils to allocate the full pool. The Council has no control over the size of the pool and is required to pay its members at the rates finally determined by the Remuneration Authority. If, as a result of the Remuneration Authority's determination, individual members feel that they are being "overpaid" they can donate the appropriate amount to a charity of their choice.

However, advice has now been received from the Remuneration Authority that as a result of the current media and public interest in the remuneration of public officials, enquiries have been received from two councils asking whether it was mandatory that they fully allocate the 2009/10 governance pool as notified to them in December 2008. The councils concerned had asked whether the option of a zero remuneration adjustment from 1 July 2009 was possible.

Research undertaken by the Remuneration Authority has shown that the total movement in local authority remuneration is around 3%, although this has fallen unevenly across authorities according to the pattern of growth (or decline). In arriving at this figure, the Remuneration Authority accessed remuneration survey data which supported a higher increase. However, surveys almost inevitably lag what is currently taking place in the remuneration market. Their decision to increase the nationwide pool by 3% takes account of not only the survey data, but also the Authority's best judgement of slowing remuneration growth during 2008/09 and into 2009/10.

It is their view that the adjustment from 1 July 2009 reflects, in some respects, the lag between the collection of market remuneration data, and the timing of the implementation of their remuneration decisions. They anticipate that survey data this year will not support any significant increase in the pool for 2010/2011.

In their letter the Remuneration Authority has indicated that their preference is for the 2009/2010 governance pools to be fully allocated, for the following reasons:

- (1) *The increase from 1 July 2009 is conservative in that it is somewhat less than market information might indicate should be the adjustment.*
- (2) *A zero increase from 1 July 2009 could create a situation where a larger, and perhaps less publicly acceptable, adjustment may need to be made from 1 July 2010. Further postponing an adjustment at that time would only serve to exacerbate the problem.*
- (3) *The raison d'être of the Remuneration Authority's role in setting the remuneration of elected representatives and statutory officers is to remove the political responsibility, and associated pressure, from those persons. The Authority must ensure, as far as they can, that this independence from political pressure is maintained.*

Despite this they have advised that they will, provided there is unanimity among the Council's elected representatives consider submissions from any council for other than a full allocation of the pool. However, they have also indicated that they will be looking for valid reasons to agree to any such requests.

The Remuneration Authority has confirmed that the Wellington City Council's elected members' remuneration pool for the 2009/2010 financial year will be \$1,383,479, an increase of \$68,779. The Mayor's salary, all of which must be met from the pool, has been increased by \$5,493 to \$153,660 pa.

The size of the pool available for distribution amongst the remaining elected members, including community board members, is therefore \$1,229,819 (\$63,286 of which is "additional" money).

5.5.1 Distribution options

A number of possible options (**Appendices 1-4**) have been developed for the allocation of the pool. These include a "status quo" option (**Appendix 4**) in the event the Council wishes to seek the agreement of the Remuneration Authority to a zero remuneration adjustment for the 2009/2010 financial year.

These options have taken into account the roles and responsibilities of the various positions and have been developed on:

- the salary only option for all elected positions
- the retention of the existing relativities and weightings that were established some years ago as a result of some job sizing work undertaken by HayGroup Consultants
- the position taken by Council over the last three years to meet a greater portion of the total salaries paid to community board members from the remuneration pool (a minimum of 50% is required).

Option 1

This option proposes that 100% of the total salaries paid to community board members be met from the remuneration pool (currently 56.69%) plus a 1.7% “across the board” salary increase for all elected members (including community board members but excluding the Mayor). This will result in an overall increase of \$26,096 to elected members’ remuneration for the 2009/2010 financial year.

This option proposes the full allocation of the recommended 2009/2010 pool and will not require any additional funding (outside of the pool) from rates.

The proposed allocation is set out in **Appendix 1**.

Option 2

This option proposes a 3.7% “across the board” salary increase (consistent with the Mayor’s increase) for all elected members, including community board members, and for 76.28% of the total salaries paid to community board members to be met from the remuneration pool (currently 56.69%). This will result in an overall increase of \$50,334 to elected members’ remuneration for the 2009/2010 year.

