

SOUTH WAIRARAPA DISTRICT COUNCIL

7 AUGUST 2019

AGENDA ITEM C3

LOCAL GOVERNMENT MEMBERS DETERMINATION 2019

Purpose of Report

To inform Councillors of the recommended changes to the remuneration of elected members as a result of the Remuneration Authority Determination 2019.

Recommendations

Officers recommend that the Council:

1. *Receive the Local Government Members Determination 2019 Report.*
2. *Confirm the proposed hourly rate for hearing fees for SWDC hearings for the Chair as \$78.00 per hour and \$50.00 per hour for other members.*
3. *Confirm they will **not** adopt the RA's option of elected members claiming a travel allowance of \$37.50 per hour after the first hour of travel on Council business for the 2019/20 financial year.*
4. *Confirm they will adopt the RA's proposed communication allowance \$1,190.00 per year per councillor for the 2019/20 financial year (unchanged from the previous financial year).*
5. *Note that the communication allowance will be paid monthly from August 2019 covering the period up to the date of the Local Government election for current Councillors. A part month payment of the communication allowance will occur after the Local Government elections in October 2019 for those elected for the next triennium, followed by monthly payments thereafter.*
6. *Confirm they will adopt the RA's proposed payment for travel reimbursement of 0.79 cents per km on council business for the 2019/20 financial year (increased from 0.73 cents per km in the 2018/19).*
7. *Confirm they will **not** adopt the RA's proposed Childcare Allowance, noting that no budget has been provided for this in the 2019/20 Annual Plan.*
8. *Request that officers provide a report regarding the Childcare Allowance after the elections in October 2019, should one or more of the elected councillors be eligible for this allowance.*

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| 9. <i>Note that councillor remuneration after the October elections will be paid from a total pool of \$242,363 p.a. with a minimum annual remuneration of \$18,576 p.a. per councillor.</i> |
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1. Executive Summary

On 14 June 2019, the Remuneration Authority (RA) released the Local Government Members (2019/20) (Local Authorities) Determination 2019.

This determination provides for changes to the remuneration and reimbursement of elected members and takes effect from 1 July 2019.

There are a number of recommended changes to elected member remuneration which we wish to draw to the attention of Councillors and decide whether or not South Wairarapa District Council will adopt the recommended practice or agree to a different, lower cost approach.

If the above recommendations are adopted, no changes are required to the Remuneration – Elected Members Policy A300.

2. Background

Each year, the Remuneration Authority releases a Local Government Members (Local Authorities) Determination. This determination provides for changes to the remuneration and reimbursement of elected members for duties performed on behalf of territorial authorities throughout New Zealand. The new provisions of the determination take effect from 1 July each year.

TA's can agree to accept the determination in its entirety or agree adjusted remuneration or reimbursement as long as it is not higher than provided for in the determination.

3. Discussion

3.1 Options

Items to note in the 2019/20 Determination are summarised below:

3.1.1. Hearing fees

Hearing Fees for district and regional plans and regional policy statements are to be treated in the same way as resource consent hearings for remuneration purposes. This is as a result of Councillors now needing to be accredited hearings commissioners. Rather than a flat fee, the RA has allowed for fees of up to \$100.00 per hour for chairs and up to \$80.00 per hour for other members. RA are keen for Councils to decide what is locally relevant.

For the 2018/19 financial year, Council agreed a maximum of \$78.00 per hour for Chairs of all hearings and \$50.00 per hour for other members of the hearings committee.

The Mayor is not entitled to be remunerated for both positions, so may not claim hearing fees.

Councillors need to confirm the decision to continue to pay hearing fees at this rate for the 2019/20 year.

3.1.2. Travel time allowance

Travel time allowance - the determination allows for a travel time allowance for elected members travelling on Council business after the first hour of travel. The allowance Council may pay for travel time over an hour is \$37.50 per hour.

To date SWDC has not paid this allowance to elected members on the basis that most elected members would be able to attend meetings within the Wairarapa with a return travel time of less than an hour.

We acknowledge that some members attend meetings in Wellington and Hutt Valley and these meetings do involve more than one hour of travel.

In the past, Mayors were not entitled to claim the travel time allowance. From 1 July 2017 the RA have allowed for Mayors to claim the travel time allowance.

