

Local Government (Elected Member Remuneration and Trading Enterprises) Amendment Bill

Government Bill

Explanatory note

General policy statement

The Bill has 2 purposes. Firstly, it intends to increase the accountability of local authority trading enterprises to the wider community by -

- making it clear that a local authority trading enterprise's primary objective of being a successful business includes achieving the objectives (both commercial and non-commercial) specified in the statement of corporate intent:
- requiring local authority trading enterprises to act as good employers:
- requiring local authority trading enterprises to exhibit a sense of social responsibility:
- applying the official information provisions of the Local Government Official Information and Meetings Act 1987, and the Ombudsmen Act 1975, to local authority trading enterprises.

Secondly, the Bill provides for the Higher Salaries Commission, an independent and professional remuneration setting body, to determine the remuneration of members of local authorities.

Clause by clause analysis

Clause 1 states the Title of the Bill.

Clause 2 states that the Act comes into force on the day after the date on which it receives the Royal assent.

Clause 3 repeals the definition of **Appropriate Minister** in section 10 1 ZZE of the principal Act. .

Part 1

Remuneration for local authority positions

Clause 4 repeals sections 10 1 ZZF to 10 1 ZZV of the principal Act and substitutes *new sections 10 1 ZZF to 10 1 ZZM*.

New section 10 1 ZZF requires the Higher Salaries Commission to determine the remuneration, allowances, and expenses payable to elected members of local authorities. The new section permits the Higher Salaries Commission to do a number of things in making determinations.

New section 10 1 ZZG specifies certain factors that the Higher Salaries Commission must consider in making determinations.

The criteria in *new section 10 1 ZZG(1)(b) to (d)* merely restate the criteria in section 18(1) of the Higher Salaries Commission Act 1977. The criterion in *new section 10 1 ZZG(1)(a)* is a new criterion applying to local authorities.

New section 10 1 ZZH makes a determination by the Commission a regulation and susceptible to disallowance under the Regulations (Disallowance) Act 1989.

New section 10 1 ZZI requires a local authority to pay remuneration for elected members from its general revenues.

New section 10 1 ZZJ requires the Higher Salaries Commission to publish determinations in the *Gazette* and provide copies of determinations to the Minister of Local Government.

New section 10 1 ZZK authorises the making of regulations to impose a levy on local authorities to pay the costs of the Higher Salaries Commission in making determinations.

New section 10 1 ZZL defines remuneration.

New section 10 1 ZZM provides that members of the Greytown District Trust Lands Trustees are entitled to remuneration under the Fees and Travelling Allowances Act 195 1 as if the trust board were a statutory board under that Act.

Clause 5 amends the Greytown District Trust Lands Act 1979 as a consequence of the change (introduced by *new section 10 1 ZZM*) in the way that members of the Greytown trust board are remunerated.

Clause 6 removes the Aotea Centre Board of Management from Schedule 4A of the Local Government Act 1974 so that remuneration for members of that board is no longer determined under the Local Government Act but, instead, according to its own constitution.

Part 2

Local authority trading enterprises

Part 2 of the Bill concerns local authority trading enterprises,

Clause 7 inserts a new *section 594Q* into the principal Act. The new section says that achieving objectives specified in a statement of corporate intent, whether they be commercial or non-commercial objectives, is part of operating as a successful business.

Clause 8 applies Parts I to VI of the Local Government Official Information and Meetings Act 1987 to local authority trading enterprises. This makes local authority trading enterprises subject to the same statutory rules concerning access to and publication of official information as apply to local authorities.

Clause 9 inserts local authority trading enterprises into Part 2 of the First Schedule of the Ombudsmen Act 1975, making local authority trading enterprises subject to the jurisdiction of the Ombudsman.
