

Waitakere Community Board

**Tuesday, 4 March 2003
Commencing at 7.00 pm**

**Item 7: Elected Members
Remuneration - Higher
Salaries Commission
Determination**

**SUPPLEMENT TO AN ORDINARY MEETING OF THE WAITAKERE COMMUNITY BOARD
TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON TUESDAY, 4 MARCH 2003,
COMMENCING AT 7.00 PM.**

7 ELECTED MEMBERS REMUNERATION - HIGHER SALARIES COMMISSION DETERMINATION

PURPOSE OF THE REPORT

To provide to the Waitakere Community Board a copy of the report to Council on 26 February 2003, advise the Board of the Council's recommendation to the Higher Salaries Commission and invite the Community Board to respond as requested by the Higher Salaries Commission.

ISSUES

The Higher Salaries Commission has requested the Council to consider and resolve whether to continue with the present conditions of remuneration and expenses until the date of the next local body elections or adopt the new remuneration and expenses basis to be determined by the Higher Salaries Commission to come into effect from 1 July 2003. The Council decision will be notified to you immediately after the Council's meeting on 26 February.

If the Council opts to adopt the new remuneration it is required to recommend to the Higher Salaries Commission a process and scale of payments. This includes recommended salaries for the Community Boards.

S1 - S53

The report to the Council is attached at pages S1 to S53.

The Council has held two Workshops to discuss this matter. The Community Boards have also had a combined Workshop to discuss this matter. The deliberations from the Community Board Workshop were advised to the Council at the time of its second Workshop.

CONCLUSION

The Council will make its decision at its meeting on 26 February 2003 and will notify the Board of its decision. The Board is required to advise the Higher Salaries Commission whether it agrees with the Council's decision with respect to the recommendation on salaries for this Board. The Higher Salaries Commission also require to know whether the Board's decision is unanimous or with dissent. If with dissent, the Higher Salaries Commission requires details of the dissent.

RECOMMENDATIONS

1. That the information be received.
2. That the Board resolve either:
 - a. to agree with the Council's recommendation, or
 - b. to disagree with the Council's recommendation and provide details of that disagreement.

Note: A vote must be taken on whatever resolution is put to determine whether it is unanimous or not. All dissenting votes are to be recorded with details of the dissent to advise the Higher Salaries Commission.

Report prepared by: Darryl Griffin, Manager Democracy and Support Services.



PURPOSE OF THE REPORT

The purpose of this report is to advise the Council of the Determination on Remuneration of Elected Members released on the 23 December 2002 and set out the options the Council has in respect of that Determination. All options have been discussed at two Workshops of Councillors and one Workshop of Community Board Members. This report will also be forwarded to all Community Boards at their March meetings and they will make their decision and notify the Higher Salaries Commission separately.

BACKGROUND

Until the enactment of the Local Government (Elected Member Remuneration and Trading Enterprises) Amendment Act 2001 (the Act), Elected Members' salaries and meeting allowances were set by a determination of the Minister of Local Government. The determination set maximum salaries and meeting allowances for local authority Elected Members. For each determination the remuneration was linked to the population of each local authority. Waitakere City's determination fell into the over 150,000-population category. Each incoming Council needed to resolve Elected Member salaries and meeting allowances up to the maximum permitted. Over the course of a triennium the Minister would revise the determination and Council would need to consider the issue in the light of the new determination.

With the enactment of the Act responsibility for setting Elected Members remuneration was passed to the Higher Salaries Commission. The Commission is required to determine remuneration, allowances and expenses payable to all Elected Members, whilst having regard to:

- The need to minimise potential for remuneration to distort the behaviour of Members.
- The need to achieve and maintain fair relativity with the levels of remuneration received elsewhere.
- The need to be fair to both the person whose remuneration is being determined and ratepayers.
- The need to recruit and retain competent persons.

The Higher Salaries Commission presented a Discussion Paper in May 2002 and called for submissions from local authorities and the public on proposals for remunerating local authority Elected Members. The Council and its Community Boards considered the Discussion Paper at workshops held for that purpose and made submissions.

The Higher Salaries Commission has now released its determination, and has given Councils until 10 March 2003 to advise the Commission whether they will stay with their current "conditions of remuneration and expenses" until the 2004 local government elections, or adopt the new "remuneration and expenses" proposed by the Commission.

STRATEGIC CONTEXT

Council is committed to increasing community participation in democratic processes. The way Elected Members are remunerated and the quantum of that remuneration will have considerable bearing on who can and who cannot stand for election. It has long been recognised that the role of an elected member can require a substantial investment of time and commitment to the role, and that this commitment can make it difficult to hold down either full or part time employment. The interests of a diverse and young community such as Waitakere are unlikely to be best served should the only candidates putting themselves forward for election be those who have private income available to subsidise their Council duties.

ISSUES

This is the final determination - it is not a discussion paper. The only room for change is where a Council identifies an error in the data that has been used as an input into the formula for setting the indicative pool - data like population numbers, assets and expenses. The Commission requested and received a copy of the Council's 2001/2002 annual report in order to verify the figures used.

The Commission has asked the Council to verify whether or not it will take up the Commission's new remuneration proposals, and how it will allocate the pool. A response is required by 10 March 2003. The Commission will not give extensions beyond this date, as they are concerned at the time that might be needed to investigate proposals where there is dissent.

There are two questions:

to accept the pool; or
stay with the status quo; and

if the decision is made to accept the pool, how it will be allocated between the Deputy Mayor, Councillors, Committee Chairs, Community Board Chairs and Community Board Members.

What is in and what is outside, the pool:

It is particularly difficult to try to work out how the indicative pool compares with existing levels of remuneration as the indicative pool does not include many categories of expenses that are currently aggregated as "costs of democracy".

- Payments to community and iwi /Maori representatives on standing Committees or special Committees are outside the indicative pool. These payments are contractual matters that lie with Council and are not within the Commission's brief. This Council will now be able to set a salary for the Chair of Te Taumata Runanga and other remuneration as appropriate for appointed Members to Te Taumata and any other Committee of the Council. Any determination made by the Council on this remuneration will not affect the indicative pool established by the Higher Salaries Commission for Waitakere City. In light of discussions in 2002 this report recommends establishing a salary for the Chair of Te Taumata Runanga and proposes a continuation of meeting allowances for other Members. If the Council adopts the recommendation for a salary for the Chair it will need to decide what level that salary should be and if the Chair of Te Taumata should also receive a meeting fee. The level of salary recommended in this report is the difference in the amount payable to a Standing Committee Chair and the amount payable to an Elected Member who does not have any Chair responsibilities. This reflects the level of additional work required of a Chair but does not include compensation for the other duties required of a Councillor. Noting that the Chair of Te Taumata Runanga also has the general responsibilities of any other Member of this Committee the Chair should also receive the meeting fee payable to those other Members.
- The indicative pool includes half the cost of the remuneration of Community Board Members. The other half is outside the pool limit - it can be thought of as a "top-up".
- The Mayor's salary (including the value of any deduction for a motor vehicle) is included in the indicative pool amount (although separately specified.)
- Any income Councillors earn from resource consent hearings, or from being a director of a LATE/Council controlled organisation, is outside the pool
- Expenses, including mileage allowances, are outside the pool, although the actual amounts/rates that can be claimed are to be set by the Commission. This report recommends amounts/rates for submission to the Higher Salaries Commission.

New or existing system:

The decision the Council will need to make first is to:

Stay with the current remuneration system through to October 2004; or

Move to the new system.

If the Council considers staying with the status quo it should take into account that Elected Members may not then receive any remuneration adjustment between now and October 2004. The Commission will most likely make annual determinations - as they do with parliamentarians and other sectors - and a Council that stays with the status quo may be badly disadvantaged, depending on the results of those determinations.

if the decision is taken to move to the new system the Council will need to:

1. Establish the following salaries:

- Deputy Mayor
- Committee Chairs
- Councillors
- Community Board Chairs
- Community Board Members

The Council must not only inform the Commission whether or not it will accept the new remuneration regime, but if so, how remuneration will be distributed - that is what the payments will be for the Deputy Mayor, Committee Chairs, Councillors, Community Board Chairs and Members. These payments do not have to be equal - Councillors that are on Committees with heavy workloads could be given a higher level of remuneration than those with smaller workloads. Committee Chairs maybe remunerated differently according to their respective responsibilities.

It is important to realise that Community Board Members must now be on salaries only - they cannot be paid meeting allowances. In preparing the model that this Council wants for consideration by the Higher Salaries Commission the Council will need to estimate the total cost of salaries for Community Board Chairs and their Members so that they can estimate the amount to be added to the indicative pool being half that of the total salary level of Community Board Members, including Board Chairs.

2. Determine if Councillors should have meeting fees or just a straight salary. If meeting fees are to be established, the Council will need to determine what formula is used to set them.

If the Council wishes to stay with meeting allowances for Councillors, it may be that the Commission considers the current rate per meeting per day too high. If the Council stays with meeting allowances it will have to carefully manage the budgets, as once the expenditure cap is reached there is no more funding for Elected Members meeting fees. In this report, the recommendation is that salaries only be paid and that the practise of paying meeting fees be discontinued. Should the Council not accept this recommendation and want to stay with paying meeting fees then the amounts recommended for salary payments will have to be reduced. To pay a meeting fee of \$195, as is paid at present, (note: the Higher Salaries Commission may consider this too high), then the total sum required from the total available for salaries is \$312,000 based on 1600 meeting fees payable over approximately 154 meetings held each year. This number does not include Hearings. If a meeting fee of say \$100 is proposed then the sum required would be \$160,000.

3. Determine an expenses policy for Councillors and Community Board Members relating to such things as mileage, phone/mobile phones, computers, JetStream and stationery.

Resource Management Hearings:

It is noted that the statutory hearings (defined as only resource management hearings) are outside the indicative pool. The Commission has determined a rate of \$60.00 per hour for payment to Elected Members when sitting on these Hearings. This is payable only for the length of the meeting and does not include any pre or post meeting work. In the recommended salary levels in the attached spreadsheet, those Councillors appointed as Members of the Hearings Committee are marked with an asterix. They can expect additional remuneration from that shown in the schedule of approximately \$1,980 based on 11 Hearings per annum with an average Hearing duration of 3 hours at the \$60.00 per hour rate approved by the Higher Salaries Commission. This computation is based on the average for Hearings held over the last two years.

Indicative Pool:

The Higher Salaries Commission has issued the following determination for the payment of Elected Members' remuneration in Waitakere City:

For Waitakere City the indicative pool is	\$976,311
The Mayor's salary (including motor vehicle)	\$121,045
The indicative pool remaining for Councillors and Community Boards after the Mayor's salary has been deducted	\$855,266

The Commission has directed that whatever salary is determined for Community Board Members (excluding Councillors appointed to Community Boards), that half that figure be paid from outside the pool. This means that half the salary paid to Community Board Members will essentially top up the indicative pool.

Request to Reduce the Indicative Pool:

Should the Council wish to, it may request the Higher Salaries Commission to reduce the indicative pool. This requires a unanimous vote of the Council.

Allowances for Expenses:

The Council must also recommend to the Higher Salaries Commission the method for claiming and payment of expenses. One way is to propose a monthly allowance for elected members to cover the costs of technology and communications associated with Council business. The amounts recommended to the Higher Salaries Commission are set out below and Elected Members will be required to claim the appropriate approved allowance on their monthly claim forms.

Elected Members will incur expenses that arise as a direct result of carrying out the role as an elected representative. Some expenses may be claimable as an expense reimbursement through Waitakere City. Other expenses may be claimable in an annual tax return.

Elected Members need to be aware of their responsibility for all taxation issues. Each will need to keep evidence of expenditure incurred for which the appropriately selected reimbursing allowance is claimed in case Inland Revenue seeks justification of the claim.

Councillors and Community Board Members currently get paid a monthly allowance of \$100 as a phone/fax allowance to facilitate and maintain their communication links with the Council for Council business purposes.

An addition a further \$20 per month is paid to those Councillors who have agreed to maintain an electronic e-mail link to the Council for Council business purposes.

Councillors would previously have had a pecuniary interest in voting on reimbursing allowances because there are no maximums prescribed in Statute. However, the Higher Salaries Commission now have jurisdiction over the determination and have requested representations from the Council. Elected Members are advised that when a determination has been made they have a choice whether to claim payment of it, claim part of it or not make any claim at all.

The Council has recently completed a programme to supply all Councillors with personal computers or access to the Council's system from their private or business computer where that is preferred and possible. Some Councillors also have private cell phones that aid communications. These tools are very important to ensure best use of Elected Member's time and to facilitate efficient business of the Council.

Computerised communication links are used by the Council to transfer urgent Council correspondence and Council, Committee and Community Board notices, agendas and minutes when appropriate.

The Council has not included Community Board Members in this current technology upgrade although Community Board Chairs will be assisted to the extent of providing remote access where possible.

Two way communications are very important and it is necessary to ensure that Councillors and Community Board Members can utilise their time as efficiently as possible.

