

REMUNERATION AUTHORITY

17 December 2003

To: All Mayor/Chairs
All Chief Executives

The attached tables setting out the indicative pools and Mayors'/Chairs' salaries which will apply after the next local body elections are being supplied now to help with your budgeting processes for the 2004/2005 financial year. Assuming the elections are to be held on the second Saturday in October 2004, then the proportion of the new pools, etc., that will apply in 2004/2005 will be 72.329% (264/365). For the balance of the year from 1 July to the election day, the rates set out in the determination no. 2003/146 will continue to apply. As the Authority has previously indicated it does not wish to receive any recommendations on the allocation of the new pools until newly elected councils have had the opportunity to consider what structure best suits them.

The tables show not only the indicative pools but also the criteria that have been used to calculate the pools and the relevant salaries. In some instances the figures used differ from those supplied. There were a number of reasons why we changed the figures, including:

- Provision of council figures for assets rather than consolidated
- Provision of consolidated figures for expenses rather than council
- Inclusion of write down of assets in expenditure when such capital movements should be excluded
- Provision of budget figures rather than actual

Please check the figures as shown and if you disagree or have any queries contact the Authority and we can look into the matter.

A few councils had significant increases to their expenditure figures mainly due to the loss on sale of assets. This has increased their share of the points allocated in total to "Expenditure" and consequently, the size of their pool. This could result in a decrease in the size of the pool in the following year, especially as the Authority is considering changing the definition of expenditure for the 2005/2006 year and only using what could be called operational expenditure and excluding all capital items other than depreciation.

At the time of writing this memo 27 of the 86 councils had not yet supplied the Authority with a copy of their annual report, or extracts from the report, which would enable us to check the expenditure and assets figures. For those councils who have not supplied us with their annual report or the relevant extracts, please do so as soon as possible.

In respect of Regional Councils we have used the same Capital Values as were used this year. Increases in Capital Values do not increase the points allocated to Regional Councils in total - that is a product of the population and the formula. They only affect the distribution between the Regional Councils. It is likely that the Authority will recalculate the Capital Values for the 2005/2006 year.

Finally, may we at the Authority wish you all a Happy Christmas and the best wishes for the coming year.



Hutton Peacock
Chairman

P.S. This office will be closed over the holiday period from 19 December until 20 January 2004.