

# STAFF REPORT

**TO:** Councillors/Community Board Members

**FROM:** Community Services Manager

**REFERENCE:** C780

**DATE:** 5 November 2007

**SUBJECT:** Elected Members Remuneration and Rules for Expenses and Allowances Policy

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## PURPOSE

To provide Council with the necessary background information to facilitate a recommendation to the Remuneration Authority regarding future remuneration.

## BACKGROUND

Elected members remuneration is set by the Remuneration Authority and to do this the Authority carries out an annual process to set remuneration levels. The timing of the process differs every three years due to the triennial elections, however, the basis for establishing the remuneration pool for each Council remains the same.

A formula made up of three main factors (population, expenditure and assets) for city and district councils, and four factors (population, expenditure, assets, capital value) for regional councils determines the remuneration pool for the entire local government sector.

Each council then receives an indicative remuneration pool which reflects the size of each council relative to the New Zealand sector as set by the formulas. This indicative pool is further adjusted by a growth factor of the population if the local authority is growing faster than the national average or if the population has declined.

The Remuneration Authority then sets the salary of the Mayor based on the points received through the formula. This is adjusted by each council's decision as to whether there is a mayoral vehicle.

Each council has to recommend to the Remuneration Authority on the allocation of the balance of the remuneration pool each year. Consultation must also take place with the Community Boards. Any dissenting views from Councillors and/or Community Board members are forwarded to the Remuneration Authority.

The final determination of elected member remuneration is set by the Remuneration Authority.

There are two options available to each council for allocating the pool, being a salary only model or a salary/meeting fee split.

The Tasman District Council currently operates on the salary only model using what is known as "Model G\*", the key points of which are as follows:

Available Remuneration Pool (07/08 year)	\$410,307.00
Total points	184
Therefore point value	\$2,229.93

	Total Points	Payment/Member \$ Per Year	Total Remuneration from Pool
Four Chairs @ 16 points	64	\$35,678.88	\$142,715.52
Nine Councillors @ 12 points	108	\$26,759.16	\$240,832.44
Two Community Board Chairs @ 4.8 points	4.8*	\$10,703.66	\$10,703.66
Six Community Board Members @ 2.4 points	7.2*	\$5,351.83	\$16,055.50
			\$410,307.12

\*Half Community Board remuneration is outside of the remuneration pool.

## DISCUSSION

In 2003 the Council's Governance Review Subcommittee considered a number of options and a copy of these are attached to this report. These show proposals A, B, C and D with a summary sheet and Proposal G which was finally adopted by Council and the two Community Boards in 2003.

There are obviously innumerable theoretical options available, however, as the Governance Review Subcommittee and previous Councils found out, there is only a fixed financial pool to distribute. This essentially means that if one elected member group is to receive more, then another elected member group will receive less.

Model G was determined after significant discussions with the Community Boards and Councillors.

## INTERIM DETERMINATION

The Remuneration Authority has determined that from the date Councillors and Board members are declared elected, they will be paid an interim determination based on 'Model G' being a salary only model. However, during this interim period the salaries will be set at approximately 80% of the 2007/2008 determination for Councillors and 90% for Board members. During this interim period Committee Chairs and Board Chairs will only receive the Councillors or Board members' pay. Councillors' salary for the period will therefore be \$21,400.00 and Board members \$4,800.00.

The Remuneration Authority, once it has received this Council's preferred model will make its final determination, which will be backdated to the date Councillors and Board members were declared elected.

The closing date for Council proposals is Tuesday 20 November 2007 and if this date is met, new determinations should be gazetted in late December. Should Council not make the 20 November closing date, the next date is 21 January 2008 which would be gazetted on 17 February 2008.

## **RECOMMENDATION**

That the Motueka Community Board recommend to Council that Model G continues to be used as the basis for Councillor and Board member remuneration post 2007 Local Authority Elections.

L L Kennedy  
Community Services Manager