

STAFF REPORT

TO: Mayor and Councillors

FROM: Executive Officer – Strategic Development

REFERENCE: C780

DATE: 18 October 2010

SUBJECT: **Elected Members Remuneration RCN10-10-09**

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, and also a percentage increase if the territorial authority is a unitary authority.

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, being the difference between the allocated pool and the Mayor's salary. 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.

In 2003 the Council and Community Boards considered both of these options, and agreed to move to a salary only model. "Model G" was adopted, which uses a points based system, and this model has been used to date for allocation of the remuneration pool.

Under this system the indicative pool would be distributed as follows:

Available Remuneration Pool (10/11 year)	\$411,998
Total points	184
Therefore point value	\$2,239.12

	Total Points	Payment/Member \$ Per Year	Total Remuneration from Pool
Four Chairs @ 16 points	64	\$35,825.92	\$143,303.68
Nine Councillors @ 12 points	108	\$26,869.44	\$241,824.96
Two Community Board Chairs @ 4.8 points	4.8*	\$10,747.78	\$10,747.78
Six Community Board Members @ 2.4 points	7.2*	\$5,373.89	\$16,121.66
			\$411,998.08

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

DISCUSSION

There are obviously innumerable theoretical options available, however, 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 July 2010 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 \$21,500 and Board members \$4,800.

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.

OPTIONS

- 1 To revisit the way in which elected members remuneration is allocated.
- 2 To continue with a salary only model as per “Model G” above.

RECOMMENDATION

THAT the Tasman District Council approves Model G to be used as the basis for Councillor and Board member remuneration.

S Hartley
Executive Officer – Strategic Development