We estimate starting to pay the travel time allowance to elected members could cost SWDC a further \$ 10,000 per annum. This additional cost has not been budgeted in the 2019/20 annual plan.

Council decided not to pay this allowance for the 2017/18 and 2018/19 years, and need to decide if they wish to start paying the travel time allowance to elected members for the 2019/20 year.

3.1.3. Vehicle mileage

Two years ago, the RA recommended the removal of the 30km rule for Councillors claiming reimbursement of travel on Council related business. Previously all claims were for the distance over 30km (return) from the Councillors home to the location of the meeting.

Prior to 1 July 2017, 30km was considered the “proxy” for a normal commuting distance for any worker. This proposed change is to reduce administration costs and also align treatment of Councillor reimbursements more closely with self-employed contractors rather than employees.

Council agreed to accept this change for vehicle reimbursements from the 2017/18 and 2018/19 financial years.

The reimbursement rate per km increases from 73 cents per km to 79 cents per km for the first 14,000 km in any year from 1 July 2019. The rate is the same for petrol, electric and hybrid vehicles for the first 14,000 km p.a.

This rate is the same as the Inland Revenue Department (IRD) published mileage rate for self-employed people for the 2018/19 financial year.

3.1.4. Communications Allowance

There has been no change to the recommended Communications Allowance for the 2019/20 year. The determination allows that a communication allowance may be paid to elected members for using their own communications and technology equipment on Council business.

Elected members may be paid the following communication allowances for the 2019/20 financial year:

- \$200 for the use of one laptop/computer or tablet
- \$40 for the use of a printer/fax or scanner
- \$150 for the use of a mobile phone
- \$400 for the use of personal internet
- \$400 for the use of personal mobile phone or reimbursement of actual costs of phone calls made on behalf of the local authority.

This equates to a total communication allowance of \$1,190.00 pa per elected member which is consistent with the 2018/19 year.

If approved, a pro-rated portion of the communication allowance will be paid each month from August 2019. In October, a part payment will be made, covering the period up to the date of the Local Government election for current Councillors. A further part month payment of the communication allowance will occur after the Local Government elections in October 2019 for those elected for the next triennium, followed by monthly payments thereafter.

3.1.5. Childcare Allowance

The RA have introduced a childcare allowance for elected members. The allowance will apply to any members who have responsibility for caring for children under the age of 14 years.

The two important things to note are that the payment of the allowance (like all other allowances) is at the discretion of each council and that it is intended as a **contribution** to expenses incurred by members who need to access childcare while engaged on local authority business. The allowance is capped at a maximum of \$6,000 pa per child and is subject to certain conditions outlined in clause 14 of the determination. (See Appendix 1).

No budget has been included in the Annual plan for 2019/20 due to the decision regarding the Childcare allowance arriving too late to be included in the budgets. As no current Councillors are eligible for the Childcare allowance, it is proposed any decision on whether or not to accept this allowance be left until after the elections in October and revisited if any of new Councillors are eligible for this allowance.

3.1.6. Councillor Remuneration Pool

The RA have introduced a governance remuneration pool for each council, applying on and from the day after the date on which the official result for the council election is declared. The dollar amount of the pool for each council is set out on page 72 to 74 of the Explanatory Note attached to the Determination (see Appendix 1).

The pool is solely for the purpose of remunerating councillors and to pay additional remuneration to councillors who have been delegated significant powers and functions by their council and where the council decides that additional remuneration is appropriate. Other than those circumstances, remuneration covering mayors, regional council chairs, Auckland local board members and community board members is not included in the pool.

The Determination includes the minimum allowable councillor remuneration for each council and councils can propose to top this up from the remuneration pool. The pool will also cover extra remuneration to councillors who take on additional responsibilities, for example deputy mayors, committee chairs or portfolio leaders. Please note that the pool is required to be fully distributed.

For SWDC Councillor remuneration after the October elections will be paid from a total pool of \$242,363 p.a. with a minimum annual remuneration of \$18,576 p.a. per Councillor. The new Council elected in October will need to make a recommendation to the Remuneration Authority on how the total pool should be split between individual Councillors.

