

To: Mayor  
Chair of Regional Councils  
Chairs of Community Boards  
CEO's

8<sup>th</sup> October 2003

## 2004 - 2006 REVIEW OF ELECTED MEMBERS REMUNERATION

1. The current determinations expire on 30th June 2004 but will continue in their current form until replaced by a new determination. Since new local body elections are due in October 2004 the Authority has decided that the current determinations will continue in place until these elections with the exceptions detailed below.
2. As a consequence of the local body elections the membership of the Council may change and the new Council may wish to operate differently from the previous Council. The Authority accepts this and recognises that a newly elected Council will need time to consider what structure best fits its needs. Accordingly it is proposed that there will be a period which we have called the **interim period** during which all elected members will be paid a salary only. The interim salary will be set by the Authority to reflect a reasonable rate of pay for a Councillor or a Community board member. There will be a separate salary set for Mayors and Chairs of regional councils and community boards.

The interim period will apply from the date of the local body elections until a new determination is made for the Council. During this period the Council and Community Boards will need to consider, in the light of the indicative pool advised by the Authority, the most appropriate remuneration structure for elected members. The recommendations need to be sent to the Authority for its consideration and determination.

3. It is anticipated that towards the middle of 2004 the Authority will enact new determinations with revised indicative pools for each Council based on updated data to be obtained from Councils' Annual Reports for the year ending 30th June 2003 and from the Department of Statistics. Using this data, the Authority will set out the salaries to apply from the October 2004 elections through the interim period until Councils have recommended the most appropriate remuneration structures for their Council and Community Boards and the Authority has considered these recommendations (and any dissensions) and made a determination.

So long as the recommendations received are reasonable and unanimous, the Authority is very likely to accept them and determine accordingly. However, as previously, any dissent must be sent to the Authority which will determine the matter.

4. It is not proposed that any meeting fees will be payable for the interim period other than meetings for Resource Management hearings. This is because the interim salaries will be set on the assumption that meeting fees did not apply. Meeting fees will be an option in respect of the period subsequent to the new determination when the interim period will have ended.
5. To summarise, the process as we see it is:
- (a.) **December 2003** - We will ask for each Council to supply us with their expenditures and asset figures in respect of the year ending 30th June 2003 and at the same time request that we be sent a copy of the 2003 Annual Report when available.
- (b.) **Early 2004** - The Authority will write to each Council telling them what their indicative pool is for the year ending 30th June 2005. The actual pool will only apply from the election date until 30th June 2005 and therefore will be a proportion of the indicative pool. Thus if the indicative pool was \$500,000 and the local body elections were on say 16th October 2004 the actual pool available to the Council for the period 16th October 2004 to 30th June 2005 would be \$352,055 (257 / 365 x 500,000).
- (c.) **Middle 2004** - The Authority will have gazetted a new determination in respect of each Council to apply to all elected members during the interim period, i.e. from the date of the local body elections until superseded by a new determination in respect of that council. In this determination the Authority will set out the salaries to be paid to:

Mayors

Chair of Regional Councils  
Councillors  
Chairs of Community Boards  
Community Board Members

- d.) During this interim period, the Mayor or the Chair of Regional Council can either be paid the salary only, or if a car was previously provided it can be continued on the same basis with the same deductions from the salary as existed prior to the election. Because cars can cause difficulties, there may need to be individual correspondence with the Authority on this issue.
- (e.) **Local Body Elections** - As from this date the new interim salaries will apply to all elected members.
- (f.) **Interim Period** - The interim period of each Council could last until 30th April 2005 although hopefully it will be much shorter for the majority of Councils. During this period we would expect to receive recommendations (including any dissent) from each Council on which we can deliberate and make decisions as the appropriate level of remuneration for elected members. We do not intend to wait for all Councils to reply before doing new determinations for Councils but will publish them in groups as we receive them and have discussed and decided on the appropriate levels. The determinations will allow for backdating salaries in respect of the interim period and also, if recommended, meeting fees from the date of the new determination until 30th June 2005.
- (g.) **November 2004** - We will be asking Councils for draft figures for assets and expenditure for the year ending 30th June 2004 so we can provide Councils, prior to Christmas, with draft indicative pools for the year ending 30th June 2006.
- (h.) **December 2004** - We will be requesting that each Council send us a copy of their Annual report for the year ending 30th June 2004. As previously we will check each Councils indicative pool upon receipt of that report.
- (i.) **January 2005 - 31st March 2005** - We would request Councils (and Community Boards) to be considering the most appropriate remuneration structure for the financial year 1st July 2005 to 30th June 2006 based on the indicative pool for the year. The Authority recognises that there may be a degree of overlap as the Council could be considering at the same time the most appropriate remuneration to recommend in respect of three different periods namely:

- Backdating in respect of the interim period.
- Remuneration in respect of the period from the end of the interim period until 30th June 2005.
- Remuneration for the year 1st July 2005 to 30th June 2006.

It is anticipated that there should not be too much duplication as work done in respect of one period is likely to also be germane to other periods. The request for recommendations in respect of the three separate periods does give the Councils the opportunity to review their structure and / or relativities in respect of the 2005 / 2006 year if they so wish.

The above is a brief description of what is proposed. More detailed papers will be sent out at the time.

### **Exception**

The exception to the above is those councils who elected the Status Quo. Some of these requested that the Status Quo should only apply until 30th June 2004 and that they be allowed to move to the new system as from that date. The Authority (then the Higher Salaries Committee) agreed to this and in order to honour this commitment the Authority will do new determinations as at 30th June 2004 for any Council who elected the Status Quo but wishes to change.

If a Council wishes the Status Quo to continue until the local body elections it need take no action. The Council will then go on the new remuneration system only as from the elections in terms of the interim period and beyond.

If a council wishes to change to the new system as at 1st July 2004, they will need to write to the Authority expressing this desire. If any such Council does wish to change as at 1st July 2004, could they please write to the Authority prior to Christmas. The Authority will reply with detailed instructions as to what has to be done and confirming the indicative pool to apply and the Mayor's / Chairs salary as calculated under the new system.

In arriving at these figures we will use the pools and salaries as sent out to Councils just prior to Christmas 2002 (and in many cases subsequently amended once the annual reports had been received). We do not propose to base the pools and Mayors / Chairs salaries on the 2003 figures as this would be inequitable in that all Councils who elected the new system are continuing from 1st July 2004 until the local body elections on the current basis.

**Please do not hesitate to get in touch if you have any questions regarding the process proposed above.**

A handwritten signature in black ink that reads "Hutton Peacock". The signature is written in a cursive style with a large initial 'H' and 'P'.

Hutton Peacock  
Chairman