
REPORT 2*(1215/52/IM and 1215/10/01)*

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

1. Purpose of Report

To submit for the Committee's consideration, and referral to Council for approval, a proposal for the allocation of the 2006/2007 remuneration pool amongst the elected members of the Wellington City Council and the Tawa and Makara/Ohariu community boards.

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 current pool.

The Mayor's annual salary for 2006/2007 has been fixed at \$141,571; an increase of \$5,218 on the salary she received for the 2005/2006 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. The new salary rates will take effect from 1 July 2006.

3. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Recommend to Council that it confirm the salary only model as its basis of remuneration for the elected members of the Wellington City Council for the 2006/2007 financial year.*

3. *Note that a review of the terms of reference and delegated authorities for both the Makara/Ohariu and Tawa community boards is nearing completion 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. *Recommend to Council that the following salaries be paid to the elected members of the Wellington City Council and the Tawa and Makara/Ohariu community boards for the 2006/2007 financial year and that the Council's proposal be referred to the Remuneration Authority for its approval:*

<i>Mayor</i>	<i>\$141,571 pa</i>
<i>Deputy Mayor</i>	<i>\$98,810 pa</i>
<i>Chair, Strategy & Policy Committee</i>	<i>\$95,622 pa</i>
<i>Portfolio Leader (x 5)</i>	<i>\$82,873 pa</i>
<i>Chair, Regulatory Processes Committee</i>	<i>\$76,499 pa</i>
<i>Chair, Audit & Risk Management Subcommittee</i>	<i>\$70,124 pa</i>
<i>Chair, Grants Subcommittee</i>	<i>\$70,124 pa</i>
<i>Councillor (x 4)</i>	<i>\$63,749 pa</i>
<i>Tawa Community Board</i>	
<i>Chair</i>	<i>\$19,654 pa</i>
<i>Elected Member (x 5)</i>	<i>\$7,517 pa</i>
<i>Makara/Ohariu Community Board</i>	
<i>Chair</i>	<i>\$12,152 pa</i>
<i>Elected Member (x 5)</i>	<i>\$4,746 pa</i>

Note:

- (a) *The Mayor's salary is set by the Remuneration Authority.*
 - (b) *These figures represent a salary increase of 3.83% for the Mayor and a 5.03% salary increase for all other elected members, including community board members.*
 - (c) *The Tawa and Makara/Ohariu community boards have given their approval to the recommended remuneration rates for the elected members of their respective boards.*
 - (d) *The new salary rates will come into effect on 1 July 2006, after the Remuneration Authority has approved the Council's remuneration proposal.*
 - (e) *No additional payments are to be made to the two Northern Ward Councillors who have been appointed by the Council as members of the Tawa Community Board.*
5. *Note that it has recently come to the Council's attention that the Remuneration Authority would favourably consider a proposal which recommended a greater percentage of the total remuneration payable to the Council's community board members being met from the remuneration pool than the 50% (maximum) the Council understood was permitted. Based on that information another allocation*

option has been developed that will provide an across the board increase of 3.83% for all elected members (including the Mayor and community board members). Unfortunately, because of timing issues, the Tawa and Makara/Ohariu community boards have not had the opportunity to consider this option.

6. *Recommend to Council that it confirms that the car currently supplied to the Mayor is for mayoral use only and that the Remuneration Authority be advised of this.*

Note:

The Remuneration Authority has determined that “mayoral use only” means that the car can be used by other officers, can be driven home and garaged by the Mayor but does not permit any private use.

7. *Recommend to Council that it agree to pay, subject to the approval of the Remuneration Authority, a home-based technology allowance of \$45 per month 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 phone calls, internet connection, fax machine etc) incurred by them in carrying out their duties.*
8. *Recommend to Council that it agree to amend the current mileage allowance rules, subject to the approval of the Remuneration Authority, to allow Councillors to claim mileage for attending briefings and discussions with the Mayor, Chief Executive, senior managers and officers.*
9. *Recommend to Council that it confirms its current rules and policies for the reimbursement of expenses to its elected members (with the exception of the changes proposed under recommendations 7 and 8 above) and that they be referred to the Remuneration Authority for approval.*
10. *Note that the Council is required to notify the Remuneration Authority of any dissent expressed by members of the Council or its community boards in relation to the Council’s final remuneration 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

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 Council has been asked to lodge its proposal with the Remuneration Authority no later than 1 April 2006. However, because of the difficulty in meeting that deadline, approval has been obtained from the Remuneration Authority to lodge our proposal with them on 7 April 2006.

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 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 comply with is attached as **Appendix 1**.

