
REPORT 1
(1215/13/IM and 1215/10/01)

ELECTED MEMBERS' REMUNERATION: 2007/2008 FINANCIAL YEAR

1. Purpose of Report

To submit for the Board's consideration a recommended level of remuneration payable to the elected members of the Makara/Ohariu Community Board for the 2007/2008 financial year.

2. Executive Summary

The Remuneration Authority has advised the Council that its elected members' remuneration pool has been set at \$1,303,396 for the 2007/2008 financial year; an increase of \$34,725 on last year's pool.

The Mayor's annual salary for 2007/08 has been fixed at \$146,178 by the Remuneration Authority; an increase of \$4,607 on the salary she received for the 2006/07 financial year. This increase must be fully met from the pool, leaving a balance of \$30,118 for allocation amongst the Council's remaining elected members, including its 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 whose salary has already been set). Once agreed the Council is required to submit its proposal to the Remuneration Authority for approval.

The Council's proposal must be approved by the Remuneration Authority before the new remuneration rates can be implemented.

3. Recommendations

It is recommended that the Board:

- 1. Receive the information.*
- 2. Note that the remuneration framework requires all community board members to be paid an annual salary (i.e. there is no provision for the payment of meeting fees to community board members).*

3. *Agree that the salaries to be paid to the elected members of the Makara/Ohariu Community Board for the period 1 July 2007 to the date on which the results of the October 2007 elections are declared, be as follows:*

<i>Chair</i>	<i>\$12,336 pa</i>
<i>Elected member</i>	<i>\$4,816 pa</i>

Note:

Remuneration options will be considered by the Tawa Community Board (on 8 March 2007) and the Council itself (on 21 March 2007). The remuneration figures recommended for the elected members of the Makara/Ohariu Community Board may therefore be subject to some change.

4. *Note that the Remuneration Authority will issue an interim determination to fix salaries to cover the period immediately after the new Council comes into office and until a new governance structure is in place.*
5. *Note that a new and final determination will be issued as soon as practicable once the Council's new governance structure is in place and that that determination will carry through to 30 June 2008.*
6. *Note that once a final determination has been made for the balance of the 2007/2008 financial year, the Remuneration Authority will approve any back dating of salaries it considers appropriate.*
7. *Note that the Remuneration Authority is proposing to put in place new procedures for the consideration and approval of council expense policies and that further details of these procedures will be notified in due course.*
8. *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.*

4. Background

The Remuneration Authority has advised that the elected members' remuneration pool for the 2007/2008 financial year has been increased from \$1,268,671 to \$1,303,396, i.e. an increase of \$34,725 (2.74%).

The Mayor's salary, which is set by the Remuneration Authority, has been increased from \$141,571 to \$146,178, an increase of \$4,607 (3.25%). This salary must be met from the pool.

The allocation of the 2006/2007 pool, as recommended by the Council and determined by the Remuneration Authority, was as follows:

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

The Council must now decide how the 2007/2008 pool is to be allocated and to forward its proposal to the Remuneration Authority for its consideration and approval. The approval of the Remuneration Authority is required before the Council can implement its proposed remuneration rates.

In view of the fact that it is election year the Remuneration Authority will be issuing up to three determinations during the year, similar to the process it followed in 2004. The process it will follow is set out in section 5.3 of the report.

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

5. Discussion

5.1 Rules on remuneration for community board members

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

However, the remuneration framework determined by the Remuneration Authority requires all community board members to be paid an annual salary (i.e. there is no option to pay meeting fees to community board members).

5.2 Distribution proposal

The Council's governance structure has not changed since the Remuneration Authority approved the Council's remuneration proposal for the 2006/2007 financial year.

In order to keep the current relativities in place and to maintain the position taken last year to meet 63.84% of the total remuneration payable to the council's community board members from the overall remuneration pool (rather than the previous 50%), it is recommended that an across the board percentage increase be applied to all salaries (excluding the 3.25% increase for the Mayor). This equates to a 2.67% salary increase for all elected members, including community board members. The decision to meet a greater percentage of the community board members salary from the pool (i.e. 63.84% rather than 50%) will result in a saving of \$13,081 to the ratepayer.