4. Appendices

Appendix 1 – Relevant sections from the Remuneration Authority Determination

Contact Officer: Jennie Mitchell, Group Manager Corporate Support

Reviewed By: Harry Wilson, CEO

Appendix 1 – Relevant sections from the Remuneration Authority Determination

PARLIAMENTARY COUNSEL OFFICE
13 JUN 2019 PCO 22139/7.0 NB
WELLINGTON

Local Government Members (2019/20) Determination 2019

Pursuant to the Remuneration Authority Act 1977 and to clauses 6 and 7A(1) and (5) of Schedule 7 of the Local Government Act 2002, the Remuneration Authority, after having regard to the matters specified in clause 7 of that schedule, makes the following determination (to which is appended an explanatory memorandum).

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	Remuneration before 2019 election of members	

Schedule 2
Remuneration from 2019 election of members

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Determination**1 Title**

This determination is the Local Government Members (2019/20) Determination 2019.

2 Commencement

This determination comes into force on 1 July 2019.

3 Expiry

This determination expires on the close of 30 June 2020.

*Interpretation***4 Interpretation**

In this determination, unless the context otherwise requires,—

ATA panel means a panel appointed by an accord territorial authority under section 89 of HASHA

board means—

- (a) a community board of a territorial authority other than the Auckland Council; or
- (b) a local board of the Auckland Council

determination term means the period from the coming into force of this determination to its expiry

HASHA means the Housing Accords and Special Housing Areas Act 2013

hearing has the meaning given to it by clause 5

hearing time has the meaning given to it by clause 6

local authority means a regional council or a territorial authority

member means,—

- (a) in relation to a local authority (other than the Canterbury Regional Council) or a board, a person who is declared to be elected to that local authority or board under the Local Electoral Act 2001 or who, as the result of further election or appointment under that Act or the Local Government Act 2002, is an office holder in relation to the local authority or board (for example, a chairperson);
- (b) in relation to the Canterbury Regional Council, a person who has been elected or appointed to membership in the transitional governing body in

accordance with the Environment Canterbury (Transitional Governance Arrangements) Act 2016, or who, as the result of further election or appointment, is an office holder in relation to the Canterbury Regional Council (for example, a chairperson)

on local authority business includes on the business of any board of the local authority

regional council means a regional council named in Part 1 of Schedule 2 of the Local Government Act 2002

RMA means the Resource Management Act 1991

territorial authority means a territorial authority named in Part 2 of Schedule 2 of the Local Government Act 2002.

5 Meaning of hearing

In this determination, **hearing** means—

- (a) a hearing that is held by an ATA panel arising from—
 - (i) a resource consent application under subpart 2 of Part 2 of HASHA; or
 - (ii) a request for a plan change or for a variation to a proposed plan under subpart 3 of Part 2 of HASHA; or
- (b) a hearing arising from a resource consent application made under section 88 of the RMA; or
- (c) a meeting for determining a resource consent application without a formal hearing; or
- (d) a hearing arising from a notice of requirement (including one initiated by the local authority); or
- (e) a pre-hearing meeting held under section 99 of the RMA in relation to a hearing referred to in paragraph (b) or (d); or
- (f) a hearing as part of the process of the preparation, change, variation, or review of a district or regional plan or regional policy statement; or
- (g) a mediation hearing in the Environment Court as part of an appeal from a decision of a local authority; or
- (h) a hearing on an objection against a charge fixed by a local authority under section 36 of the RMA.

6 Meaning of hearing time

In this determination, **hearing time** means the time spent on any of the following:

- (a) conducting a hearing;
- (b) formal deliberations to decide the outcome of a hearing;
- (c) participating in an official group site inspection related to a hearing;

- (d) determining a resource consent application where a formal hearing does not take place:
- (e) up to a maximum of the aggregate of the time referred to in paragraphs (a) and (b), preparing for a hearing and participating in any inspection of a site for the purposes of a hearing (other than an official group site inspection under paragraph (c)):
- (f) writing a decision arising from a hearing or communicating for the purpose of the written decision.

Entitlement to remuneration, allowances, and hearing fees

7 Remuneration, allowances, and hearing fees payable

Remuneration

- (1) For the period beginning on 1 July 2019 and ending on the close of the day on which the official result of the 2019 election is declared under section 86 of the Local Electoral Act 2001 in relation to a local authority, a member of that local authority or a board of that local authority is entitled to the applicable remuneration set out in Schedule 1 (adjusted under clause 9 if applicable).
- (2) On and from the day after the date on which the official result of the 2019 election is declared under section 86 of the Local Electoral Act 2001 in relation to a local authority, a member of that local authority or a board of that local authority is entitled to the applicable remuneration set out in Schedule 2 (adjusted in accordance with clause 9 if applicable).
- (3) If a member of a territorial authority is also elected or appointed to a board, the member is entitled only to the remuneration that is payable to the member as a member of the territorial authority.