5. Discussion

5.1 Decisions to be made

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

- To decide whether the remuneration 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 determine whether any changes are required to the Council's current policies and rules in relation to the reimbursement of expenses incurred by elected members and community board members.

5.2 Basis of remuneration for elected members

In deciding the method of 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 the salary only option in the past, with the agreement of the Remuneration Authority.

The salary only model has worked satisfactorily both insofar as elected members and Council officers are concerned. The advantage of this option is that elected members receive a regular income and know what their annual salary is going to be. No requests have been received from elected members to change back to the salary/meeting fee option which applied prior to 1 July 2003.

Insofar as Council officers are concerned the salary only option is also better for administrative reasons. There was an initial concern that a change to the salary only option might significantly affect the meeting attendance figures for elected members. This has proved not to be the case.

However, 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 Remuneration Authority has also determined 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).

It is therefore recommended that the Council adopt the salary only model as its basis of remuneration for the 2006/2007 financial year.

There is no proposal to recommend a change to the "status quo" insofar as the payment for the two Northern Ward Councillors who are appointed to the Tawa Community Board is concerned.

5.3 Review of terms of reference and delegations for community boards

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 also agreed at that time to carry out a review of the terms of reference and delegated authorities for both the Tawa and Makara/Ohariu community boards as it had been some years since they had been last updated. That review is nearing completion and it is intended that the boards hold a joint workshop on 6 April 2006 prior to finalising them.

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 other than that identified under recommendation 4 of this report.

5.4 Distribution proposal

5.4.1 Recommended 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 the size of this year's pool. The Mayor's salary, which is fixed by the Remuneration Authority, has been increased to \$141,571pa (an increase of \$5,218 pa) and this increase must be met from the pool.

This means that a total of \$53,843 is available for distribution amongst the remaining elected members, including community board members. 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 committee structure is basically unchanged since the Remuneration Authority approved the Council's latest remuneration proposal in November 2005. 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 5.03% salary increase for all other elected members, including community board members.

The increases recommended for community board members totals \$4,460, half of which (i.e. \$2,230) can be met from outside the remuneration pool.

The adoption of this proposal will result in the recommended salary levels as detailed in recommendation 3 of this report.

5.4.2 Alternative option

Since the proposal outlined in recommendation 4 of this report was referred to and agreed to by both the Tawa and Makara/Ohariu community boards, it has come to our attention that the Remuneration Authority would favourably consider a proposal which recommended a greater percentage of the total remuneration payable to the Council's community board members being met from the overall remuneration pool than the 50% the Council understood was permitted.

Based on that information an option has been developed which proposes that all elected members, including community board members, receive a 3.83% increase (based on the

increase received by the Mayor) which would mean that 63.8% (rather than the current 50%) of the total remuneration paid to the Council's community board members would be met from the pool. This would achieve a saving of \$12,470 in the elected members' budget for the 2006/2007 financial year.

The following annual salaries would be payable under this option:

Mayor	\$141,571 pa
Deputy Mayor	\$97,696 pa
Chair, Strategy & Policy Committee	\$94,543 pa
Portfolio Leader (x 5)	\$81,937 pa
Chair, Regulatory Processes Committee	\$75,634 pa
Chair, Audit & Risk Management Subcommittee	\$69,331 pa
Chair, Grants Subcommittee	\$69,331 pa
Councillor (x 4)	\$63,028 pa
Tawa Community Board	
Chair	\$19,431 pa
Elected Member (x 5)	\$7,431 pa
Makara/Ohariu Community Board	
Chair	\$12,015 pa
Elected Member (x 5)	\$4,691 pa

If Council wishes to consider this option it needs to be aware that this proposal has not been considered by either of its community boards.

5.5 Mayoral car

The Mayor is currently provided with a council vehicle on the basis that the vehicle will be used for mayoral use only.

The Remuneration Authority has determined that "mayoral use only" means that the car can be used by other officers, can be driven home and garaged by the Mayor but does not permit any private use.

If the car is used for part or full private use an amount, calculated by the Remuneration Authority, is deducted from the Mayor's annual salary.

The Council is required, as part of the remuneration process, to confirm or reconfirm the basis on which the car is supplied for the Mayor's use.

The Mayor has indicated that the car continues to be used for mayoral use only and that she wishes to continue with that arrangement.

5.6 Payment of allowances and reimbursement of expenses

In addition to determining the remuneration of elected members, the Remuneration Authority is also required to approve the allowances and expenses of 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.

5.6.1 Home-based technology allowance for community board chairs

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.