This option proposes the full allocation of the recommended 2009/2010 pool and will require an additional \$24,238 to be funded from rates (in addition to the pool).

The proposed allocation is set out in **Appendix 2**.

Option 3

This option proposes an “across the board” salary increase of 5.5% for all elected members, (including community board members but excluding the Mayor) and for 55.75% of the total salaries paid to community board members to be met from the remuneration pool (currently 56.69%). This will result in an overall increase of \$72,103 to elected members’ remuneration for the 2009/2010 year.

This option proposes the full allocation of the recommended 2009/2010 pool and will require an additional \$46,007 to be funded from rates (in addition to the pool).

The proposed allocation is set out in **Appendix 3**.

Option 4 (Status quo)

This option is the status quo. It proposes a nil salary increase for all elected members (including the Mayor and community board members) and for 56.69% of the total salaries paid to community board members to be met from the remuneration pool (i.e. the retention of the current salary rates).

This option will result in a saving of \$68,779 pa (i.e. the total increase to the 2009/2010 remuneration pool as proposed by the Remuneration Authority).

The adoption of this option is reliant on a unanimous decision by Council and subject also to the Remuneration Authority being satisfied with any reasons put forward by Council for requesting a nil increase.

The proposed allocation is set out in **Appendix 4**.

5.5.2 Recommended option

Although the Remuneration Authority has now indicated that they will, in certain circumstances, consider submissions from councils for other than a full allocation of the pool, their preference is for the governance pools to be fully allocated as has been required in the past.

If the Council is unanimous in its decision to seek other than a full allocation of the pool it will need to provide valid reasons to the Remuneration Authority in support of its request and adopt Option 4 as its recommended proposal for the allocation of the pool for 2009/2010 (i.e. no change to the 2008/2009 levels of remuneration).

In the event Council agrees with the reasons put forward by the Remuneration Authority to fully allocate its 2009/2010 remuneration pool it is recommended that the Council adopt Option 1, the details of which are as follows:

Mayor	\$153,660 pa
Deputy Mayor	\$108,524 pa
Portfolio Leader (x 5)	\$87,920 pa
Chair, Regulatory Processes Committee	\$84,740 pa
Associate Portfolio Leader (x2)	\$74,570 pa
Chair, Grants Subcommittee	\$74,570 pa
Councillor (x 4)	\$68,255 pa

Tawa Community Board	
Chair	\$20,500 pa*
Elected Member (x 5)	\$8,196 pa*

Makara/Ohariu Community Board	
Chair	\$13,120 pa*
Elected Member (x 5)	\$5,125 pa*

* 100 % of the salaries for community board members are to be met from the remuneration pool.

The adoption of this option not only takes on board the Remuneration Authority's concerns but also limits the overall increase to ratepayers (for the funding of elected members remuneration) to \$26,096 for the 2009/2010 financial year.

The matter is referred to the Makara/Ohariu Community Board for a decision as to which of the options the Board favours.

5.6 Payment of allowances and reimbursement of expenses

The Council is required to review, on an annual basis, the rules and policies it applies for the reimbursement of expenses and the payment of allowances to its elected members. These rules and policies, once agreed on, must be referred to the Remuneration Authority for approval, prior to their implementation by the Council.

Some changes to the Council's current policies are required as a result of advice recently received from the Council's taxation team in relation to the payment of withholding tax on allowances and the "informal decision" taken by the Council at its meeting on 17 December 2008 to discontinue the payment of a mileage allowance to elected members for the use of their private vehicles on Council business.

5.6.1 Taxation of allowances

We have now been advised that allowances paid to elected members for expenses incurred are subject to withholding tax (at the rate of 33c in the \$).

However, **reimbursements for actual expenses** incurred by elected members in the course of their duties (e.g. reimbursement of food and accommodation costs whilst on approved Council business) will not be subject to withholding tax provided that:

- the expenditure is actually incurred and paid by the elected member; and
- the Council retains the original receipts where it is reimbursed by the Council.

5.6.2 Mileage allowance

As a result of the discussions that took place at the Long Term Community Council Plan (LTCCP) workshop in November last year, councillors agreed to consider some possible savings in terms of councillor related expenditure.

