

REPORT 1
(1215/12/IM) (1215/10/01)

ELECTED MEMBERS' REMUNERATION

1. Purpose of Report

To submit for the Board's consideration a recommended level of remuneration for the elected members of the Tawa Community Board for the 2005/2006 financial year.

2. Executive Summary

The Remuneration Authority has advised that the size of the elected members' remuneration pool for the Wellington City Council and its two community boards has been set at \$1,209,610 for the 2005/2006 financial year; an increase of \$19,826 on the 2004/05 pool. The Mayor's annual salary for 2005/06 has been fixed at \$136,353; an increase of \$1,945 on the salary she received for the 2004/05 financial year.

Based on the rules and principles set by the Remuneration Authority the Council is now required to decide how the "new" pool is to be allocated amongst its elected members (excluding the Mayor) for the 2005/2006 financial year. 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 payments.

3. Recommendations

It is recommended that the Board:

- 1. Receive the information.*
- 2. Agree that the salaries to be paid to the elected members of the Tawa Community Board for the 2005/2006 financial year be as follows:*

<i>Chair</i>	<i>\$18,714 pa</i>
<i>Elected member</i>	<i>\$7,157 pa</i>

Note: This recommendation is still to be considered by the Council itself. The remuneration figures recommended in this option may therefore be subject to some change as a result of its decision.

Once agreed by Council the new salary rates will come into force on 1 July 2005, after the Remuneration Authority has given its approval to the Council's remuneration proposal

3. *Note that a review of the terms of reference and delegated authorities for both the Tawa and Makara/Ohariu community boards will be completed later this year and that a further review of community board members' remuneration based on the new delegated authorities will be completed before a decision is taken on the allocation of the 2006/2007 remuneration pool.*
4. *Note that, as stipulated by the Remuneration Authority, no additional remuneration is payable to the two Northern Ward Councillors who have been appointed as members of the Tawa Community Board for their role on the Board.*
5. *Identify any changes it would like Council to consider concerning the Council's current rules for the reimbursement of expenses to elected members.*
6. *Note that the Council is required to notify the Remuneration Authority of any dissent expressed by members of the Tawa Community Board in relation to this or any other remuneration proposal.*

4. Background

The Remuneration Authority has now advised the size of the elected members' remuneration pool that will apply for the 2005/2006 financial year. A summary of the remuneration framework and the Remuneration Authority's rules and principles which the Council is required to work under is attached as Appendix 1.

The pool for Wellington City has been increased from \$1,189,784 to \$1,209,610, i.e. an increase of \$19,826 (1.66%). The Mayor's salary has been increased from \$134,408 to \$136,353; an increase of \$1,945 (1.45%).

The increase in the Mayor's remuneration must be met from the pool. The Deputy Mayor has also indicated that he will be resigning as Chair of the Grants Subcommittee from 1 July 2005 and one of the Councillors without Portfolio or Chair responsibilities is likely to be appointed to that position. If that happens their salary will require an adjustment and a sum of \$6,014 will have to be set aside for that purpose. A total of \$7,959 of the \$19,826 increase is therefore already "committed" leaving a balance of \$11,867 for allocation.

When the allocation of the 2004/05 remuneration pool was being considered by the Council in November 2004, the level of remuneration being paid to our community board members was raised as an issue. It was agreed at that time to review their levels of payment for the 2005/06 financial year.

As a result Hay Group were asked to carry out a review of the functions, responsibilities and time commitments of the elected members of both the Tawa and Makara/Ohariu community boards in order to assist the Council in determining appropriate remuneration levels for these positions. Hay Group was chosen for this work because of their involvement in similar work for the Remuneration Authority and the fact that they carried out a similar review for us in 2002.

The current salaries payable to the Council's elected members for the 2004/2005 financial year, as recently determined by the Remuneration Authority, are as follows:

Mayor	\$134,408 pa
Deputy Mayor	\$93,210 pa
Chair, Strategy and Policy Committee	\$90,203 pa
Portfolio Spokesperson (x 5)	\$78,176 pa
Chair, Regulatory Processes Committee	\$72,162 pa
Chair, Audit and Risk Management Subcommittee	\$66,149 pa
Councillor(s)	\$60,135 pa
Chair, Tawa Community Board	\$18,040 pa
Member, Tawa Community Board (x 5)	\$6,766 pa
Chair, Makara/Ohariu Community Board	\$11,274 pa
Member, Makara/Ohariu Community Board (x 5)	\$4,210 pa

Local authorities have been asked to lodge their recommended remuneration proposals no later than 10 May 2005. Because of the difficulty in meeting the Remuneration Authority's deadline we have sought and obtained approval from the Authority to lodge our proposal with them on 13 May 2005 or early the following week.