The quantum for reimbursement for the use of private motor vehicles has for many years been a contentious issue. The approach recommended in this report is to request the Higher Salaries Commission to agree to pay the rates calculated by the Automobile Association based on their estimation of the running costs as follows:

KM per Year	Up to 1300cc	1301 - 1600cc	1601 - 2000cc	Over 2000cc
10,000	54.3	66.9	83.4	1.03
14,000	45.0	54.3	66.6	82.0
40,000	24.0	27.6	33.8	40.9

RECOMMENDED DETERMINATION FOR ALLOWANCES:

1. That Councillors and Community Board Members receive a monthly allowance to cover reimbursement of the following costs incurred as appropriate:
 - Reimbursement of one domestic line rental and one domestic line maintenance charge related to telephone, fax and e-mail operation and the call minder facility (currently \$45.20);
 - Reimbursement of one cell phone on the basis of the Waitakere City call plan including the call minder facility (currently \$35.00) when a cell phone is made available to be used on Council business;
 - Reimbursement of the best flat rate monthly fee available to the Council for JetStream 400 or its equivalent (currently \$49.00) (not currently available to Community Board Members except Community Board Chairs).
2. That Councillors and Community Board Members claim reasonable business related call costs on telephone or cell phone on a monthly basis provided they are supported by presentation of an account detailing to whom the calls have been made.
3. That Councillors be paid a flat monthly fee of \$20.00 to cover all consumerables (not currently available to Community Board Members except Community board Chairs) for computers including laptops, printers, facsimiles etc.
4. That Councillors will be supplied with either a personal computer at home or a laptop if necessary. Those Councillors who provide their own computer equipment be paid an additional monthly allowance of \$50.00 (not currently available to Community Board Members).
5. No other telephones, fax machines or cell phones will be provided to Elected Members except that the Mayor will be provided with a cell phone and the Council will pay for all expenses except private calls.
6. When on approved Council business all actual and reasonable expenses will be met by the Council.
7. That the rate for reimbursing Elected Members travel when using their own motor vehicle on Council business be as follows:

KM per Year	Up to 1300cc	1301 - 1600cc	1601 - 2000cc	Over 2000cc
10,000	54.3	66.9	83.4	103.0
14,000	45.0	54.3	66.6	82.0
40,000	24.0	27.6	33.8	40.9

and that the Council also pay the approved rate to Appointed Members. Any infringement fees e.g. parking and speeding infringements are by law the responsibility of the offender.

RESOURCES

Financial Summary

HSC indicative pool for Waitakere City	\$976,311
Less Mayor's salary as determined by the HSC	- 121,045
New indicative pool for Councillors and Community Board Members	= 855,266
Plus 50% Community Board outside pool	
2002 budget for salary and meeting fees plus 2.8% divided by 2	+ 140920
Total pool available excluding Mayor / including Councillors and Community Boards	= 996,186
Total Community Board pool	- 281840
Councillors pool	\$714,346
2002/2003 budget for Councillors salaries and meeting fees	\$735,114

In summary, the Mayor receives an increase from \$99,100 to \$ 121,045. But the Mayor has a motor vehicle supplied that is available for private use and he must take a deduction of 12% of the cost of the vehicle if this private use is to continue. That reduction is calculated as 12% of \$63,365 = \$7,604. The Mayor's new salary would therefore be \$113,441, an increase of \$14,341 or 14.5%.

If the total sum currently able to be paid to Community Board Members is increased by the inflation rate (2.8%) then the remuneration pool available to pay Councillors is reduced from \$735,114 to \$714,346. The fees paid to Elected Members appointed to the Hearing Committee and to Hearing commissioners are in addition to this sum. In effect there is unlikely to be any reduction for Councillors and as it is rare for Councillors to have attended every meeting for which a meeting fee was payable. Salaries payable as recommended should compensate all Councillors at no less than they would have received in a full year at current rates and, for some, there will be modest increases.

When reviewing remuneration last year in preparation for the submission to the Higher Salaries Commission there was a school of thought that the Community Board Chairs salaries were not relative to the stepped scale applied to Council, that is, they were higher than could be justified. It is noted for the Council's information that the previous determination for Community Board Chairs by the Minister of Local Government was based on population only. No account was taken of relative workloads. The Council may now wish to review the level of payments to take account of this relativity.

Salaries:

Payment of salaries is made monthly. Payment is a fixed sum, based on the annual salary figure recommended by the Minister of Local Government, in accordance with the Local Government Act.

According to the determination of Council 2439/2001 dated 31 October 2001 the current salary rates payable are as follows:

Mayor	\$99,100
Deputy Mayor	\$33,440
Chairs of Committees	\$33,440
All Councillors	\$16,720
Community Boards: Henderson and Waitakere, Chairs	\$14,340
Members	\$ 6,450
Massey and New Lynn, Chairs	\$19,110
Members	\$10,500

* Note: with variations for Chairs of subcommittees based on 100%, 87.5% and 75% as approved by the Council.

The Council is only permitted to pay to any individual person, one of these salaries.

Meeting Allowances

Meeting Allowances are currently paid when an Elected Representative attends a meeting that is eligible for payment. In order for the meeting to be eligible, it had to comply with the definitions of the Local Government Act 1974, Section 114c. Any policy now developed will probably have to include similar provisions in order to obtain the approval of the Higher Salaries Commission.

That Section defined the parameters of a meeting as being:

1. Every local authority shall hold meetings as are necessary for the good governance of its District.
2. Every member of a local authority or of any committee of a local authority shall, unless unlawfully excluded, have the right to attend any meeting of the local authority or committee.
3. Every meeting of a local authority shall be called, publicly notified, and conducted in accordance with:
 - a. This act;
 - b. Part VII of the Local Government Official Information and Meetings Act 1987;
 - c. The Standing Orders of the Local Authority.

Some examples of eligible meetings (provided all the parameters of the above section are met), are:

- Council meetings;
- Standing Committee meetings;
- Formally appointed Sub committee meetings;
- Meetings of outside bodies where the elected representative is attending as the representative formally appointed by the Council;
- Attendance at a conference where the elected representative is attending as the representative formally appointed by the Council;
- Community Board meetings;
- Attendance by a Community Board Member at a Council/Committee Meeting through resolution from the respective Council/Committee.

Some examples of unpaid meetings (which are considered as being covered by the salary) are:

- Workshops and working party meetings;
- Tours of inspection;
- Agenda run throughs;
- Meetings with residents groups;
- Civic functions and receptions;
- Community Associations' meetings;
- Public meetings called by elected representatives themselves;
- External meetings where a Member is not appointed by the Council;
- When attending a function on behalf of, or in place of the Mayor;

There was a limitation to the payment of meeting allowances. The Local Government Act 1974 stated that only one Council and one Community Board meeting allowance per day is to be paid. If the Council prefers to continue paying meeting fees it will have to decide the quantum and the policy for payment (including what is to be paid for and what is not). The Higher Salaries Commission will approve a regime and that may include a decision on whether to pay more than one meeting fee per day, which would remove the limitation that currently applies. It should be noted though that the effect of paying more than one meeting fee per day would be to reduce the sum available in the pool for meeting fees more quickly.

Meeting Allowance Rates

The current meeting allowances vary between the Community Board's and the Council Committees.

According to the most recent determination of the Council 2439/2001 dated 31 October 2001 the current meeting fees payable based on the Minister of Local Government' recommendation are:

Mayor	\$ Nil
Councillor attendance at a Council meeting	\$195
Te Taumata Members	\$195
Community Board Meetings -Henderson and Waitakere	\$130
Massey and New Lynn	\$155

Other appointed Members are paid at the rate applicable to the Councillors attending that meeting.

Payment Of Meeting Allowances

Payment of meeting allowances is made monthly. Democracy Services ensure that all standard eligible Council Committee and Community Board meetings are paid by noting the attendance recorded in the Minutes of these meetings and checking those against Councillors' claims.

There are also other meetings that may be eligible for payment. These may be appointments to an outside organisation, committee, workshop, conference etc. In order for payment to be received, the elected representatives claim form must be completed. There is a variance in attitude towards claims with some Elected Members preferring not to claim for some meetings that they attend and for which there is a meeting fee entitlement. This also applies to some Appointed Members.

It is noted that where a Councillor 'stands in' temporarily for another Councillor at meetings, that Councillor is not entitled to payment unless the Council has approved his or her appointment as a 'stand in'.

RECOMMENDED DETERMINATION FOR SALARIES AND MEETING ALLOWANCES:

Under the new system it will be more difficult to manage the payment of meeting allowances than a single salary payment and there is a real possibility that the fund available for the payment of these allowances would run out before the end of the year. If the allowance is intended to ensure a quorum then it follows that if no payment is available a quorum might not be achieved. In this event, those meetings in May and June are the most likely to be affected and this includes all the meetings for the hearing and determination of the Council's Long Term Council Community Plan and Annual Plan.

The Higher Salaries Commission sets the Mayor's salary. In the schedule with recommendations below, the starting point for consideration uses the following formula:

Deputy Mayor set at 60% of that established for the Mayor (but, in this case, with a small deduction to balance with the Indicative Pool); Chairs of Standing Committees – City Development, Finance and Operational Performance; Environmental Management and Hearings; (100% on the current formula) set at 85% of the Deputy Mayor's salary; Chairs of Special Projects and Tenders set at 87.5% of Standing Committee Chairs (as per current formula); Chairs of Emergency Management, Recreation and Sport Allocation, Creative Communities, Regional Arts and Culture, Council Controlled Organisations (which, if included, will require the Council to resolve to revoke its previous decision not to pay the Chair of this Committee a salary), Long Term Council Community Plan and Annual Plan Special and Performance Management set at 75% of Standing Committee Chairs (as per current formula with the addition of the CCO Subcommittee); and Councillors without chair responsibilities set at 70% of Standing Committee Chairs. These percentages have been recalculated as percentages of the Mayor's salary.

Payments for all Resource Management Hearings would be in addition to these salaries and paid at the rate of \$60 per hour of meeting time as set by the Higher Salaries Commission. This would add remuneration to those Councillors appointed to the Hearings Committee and the appointed Community Board's representative. A Chair's salary will still be payable to the Chair of the Hearings Committee because only applications for Resource Consents attract the \$60 per hour fee. All other Hearings such as those under Bylaws etc do not attract the separate fee.

Note: The current requirement that Councillors only get paid one salary will continue to apply, for example, Elected Members who Chair two Committees would only draw the salary payable for the more senior of those roles.

The recommended salaries do not provide for deductions for Elected Members' not carrying out their assigned duties, attendance at meetings or leave of absence. The Council may wish to consider some appropriate way of monitoring performance. The Code of Conduct that is required under the Local Government Act 2002 and is currently being prepared for Council consideration may be a way of dealing with this issue. All percentages are a percentage of the Mayor's salary.

Recommended Salaries (with no meeting allowances payable):		Total Cost
Mayor - determined by the Higher Salaries Commission	121,045	121,045
Deputy Mayor @ 60%	72,600	72,600
Chairs of Standing Committees (Elected Members) @ 51%	61,700	185,100
Chairs Special Projects, Tenders @ 44.625%	54,000	54,000
Chairs Emergency Management, Recreation & Sport, Creative Communities, Regional Arts & Culture, Council Controlled Organisations and Performance Management @ 38.250%	46,300	231,500
Councillors @ balance	42,787	171,146
Community Boards: Chairs - Henderson and Waitakere	18,885	37,770
Members	8,635	77,715
Chairs - Massey and New Lynn	23,845	47,690
Members	13,185	118,665
		\$1,117,231
Less 50% Community Boards		140,920
Total (=Total Indicative Pool)		\$976,311

CONCLUSION

The Commission will make the determination for each Council - it will review the proposals put forward by the Council and make a final determination including all the detail before 1 July 2003.

The Determination issued by the Higher Salaries Commission was circulated to all Elected Members in December 2002.

Both the Commission and Local Government New Zealand have received a lot of questions since the Determination was released and a number of bulletins have been issued about the detail of the Determination. All these bulletins have been circulated to Elected Members at the time they were received.

RECOMMENDATIONS

1. That the information be received;
2. That the Council opt to move to the new system of remuneration as determined by the Higher Salaries Commission.
3. That the Council adopt a system of salaries only and not make payments to Elected Members for attendance at meetings.
4. That the Council revoke Resolution No. 3373/2002 and agree to pay a Chairs salary to the Chair of the Council Controlled Organisation Subcommittee at the 75% level.