The approval of this proposal will result in the following salaries being paid to the elected members' of the Makara/Ohariu Community Board for the 2007/2008 financial year:

Chair	\$12,336 pa
Elected member (x5)	\$4,816 pa

The remuneration received by the other elected members on the Council if this proposal is agreed to will be as follows:

Mayor	\$146,178 pa
Deputy Mayor	\$100,305 pa
Chair, Strategy and Policy Committee	\$97,069 pa
Portfolio Leader (x 5)	\$84,126 pa
Chair, Regulatory Processes Committee	\$77,655 pa
Chair, Audit and Risk Management Subcommittee	\$71,184 pa
Chair, Grants Subcommittee	\$71,184 pa
Councillor (x4)	\$64,713 pa
Chair, Tawa Community Board	\$19,950 pa
Member, Tawa Community Board (x 5)	\$7,630 pa

5.3 Timing of determinations

Because it is an election year and the issues that raises, the Remuneration Authority has advised that its intention is to issue an initial determination in June 2007, that will be based on the Council's recommendations for the distribution of the indicative pool. It is proposed that that determination will cover the period from 1 July 2007 and up to and including the date on which the results of the 2007 local authority elections are declared.

The Authority is aware that a number of councils could have changes in the number of elected members or changes affecting community boards, and has therefore advised that it intends to follow the practice used in 2004 and issue an interim determination to fix salaries to cover the period immediately after the new councils come into office and until their new governance structures are determined. The salary levels will be set at a conservative level to allow new councils to review committee structures, allocation of responsibilities and adjust to any increased or reduced level of membership. The Authority expects to promulgate this interim determination in early August 2007 (although the

salary rates will not apply until the day after the results of the election are declared).

The final determination, to carry through to 30 June 2008, will be issued as soon as practicable once the Authority has had time to consider the recommendations from the incoming council in regard to the allocation of the pool for the balance of the 2007/2008 financial year based on its new or reconfirmed structure. This final determination is unlikely to be gazetted until early in 2008.

The Authority has advised that any backdating of salary adjustments will normally be adopted to line up with the date on which the relevant council decisions are made. Further advice on this process will be issued at the time the interim determination is issued in August 2007.

5.4 Payment of allowances and reimbursement of expenses

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 Authority is proposing to put in place new procedures for the consideration and approval of council expense policies and details of these procedures will be notified in due course.

No further action is required on the expenses policy at the moment. The Board will be advised of the procedure and its input sought, if necessary, once the new process is known.

5.5 Unanimity of the Council's decision

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

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

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

If the Council's recommendations are unanimous and reasonable it is unlikely that the Authority will withhold its approval. It does, however, have the power to amend any proposal if the level of dissatisfaction is high or if the proposal is considered unreasonable.

6. Conclusion

It is appropriate that the Council seek input from its community boards before finalising and lodging its remuneration proposal with the Remuneration Authority.

The Council will consider the allocation of the remuneration pool at its meeting on 21 March 2007 and an indication of the Board's position on the suggested

allocation, insofar as remuneration payments to the Board members are concerned, is needed in time for that meeting.

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

Supporting Information

1) Strategic Fit / Strategic Outcome

This project supports Outcome 7.2.B – More actively engaged: 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. The expenditure involved has been provided for in the Elected Members' budget in the 2007/08 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.

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 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 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).
- 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.
- 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

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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 for any appointed community board members.
- At least half the salary for elected community board members.

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.

- No more than half the salary for elected community board members.
- 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.

Remuneration for community board members

- All community board members must be paid a salary (i.e. the payment of meeting fees is not an option).
- No more than half the salary costs for elected community board members can be met from outside the remuneration pool.

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- Total salary costs for appointed community board members must be met from the remuneration pool.

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.