

STAFF REPORT

TO: Mayor and Councillors

FROM: Acting Chief Executive

REFERENCE: C780

DATE: 18 January 2007

SUBJECT: Elected Members Remuneration 2007/2008 and Rules for Expenses and Allowances Policy

PURPOSE/REASON FOR REPORT

To advise Council that the Remuneration Authority has provided figures for the new 2007/08 remuneration pool as per the attached Funding Formulae and Factors. This is to come into effect as from 1 July 2007, and will cover the period 1 July 2007 to the date on which the results of the October 2007 elections are declared.

BACKGROUND

The 2006/07 remuneration determination had a pool of \$487,270.00 which included the Mayor's salary of \$90,307. This was gazetted on 30 June 2006 and had immediate effect, with an expiry of 30 June 2007.

In calculating the total indicative pools and Mayoral gross salary levels for the 2007/08 year, the Remuneration Authority has applied a base increase of 3.5% to adjustments which flow from changing relativities across the population/assets/expenditure calculations. This resulted in the 2007/08 pool to be set at \$503,578, and includes the Mayor's salary of \$93,271. The difference between the pool and the Mayor's salary equates to \$410,307, which is available for distribution between councillors and community board members during the period 1 July 2007 to the date on which the results of the October 2007 elections are declared.

The period from the when the results of the October 2007 elections are declared until the date of the new determination (30 June 2008) is called the interim period. The Remuneration Authority has a set formula for salaries for this period, based on the 2006/2007 and 2007/2008 net indicative pools.

After the 2007 election the incoming council has the opportunity to consider the remuneration model of the previous council, and take cognisance of any changes resulting from the representation review, committee structures, workloads etc. The new Council will then forward its recommended preferred remuneration model (within six weeks of the election) to the Remuneration Authority for consideration.

The Remuneration Authority will make the final decision and issue a new determination to take effect from 1 July 2008, and payment of remuneration will be backdated to the date of the election if applicable.

DISCUSSION

At this stage the Remuneration Authority requests confirmation of the distribution of this net pool into salaries, and that they be advised of the methodology if council proposes any significant change in the way the pool is to be distributed. Council's Rules for Expenses and Allowances Policy also need to be reconfirmed (copy attached).

In November 2004 the Council along with the Motueka and Golden Bay Community Boards resolved to adopt Model "G" as the funding formula to distribute the net pool to elected members. Model "G" is based on a points allocation system, and was accepted by the Remuneration Authority.

Model "G" has been used successfully since the new remuneration pool system came into effect, and there appears to be no dissent for the Model "G" formula from elected members.

Council also adopted a Rules for Expenses and Allowances Policy, which was subsequently approved by the Remuneration Authority.

OPTIONS

To accommodate the remuneration pool increase and Rules for Expenses and Allowances Policy Council could:

- (i) continue to use the Model "G" formula; or
- (ii) reconsider the way elected members should be remunerated, noting that the new Council will have the opportunity to do this in November, and that the Remuneration Authority would have the final ruling on this.
- (iii) re-confirm Council's Rules for Expenses and Allowances Policy
- (iv) re-consider and amend Council's Rules for Expenses and Allowances Policy

RECOMMENDATION

- (i) THAT Council use the Model "G" formula to calculate the salaries from the increased pool:

2007/08 Remuneration based on Model 'G'.

The 07/08 Remuneration Pool is \$503,578 (including Mayor's Salary of \$93,271).

Available Remuneration Pool (07/08 year)	\$410,307
Total Points	184
Point Value	\$2,229.93

	Total Points	Current Salary/ Member/Year	Proposed Salary/	Total Remuneration from Pool
4 Chairs @ 16 points	64	34,518.56	35,678.88	\$142,715.52
9 Councillors @ 12 points	108	25,888.92	26,759.16	\$240,832.44
2 Com Bd Chairs @ 4.8 points	4.8*	10,355.57	10,703.66	\$10,703.66
6 Com Bd members @ 2.4 points	7.2*	5,177.78	5,351.83	\$16,055.50
	184			\$410,307.12

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

(ii) THAT Council re-confirm its Rules for Expenses and Allowances Policy.

Lloyd Kennedy
Acting Chief Executive