5. That the following salaries for Community Boards be recommended to the Higher Salaries Commission:

Community Boards: Chairs - Henderson and Waitakere	18,885	37,770
Members	8,635	77,715
Chairs - Massey and New Lynn	23,845	47,690
Members	13,185	118,665

6. That the following salaries for Councillors be recommended to the Higher Salaries Commission:

Mayor - determined by the Higher Salaries Commission	121,045	121,045
Deputy Mayor @ 60%	72,600	72,600
Chairs of Standing Committees (Elected Members) @ 51%	61,700	185,100
Chairs Special Projects, Tenders @ 44.625%	54,000	54,000
Chairs Emergency Management, Recreation & Sport, Creative Communities, Regional Arts & Culture, Council Controlled Organisations and Performance Management @ 38.250	46,300	231,500
Councillors @ balance	42,787	171,146

7. That the following reimbursing expenses be recommended to the Higher Salaries Commission:

- 7.1. That Councillors and Community Board Members receive a monthly allowance to cover reimbursement of the following costs incurred as appropriate:

- Reimbursement of one domestic line rental and one domestic line maintenance charge related to telephone, fax and e-mail operation and the call minder facility (currently \$45.20);
- Reimbursement of one cell phone on the basis of the Waitakere City call plan including the call minder facility (currently \$35.00) when a cell phone is made available to be used on Council business;
- Reimbursement of the best flat rate monthly fee available to the Council for JetStream 400 or its equivalent (currently \$49.00) (not currently available to Community Board Members).

- 7.2. That Councillors and Community Board Members claim reasonable business related call costs on telephone or cell phone on a monthly basis provided they are supported by presentation of an account detailing to whom the calls have been made.

- 7.3. That Councillors be paid a flat monthly fee of \$20.00 to cover all consumerables (not currently available to Community Board Members) for computers including laptops, printers, facsimiles etc.

- 7.4. That Councillors will be supplied with either a personal computer at home or a laptop if necessary. Those Councillors who provide their own computer equipment be paid an additional monthly allowance of \$50.00 (not currently available to Community Board Members).

- 7.5. No other telephones, fax machines or cell phones will be provided to Elected Members except that the Mayor will be provided with a cell phone and the Council will pay for all expenses except private calls.

8. When on approved Council business all actual and reasonable expenses will be met by the Council.

9. That the rate for reimbursing Elected Members for travel, using their own motor vehicle on Council business, be as follows:

KM per Year	Up to 1300cc	1301 - 1600cc	1601 - 2000cc	Over 2000cc
10,000	54.3	66.9	83.4	.103
14,000	45.0	54.3	66.6	82.0
40,000	24.0	27.6	33.8	40.9

and that the Council also pay the approved rate to Appointed Members.

10. That the Chair of Te Taumata Runanga be paid a salary of \$18,913 being the difference between the salary payable for a Standing Committee Chair and a Councillor without Chair responsibilities as well as the meeting fee payable to Appointed Members of Council Committees with effect from 1 July 2003; and
11. That all other Appointed Members of Council's Committees and Subcommittees (except the hearings Committee) be paid a meeting fee of \$195.00.

Report prepared by: Darryl Griffin, Manager Democracy and Support Services.

7 3 DEC 2002



554691

HIGHER SALARIES COMMISSION

18 December 2002

Chief Executive's Office
RECEIVED
 23 DEC 2002
 Ross McLeod
 24/12/02

Mr Harry O'Rourke
Chief Executive
Waitakere City Council

Dear Mr O'Rourke

Enclosed is a full set of papers relative to the proposed remuneration framework for regional and local government. Included are:

1. A letter outlining changes to indicative pools, rationale and approaches to be taken to various elements of the package.
2. Four sets of charts for Territorial Local Authorities, Regional Councils, Unitary Councils and Special Cases.
3. A form covering Councils' choices relative to management of the pool which is to be returned to the Higher Salaries Commission when completed and signed off.

Please copy these for all elected members of your Councils and Community Boards.

The entire package will also be available via a link to the LGNZ website - www.lgnz.co.nz.

Yours sincerely

H D Peacock
Chairman

Chief Executive	<input checked="" type="checkbox"/>
Corporate Services	<input type="checkbox"/>
Community Development	<input type="checkbox"/>
Regulation	<input type="checkbox"/>
Energy & Environment	<input type="checkbox"/>
Local Government	<input type="checkbox"/>
Regional Infrastructure	<input type="checkbox"/>
Water Services	<input type="checkbox"/>

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HIGHER SALARIES COMMISSION



18 December 2002

To: All Mayors/Regional Council Chairs
All Elected Members (including Community Boards)
All Chief Executives

REMUNERATION OF ELECTED MEMBERS

Background

The Commission has previously advised that in order to determine the remuneration of elected members it wishes to apply a consistent and transparent basis amongst elected members so far as reasonably possible. You are also aware that as a preliminary step in the process of the Commission ultimately making its determination for elected members, the Commission is allocating an indicative pool of money amongst each authority.

One of the primary purposes of the allocation of the indicative pool is to introduce a reasonable degree of consistency of approach amongst the remuneration ultimately determined as being payable to members.

The Commission has now derived the amount of the indicative pool for each council for the year 1 July 2003 to 30 June 2004. The indicative pools have been derived in four different groups, namely:

- Territorial Authorities
- Unitary Authorities
- Regional Authorities
- Others

The basis for each of these groups is detailed below and the results and formula are shown in the appendices. These can all be viewed on the Local Government New Zealand website www.lgnz.co.nz.

Territorials

There were three criteria used in deriving each council's number of points, namely population, expenditure and assets. The model used gives a weighting in total of 50% of the points in respect of population, 33% in respect of expenditure and 17% for assets. A point is given for each person and the other criteria were scaled down so that in total the correct weightings were achieved over all the Territorials.

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P.O. Box 10084, Wellington, New Zealand. Morrison Kent House,
105 The Terrace. Telephone (04) 499-3068. Fax (04) 499-3065.

For councils whose rate of population increase over the five years 1997 to 2002 was greater than average or where the population had declined, the number of points was increased by this difference, i.e., if the average increase in population over all councils had been say 4% and a council's actual experience was 7% or -3%, that council had their points increased by 3%.

The tables shown in the variables page were then used to calculate the indicative pool and the Mayor's salary for each council.

The calculations for each council have been shown in full. It must be stressed that if the data supplied to the Commission is incorrect in respect of expenses or assets then the indicative pool and Mayor's salary will need to be recalculated by the Commission in respect of that council. The figures for other councils will not be changed.

The data will need to be checked against each council's Annual Report. **Please send a copy of your 2001/2002 Report to the Commission by 31 January 2003.**

Unitaries

The basis applicable to elected members of Unitaries is exactly the same as for Territorials except that we have added a margin of 12.5% to the results to reflect an adjustment that we consider fairly recognises the added responsibilities arising from the Unitaries being both a Territorial and a Regional Council.

The application of the loading for rate of change is slightly different in that the average increase in Unitaries was slightly less than for the Territorials.

Regionals

The model used four criteria with no loading for rate of change. These criteria were:

<u>Criteria</u>	<u>Weighting</u>
Population	30%
Expenditure	25%
Assets	15%
Capital value	30%

The data used, the results and the basis are shown in the attachments.

Others

The Commission reached the view that the criteria that were adopted for establishing an indicative pool for assisting in the determination of the remuneration of elected members for most authorities outlined above, were not appropriate as a procedural step to assist in determining the remuneration for elected members of some authorities. With these authorities an indicative pool has been derived by the Commission on a different basis.

Indicative Pool

Councils will have the right to resolve that all elected members will remain on their current basis until the next local body elections or move to the new basis from 1 July 2003. The Commission would like to stress that for those councils who resolve that members should remain on their present terms and conditions this will apply in respect of all remuneration and expenses of each member and Community Board member in a council or authority, e.g., a council could not elect to retain their current remuneration basis and adopt the new mileage rate or meeting fees for what we have called statutory hearings.

For those councils who move to the new basis the amount paid to elected members (including Community Board members) must not exceed that indicative pool after making allowance for the adjustments detailed below:

- Meeting fees paid to elected members in respect of what is defined as Statutory Hearings will not be included in the indicative pool
- Half the salaries paid to elected members of Community Boards will be excluded from the indicative pool. Note this does not apply in respect of any remuneration paid to appointed members of Community Boards.
- The Mayor's or Regional Chair's gross salary prior to any reduction on account of private use of a car will be deducted from the indicative pool.

The Commission is prepared to consider a unanimous request for a reduction in the amount of the indicative pool available to a council (and consequently a reduction in the remuneration available to elected members) if the circumstances giving rise to the request are explained to the Commission, and the Commission accepts that a reduction is appropriate.

Statutory Meeting Fees

The meeting fee payable to elected members for Statutory Hearings will be determined by the Commission and is likely to be of the order of \$60 per hour of the Hearing. This rate includes preparation time. The Commission is of the view that paying separately for preparation is not appropriate as different members can take greatly different times to, say, read the same material.

Community Boards

There will be no provision for the payment of meeting fees to Community Board members. The Commission reached this decision because in the vast majority of instances there was very little variation paid to different members within a Community Board and also because of the great difficulty in administering an indicative pool when a council and a number of its Community Boards all had meeting fee arrangements. This does not mean that members of a Community Board could not be paid different salaries if they had different workloads which justified such a difference.

Meeting Fees

A council which wishes to retain meeting fees for its members needs to recommend the rate and basis upon which they should be paid. This basis does not need to be the same as the current basis, indeed the Commission believes that the current basis can create some real anomalies. The number of meetings in each year is by definition difficult to predict. At the end of a year a council which has not expended all that part of the pool put aside for meeting fees can request the Commission to carry forward in what will then be the current year up to 30% of the previous year's meeting fee budget.

Mayoral cars

A Mayor or Regional Chair can have a car supplied by the council. If the car is used solely for Mayoral (and council) use, including being garaged at home by the Mayor, there will be no deduction from the Mayoral salary. Please note, however, that there must be no exceptions as use of cars is an area where it is so easy to slip over the line. Where there is private use this will be full private use, including use by family and during holidays.

The reduction in the Mayor's salary for full private use of a car will be a percentage of the cost of the car. This will range from 12% in respect of the Mayor of a large city or the Chair of a Region to 24% for a Mayor of a small district, i.e., if the car cost \$40,000 the reduction in the Mayor's salary would range from \$4,800 to \$9,600 depending upon the size of the council. The actual percentage will be determined by the Commission.

Mileage allowance

Where an elected member needs to use their own vehicle on council business, they will be able to be paid an allowance of 70 cents a kilometre. This rate reflects both cost recovery and an element of remuneration in respect of travelling time.

Flexibility

For those councils who adopt the new basis, the Commission recognises that you are all unique and are likely to want different bases for remunerating elected members. The Commission is requesting that you recommend to us the basis that best suits your elected members, including your Community Boards. The Commission will make the final decision but anticipates that if your recommendations are unanimous and reasonable it is unlikely that our determination will not be identical.

Expenses

In addition to determining the remuneration of elected members, the Commission is also required to determine the allowances and expenses of all elected members, including members of community boards.

The information we have received in respect of expenses shows that this is a difficult task. There is, quite naturally, a divergence of practices amongst local authorities, depending upon the size of the authority and other factors.

Most local authorities already have comprehensive rules or guidelines for the recovery of expenses by members.

It is clear that one rule will not comfortably fit all situations for every local authority.

We have the ability under the legislation to prescribe rules for the recovery of expenses.

In order to cater for the different situations that exist amongst councils and community boards, it is our current intention to complete our expenses determination on a basis that:

- (a) establishes certain allowances or rules that are common to all or many elected members (e.g., mileage allowance, use of mayoral vehicles, etc.)
- (b) permits local authorities to reimburse members' other expenses on the basis of the council's rules for the recovery of expenses, where those rules have been approved by the Commission and are on an actual and reasonable basis.

To enable this to happen, **please send to the Commission a copy of your proposed rules for the recovery of expenses by elected members and community board members.**

Action

The accompanying form is hopefully self explanatory. There is one form for each council and each Community Board. If the members of a council elect to continue until the next local body election under the present basis then their Community Boards will also remain under the current basis.

Please ensure that all the forms are returned to the Commission by 10 March 2003. Any dissenting opinions must also be sent to us.

Upon receipt of the information requested, the Commission will consider and review the recommendations made and will, in due course, make a determination.

If you have any queries, please contact Patricia Gordon at the Commission.

In the meantime, the Commission takes this opportunity to wish you all a Happy Christmas and Best Wishes for the New Year.

Yours sincerely



H D Peacock
Chairman

COUNCIL: _____

A. The Council has resolved to:

- (i) continue with the present conditions of remuneration and expenses until the date of the next local body elections; or
- (ii) Adopt the new remuneration and expenses basis to be determined by the Higher Salaries Commission to come into effect from 1 July 2003.

[Delete (i) or (ii). If (ii) is elected please complete the remainder of the form.]

The recommended remuneration for councillors for the year 1 July 2003 to 30 June 2004 for consideration by the Higher Salaries Commission is:

<u>Position</u>	<u>Salary</u>	<u>No.</u>	<u>Total salary</u>
Total salaries			\$

Meeting Fees: If recommended please supply recommended rate payable and applicable rules for eligibility.

B. Recommendation re Mayor

In instances where the Council has opted for A(ii) above, I personally elect:

- (i) To continue with my present conditions of remuneration and expenses until the date of the next local body elections; or
- (ii) Adopt the new remuneration and expenses basis to be determined by the Higher Salaries commission to come into effect from 1 July 2003.