Allowances and hearing fees

- (4) A member of a local authority or a board is also entitled to—
 - (a) the applicable allowances payable under clauses 10 to 14:
 - (b) the applicable hearing fees payable under clause 15.

8 Acting mayor or chairperson

- (1) This clause applies to a member who acts as a mayor or chairperson during a period when, because of a vacancy or temporary absence, the remuneration or allowances that would usually be paid to the mayor or chairperson are not being paid.
- (2) While acting as mayor or chairperson, the member must be paid the remuneration and allowances usually payable to the mayor or chairperson, instead of the member's usual remuneration, allowances, and hearing fees.

9 Motor vehicles for mayors and regional chairpersons

- (1) A local authority may provide to the mayor or regional chairperson of the local authority either—
- (a) a motor vehicle (which may be provided for restricted private use, partial private use, or full private use); or
 - (b) a vehicle mileage allowance under clause 11.
- (2) The maximum purchase price that may be paid for a motor vehicle purchased by a local authority for provision to a mayor or regional chairperson during the determination term is,—
- (a) in the case of a petrol or diesel vehicle, \$55,000 (including goods and services tax and any on-road costs); and
 - (b) in the case of an electric or a hybrid vehicle, \$65,000 (including goods and services tax and any on-road costs).
- (3) If a motor vehicle is provided to a mayor or regional chairperson for restricted private use, no deduction may be made from the annual remuneration payable to the mayor or regional chairperson under Schedule 1 or 2 in respect of the provision of that motor vehicle.
- (4) If a motor vehicle is provided to a mayor or regional chairperson for partial private use or full private use,—
- (a) the annual remuneration payable to the mayor or regional chairperson under Schedule 1 or 2 must be adjusted by the local authority in accordance with subclause (5) or (6) (as applicable); and
 - (b) the adjustment must take effect on and from—
 - (i) the date of commencement of this determination (in the case of a motor vehicle provided to the person before that date); or
 - (ii) the date of provision of the motor vehicle to the person (in the case of a motor vehicle provided during the determination term).
- (5) If a motor vehicle is provided to a mayor or regional chairperson for partial private use, the amount calculated in accordance with the following formula must be deducted from the remuneration payable to that person:

$$v \times 41\% \times 10\%$$

where v means the actual purchase price of the vehicle, including goods and services tax and any on-road costs.

- (6) If a motor vehicle is provided to a mayor or regional chairperson for full private use, the amount calculated in accordance with the following formula must be deducted from the remuneration payable to that person:

$$v \times 41\% \times 20\%$$

where v means the actual purchase price of the vehicle, including goods and services tax and any on-road costs.

(7) In this clause,—

full private use means—

- (a) the vehicle is usually driven home and securely parked by the mayor or regional chairperson; and
- (b) the vehicle is available for the mayor or regional chairperson's unrestricted personal use; and
- (c) the vehicle is used by the mayor or regional chairperson for both local authority business and private use; and
- (d) the vehicle may also be used by other local authority members or staff on local authority business, with the permission of the mayor or regional chairperson

partial private use means—

- (a) the vehicle is usually driven home and securely parked by the mayor or regional chairperson; and
- (b) the vehicle is used by the mayor or regional chairperson for both local authority business and private purposes; and
- (c) the vehicle may also be used by other local authority members or staff on local authority business, with the permission of the mayor or regional chairperson; and
- (d) all travel in the vehicle is recorded in a log-book; and
- (e) the use of the vehicle for private purposes accounts for no more than 10% of the vehicle's annual mileage

restricted private use means—

- (a) the vehicle is usually driven home and securely parked by the mayor or regional chairperson; and
 - (b) the vehicle is otherwise generally available for use by other local authority members or staff on local authority business; and
 - (c) the vehicle is used solely for local authority business; and
 - (d) all travel in the vehicle is recorded in a log-book.
- (8) To avoid doubt, subclause (2) does not apply to a motor vehicle provided to a mayor or regional chairperson before 1 July 2018.