Accordingly a proposal was "informally" put to all councillors at the end of the December Council meeting identifying a number of areas where savings could be made. One of the areas identified related to the payment of mileage allowance to elected members to reimburse them for the costs of using their private vehicles on Council business. Because elected members were "self employed" and therefore had the ability to claim the costs of using their vehicles as a business expense (when lodging their annual tax return), it was agreed that the payment of a mileage allowance to elected members should be discontinued with immediate effect.

Because this decision involves a change to the Council's current rules in relation to the payment of allowances and the reimbursement of expenses, the Remuneration Authority will need to be notified of the policy change. A formal confirmation of the decision is therefore required.

The Council will therefore be asked to ratify the “informal decision” it took on 17 December 2008 and for the matter to be referred to the Remuneration Authority for its approval.

It is also proposed that this policy change apply for the 2009/2010 financial year.

5.6.2.1 *Proposal to abolish payment of mileage allowances*

In issuing its 2008 determination the Remuneration Authority signalled its intention to review the basis and application of the mileage allowance payable to elected members prior to the release of its 2009/2010 Local Government Elected Members' Determination.

It has now released a discussion paper on the payment of mileage allowances to elected members. The paper includes a proposal to abolish the allowance as it currently applies and for it to be replaced with a reimbursement for travelling time and actual travel costs, but only in limited circumstances. The Remuneration Authority has acknowledged that as this is a significant change it is not their intention to introduce any change before the 2010 local body elections.

In releasing the paper they have however drawn attention to the fact that the provisions of the current determination concerning the payment of mileage allowance are permissive rather than mandatory.

In view of the current economic climate and the public interest that has been shown in the remuneration of elected representatives, the Remuneration Authority has reminded councils that there is an opportunity for them to recommend an amendment to their respective expenses rules, with effect from 1 July 2009.

Although this advice is in line with the informal decision the Council has already taken, and is to ratify at its next meeting, a report on the Remuneration Authority's proposal will be submitted for Council's consideration prior to the close of submissions on 1 July 2009.

5.6.3 *Home-based technology allowance*

The Council has, with the approval of the Remuneration Authority, paid a home-based technology allowance of up to \$45 per month to the chairs of the Tawa and Makara/Ohariu community boards to reimburse them a portion of the communication costs incurred by them in undertaking their duties.

Based on advice received from Inland Revenue at the time this allowance was introduced, these payments have not had withholding tax deducted.

However, we have now received advice that withholding tax needs to be deducted from these payments unless the original invoices are received and retained by the Council.

The options that are available are for the chairs of the Boards to:

- retain the original invoice/s and receive the \$45 allowance, less withholding tax; or
- supply the original invoice/s to the Council and be reimbursed the actual costs, up to a maximum of \$45. The Council will retain the original invoice/s and no withholding tax will be deducted from the reimbursement.

It is recommended that the Council's policy in respect to the payment of this allowance be amended to provide for the payment of \$45 per month less withholding tax (if the original invoice is retained by the elected member) or the reimbursement of the actual costs up to a maximum of \$45 per month (if the original invoice is supplied to the Council).

5.7 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 proposal for the allocation of the 2009/2010 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 approval by 1 April 2009.

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 2009/2010 remuneration pool and its rules for the reimbursement of expenses to its elected members at its meeting on 19 March 2009. An indication of the Board's position on the suggested pool allocation, insofar as remuneration payments to the Board members are concerned, and the revised 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

APPENDIX 1

Allocation of the 2009/2010 Elected Members' Remuneration Pool

Option 1

This option proposes 100% of the total salaries paid to community board members be met from the remuneration pool (currently 56.69%) plus a 1.7% "across the board" salary increase for all elected members (including community board members but excluding the Mayor).