[Delete (i) or (ii)]

If B(ii) is elected, please complete the following re any car available to the Mayor:

Car supplied:	Model
	Year
	Cost

Use of car:	Full private use	:
	Mayoral use only	:

N.B. Mayoral use only means that the car can be used by other officers, can be driven home and garaged by Mayor but does not permit any private use.

Where applicable the recommendations in section A were resolved by the Council:

Unanimously; or
With dissent

Where there was any dissent, details of that dissent are attached.

Signed: _____ Mayor

Date: _____

COMMUNITY BOARD

In instances where the Council has opted for the new basis of remuneration and expenses to come into effect on 1 July 2003, the recommended salaries for the Chair and members of the Community Board for consideration by the Higher Salaries Commission are:

<u>Position</u>	<u>Salary</u>	<u>No.</u>	<u>Total salary</u>
Total salaries			\$

COUNCIL

This recommendation was agreed
to by the Council

Unanimously; or

With dissent

Details of dissent attached

Mayor: _____

Date: _____

COMMUNITY BOARD

This recommendation was agreed
to by the Board

Unanimously; or

With dissent

Details of dissent attached

Chair: _____

Date: _____

HIGHER SALARIES COMMISSION - FUNDING FORMULAE AND FACTORS

District / City Council	---Population Calc---		---Expenses Calc---		---Gross Assets Calc---		---Rate of Change Calc---		Change Factor
	Population	Funding Weighting	Expenses (000)'s	Funding Weighting	Assets (000)'s	Funding Weighting	Population 1997	% of Change	
Auckland City	401,500	10.68%	467,812	14.23%	4,145,528	10.36%	373,400	7.53%	103.4%
Christchurch City	332,100	8.33%	249,880	7.60%	3,528,956	8.82%	321,000	3.48%	100.0%
Manukau City	307,100	8.17%	218,694	6.65%	2,711,486	6.78%	275,000	11.57%	107.5%
Wellington City	174,600	4.64%	228,481	6.95%	2,100,203	5.25%	166,300	4.99%	100.8%
North Shore City	198,900	5.29%	142,660	4.34%	1,684,508	4.21%	183,800	8.22%	104.1%
Waikare City	180,700	4.81%	136,572	4.15%	1,132,237	2.83%	165,800	8.99%	104.8%
Dunedin City	120,300	3.20%	112,794	3.43%	1,359,777	3.40%	120,200	0.08%	100.0%
Hamilton City	122,000	3.24%	129,173	3.93%	1,047,990	2.62%	114,400	6.64%	102.5%
Hutt City	99,500	2.65%	74,073	2.25%	787,115	1.97%	99,400	0.10%	100.0%
Tauranga District	95,600	2.54%	68,540	2.09%	934,497	2.34%	83,200	14.90%	110.7%
New Plymouth District	68,700	1.83%	60,153	1.83%	935,425	2.34%	69,500	-1.15%	101.2%
Palmerston North City	75,900	2.02%	54,798	1.67%	652,667	1.63%	75,200	0.93%	100.0%
Rodney District	81,100	2.16%	71,068	2.16%	873,849	2.16%	71,000	14.23%	110.1%
Hastings District	76,100	1.86%	60,339	1.84%	787,628	1.97%	68,600	2.19%	100.0%
Whangarei District	70,600	1.88%	55,224	1.60%	702,056	1.76%	69,100	2.17%	100.0%
Rotoma District	67,200	1.79%	55,760	1.70%	514,269	1.29%	66,900	0.45%	100.0%
Far North District	56,800	1.51%	46,890	1.43%	617,720	1.54%	55,300	2.71%	100.0%
Napier City	55,500	1.48%	40,244	1.22%	464,348	1.16%	55,200	0.54%	100.0%
Southland District	29,300	0.78%	34,367	1.05%	812,188	2.03%	30,800	-4.87%	104.9%
Franklin District	54,300	1.44%	38,136	1.18%	520,939	1.30%	50,300	7.95%	103.8%
Invercargill City	51,400	1.37%	41,037	1.25%	437,714	1.09%	53,000	-3.02%	103.0%
Porirua City	49,600	1.32%	33,910	1.03%	307,663	0.77%	48,500	2.68%	100.0%
Kapiti Coast District	44,400	1.18%	26,804	0.82%	337,699	0.84%	40,400	9.90%	105.7%
Wanganui District	44,100	1.17%	42,819	1.30%	463,042	1.16%	46,000	-4.13%	104.1%
Timaru District	42,900	1.14%	35,021	1.07%	514,805	1.29%	43,400	-1.15%	101.2%
Waipa District	41,800	1.11%	29,507	0.80%	504,336	1.26%	40,200	3.98%	100.0%
Waikato District	41,700	1.11%	41,503	1.26%	375,015	0.94%	40,500	2.96%	100.0%
Taupo District	32,800	0.87%	34,661	1.05%	463,862	1.13%	32,000	2.50%	100.0%
Thames-Coromandel District	26,000	0.69%	36,217	1.10%	352,875	0.88%	25,900	0.39%	100.0%
Western Bay of Plenty	39,900	1.06%	30,652	0.93%	435,571	1.09%	36,700	8.72%	104.6%
Queenstown-Lakes District	19,300	0.51%	28,935	0.88%	375,265	0.94%	15,400	25.32%	121.2%
Waikaiti District	38,900	1.03%	26,965	0.82%	362,163	0.91%	34,000	14.41%	110.3%
Whakelane District	34,000	0.90%	25,428	0.77%	278,465	0.70%	34,300	-0.87%	100.9%
South Taranaki District	28,100	0.75%	28,005	0.79%	293,171	0.73%	29,600	-5.07%	105.1%
Selwyn District	29,200	0.76%	20,878	0.54%	479,114	1.20%	26,100	11.88%	107.7%
Papakura District	42,700	1.14%	19,323	0.59%	270,764	0.66%	41,600	2.64%	100.0%
Matamala - Piako District	30,200	0.80%	22,671	0.69%	352,130	0.86%	30,400	-0.66%	100.7%
Upper Hutt City	37,700	1.00%	21,405	0.65%	232,066	0.58%	37,800	-0.26%	100.3%
Manawatu District	28,300	0.75%	21,106	0.64%	356,367	0.89%	28,700	-1.39%	101.4%
Taranaki District	18,150	0.48%	16,746	0.57%	456,282	1.14%	19,300	-6.20%	106.2%
Ashburton District	26,100	0.69%	17,200	0.52%	348,100	0.87%	25,800	1.16%	100.0%
Waikato District	20,300	0.54%	18,661	0.57%	332,225	0.83%	21,800	-6.89%	106.9%
Horowhenua District	30,600	0.81%	15,444	0.47%	242,353	0.61%	30,800	-0.65%	100.6%

HIGHER SALARIES COMMISSION - FUNDING FORMULAE AND FACTORS

District / City Council	---Population Calc---		---Expenses Calc---		---Gross Assets Calc---		---Rate of Change Calc---		
	Population 2002	Funding Weighting	Expenses (000)'s	Funding Weighting	Assets (000)'s	Funding Weighting	Population 1997	% of Change	Change Factor
Masterton District	23,200	0.62%	15,626	0.48%	295,203	0.74%	23,300	-0.43%	100.4%
Central Otago District	14,800	0.39%	17,436	0.53%	318,183	0.80%	15,150	-2.31%	102.3%
Hauraki District	17,150	0.46%	18,216	0.55%	274,003	0.69%	17,750	-3.38%	103.4%
Rangitikei District	15,300	0.41%	16,437	0.50%	360,701	0.90%	18,550	-7.55%	107.6%
Clutha District	17,500	0.47%	20,581	0.63%	499,420	1.25%	18,300	-4.37%	104.4%
Ruapehu District	14,550	0.39%	16,761	0.51%	226,726	0.57%	16,900	-13.91%	113.9%
Kaipara District	18,000	0.48%	17,770	0.54%	259,625	0.63%	17,850	0.84%	100.0%
South Waikato District	23,800	0.63%	14,368	0.44%	202,657	0.51%	25,700	-7.39%	107.4%
Central Hawkes Bay	13,150	0.35%	15,660	0.48%	461,377	1.15%	13,300	-1.13%	101.1%
Westland District	7,940	0.21%	9,104	0.28%	201,341	0.50%	8,390	-5.36%	105.4%
Hurunui District	10,300	0.27%	13,576	0.41%	140,988	0.35%	9,670	6.51%	102.4%
Waitomo District	9,660	0.26%	11,031	0.34%	210,119	0.53%	9,950	-2.71%	102.7%
Buller District	9,760	0.26%	13,564	0.41%	125,963	0.31%	10,550	-7.49%	107.5%
Grey District	13,100	0.35%	13,176	0.40%	147,810	0.37%	13,950	-6.09%	106.1%
Gore District	12,650	0.34%	11,730	0.36%	172,412	0.43%	13,350	-5.24%	105.2%
Waimate District	7,150	0.19%	7,284	0.22%	181,271	0.48%	7,700	-7.14%	107.1%
Waioea District	9,070	0.24%	13,985	0.43%	153,814	0.33%	10,050	-9.75%	109.8%
Banks Peninsula District	8,150	0.22%	13,004	0.40%	191,303	0.48%	7,750	5.16%	101.0%
South Wairarapa District	8,930	0.24%	7,879	0.24%	151,042	0.38%	9,020	-1.00%	101.0%
Otago District	9,590	0.26%	8,520	0.26%	143,254	0.36%	9,930	-3.42%	103.4%
Opotiki District	9,530	0.25%	6,431	0.20%	103,051	0.26%	9,660	-1.35%	101.3%
Stratford District	8,940	0.24%	6,965	0.21%	118,286	0.30%	9,660	-7.45%	107.5%
Mackenzie District	3,760	0.10%	6,178	0.19%	76,811	0.19%	4,140	-9.18%	109.2%
Canterbury District	7,040	0.19%	5,368	0.16%	88,412	0.22%	6,890	2.18%	100.0%
Kawerau District	7,160	0.19%	5,663	0.17%	36,788	0.09%	8,010	-10.61%	110.6%
TOTALS	3,760,360	100.00%	3,286,951	100.00%	39,999,999	100.00%	3,610,120	4.16%	