5. Discussion

5.1.1 Review undertaken by Hay Group

The Council provided Hay Group with copies of the terms of reference and delegated authorities for each of the community boards to enable them to review the functions, responsibilities and time commitments of the board members. Hay Group sent each of the members a questionnaire in order to capture details of each member's time commitment to community board work and to identify the nature of issues typically being dealt with as well as to understand the range of community groups the community board interacts with. Both the community board chairs were interviewed by a Hay Group consultant.

This information provided a basis from which to assess the accountabilities and complexities of the work of each of the community boards in order to develop an evaluation or job size for each position using the Hay Job Evaluation methodology.

Based on the information gathered through this exercise the Hay Group developed evaluations for each of the positions. These evaluations or job sizes, including comparisons to the 2002 job sizes are attached on Appendix 2.

The only change to the job sizing is for the Chair of the Tawa Community Board, where Hay Group recommends a small decrease from 496 to 466 Hay points. This is effectively a reduction in the complexity of the role, which may be attributable to the difference in 'styles' between the 2002 Chair and the 2005 Chair. Also, the reduction in time commitment for this position, from 20 hours per week in 2002 to 12 hours per week in 2005 may be reflective of the same style change. This may also reflect the

depth of experience that the current Chair brings to the role from her experience of being a Councillor and her associated knowledge of the workings of Council.

The time commitment figures, as advised by the board members, have been collated and these amounts have been used to calculate an annual salary figure for each position based on the job sizing and compared with the 2002 figures and the current annual salary levels as determined by the Remuneration Authority. These results are shown on the attached Appendix 3.

These salary figures show increases ranging from 2.6% (for Chair of the Makara/Ohariu Community Board) to 7.3% (for members of the Makara/Ohariu Community Board) with an average increase of 5% for all positions across both boards.

A table showing the current remuneration levels for community board members throughout the country is attached as Appendix 4. Hay Group have advised that in the time available it has unfortunately not been possible to compare the accountabilities or time commitments relating to other community boards in order to determine precise relativities.

However Council's own work in comparing the terms of reference of various other boards in major urban areas across the country (undertaken in preparation for the upcoming review) indicate that the Tawa and Makara/Ohariu Community Boards have comparable authorities and responsibilities delegated to them when compared to other boards receiving the same or similar remuneration.

Accordingly, the relativities of remuneration shown in Appendix 4 are consistent with that and place Wellington's community boards behind boards in places like Christchurch and Auckland, with higher levels of delegation, and ahead of other major cities such as Dunedin and Hutt, which have similar or lower levels of delegation in their terms of reference.

5.1.2 *Distribution proposal*

The figures which have been recommended will, if agreed to, result in a 3.7% increase for the Chair and a 5.8% increase for Board members above the remuneration rates they are currently receiving. It also represents an increase of 18.2% for the Chair and an increase of 26.6% for Board members since the new remuneration rates were set in July 2003.

It is proposed that the "status quo" remain insofar as the payment for the two Northern Ward Councillors who are appointed to the Board is concerned, i.e. no additional payment will be made for their role as appointed members on the Board.

5.1.3 *Reimbursement of expenses*

The Remuneration Authority is also required to approve the allowances and expenses paid to all elected members, including members of community boards.

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

There is no proposal at this stage to change the existing rules for the reimbursement of expenses. Those rules are set out in the current version of the Elected Members Handbook, a copy of which is held by Board members.

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

5.1.4 Unanimity of the Council's decision

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

- (i) details of any dissent at Council, and
- (ii) details of 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 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.

5.2 Review of Terms of Reference and Delegations for Community Boards

The terms of reference and the delegated authorities which were reviewed by Hay Group as part of this evaluation exercise have not changed since they undertook their previous review in 2002.

A review of the terms of reference and the delegated authorities for both community boards is currently underway and will be completed later this year. A further review of the functions, responsibilities and time commitments of community board members, based on the new terms of reference and delegated authorities, will be undertaken before a decision is taken by the Council on the allocation of the 2006/2007 remuneration pool.

6. Conclusion

The Council is required to seek input from its community boards before finalising its remuneration proposal and lodging it with the Remuneration Authority. Once both the community boards have considered the matter the issue will be referred to the Council to finalise and determine its proposal.

The Council is required to lodge its proposal with the Remuneration Authority by 10 May 2005.

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

Supporting Information

1) Strategic Fit / Strategic Outcome

This project supports objective 9.2.1 of outcome 9.2:

9.2. City governance and decision making.

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

The project relates to C534 Committee and Council process. The expenditure involved has been provided for in the Elected Members' budget in the 2005/06 Draft Annual Plan.

3) Treaty of Waitangi considerations

There are no Treaty of Waitangi implications.

