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Report to Policy and Finance Committee
from Ted Maguire, Council Secretary

Elected Members' Remuneration

1. Purpose

To decide on remuneration payable to members of the Council.

2. Background and Comment

2.1 Introduction

Currently, Councillors are remunerated by way of annual salaries and daily meeting allowances within parameters defined by a Ministerial Determination.

The most recent Determination by the Minister of Local Government was in August 2001 (**a copy is tabled**). This Order was applicable from 16 February 2001 and prescribed maximum and minimum annual salaries for meetings and also daily meeting allowance rates.

In summary, the Determination groups regional councils on a population basis as follows:

300,001+
150,001-300,000
75,001-150,000
Up to 75,000

The Wellington Regional Council comes into the first group – the Region having a population of some 429,000.

This Determination is expected to be the last by the Minister. Legislation currently before Parliament will make the Higher Salaries Commission responsible for determining elected members' remuneration in future. How the Commission will approach this task, is not yet known, but *Local Government New Zealand* will be assisting the Commission.

2.2 Job Evaluation

Since 1989, the WRC has based Actual rates payable to members on a job evaluation review commissioned by the Council and linked to market rates for jobs of a similar “size”. The use of this process has produced an impartial and objective result. A copy of the letter from Deloitte Touche Tohmatsu advising the result of the most recent job evaluation review, which was carried out in 2000, is **Attachment 1**. As the job evaluation maximum was, and continues to be, above the current maximum salary rates that could be paid to all Councillors, the previous Council approved the application of the maximum rates in the Ministerial Determination to its members.

The table below sets out Councillors’ salaries based on the current Ministerial Determination and the Deloitte Touche Tohmatsu job evaluation review:

	Ministerial Determination Maximum \$	Job Evaluation Maximum Salary \$
Council Chairman	99,100 *(95,100)	104,700
Deputy Council Chairperson	33,400	36,500
Committee Chairpersons		
- Regional Transport	33,400	40,700
- Environment	33,400	42,800
- Utility Services	33,400	36,200
- Rural Services and Wairarapa	33,400	35,600
- Landcare	33,400	34,000
Other Members	16,720	20,400
Attendance Allowance (daily - not payable to Council Chairperson)	195	

* Adjusted for the use of a car, valued at \$4,000 per annum.

2.3 New Council

All Councillors are being paid at the “other members’ rate” from the date they took office. Higher rates payable to the Council Chair, Deputy Council Chair and Committee Chairs should be considered from the date of appointment to those posts.

Proposed changes to arrangements for Committees requires a review of some aspects of remuneration. In the previous triennium, the Deputy Council Chairperson did not have another portfolio. The Chairperson’s recommendation this time is that Cr McDavitt be both Deputy Council Chairperson and Chair of the Regional Land Transport Committee. The second change is that the Regional Land Transport Committee and Passenger Transport Committee have separate Chairpersons.

Given the extent to which the Job Evaluation maximum salary rates exceed the Ministerial Determination maximum, the need for a further review is questionable particularly as “market” salary rates are more than a year out of date and will have

moved upwards even further. It is most unlikely that any of the new posts would be evaluated at salary lower than the maximum of the Ministerial Determination.

2.4 **Daily Allowances**

The Council has traditionally paid the maximum daily rate of meeting attendance allowance (currently \$195 a day) for its members other than the Council Chairperson who is not entitled to daily meeting allowances. Daily meeting allowances are also paid to many Committee Appointees, who are not otherwise remunerated from public funds.

2.5 **Travelling Expenses**

- (a) Currently members are entitled to reimbursement of travelling expenses for attendance at meetings either on a refund of actual and reasonable expenses or at government approved mileage rates. (These are taxable).
- (b) The deduction of \$4,000 from salary for the private use of a Council car by the Chairperson, was calculated when the “journey to work” travel for Councillors was not considered taxable. This is no longer the case and in light of a recent Determination by the Inland Revenue Department, a more appropriate basis for dealing with this now needs to be assessed. This could well require consultation with Audit New Zealand.

Meantime, it would seem appropriate to pay the Chairperson the full salary entitlement of \$99,100pa.

2.6 **Council Policy**

Council’s policy entitlement to meeting allowances and reimbursements of expenses is attached as **Attachment 2**. This policy has been affirmed by the Office of the Controller and Auditor-General. (A more detailed explanatory guide is included in the Councillor’s Handbook.)

2.7 **Taxation**

Councillors are deemed to be self employed. This means their taxable earnings are initially taxed at the withholding payment rate of 33 cents in the \$. This could well mean that in some cases, Councillors are “over taxed” at time of payment if they have no other significant sources of income. This, however, would be rectified through submission of a tax return at the end of the year. Members are responsible for their own ACC levies.

2.8 **Procedure**

It would be appropriate for the Chairperson to vacate the Chair when remuneration for that post is being considered.

Recommendation

That Council :

- (a) Considers the rates of remuneration to apply to Members of the WRC.*
- (b) Notes the Council policy on payments of daily allowance and meeting expenses.*

TED MAGUIRE
Council Secretary

Attachment 1: Letter from Deloitte Touche Tohmatsu
Attachment 2: Council Policy on Meeting Allowances