HIGHER SALARIES COMMISSION - FUNDING FORMULAE AND FACTORS - SUMMARY

District / City Council	Population	Expenses	Assets	Change Factor	Total Points	Indicative Pool	Mayor's Salary
Auckland City	401,500	353,224	132,503	103.36%	917,075	1,537,537	144,841
Christchurch City	332,100	188,681	112,828	100.00%	833,609	1,364,207	137,508
Manukau City	307,100	165,126	86,667	107.51%	600,874	1,339,655	136,526
Wellington City	174,600	172,516	67,129	100.83%	417,681	1,117,254	128,384
North Shore City	198,900	107,731	53,842	104.05%	375,087	1,047,657	115,009
Waikare City	180,700	103,119	36,190	104.83%	335,451	976,311	121,045
Dunedin City	120,300	85,166	43,463	100.00%	248,926	795,035	107,286
Hamilton City	122,000	97,533	33,497	102.48%	259,310	618,913	109,362
Hutt City	99,500	55,929	25,159	100.00%	180,588	628,146	93,132
Tauranga District	95,600	51,752	29,869	110.74%	196,259	672,024	96,656
New Plymouth District	68,700	45,419	29,889	101.15%	145,676	530,392	85,277
Palmerston North City	75,900	41,375	20,862	100.00%	136,137	509,285	83,581
Rodney District	81,100	53,660	27,931	110.06%	179,064	623,880	92,789
Hastings District	70,100	45,559	25,175	100.00%	140,834	516,836	84,188
Whangarei District	70,600	41,697	22,440	100.00%	134,737	499,764	82,816
Rotorua District	67,200	42,117	16,438	100.00%	125,755	474,613	80,795
Far North District	56,800	35,405	19,744	100.00%	111,949	435,956	77,688
Napier City	55,500	30,388	14,542	100.00%	100,728	404,540	75,184
Southland District	28,300	25,964	25,960	104.87%	85,180	355,816	70,554
Franklin District	54,300	28,795	16,661	103.76%	103,627	412,375	76,794
Invercargill City	51,400	30,985	13,991	103.02%	99,285	400,249	74,786
Portraa City	48,800	25,604	9,834	100.00%	65,237	355,998	70,671
Kapiti Coast District	44,400	20,239	10,794	105.74%	79,762	338,750	68,929
Wanganui District	44,100	32,331	14,800	104.13%	94,999	386,747	73,500
Timaru District	42,900	26,443	16,455	101.15%	86,786	360,676	71,036
Waipa District	41,800	22,279	16,120	100.00%	80,200	340,128	69,060
Waikato District	41,700	31,337	11,987	100.00%	85,024	355,325	70,507
Taupo District	32,800	26,163	14,507	100.00%	73,470	318,931	67,041
Thames-Coromandel District	26,000	27,346	11,279	100.00%	64,625	291,068	64,387
Western Bay of Plenty	39,903	23,144	13,922	104.56%	80,474	340,994	69,142
Queenstown-Lakes District	19,300	21,848	11,995	121.16%	64,389	290,325	64,317
Waimakariri District	36,900	20,360	11,576	110.25%	78,097	333,505	68,429
Whakatane District	34,000	19,200	8,901	100.87%	62,643	284,826	63,793
South Taranaki District	28,100	19,635	9,371	105.07%	60,000	276,499	63,000
Selwyn District	29,200	15,764	15,314	107.72%	64,929	292,026	64,479
Papakura District	42,700	14,590	8,655	100.00%	65,945	295,227	64,784
Matamata - Pieke District	30,200	17,118	11,265	100.66%	58,958	273,219	62,688
Upper Hutt City	37,700	16,162	7,418	100.26%	61,442	281,041	63,432
Manawatu District	28,300	15,936	11,390	101.39%	56,402	265,166	61,921
Taranaki District	18,150	14,154	14,684	106.20%	49,796	244,328	59,898
Ashburton District	26,100	12,987	11,126	100.00%	50,213	245,672	60,064
Waikati District	20,300	14,090	10,619	106.88%	48,106	238,750	56,053
Horowhenua District	30,600	11,661	7,746	100.65%	50,332	246,048	60,100
Masterton District	23,200	11,798	9,436	100.43%	44,625	227,262	57,312
Central Otago District	14,800	13,185	10,170	102.31%	39,016	208,754	64,508
Hauraki District	17,150	13,754	8,758	103.38%	41,003	215,309	55,501
Rangitikei District	15,300	12,411	11,529	107.55%	42,204	219,272	56,102
Citrus District	17,500	15,540	15,963	104.37%	51,145	248,607	60,343
Ruapehu District	14,550	12,655	7,247	113.91%	39,243	209,502	54,622
Kaipara District	18,000	13,417	8,107	100.00%	39,524	210,429	54,762
South Waikato District	23,800	10,864	6,478	107.39%	44,183	225,803	57,081
Central Hawkes Bay	13,150	11,824	14,747	101.13%	40,169	212,558	56,085
Westland District	7,940	6,874	6,435	105.36%	22,389	153,684	46,195
Hurunui District	10,300	10,252	4,506	102.35%	25,648	164,639	47,824
Waikato District	9,680	8,329	6,716	102.71%	25,396	163,807	47,698
Butler District	9,760	10,242	4,026	107.49%	25,827	166,229	47,913
Grey District	13,900	9,949	4,724	106.09%	29,455	177,236	49,733
Gore District	12,650	8,857	5,511	105.24%	28,434	173,833	49,217
Waimate District	7,150	5,500	6,114	107.14%	20,104	146,342	45,052
Waioa District	9,070	10,559	4,277	109.75%	26,238	186,585	48,119
Banks Peninsula District	8,150	9,819	6,115	101.00%	24,324	160,270	47,162
South Wairarapa District	8,830	5,949	4,828	101.00%	19,803	145,681	44,952
Orohanga District	9,590	6,433	4,579	103.42%	21,307	150,314	45,654
Opoitiki District	8,530	4,856	3,294	101.35%	17,918	139,128	43,959
Stratford District	8,940	5,259	3,781	107.45%	19,320	143,755	44,660
MacKenzie District	3,760	4,665	2,455	109.18%	11,878	119,199	40,939
Carlton District	7,040	4,053	2,826	100.00%	13,919	125,933	41,960
Kawerau District	7,180	4,276	1,175	110.61%	13,949	126,033	41,975
TOTALS	3,760,350	2,481,891	1,278,519		7,758,694	26,515,264	4,761,649

DISTRICT/CITY COUNCILS

Variables

Weightings	Points
Population	3,760,350
Expenses	2,481,831
Assets Gross	1,278,519
	7,520,700

X and Y for Change Factor

Change factor weighting for larger than	100%
Change factor weighting for negatives	100%

Mayor's Salary - Points to remuneration

Points	Rate	Max
Flat Base		35,000
50,000	0.500	25,000
100,000	0.300	40,000
200,000	0.225	62,500
300,000	0.200	82,500
400,000	0.100	92,500
500,000	0.050	97,500
600,000	0.040	101,500
700,000	0.030	104,500
800,000	0.030	107,500
900,000	0.020	109,500
1,000,000	0.020	111,500
2,000,000	0.020	131,500

Indicative Pool - Points to remuneration

Points	Rate	Max
Flat Base		80,000
50,000	3.300	165,000
100,000	3.150	322,500
200,000	2.800	602,500
300,000	2.300	832,500 ¹
400,000	1.800	1,012,500 ²
500,000	1.400	1,152,500 ²
600,000	1.065	1,259,000
700,000	0.750	1,334,000
800,000	0.650	1,399,000
900,000	0.500	1,449,000
1,000,000	0.500	1,499,000
2,000,000	0.500	1,999,000

HIGHER SALARIES COMMISSION - FUNDING FORMULAE AND FACTORS

	---Population Calc---		----Expenses Calc----		--Cross Assets Calc--		---Capital Value \$S---	
	Population	Funding Weighting	Expenses (000)'s	Funding Weighting	Assets (000)'s	Funding Weighting	Capital Value	Funding Weighting
Regional Council								
Auckland Regional Council	1,291,400	33.52%	122,311	27.70%	196,057	6.53%	168,213	38.22%
Wellington Regional Council	445,400	11.93%	103,799	23.51%	542,467	21.38%	64,030	12.28%
Environment Canterbury	503,800	13.49%	54,764	12.40%	343,572	11.44%	53,610	12.18%
Environment Waikato	373,200	10.00%	43,791	9.92%	244,686	8.14%	53,404	12.13%
Environment Bay of Plenty	250,000	6.70%	23,945	5.42%	661,846	22.03%	25,213	5.73%
Horizons.mw	227,100	6.08%	26,899	6.09%	222,620	7.41%	18,349	4.17%
Otago Regional Council	190,600	5.10%	14,360	3.25%	162,636	5.41%	18,684	4.25%
Hawkes Bay Regional	148,000	3.96%	15,813	3.58%	243,364	8.10%	12,486	2.84%
Environment Southland	93,400	2.50%	14,398	3.26%	85,263	2.84%	8,902	2.02%
Northland Regional Council	145,400	3.89%	11,495	2.60%	92,357	3.07%	16,654	3.83%
Taranaki Regional Council	105,500	2.83%	10,000	2.26%	109,594	3.65%	10,334	2.35%
TOTALS	3,733,800	100.00%	441,575	100.00%	3,004,482	100.00%	440,089	100.00%

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HIGHER SALARIES COMMISSION - FUNDING FORMULAE AND FACTORS - SUMMARY

	Population	Expenses	Assets	Capital	Total Points	Indicative Pool	Chair's Salary
Regional Council	1,251,400	861,848	121,824	1,427,152	3,662,224	751,311	129,061
Auckland Regional Council	445,400	731,406	399,211	458,401	2,034,418	741,775	119,491
Wellington Regional Council	503,800	385,987	213,486	454,838	1,558,011	686,251	115,272
Environment Canterbury	373,200	308,568	152,041	453,090	1,286,898	632,118	111,340
Environment Waikato	250,000	168,725	411,252	213,912	1,043,890	578,656	107,452
Environment Bay of Plenty	227,100	139,540	138,330	155,676	710,646	473,513	100,963
Horizons.mw	190,600	101,186	101,057	158,519	551,362	410,545	92,575
Otago Regional Council	148,000	111,424	151,219	106,018	516,662	396,665	90,666
Hawkes Bay Regional	93,400	101,454	52,992	75,526	323,372	319,349	73,854
Environment Southland	145,400	80,998	57,388	142,993	426,779	360,711	83,160
Norfolk Regional Council	105,500	70,464	68,099	87,676	331,738	322,695	74,606
Taranaki Regional Council							
TOTALS	3,733,800	3,111,500	1,866,900	3,733,800	12,446,000	5,673,590	1,098,441

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REGIONAL COUNCILS

Variables

Weightings	Points
Population	3,733,800
Expenses	3,111,500
Assets Gross	1,866,900
Capital Value	3,733,800
	12,446,000
	12,446,000

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Indicative Pool - Points to remuneration			
Points	Flat Base	Rate	Max
300,000	300,000	0.400	190,000
500,000	500,000	0.400	120,000
700,000	700,000	0.400	200,000
1,000,000	1,000,000	0.330	280,000
1,500,000	1,500,000	0.220	379,000
2,000,000	2,000,000	0.125	489,000
2,500,000	2,500,000	0.008	551,500
3,000,000	3,000,000	0.005	555,500
3,500,000	3,500,000	0.005	558,000
4,000,000	4,000,000	0.005	560,500
4,500,000	4,500,000	0.005	563,000
5,000,000	5,000,000	0.005	565,500
		0.005	568,000

Chair's salary - Points to Remuneration			
Points	Flat Base	Rate	Max
300,000	300,000	0.123	35,000
500,000	500,000	0.090	36,750
700,000	700,000	0.055	54,750
1,000,000	1,000,000	0.020	65,750
1,500,000	1,500,000	0.016	71,750
2,000,000	2,000,000	0.009	79,750
2,500,000	2,500,000	0.007	84,250
3,000,000	3,000,000	0.006	87,750
3,500,000	3,500,000	0.005	90,750
4,000,000	4,000,000	0.005	93,250
4,500,000	4,500,000	0.005	95,750
5,000,000	5,000,000	0.005	98,250
		0.005	100,750

HIGHER SALARIES COMMISSION - FUNDING FORMULAE AND FACTORS

	---Population Calc---		---Expenses Calc---		--Gross Assets Calc--		---Rate of Change Calcs---	
	Year 2002 Population	Funding Weighting	Expenses (000)'s	Funding Weighting	Assets (000)'s	Funding Weighting	Year 1997 Population	% of Change Factor
Unitary Councils								
Gisborne District	45,200	26.08%	48,546	29.40%	572,859	27.19%	46,900	-3.62%
Tasman District	43,500	25.10%	36,944	22.38%	581,233	27.59%	39,400	10.41%
Nelson City	43,500	25.10%	39,400	23.86%	415,180	19.71%	41,400	101.5%
Marlborough District	41,100	23.72%	40,206	24.35%	537,259	25.50%	39,600	100.2%
TOTALS	173,300	100.00%	165,096	100.00%	2,106,531	100.00%	167,300	3.59%

HIGHER SALARIES COMMISSION - FUNDING FORMULAE AND FACTORS - SUMMARY

Unitary Councils	Population	Expenses	Assets	Change Factor	Total Points	Indicative Pool	Mayor's Salary	---Unitary Adjustment--- Pool	Salary
Gisborne District	45,200	33,633	16,023	103.62%	98,294	397,127	74,488	446,768	83,799
Tasman District	43,500	25,595	16,258	106.82%	91,173	374,696	72,352	421,533	81,396
Nelson City	43,500	27,296	11,613	101.49%	83,634	350,947	70,090	394,815	78,851
Marlborough District	41,100	27,855	15,028	100.20%	84,152	352,577	70,245	396,649	79,026
TOTALS	173,300	114,378	58,922		357,253	1,475,347	287,176	1,659,765	323,072

Variables

Weightings	Points
Population	173,300
Expenses	114,378
Assets Gross	58,922
	346,600

X and Y for Change Factor

Change factor weighting for larger than	100%
Change factor weighting for negatives	100%

Indicative Pool - Points to remuneration

Points	Rate	Max
Flat Base		80,000
50,000	3.300	165,000
100,000	3.150	322,500
200,000	2.800	602,500
300,000	2.300	832,500
400,000	1.800	1,012,500
500,000	1.400	1,152,500
600,000	1.065	1,259,000
700,000	0.750	1,334,000
800,000	0.650	1,399,000
900,000	0.500	1,449,000
1,000,000	0.500	1,499,000
2,000,000	0.500	1,999,000

Mayor's Salary - Points to remuneration

Points	Rate	Max
Flat Base		35,000
50,000	0.500	25,000
100,000	0.300	40,000
200,000	0.225	62,500
300,000	0.200	82,500
400,000	0.100	92,500
500,000	0.050	97,500
600,000	0.040	101,500
700,000	0.030	104,500
800,000	0.030	107,500
900,000	0.020	109,500
1,000,000	0.020	111,500
2,000,000	0.020	131,500

HIGHER SALARIES COMMISSION - SPECIAL CASES

	Indicative Pool	Chair/Mayor salary
West Coast Regional Council	150,000	50,000
Kaikoura District Council	121,000	30,000
Chatham Islands Council	80,000	35,000

HIGHER SALARIES COMMISSION

17 January 2003

To: All Mayors/Regional Council Chairs
All Elected Members
All Chief Executives

The Commission is receiving a number of questions over the new remuneration system. Rather than reply to councils directly, the Commission has decided to amalgamate the questions and send the questions and replies to all councils as it is likely that the same issues will be concerning other councils also. The first list of questions and answers is:

1. Can the HSC legally set separate remuneration levels for –

- Deputy Chairpersons of committees of Council?
- Deputy Chairpersons of Community Boards?

i.e., does s6(2)(d) of Pt.1 of Schedule 5 allow this?

