

## **STAFF REPORT**

**TO:** Chair and Members  
**FROM:** Corporate Services Manager  
**DATE:** 10 February 2010  
**SUBJECT:** **Submission to the Remuneration Authority – RFN10-02-06**

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### **Purpose**

For Council to consider whether it wishes to make any comment during the annual review of the elected members remuneration pool.

### **Background**

In December 2007 the Remuneration Authority (the Authority) changed how the remuneration pool was calculated by amending part of the formula from gross to net assets. This had the effect of reducing the remuneration of elected members in councils that incurred debt.

### **Discussion**

The calculation of the pool uses three criteria with population base being used to calculate 50% of the pool, expenditure to calculate 33% of the pool and the remainder of 17% coming from the value of net assets. There is also an additional top-up factor of 12.5% to recognise the work undertaken by unitary authorities.

Enquiries of the Authority indicate that the change made in December 2007 was due to concerns by the Authority that gross assets would be an incentive to increasing debt levels. I am further advised by the Authority that given the small percentage of the calculation that relates to net assets the impact on the remuneration pool would be minor.

However Council needs to consider from a principled perspective whether they agree with the views of the Authority that the use of debt should signal a reduction in remuneration. If Council was to disagree with the views of the Authority this would be an appropriate time to instruct staff to submit to the Authority on that basis. Any comment needs to be received by the Authority no later than 31 March 2010.

## **Recommendation**

That Council consider whether a submission be prepared to the Remuneration Authority asking that gross assets rather than net assets be used in the calculation of the remuneration pool.

Murray Staite  
Corporate Services Manager