Name	Current Salary (2008/2009)	Proposed distribution of 2009/10 adjustment	Proposed Annual Salary 2009/2010
Mayor	\$148,167*	\$5,493*	\$153,660*
Deputy Mayor	\$106,720	\$1,804	\$108,524
Portfolio Leader (x 5)	\$86,456	\$1,464	\$87,920
Chair, Regulatory Processes Committee	\$83,325	\$1,415	\$84,740
Associate Portfolio Leader (x2)	\$73,325	\$1,245	\$74,570
Chair, Grants Subcommittee	\$73,225	\$1,345	\$74,570
Councillor (x4)	\$67,114	\$1,141	\$68,255
Chair Tawa Community Board	\$20,160**	\$340	\$20,500***
Member Tawa Community Board (x5)	\$8,060**	\$136	\$8,196***
Chair, Makara/Ohariu Community Board	\$12,900**	\$220	\$13,120***
Member, Makara/Ohariu Community Board (x5)	\$5,040**	\$85	\$5,125***
Total of Pool	\$1,314,700*		\$1,383,479*
Total of Elected Members Remuneration	\$1,357,383		\$1,383,479

Notes:

- * Figures determined by the Remuneration Authority.
- ** 56.69% of Community Board members' remuneration met from the pool.
- *** 100% of Community Board members' remuneration met from the pool.

This option proposes the full allocation of the recommended 2009/2010 pool and will not require any additional funding (outside of the pool) from rates.

APPENDIX 2

Allocation of the 2009/2010 Elected Members' Remuneration Pool

Option 2

This option proposes an “across the board” salary increase Of 3.7% for all elected members, including community board members, (the same increase as the Mayor) and for 76.28% of the total salaries paid to community board members be met from the remuneration pool (currently 56.69%).

Name	Current Salary (2008/2009)	Proposed distribution of 2009/10 adjustment	Proposed Annual Salary 2009/2010
Mayor	\$148,167*	\$5,493*	\$153,660*
Deputy Mayor	\$106,720	\$3,949	\$110,669
Portfolio Leader (x 5)	\$86,456	\$3,199	\$89,655
Chair, Regulatory Processes Committee	\$83,325	\$3,083	\$86,408
Associate Portfolio Leader (x2)	\$73,325	\$2,713	\$76,038
Chair, Grants Subcommittee	\$73,225	\$2,813	\$76,038
Councillor (x4)	\$67,114	\$2,483	\$69,597
Chair Tawa Community Board	\$20,160**	\$746	\$20,906***
Member Tawa Community Board (x5)	\$8,060**	\$298	\$8,358***
Chair, Makara/Ohariu Community Board	\$12,900**	\$477	\$13,377***
Member, Makara/Ohariu Community Board (x5)	\$5,040**	\$186	\$5,226***
Total of Pool	\$1,314,700*		\$1,383,479*
Total of Elected Members Remuneration	\$1,357,383		\$1,407,717

Notes:

* Figures determined by the Remuneration Authority.

** 56.69% of Community Board members' remuneration met from the pool.

*** 76.29% of Community Board members' remuneration met from the pool.

This option proposes the full allocation of the recommended 2009/2010 pool and will require an additional \$24,238 to be funded from rates (in addition to the pool).

APPENDIX 3

Allocation of the 2009/2010 Elected Members' Remuneration Pool

Option 3

This option proposes an “across the board” salary increase Of 5.5% for all elected members, (including community board members but excluding the Mayor) and for 55.75% of the total salaries paid to community board members to be met from the remuneration pool (currently 56.69%).

Name	Current Salary (2008/2009)	Proposed distribution of 2009/10 adjustment	Proposed Annual Salary 2009/2010
Mayor	\$148,167*	\$5,493*	\$153,660*
Deputy Mayor	\$106,720	\$5,870	\$112,590
Portfolio Leader (x 5)	\$86,456	\$4,755	\$91,211
Chair, Regulatory Processes Committee	\$83,325	\$4,583	\$87,908
Associate Portfolio Leader (x2)	\$73,325	\$4,033	\$77,358
Chair, Grants Subcommittee	\$73,225	\$4,133	\$77,358
Councillor (x4)	\$67,114	\$3,691	\$70,805
Chair Tawa Community Board	\$20,160**	\$1,109	\$21,269***
Member Tawa Community Board (x5)	\$8,060**	\$443	\$8,503***
Chair, Makara/Ohariu Community Board	\$12,900**	\$710	\$13,610***
Member, Makara/Ohariu Community Board (x5)	\$5,040**	\$277	\$5,317***
Total of Pool	\$1,314,700*		\$1,383,479*
Total of Elected Members Remuneration	\$1,357,383		\$1,429,486

Notes:

* Figures determined by the Remuneration Authority.