Answer: Yes, the Commission can legally set remuneration levels for different positions, including those shown.

2. Is the HSC legally able to set remuneration for “co-opted” members of –

- a committee of a Community Board?
- a sub-committee of a committee of Council?

who are not members of the Community Board or Council.

i.e., in like fashion to s28 of the Local Government (Local Authorities Salaries & Allowances) Determination 2001.

Answer: No. Co-opted members are not elected members, and as such are not within the jurisdiction of the Commission.

3. If a Council decides to remain with its current system of remuneration until the October 2004 elections, at which point are the levels of remuneration decided by the HSC.....before or after the 2004 elections?

i.e., do the current Council and Community Boards deal with this prior to the 2004 elections?

Answer: The Commission is concerned about having to remunerate councils after a new council has been elected. In many ways it is a chicken and egg situation in that new councils need time to consider how they should operate and any recommendations to the Commission on their remuneration, whilst at the same time they need to be paid during this initial period. The Commission has time to consider this problem but a possible solution would be for the Commission to determine that for the period from the elections (October) until 1 April the following year, all councillors be paid a salary as determined by the Commission in their determination at the previous 1 July. Once the councils have had time to consider how they will operate, they can recommend to HSC salaries for positions such as the chairs of committees and the additional salary can apply retrospectively. These positions would have some back pay in respect of the period from the elections until 1 April the following year. The council could also make recommendations on what remuneration should be payable from 1 April (including meeting fees if so desired). This is a possible scenario which might achieve an equitable result but would mean that no meeting fees (other than for statutory hearings) would be payable during this initial period. The Commission would appreciate any views or ideas that you might have on this issue.

4. Mayoral Vehicle.....in September 1999 Council leased a vehicle for the Mayor's private use. The Market Value of the vehicle was \$40,227.....is that the figure that would be used in the calculation of the deduction from the Mayor's salary?

Answer: Yes.

5. Would the 'recovery of expenses by members' be paid from the indicative pool or not?

Answer: No, it would not be part of the indicative pool.

6. In the event that the HSC approved meeting fees (allowances) for Councillors, would these be payable for 'attendance at certain conferences and meetings' as currently permitted by the now repealed s101ZZO of the LGA 1974?

Answer: A council which recommends meeting fees will also need to recommend the rules applicable. If these rules included "attendance at certain conferences and meetings" this is likely to be agreed to. At the end of the day, it has to come out of the fixed indicative pool."

7. In the event that Council decided to change to the new remuneration basis, all Community Boards would be required to change to the new system as well? (Surely yes?)

Answer: Yes.

8. In the event that Council elected to change to the new system of remuneration and the Mayor wished to remain on the present system, would his recommendation to the HSC to do so gain automatic approval?

Answer: The Commission is concerned that the Mayor is effectively independent of the council and accordingly, can make his/her own decision as to whether or not he/she changes to the new system between 1 July 2003 and the next elections. It is therefore very likely that HSC will agree to the Mayor's own recommendation. However, if the council opts to go to the new basis, the amount to be debited to the pool on behalf of the Mayor will be the salary proposed under the new system irrespective of the Mayor's election. The only exception will be if a case is made that the Mayor's salary should be reduced because he/she is delegating some of the responsibilities to, say, the Deputy Mayor and the Commission agrees that this is appropriate.

9. In the event Council elected to change to the new system of remuneration and the Mayor's desire to remain with the present system was approved by the Commission, would the approximate saving of \$25,000 on his salary have the effect of increasing the amount available (in the pool) to Councillors and Community Board Members?

Answer: Covered in (8) above.

10. Is the adjustment for growth correct? Memo said if above average would be adjusted by % above.

Answer: Where the growth rate is higher than the average, the adjustment factor used is (Active growth rate - Average growth rate).

11. Re the assets figure. Should investments be included?

Answer: Yes.

Hutton Peacock

H D Peacock
Chairman

HIGHER SALARIES COMMISSION

22 January 2003

To: All Mayors/Regional Council Chairs
All Elected Members
All Chief Executives

The Commission has made some slight amendments to the answers in respect of the first 11 questions emailed out on 17 January 2003. There are also an additional 5 questions that have been answered. Please replace the original email with this email.

1. Can the HSC legally set separate remuneration levels for –
 - Deputy Chairpersons of committees of Council?
 - Deputy Chairpersons of Community Boards?

i.e., does s6(2)(d) of Pt.1 of Schedule 5 allow this?

Answer: Yes, the Commission can legally set remuneration levels for different positions, including those shown.

2. Is the HSC legally able to set remuneration for “co-opted” members of –
 - a committee of a Community Board?
 - a sub-committee of a committee of Council?
 who are not members of the Community Board or Council.

i.e., in like fashion to s28 of the Local Government (Local Authorities Salaries & Allowances) Determination 2001.

Answer: No. Co-opted members are not elected members, and as such are not within the jurisdiction of the Commission.

3. If a Council decides to remain with its current system of remuneration until the October 2004 elections, at which point are the levels of remuneration decided by the HSC.....before or after the 2004 elections?

i.e., do the current Council and Community Boards deal with this prior to the 2004 elections?

Answer: The Commission is concerned about how to remunerate councils after a new council has been elected. In many ways it is a chicken and egg situation in that new councils need time to consider how they should operate and develop their recommendations to the Commission on their remuneration, whilst at the same time they need to be paid during this initial period. The Commission has time to consider this problem but a possible solution would be for the Commission to determine that for the period from the elections (October) until 1 April the following year, all

councillors be paid a salary as determined by the Commission in their determination at the previous 1 July. Once the councils have had time to consider how they will operate, they can recommend to HSC salaries for positions such as the chairs of committees and the additional salary can apply retrospectively. These positions would then receive back pay in respect of the period from the elections until 1 April the following year. The council could also make recommendations on what remuneration should be payable from 1 April (including meeting fees if so desired). This is a possible scenario which might achieve an equitable result but would mean that no meeting fees (other than for statutory hearings) would be payable during this initial period. The Commission would appreciate any views or ideas that you might have on this issue.

4. Mayoral Vehicle.....in September 1999 Council leased a vehicle for the Mayor's private use. The Market Value of the vehicle was \$40,227.....is that the figure that would be used in the calculation of the deduction from the Mayor's salary?

Answer: Yes.

5. Would the '*recovery of expenses by members*' be paid from the indicative pool or not?

Answer: No, it would not be part of the indicative pool.

6. In the event that the HSC approved meeting fees (allowances) for Councillors, would these be payable for '*attendance at certain conferences and meetings*' as currently permitted by the now repealed s101ZZO of the LGA 1974?

Answer: A council which recommends meeting fees will also need to recommend the rules applicable. If these rules included "attendance at certain conferences and meetings" this is likely to be agreed to. At the end of the day, it has to come out of the fixed indicative pool."

7. In the event that Council decided to change to the new remuneration basis, all Community Boards would be required to change to the new system as well? (Surely yes?)

Answer: Yes.

8. In the event that Council elected to change to the new system of remuneration and the Mayor wished to remain on the present system, would his recommendation to the HSC to do so gain automatic approval?

Answer: The Commission is concerned that the Mayor is elected independently to the council and accordingly, should be able to make their own decision as to whether to change to the new system between 1 July 2003 and the next elections. It is therefore very likely that HSC will agree to the Mayor's own recommendation. However, if the council opts to go to the new basis, the amount to be debited to the pool on behalf of the Mayor will be the salary proposed under the new system irrespective of the Mayor's election. The only exception will be if a case is made that the Mayor's salary should be reduced because he/she is delegating some of the

responsibilities to, say, the Deputy Mayor and the Commission agrees that this is appropriate.

9. In the event Council elected to change to the new system of remuneration and the Mayor's desire to remain with the present system was approved by the Commission, would the approximate saving of \$25,000 on his salary have the effect of increasing the amount available (in the pool) to Councillors and Community Board Members?

Answer: Covered in (8) above.

10. Is the adjustment for growth correct? Memo said if above average would be adjusted by % above.

Answer: Where the growth rate is higher than the average, the adjustment factor used is - (Actual growth rate - Average growth rate).

11. Re the assets figure. Should investments be included?

Answer: Yes.

12. Is the Mayor entitled to claim \$60 per hour for statutory hearings they attend in addition to their salary determination?

Answer: There is no simple answer to this. Clearly if the mayoral position is paid on a full-time basis the answer is no but where it is only considered a part-time position, the answer could be yes. On balance the Commission is of the view that the Mayor of a council and the Chair of a regional council should not be entitled to be paid for statutory hearings.

13. We assume that councils decide on what their community boards get paid and how, then pass this recommendation on to the HSC with any Community Board dissent noted.

Answer: The Commission decides what a community board gets paid. The Commission would hope that the recommendation it receives would effectively be a joint recommendation but if the council and the community board cannot agree then in reality we will receive separate recommendations.

14. Could HSC provide clarification that if the council decides to continue with the current remuneration basis until the 2004 triennial elections, the remuneration actually paid in the period July 2004-October 2004 inclusive will not be counted as part of the pool for that year, rather the new council which comes into office following the elections will have 8/12 of the pool available for the period from November 2004 to June 2005 inclusive.

Answer: As set out in our answer to Question 3, the Commission has not yet resolved how it will formulate its determinations as at 1 July 2004. Based on current thinking we would continue the present system except that if the scenario set out in the answer to Question 3 was adopted, then the indicative pool would be split into three separate parts, namely:

- (a) The period from 1 July 2004 to the date of the local body elections. In determining the remuneration for this period we would consider the recommendations from each council and allocate a portion of the pool based on the number of days from 1 July to the elections.
- (b) The period from the date of the elections to 1 April 2005. For this period we would set fixed salaries for each councillor and community board member.
- (c) The period from 1 April 2005 to 1 July 2005 together with back pay in respect of period (b) above. The residue of the pool would be available for this remuneration and the Commission would invite recommendations from each council


Please accept that these are only preliminary thoughts which hopefully will stimulate suggestions from councils and community boards for the Commission's consideration.

15. Does a council have to pay itself the full amount of the pool?

Answer: The Commission is trying to remove politics from the remuneration of elected members. We understand that there have been instances where wealthier councillors have suggested that the remuneration should be reduced which can put pressure on other councillors to take a lower pay, even though they may need the income. The Commission believes that elected members should receive the remuneration as determined by the Commission. On an individual basis they could, if they so wish, pay tax on the remuneration and then give back all or part of the net income to council. They could also give it to charity.

16. Where members attend statutory meetings, would they, in addition to the hourly rate, be eligible to claim mileage or does the hourly rate cover that?

Answer: An elected member would be entitled to claim mileage for attending a statutory hearing.



H D Peacock
Chairman

HIGHER SALARIES COMMISSION

30 January 2003

To: All Mayors/Regional Council Chairs
All Elected Members (including Community Board members)
All Chief Executives

Please find attached a further set of questions and answers following on from our email of 22 January 2003. A number of questions concern Community Boards. PLEASE ENSURE that a copy is sent to each Community Board.

17. Our Community Board Chair is also a Member of the Council. He was one of the three Council appointments to the Board. The Board is currently comprised of 3 appointed representatives and 6 elected (of the 6 elected, 2 are also Members of the Council).

Is half of the salary for the Chair taken from the "pool" for calculation purposes? Whilst your determination states that it does not apply to any remuneration paid to appointed Members of the Community Board; it is by coincidence that the Chair is appointed, rather than having remained elected. He could have remained as an elected Member and another Member of the Council could have resigned from the Board and been appointed.

Answer: The salary of a councillor who is also appointed to a Community Board is deducted from the pool in full. Thus in the instance above, any salary paid on account of the Councillor being Chair of the Community Board will be deducted from the pool. The 50% deduction only applies in respect of elected members of the Community Board. We do not believe that the Chair of the Community Board could have remained as an elected member and also been a councillor. This is prohibited by section 33 of the Local Electoral Amendment Act 2002.

18. There is one personal matter that could affect me and about which I would like further clarification. If the District Council should elect to continue with the present conditions of remuneration and expenses until the date of the next local body election, may I as Mayor nevertheless personally elect to adopt the new remuneration and expenses on the basis to be determined by your Commission to come into effect from 1 July 2003?

I have been led to believe that the answer to this question may be "NO" I may not in those circumstances have the right to make that election. I have been told however that if my Council does choose to adopt the new remuneration from 1 July 2003 then I in those circumstances still have the option to continue with my present conditions.

I find it somewhat difficult to reconcile these two situations and would be grateful for your explanation.

