

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.

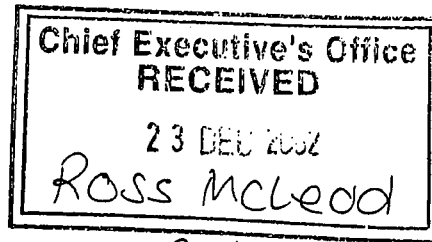
7 3 DEC 2002

HIGHER SALARIES COMMISSION



554691

18 December 2002



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"/>
Strategy & Dev	<input type="checkbox"/>
Human Resources	<input type="checkbox"/>
Information Systems	<input type="checkbox"/>
Other Issues	<input type="checkbox"/>

A12

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.

A13

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