** 56.69% of Community Board members' remuneration met from the pool.

*** 55.75% of Community Board members' remuneration met from the pool.

This option proposes the full allocation of the recommended 2009/2010 pool and will require an additional \$46,007 to be funded from rates (in addition to the pool).

APPENDIX 4

Allocation of the 2009/2010 Elected Members' Remuneration Pool

Option 4

This option proposes a nil salary increase for all elected members, (including the Mayor and community board members) and for 56.69% of the total salaries paid to community board members to be met from the remuneration pool (the "status quo").

Name	Current Salary (2008/2009)	Proposed distribution of 2009/10 adjustment	Proposed Annual Salary 2009/2010
Mayor	\$148,167*	-	\$148,167
Deputy Mayor	\$106,720	-	\$106,720
Portfolio Leader (x 5)	\$86,456	-	\$86,456
Chair, Regulatory Processes Committee	\$83,325	-	\$83,325
Associate Portfolio Leader (x2)	\$73,325	-	\$73,325
Chair, Grants Subcommittee	\$73,225	-	\$73,225
Councillor (x4)	\$67,114	-	\$67,114
Chair Tawa Community Board	\$20,160**	-	\$20,160**
Member Tawa Community Board (x5)	\$8,060**	-	\$8,060**
Chair, Makara/Ohariu Community Board	\$12,900**	-	\$12,900**
Member, Makara/Ohariu Community Board (x5)	\$5,040**	-	\$5,040**
Total of Pool	\$1,314,700*	-	\$1,314,700
Total of Elected Members Remuneration	\$1,357,383		\$1,357,383

Notes:

* Figures determined by the Remuneration Authority.

** 56.69% of Community Board members' remuneration met from the pool.

This option will result in a saving of \$68,779 pa (i.e. the total increase to the 2009/2010 remuneration pool as proposed by the Remuneration Authority).

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)
 - Operational expenditure (33% weighting)
 - Gross assets controlled (17% weighting)
 - Rate of population change
- 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 5

- 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.

APPENDIX 5

Mileage allowances

Where an elected member needs to use their own vehicle on council business, they can 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.

APPENDIX 6

Remuneration Authority
P O Box 10 084
Wellington 6143

Date: March 2009

**APPLICATION FOR APPROVAL OF EXPENSE RULES (INCLUDING
REIMBURSING ALLOWANCES) APPLICABLE TO ELECTED MEMBERS OF THE
WELLINGTON CITY COUNCIL FOR PERIOD 1 JULY 2009 TO 30 JUNE 2010**

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	July 2008
Schedule of elected member allowances and expenses		May 2008

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

No mileage allowances are payable. Elected members are required to claim the costs of using their private vehicles on Council related business as part of their individual taxation arrangements.

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.

APPENDIX 6

- 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).

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.

APPENDIX 6

- 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**
Mobile Phone	Yes**
Other equipment or technology	No

** Not provided to community board members

Are any restrictions placed on private use of any of the above? Yes

- 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

APPENDIX 6

Are telephone call expenses reimbursed in whole or part? Yes

- 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 (does not include community board members).
- This reimbursement includes the monthly rental costs.
- The Mayor has a 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

- 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.
- The policy provides for the payment of \$50 per month less withholding tax (if the original invoice is retained by the elected member) or the reimbursement of the actual costs up to a maximum of \$50 per month (if the original invoice is supplied to the Council).

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

- 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 6

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.
- The policy provides for the payment of \$45 per month less withholding tax (if the original invoice is retained by the elected member) or the reimbursement of the actual costs up to a maximum of \$45 per month (if the original invoice is supplied to the Council).

SECTION 11 - TAXATION OF ALLOWANCES

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

- In those circumstances outlined in Sections 8 and 10.

SECTION 12 - SIGNATURE

I seek approval from the Remuneration Authority, in relation to the period 1 July 2009 to 30 June 2010, 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.

Signature

Acting City Secretary

Designation

-03-09

Date