Answer: Initially the Commission had taken the view that a Mayor could only exercise their individual choice if the Council elected to go with the new system. This was based on the premise that there was the possibility that under the new system a Mayor could receive less. As the Mayor had stood at the previous election with a knowledge of the remuneration payable for the position then it would not appear equitable for the Mayor to have to take a reduction on account of the Council electing to go with the new system. Clearly if the council elected the status quo this possibility could not happen and accordingly, there was no need to provide this choice. However after reconsidering the issue and in line with the previous answer to Question 8 the Commission will now permit the Mayor to make an individual choice irrespective of how the Council elects.

19. It is noted that you require the completed forms to be returned by 10 March 2003, however the District Council is unable to meet this timeframe and request an extension until Friday March 21st to enable time for Council to consider this matter at its 28th February meeting and then should Council resolve to move to the new basis from 1 July 2003, to allow time for the Community Boards to consider Council's recommended salaries.

Answer: Whilst the Commission can appreciate the points you make, we do not feel we can allow any slippage in the programme.

Our concern is that we will not be able to have the new system implemented by 1 July of this year and this could cause major problems for all concerned. If we agreed to your recommendations not being required until 21 March we would also have to give the same tolerance to every other council who so requested. In instances where the recommendations were unanimous and reasonable this would probably be easily handled in the timeframe. However, where there are any dissenting voices or where we considered the recommendations unreasonable, we would have to do further investigation which would clearly take time.

The programme is already quite tight as we have to consider all the recommendations, ask further questions where appropriate, make our final decisions, get each council and community board gazetted and still give councils time to have the new systems in place by 1 July 2003.

Please adhere to the timetable as set out. We would hope that the issue was important enough to warrant a special meeting if that is the only way.

20. As a chairperson of a community board I would very much appreciate the answer to some questions as our board will be debating this proposal shortly.

- 1- The assumption is that the Local Government member indicative remuneration pool is GST exclusive. I would appreciate that this is confirmed. The reason for the question is that at present our community board honorarium and meeting fee is paid by the ratepayers of our board area only and is rated on a GST basis.

- 2- The definition of Statutory meetings to be paid outside of the indicative remuneration pool. Does this only cover resource consent application hearings? Are submission hearings (Annual Plan, District Plan, Strategic Plan etc) to be paid from the remuneration pool?
- 3- There is some confusion over how the remuneration package will be rated. It is my understanding that the remuneration pool package covers only how much an elected member is paid and NOT how the amount is rated and who pays. In the case of our community board, the community board area pays for its members' remuneration without contribution from the rest of the city. Can this continue?

Answer:

- 1- The Commission understands that remuneration paid to elected members of local bodies does not attract GST and accordingly we do not understand the question. If we are wrong could we please be informed urgently.
- 2- Our letter of 17 January 2003 covered this:

“In our letter dated 18 December 2002 advising all councils of their indicative pool of remuneration, we advised that ‘statutory hearing’ fees would be able to be paid to elected members outside of the indicative pool.

Our letter did not clarify what we considered to be statutory hearings for this purpose.

After further review we have decided that the only fees for statutory hearings that may be paid outside the indicative pool are resource consent application hearings arising under the Resource Management Act 1991.

In other words, any meeting fees paid to elected members in respect of all other hearings including –

- (a) hearings relating to the establishment and variations of a district/regional plan; and
- (b) other statutory hearings such as permit and bylaw application hearings, etc.,

are included in the indicative pool.

The fee allowable for resource consent applications hearings includes the time spent at the actual hearing, or deliberating as part of the joint hearings committee, but does not include time spent by a member in preparation or review of issues outside of the formal hearings.”

- 3- The Commission has no jurisdiction or involvement as to how the funds are raised to meet all or any local body costs. Assuming what is being done now is in order, then presumably it can continue if you and your Council so decide.

21. Why are resource consent hearings outside the bulk fund but alteration of designation hearings are not? The exception of plan changes and variations seems to make these provisions unworkable, how will this be addressed? If outside Commissioners are used do they have to be paid out of the pool?

Answer: The Commission's rationale was that resource consent hearings are demand driven under a separate Act, in many instances the costs can be recovered from the applicants and the inclusion in the pool would provide a perverse incentive for councils to appoint independent Commissioners at what is likely to be a much greater cost to the applicant. Designation hearings are seen as an integral part of a council's business and as such, are included in the pool.

The cost of outside Commissioners does not count against the pool.

22. 1. Is the Chairperson of the Hearings Committee (which hears resource consent applications) still entitled to a Chairpersons salary or do they get \$60.00 per hour only?
2. Our community boards (4) have opted to receive only a % of their entitlement for salaries and meeting allowances. Each community board has a different %, for example one Community Board receives 20% salary and 100% of meeting allowance whereas another Community Board receives 10% of salary and 10% of meeting allowance. Were variations in the community board calculations considered in the remuneration formula, and if so, were they based on entitlements or actual payment? Can community boards have different levels? If community boards choose not to accept the full level of entitlement under the new system (whatever that may be) how would this effect the level of monies in the pool? For example if the decision was to increase chairpersons of Community Boards salaries, but the chairpersons refused the increase, would that difference be allocated elsewhere e.g. added to councillors remuneration?

Answer: 1. Yes. All elected members of Council except for the Mayor will receive the hourly rate for Resource Consent Hearings. The salary as Chair of the Hearings Committee will be payable in addition to reflect the other responsibilities of that role. We would expect the recommendation to the Commission to take this into account.

2. Community Boards can have different salary levels. However, once those levels are set the members must receive this pay. The answer to this question needs to be read in conjunction with our answer to question 15. This can be summarised by two examples. Firstly, if the Community Board agrees to take a lower salary and this is recommended to the Commission and accepted by it by way of its determination then effectively the balance falls back into the pool. On the other hand if the salary is set at a higher level and an individual member is paid that salary and then returns part or all of it to the Council, it does not go into the pool but into the Council's financial accounts.

The level of the pool was based on population, expenditure, assets and rate of change. Any past practices such as detailed above had no bearing on the size of the pool.

23. Local Government NZ suggested that if a council decided NOT to take up the HSC option at this time, the CPI inflation would not be added to their "pool". Can you confirm this is the situation and when the first CPI would be effective - 1 July 2003 or 1 July 2004?

Answer: There has never been a suggestion that the pool will move in line with CPI. The Commission's intention is to review the remuneration of elected members (and consequently the pool) every year and provide a new indicative pool prior to Christmas. At the same time, we will review the system and possibly make changes. Especially in the early years the Commission will wish to consider how the system is working and whether changes should be made. When considering the new remuneration and indicative pool the Commission will take into account a number of factors including wage movement both inside and outside the public sector, the roles of elected members and whether those roles have altered due to the new Local Government Act 2002, etc.

For a council which decided to stay with the current system we would need to review the indicative pool although this would only apply after the next elections.

24. If the Mayor's salary is reduced to reflect private use of a vehicle, does that deduction return to the pool for allocation elsewhere?

Answer: No. As stated in the answer to Question 8, the amount to be debited to the pool on behalf of the Mayor will be the salary proposed under the new system irrespective of the Mayor's election or any deduction in respect of private usage of a car.

25. Mayoral Vehicle. Could a more definitive percentage be advised to Local Authorities with regards to the percentage deduction from the Mayor's salary for the use of a Council vehicle. The Mayoral vehicle does approximately 30,000km per year. The District Council is a very diverse area with 5 Community Boards and a distance of nearly two hours to travel from one end of the district to the other.

Answer: The Commission indicated a possible range between 12%-24% for private usage of the vehicle. In this case we would expect that the percentage would be at the lower end of the range. The Commission will determine this following any recommendations made by the Council.

26. If the Mayor elects not to take a car and goes onto the mileage regime, what are the rules surrounding claiming of mileage for attending meetings, ratepayers functions, civic duties etc? To give an indicative cost on the Mayor's current mileage, if he used his personal car and all Mayoral mileage was approved, the value given to His Worship would be approximately \$27,000 per year. This is based on the 70c per km in the Higher Salaries Commission determination. In the centralised urban city areas, there is less travel involved with regards to the Mayor. In a rural district that comprises of Community Boards over almost a 200km coastal settlement, there is considerable travel.

Answer: The Council should determine what is most cost effective for ratepayers. In this instance, provision of a car for the Mayor is likely to result in less cost to the Council.

27. Council is also considering the issue of salary and/or salary/meeting allowance. One of the questions which has been addressed to me is "would it be possible for the Council to set a salary and that at the end of the year a "bonus system" applied whereby the Councillors could be given a pro-rata basis based on the number of meetings that the respective Councillor had attended.

Answer:

- (a) Page 4 of our 18 December 2002 paper stated:

"Meeting Fees

A council which wishes to retain meeting fees for its members needs to recommend the rate and basis upon which they should be paid. This basis does not need to be the same as the current basis, indeed the Commission believes that the current basis can create some real anomalies. The number of meetings in each year is by definition difficult to predict. At the end of a year a council which has not expended all that part of the pool put aside for meeting fees can request the Commission to carry forward in what will then be the current year up to 30% of the previous year's meeting fee budget."

- (b) The Commission must determine in advance the salaries. Councils can recommend salary differentials for those Councillors whose roles require a higher burden of responsibility or activity. This precludes the introduction of any bonus system.

28. Your advice is that co-opted members are not elected members and as such are not within the jurisdiction of the Commission. Does this also apply to their payment? Is the payment for co-opted members and/or sub committees/Maori forum payments to those members a part of the indicative pool where they are not elected members of this Council?

Answer: The Commission determines remuneration only for elected members and that remuneration comes out of the pool. Co-opted members who take part in any Council meetings of whatever nature are to be paid separately by Council. Their remuneration is not part of the pool.

29. A number of questions have arisen as to the level of meeting allowance that the Commission might consider as reasonable (or the level beyond which you would think as unreasonable). It might save a lot of effort if we could give some indication - I have been suggesting, on the basis of previous statements, that you consider the current level of daily meeting fees to be too high.

Answer: The Commission believes that each Council is in the best position to recommend what, if any, is the best level of fees for its members and in what circumstances they should be paid. At the end of the day they come out of the pool and are likely to be agreed to by the Commission unless they are clearly out of line. The Commission does not necessarily believe that the current level of daily meeting

fees was too high. Our concern was at the wide variation of conditions under which it was paid. In some instances a meeting might take less than an hour and the same fee was paid as compared with meetings that took all day.

30. Three issues about councillors who are community board members - normal in cities like Manukau (all councillors are also community board members) and Christchurch. Namely:

If a council decides to provide meeting fees, does a councillor who is also a community board member get a meeting fee for attending a community board meeting - and if so is this at the same level as if they were attending a council meeting?

Secondly - if they receive a meeting fee (remembering that community board members will be paid salaries) does that fee come from within the "pool" or is it seen as a "community board expense" with half the cost coming from outside the pool?

Thirdly (yes it really occurs) how do we handle the remuneration of a councillor who is a community board chair, if the remuneration for the chair is higher than that received by councillors. Is it the difference between her income as a councillor and that of a community board chair that comes out of the community board share?

Answer: The best way to answer this is to quote some of the basic principles of the current system, namely:

- A councillor by law cannot also be an elected member of a Community Board
- Only the salaries of ELECTED members of Community Boards is counted at half the amount when debiting to the pool
- Councils are asked to recommend to the Commission how their members should be remunerated. They may wish to recommend a salary as a councillor and a separate salary as a Community Board member. The Council may recommend that a councillor receives meeting fees and that attendance at a Community Board meeting qualifies for such a fee. The Council should recommend to the Commission what is the most appropriate way of remunerating their members recognising that the total amount of remuneration paid to councillors (excluding Resource Consent hearing fees) comes out of the pool.

Hutton Peacock

H D Peacock
Chairman

HIGHER SALARIES COMMISSION

12 February 2003

To: All Mayors/Regional Council Chairs
All Elected Members (including Community Board members)
All Chief Executives

Please find attached a further set of questions and answers following on from our email of 4 February 2003. A number of questions concern Community Boards. PLEASE ENSURE that a copy is sent to each Community Board.

36. I am currently working on a briefing paper to go to Councillors regarding ER Remuneration and I have a query about the payment of RMA Hearings. A figure of \$60 per hour has been given for Councillors sitting on RMA Hearings. My question is whether this is a pro-rata payment, e.g., if the Councillor only sits for 15 minutes on an application, are they paid \$15?

Answer: The figure is intended to be \$60 per hour. Therefore if attendance is less, the fee should be pro-rated accordingly.

37. The mileage allowance as proposed, including an element per kilometre as compensation for travel time, seems appropriate and fair in all respects but one. Our councillors travel frequently between main centres. The opportunity exists and is often taken for private car-pooling. The councillor-driver will receive compensation for travel time, but it would seem that the councillor-passenger(s) will not. Can the travel time element of the mileage rate be specified and be claimed by the passenger(s)?

Answer: No. To attempt this would be very complicated viz tax status etc. Suggest you rotate drivers to achieve fairness!

38. If Council opts to stay with the present regime for remuneration, can they adopt the new mileage rate?

Answer: No. HSC general statement of principles dated 18 December 2002 (top of page 3) deals with this.