4) Decision-Making

This is not a significant decision. The report sets out the results of an evaluation carried out by Hay Group on the salary levels currently paid to our community board members and recommends a level of remuneration to be paid to these members for the 2005/06 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. 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 their implementation.
- The maximum number of hours any individual member may be paid for is 40 hours per week (i.e. 2080 hours per annum).
- 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.
- The Remuneration Authority will require all Councils to publish in their Annual Report:
 - the basis of the scheme adopted
 - the actual payments received by each elected member, including community board members, and
 - the total amount of expenses reimbursed to each elected member.

What remuneration is included in the pool

- The Mayor's salary (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 it is agreed that these members are to receive additional payment for their role on the Board.
- Half the remuneration for elected community board members.

What remuneration is excluded from the pool

- Meeting fees paid to elected members in respect of resource consent hearings. A member who acts as the chairperson of a resource consent hearing is entitled to be paid a fee of \$75 per hour of hearing time. A member who is not the chairperson of the resource consent hearing is entitled to be paid 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.
- Half the salary for elected community board members.
- The reimbursement of expenses (i.e. mileage, cell phones etc).
- The payment of Directors/Trustees fees to those elected members appointed to the Council's Council Controlled Organisations.

Remuneration for community board members

- All community board members must be paid a salary (i.e. no meeting fees are payable).
- Half the remuneration costs for elected community board members can be met from outside the remuneration pool.
- Total remuneration costs for any appointed community board members must be met from the remuneration pool.

Mileage allowances

The Remuneration Authority has indicated that where an elected member needs to use their own vehicle on council business, they will be entitled to be paid an allowance of up to 70 cents per kilometre. This rate reflects both cost recovery and an element of remuneration in respect of travelling time.

APPENDIX 2

Chair – Tawa Community Board - 2005

<i>Know How</i>	<i>Problem Solving</i>	<i>Accountability</i>	<i>Total</i>
EI+3 264	E3 33% 87	D+3C 115	466 A2

Chair – Tawa Community Board - 2002

<i>Know How</i>	<i>Problem Solving</i>	<i>Accountability</i>	<i>Total</i>
EI+3 264	E3+ 38% 100	D3M 132	496 A2

Board Member - Tawa Community Board - 2005

<i>Know How</i>	<i>Problem Solving</i>	<i>Accountability</i>	<i>Total</i>
EI2 200	E3 33% 66	D+2C 87	353 A2

Board Member - Tawa Community Board - 2002

EI2 200	E3 33% 66	D+2C 87	353 A2
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Chair – Makara-Ohariu Community Board - 2005

<i>Know How</i>	<i>Problem Solving</i>	<i>Accountability</i>	<i>Total</i>
EI3 230	E3 33% 76	D3C 100	406 A2

Chair – Makara-Ohariu Community Board - 2002

EI+2 230	E3 33% 76	D3C 100	406 A2
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Board Member – Makara-Ohariu Community Board - 2005

<i>Know How</i>	<i>Problem Solving</i>	<i>Accountability</i>	<i>Total</i>
EI2 200	D3 29% 57	D2C 76	333 A2

Board Member - Makara-Ohariu Community Board - 2002

EI2 200	E2+ 29% 57	D2-C 76	333 A2
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Remuneration

Market comparison for Annual FTE “Fixed Package”, for ‘All Organisations’, as at December 2004

Position	Job Size	Market Median	Less 25% Public Good
Community Board Chair - Tawa	466	\$ 83,170	\$ 62,378
Community Board Member - Tawa	353	\$ 63,610	\$ 47,708
Community Board Chair – Makara/Ohariu	406	\$ 72,600	\$ 54,450
Community Board Member – Makara/Ohariu	333	\$ 60,230	\$ 45,173

APPENDIX 3

SPECIFIC BOARD MEMBER COMPARISON									
Comm Board Member – Tawa (average: Parker/Tredger)	\$ 47,708	\$ 45,878	\$22.94	7	364	\$ 8,350	\$ 6,766	+ \$1,584	+0.23
Comm Board Member – Makara/Ohariu (average: Bruce/Hume)	\$ 45,173	\$ 43,710	\$21.72	2	104	\$ 2,259	\$4,210	- \$1,951	-0.46

Note: 1. Times for Community Board Members have been averaged across each Community Board against all information provided.
 2. Tawa Comm Board: Graeme Sutton was unable to provide details of time commitment, his time has been averaged off the other 3 members.

APPENDIX 3

Time commitment comparison – 2005 to 2002

<i>Position</i>	2005 Hours per week	2002 Hours per week	Variance 2002 vs. 2005
Community Board Chair – Tawa (actual)	12	20	-8
Community Board Member – Tawa (average)	6	4	+2
Community Board Chair – Makara/Ohariu (actual)	7	5	+2
Community Board Member – Makara/Ohariu (average)	4	2.5	+1.5