5.6.2 Mileage allowance rules

An anomaly has been identified in the rules around the type of meetings and functions an elected member, if they attend, can claim mileage for.

The rules currently allow community board members to claim mileage for attending "briefings and discussions with the Mayor, Chief Executive, Senior Managers and officers". However, Councillors are restricted to claiming mileage for attending "briefings and discussions with the Mayor and Chief Executive" only.

With the changes to the committee structure and particularly with the role of Portfolio Leaders, there are numerous occasions when Councillors are required to meet with and be briefed by senior managers and other officers in order for them to carry out the responsibilities they have been tasked with.

It is therefore recommended that the rules be amended to allow Councillors to claim mileage for attending briefings and discussions with senior managers and other officers, in addition to meetings and discussions with the Mayor and Chief Executive.

The Council's current policy on the reimbursement of expenses for elected members appears to be working satisfactorily and, apart from the above two amendments, it is not proposed to change the existing rules. Those rules are set out in the current version of the Elected Members' Handbook, a copy of which is held by all elected members. A summary is attached as **Appendix 2**.

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.

A community 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. 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 submit its 2006/2007 elected members' remuneration proposal to the Remuneration Authority for its approval by 7 April 2006 at the latest.

The recommended proposal has been considered by both the Tawa and Makara/Ohariu community boards and they have indicated their support of the proposal without dissent.

The new remuneration rates which will come into force on 1 July 2006 cannot be implemented until the Remuneration Authority has given its approval.

Contact Officer: *Ross Bly, Special Projects 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 the Council's elected 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 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. 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 can be met from outside the pool.
- 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).

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.

APPENDIX 2

WELLINGTON CITY COUNCIL SCHEDULE OF ELECTED MEMBER ALLOWANCES AND EXPENSES

Members Eligible	Description	Documentation required in support of claim	Full or partial reimbursement	Prior Council Approval Required? Yes/No
Councillors Community Board Chairs and members	Reimbursement of mileage incurred in travelling to and from council meetings (as defined in the schedules in the Elected Members Handbook).	In most cases completed and signed register of attendance. For other eligible meetings elected members are required to complete an elected members' claim form.	Full reimbursement	No
Mayor and Councillors	Provision of a car park in the basement of the Council offices, 24 hours a day, 7 days a week.	None	N/A	No
Mayor	The Mayor will be provided with a vehicle. If the Mayor elects to have the vehicle available for private use, a deduction will be made from her salary as determined by the Remuneration Authority.	None	N/A	No
Mayor	Full payment by the Council of one home telephone line rental, and associated calls for Council business and monthly mobile phone rental and associated call charges	None	Full reimbursement	No
Councillors	Standard allowance of \$85 per month maximum as a contribution towards monthly mobile phone rental and council related calls.	Mobile bill.	Intended as a partial reimbursement of the charges listed in the description column.	No

APPENDIX 2

Members Eligible	Description	Documentation required in support of claim	Full or partial reimbursement	Prior Council Approval Required? Yes/No
Mayor Councillors Community Board Chairs and Members	Actual and reasonable registration, travel, accommodation, meal and related incidental expenses incurred by members in attendance at conferences, courses, seminars and training programmes, held both within New Zealand and overseas, providing: <ul style="list-style-type: none"> • The related expenditure can be accommodated within existing budgets • The major subject of the event (conference, course, seminar or training programme etc.) is of significant relevance to the Council. 	Receipted invoices	Full reimbursement	Attendance at such events to be subject to approval by full Council.
Mayor Councillors Community Board Chairs and members	Taxi chit vouchers are available for out of town travel and in special circumstances. Public transport tickets are also available instead of claiming mileage.	Duplicate copy from taxi voucher, used public transport tickets.	N/A	No
Mayor Councillors	Supply of reasonable amounts of paper, letterhead, envelopes, printer and stationery supplies (as specified in the Elected Members Handbook).	Nil	N/A	No

APPENDIX 2

Members Eligible	Description	Documentation required in support of claim	Full or partial reimbursement	Prior Council Approval Required? Yes/No
Mayor Councillors	<p>An allowance of \$60 per month towards the monthly rental charge for the broadband connection, provided by a telecommunications provider and the services of an internet service provider (ISP).</p> <p>Provision of either a desktop computer or a laptop and colour inkjet printer or a black and white laser printer and printer consumables.</p>	N/A	Intended as an allowance towards the cost of this service.	No
Mayor Councillors	The Mayor and Deputy Mayor will be provided with information technology in their offices in the Council building. Councillors will be provided with shared information technology, in the councillors' workspace.	N/A	All associated costs met by the Council	No