39. Territorial Authorities will be initiating a representational review in 2003. With the greater flexibility offered to authorities under the new Local Government Act 2002 in respect of representation, there is likely to be enthusiasm for change. If changes occur, these may have a significant impact upon governance costs.

For example, a territorial authority may resolve (prior to 10 March 2003) to implement the new HSC framework from 1 July 2003. Thereafter, the representational review may lead to decisions that would affect the numbers of elected members within its district and its governance costs after the October/November 2004 local body elections.

- (a) Does the existing framework allow for a re-determination in these cases?
- (b) What arrangements will be in place to deal with the period between 1 July 2004 and the new triennium?

Answer: See previous answers to Questions 3 and 14.

40. HSC has the ability under the legislation to prescribe rules for the recovery of expenses. Nonetheless one option for a territorial authority is to resolve to continue with its present conditions of remuneration and expenses reimbursement until the date of the next local body elections. Presumably this means that the territorial authority may continue to use its existing rules only if the HSC determines they are appropriate?

Answer: Yes. The existing rules for remuneration and expenses should be forwarded to HSC for consideration and will be able to be retained so long as HSC approves them.

41. I'd like some clarification on the answer to Question 17, as it is not clear to me whether HSC's expectation is that a Councillor appointed to a Community Board is entitled to a Community Board salary and/or meeting allowances (AS WELL AS full remuneration for Council membership), and if so, whether 100% or 50% of the CB salary is drawn from the pool (although it appears to be the former).

Answer: An elected member can only receive one salary. The salary paid to this person should reflect the responsibilities of that person and as such the recommendations from the Council to the Commission could reflect this. The Councillor may also receive meeting fees for attending Community Board meetings if that is what is recommended to the Commission and approved by it. Only the salaries received by elected members of Community Boards counts at the rate of 50% in respect of the pool. Accordingly, the salary and any meeting fees received by this person will count 100% against the pool.

42. Several elected members have asked me to seek clarification from HSC on its definition of 'salary' since this has impact on their tax status, particularly in terms of ACC levies, PAYE, etc.

Answer: Elected members are self-employed for tax and other purposes. As such all payments are fully taxable (salary, meeting fees, expenses, mileage, etc). Claims can be made for recovery of legitimate expenses against your tax assessment. The use of the word "salary" does not affect your status as self-employed for tax purposes.

43. It is unclear to me from the response to Question 22 whether HSC's expectation is that the Chair of the (RC) Hearings Committee is entitled to Chair weighting and therefore a chair's salary from the pool. (The response "yes" to an "Is.. or ..." question flummoxed me somewhat!)

Answer: The Chair of the Hearings Committee is paid a salary for that position which presumably includes many other hearings besides resource consent hearings. When he/she is chairing resource consent hearings for which a fee of \$60 per hour is payable then that fee is payable in addition. The Chair's ongoing salary is deducted from the pool.

44. At the time of the April 2002 proposal, there was provision for Community Board meeting allowances from the pool. As you know, that is no longer the case. It seems to me that, when building 'salary + meeting allowance' (for Councillors only) models, that the appropriate approach is to calculate the Community Board salaries first, since calculating Councillor remuneration first, including meeting allowances, can have the effect of reducing the pool available for CB salaries.

I realise that this effect can be mitigated by the value of the allowance, or the percentage split of salaries/meeting allowances, but believe that on principle, Councils should ensure that CB members' remuneration is not reduced by models that allocate Council meeting allowances from the pool before CB salaries are calculated.

Answer: Only 50% of the salaries of elected members of Community Boards are debited to the pool. HSC hopes that both Council and Community Board can agree on a reasonable split of the pool. However, if either party is unhappy with the recommendation HSC must hear from them and will ultimately determine an appropriate split.

45. If a Community Board member attends a Council meeting or sub-committee meeting at the Council's request do they get paid an extra fee?

Answer: Possibly. This may be reflected by recommending a higher salary for that person to take account of the additional responsibilities or if the Council pays meeting fees the rules may make allowance for the fee to be paid on such occasions. In the first instance, only half the salary will be debited to the pool whilst in the latter case the full amount will be debited. This is a slight anomaly which cannot be avoided.

46. One of our community board members is an elected member of two community boards. Would that member receive two salaries?

AND

Two of our councillors are also elected members of a community board – would they receive two salaries – one as a councillor and one as a community board member?

Answer: This is a transition problem as the new law prevents people from standing in more than one ward or one constituency or in more than one subdivision of a community. We are advised that it would appear as if there is an anomaly in that a person could stand and be elected to two community boards should one be adjacent to a ward and the other be a subdivision of a ward. It is doubtful that was intended and is likely to be very unusual. However, in our view if a person is elected to two community boards then they equate to two “jobs” and they should receive two salaries.

In relation to the issue of councillors who are community board members – this is covered in the answers already given – they currently get the councillor’s remuneration only. This situation will not exist after the 2004 elections.

47. I am a little confused by two statements in the memo regarding section 33 of the Local Electoral Amendment Act 2002, regarding dual membership of Council and Community Boards. The first instance, in response to Question 17, says that the Chair of a CB cannot remain as an elected member of Council. Later, in answer to Question 30, you note that this restriction on membership applies to any dually elected member. From my reading of the Act, it would appear the later of these two statements is correct, but in my view the restriction will only apply from the next triennial local body elections, since of course this restriction did not apply during the last elections, in 2001. Can you confirm?

Answer: Yes, the writer of the question is correct – the restriction on dual membership came into law in December 2002 and will take practical effect in the 2004 elections. This is one of a series of transitional issues involving people elected to both which will go away in 2004.



Hutton Peacock
Chairman

HIGHER SALARIES COMMISSION

24 February 2003

To: All Mayors/Regional Council Chairs
All Elected Members (including Community Board members)
All Chief Executives

Please find attached a further set of questions and answers nos. 48 to 60 following on from our email of 12 February 2003. PLEASE ENSURE that a copy is sent to each Community Board.

48. Our Council has asked if they can set aside a pool to pay meeting allowances and to allocate these on a pro rata basis based on attendance "Before the end of each year".

Answer: Yes, so long as the pro rata basis is fair and equitable.

49. Our Mayor seeks clarification on the ruling that the value of the mayoral vehicle includes GST, which is recovered by the Council and yet the proportion of that GST which is deducted from his remuneration is not recoverable by him. He has asked "how do I recover the GST component?"

Answer: IRD advises that –
"Under section 51 of the GST Act 1985 ("the Act") GST registration is available only if a person carries on a "taxable activity". As a result of GST registration a registered person accounts to Inland Revenue ("IR") for GST he or she is liable to return ("output tax") and can claim from IR the GST paid on supplies received ("input tax").

In this case the Mayor is unable to claim any input tax as under section 6(3)(c)(iii) of the Act the term "taxable activity" shall not include, in relation to any person, -

*"Any engagement, occupation, or employment -
(iii) As a Chairman or member of any local authority or any statutory board, council, committee, or other body; or"*

As the Mayor in his/her position does not have a taxable activity GST registration is not available and input tax claims cannot be made."

50. Can the Council recommend one remuneration option now which reflects the current committee structure and following a review in May 2003, recommend another remuneration option based on whatever committee structure is resolved at that point? Would the HSC look favourably on a possible change so soon after the initial recommendation? The background to this question is that the Council is trialling a different committee system from November 2002 to May 2003, at the end of which time the Council will review the success or otherwise of the new system.

Answer: The Commission has the power to do this, but would be extremely reluctant to do so except in exceptional circumstances. In this case, because Council is in the middle of a process, you should advise HSC as soon as practicable before mid-June, of your decision on a permanent change to the system.

51. Is it possible to increase the level of the indicative pool, as the amount remaining after salaries (unchanged from current levels) are paid to the elected members may not be sufficient to fully fund the meeting costs? Is there a formal process for applying for an increase in the Indicative Pool, and if so, what is it?

Answer: No. Once the pool is expended no more remuneration may be paid. Councils will need to take this into account in making their recommendations to HSC.

52. (a) Although correspondence dated 15 January from Mike Reid made mention of the issue of the 'expenditure cap' with regard to meeting fees paid, how would a Council deal with the situation where meeting expenditures have been exhausted, but Council appoints one of its Councillors as 'Special Representative' to attend a conference or seminar dealing with issues affecting that Council? Can any exception be made? If so, how is it applied for to the HSC?
- (b) Must the Council reserve funds 'just-in-case' this situation arrives, and then if unexpended in the current year, apply for a 'carry-over' to the next year (as part of the allowable 30% carry-over)?

Answer:

- (a) See answer to question 51. Otherwise where a Councillor attends a meeting as a special representative and this is covered in the rules, a meeting fee is payable so long as it is within the allowable pool.
- (b) If all meeting fees are not expended you may apply to HSC to carry over a proportion to the next year. See Question 27(a).

53. (a) Would you have any idea of the date of release of the HSC expenses determination? To a degree, it will have a financial effect on the overall cost of changing to the new HSC remuneration basis, which will come into effect from 1 July 2003. In performing cost analyses it would be helpful to have some sort of indication of what the new HSC expense determination will look like, (i.e., allowable costs, level of costs, expenditure caps, etc.)

Answer: It is proposed that the rules for expenses will be issued prior to 1 July 2003 as part of the determination. Each council is responsible for recommending an expense regime and rules which best suit its operations and keeps overall cost to the ratepayer within bounds. Provided there are no IRD or Audit issues and the caps, rates and rules seem reasonable HSC will almost certainly determine that way.

53. (b) I assume that if council recommends the status quo to HSC, the mileage expense, statutory meeting fees, etc., will also remain the same as they are now until the next election when the new HSC basis takes force anyway.

Answer: Yes. If council maintains the status quo it applies to remuneration and all other expenses.

54. My understanding is that under section 357 of the Resource Management Act 1991, someone who has made a resource consent application has the right to object to a local authority in respect of a requirement to pay a fee.
- (a) Is time spent by elected members considering that objection (objection to fees hearing) included within the definition of resource consent application hearings?
- (b) As such can the elected members receive statutory hearing fees while sitting as members of that hearing?

Answer: (a) Yes. In effect it is an extension of the hearing.
(b) Yes.

55. (a) Is it the intention of the Commission that each member of a statutory hearings committee would be entitled to be paid \$60 (or whatever the final figure is) per hour of the hearing including time spent on deliberations?

As an example: in the calendar year 2002 this Council's RMA hearings committee spent 89 hours hearing RMA applications...this was the total hours of all the hearings...these were spent over some 23 days which equates to approx. 4 hours per day average...with 6 members generally in attendance this further equates to 24 chargeable hours per day or a total of \$1440 per day (c/f \$780 under the current regime)

Answer: Yes, but only in respect of elected members. See Question 36. If attendance is less than an hour the \$60 is pro-rated accordingly.

55. (b) Is it the opinion of the Commission that the total cost of the remuneration would be recoverable from the applicant?

Answer: Section 36 of the Resource Management Act covers the administrative charges that can be levied. S.36(2) sets out how the charges may be made. HSC has no role in determining this; it is the prerogative of the Local Authority.

56. The council would prefer to make the transition to the new regime with effect from 1 July 2004. This would allow additional time to fully explore how best to allocate the pool of available funds and budget accordingly in the Annual Plan 2004/5.

Answer: The Commission has no objection to this course of action. (See also answers 3 and 14).

SOME OTHER ISSUES RAISED WITH THE COMMISSION

57. **Proposition:** Council wishes to take less than the pool.

Response: No, because HSC wishes to depoliticise the process and to avoid embarrassment for members who may want or need this level of remuneration. However, if individual members or the council feel strongly there is no objection to their receiving the remuneration and, after paying tax on it, returning the balance to the council.

58. **Proposition:** Councillors are paid a salary only and do not attend meetings or only part of meetings. This places an unfair burden on other councillors. How would HSC deal with this?

Response: HSC is loathe to impose a rule because each councils' circumstances are so different. However, if any council feels strongly that there should be some sanction then they should feel free to propose a solution to the HSC for consideration.

59. **Proposition: Re: Community Boards.** Where there is a dispute between the council and its Community Boards over the relative rates of pay for recommendation to the Commission, what happens?

Response: All parties should put their views in writing to the Commission. The Commission may refer those views to the LGNZ and to the New Zealand Community Boards' Executive Committee to obtain their comments. The Commission is also likely to ask parties for further input before making a determination.

NB: It is important to remember that it is the HSC which will determine the level of salary for the Community Boards.

60. **Proposition:** The council wishes to retain the status quo but the Mayor elects to move on to the new system OR the council opts for the new system but the Mayor (where it is likely he/she will suffer a drop in salary) wants to remain on the current basis, what happens?

Response: In either case the Mayor is able to make an independent election. She/he is independently elected and may make an individual choice. **See Question 18.**

We have seen press reports indicating that at least one council has "ruled" the Mayor's preferred option out of order. **Councils have no power to do this. HSC is the only body empowered to make a decision on the Mayor's salary having heard from him/her as to their preferred option.**



Hutton Peacock
Chairman