Allowances

10 Definition of member

For the purposes of payment of allowances under clauses 11 to 14, **member**, in relation to a territorial authority, includes a member of a board of the territorial authority.

11 Vehicle mileage allowance

- (1) A local authority may pay to a member a vehicle mileage allowance to reimburse that member for costs incurred in respect of eligible travel.
- (2) A member's travel is eligible for the allowance if—
 - (a) it occurs on a day when the member is not provided with a motor vehicle by the local authority; and
 - (b) the member is travelling—
 - (i) in a private vehicle; and
 - (ii) on local authority business; and
 - (iii) by the most direct route that is reasonable in the circumstances.
- (3) The allowance payable to a member for eligible travel is,—
 - (a) for a petrol or diesel vehicle,—
 - (i) 79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and
 - (ii) 30 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term;
 - (b) for a petrol hybrid vehicle,—
 - (i) 79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and
 - (ii) 19 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term;
 - (c) for an electric vehicle,—
 - (i) 79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and
 - (ii) 9 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term.

12 Travel time allowance

- (1) A local authority may pay a member (other than a mayor or a regional chairperson) an allowance for eligible travel time.
- (2) A member's travel time is eligible for the allowance if it is time spent travelling within New Zealand—
 - (a) on local authority business; and
 - (b) by the quickest form of transport that is reasonable in the circumstances; and
 - (c) by the most direct route that is reasonable in the circumstances.
- (3) The travel time allowance is \$37.50 for each hour of eligible travel time after the first hour of eligible travel time travelled in a day.

- (4) However, if a member of a local authority resides outside the local authority area and travels to the local authority area on local authority business, the member is only eligible for a travel time allowance in respect of eligible travel time—
 - (a) after the member crosses the boundary of the local authority area; and
 - (b) after the first hour of eligible travel within the local authority area.
- (5) The maximum total amount of travel time allowance that a member may be paid for eligible travel in a 24-hour period is 8 hours.
- (6) Despite subclause (1), the Chatham Islands Council may pay the Mayor of the Chatham Islands Council an allowance for eligible travel time.

13 Communications allowance

Equipment

- (1) If a local authority determines that particular information or communications technology equipment is required by members to perform their functions and requests that members use their own equipment for those purposes, the local authority may pay an allowance in accordance with subclause (2).
- (2) The matters in respect of which an allowance is payable and the amounts that may be paid for the determination term are as follows:
 - (a) for the use of a personal computer, tablet, or laptop, including any related docking station, \$200;
 - (b) for the use of a multi-functional or other printer, \$40;
 - (c) for the use of a mobile telephone, \$150.

Services

- (3) If a local authority requests a member to use the member's own Internet service for the purpose of the member's work on local authority business, the member is entitled to an allowance for that use of \$400 for the determination term.
- (4) If a local authority requests a member to use the member's own mobile telephone service for the purpose of the member's work on local authority business, the member is entitled, at the member's option, to—
 - (a) an allowance for that use of \$400 for the determination term; or
 - (b) reimbursement of actual costs of telephone calls made on local authority business upon production of the relevant telephone records and receipts.
- (5) If a local authority supplies a mobile telephone and related mobile telephone service to a member for use on local authority business and allows for its personal use, the local authority may decide what portion, if any, of the local authority's costs reasonably attributable to such personal use must be paid by the member.

Pro-rating

- (6) If the member is not a member for the whole of the determination term, subclauses (2) to (5) apply as if each reference to an amount were replaced by a reference to an amount calculated in accordance with the following formula:

$$(a \div b) \times c$$

where—

- a is the number of days that the member held office in the determination term
- b is the number of days in the determination term
- c is the relevant amount specified in subclauses (2) to (5).
- (7) The Remuneration Authority may approve rules proposed by a local authority to meet the costs of installing and running special equipment or connections where, because of distance or restricted access, normal communications connections are not available.

14 Childcare allowance

- (1) A local authority may pay a childcare allowance, in accordance with subclauses (2) and (3), to an eligible member as a contribution towards expenses incurred by the member for childcare provided while the member is engaged on local authority business.
- (2) A member is eligible to be paid a childcare allowance in respect of childcare provided for a child only if—
- (a) the member is a parent or guardian of the child, or is a person who usually has responsibility for the day-to-day care of the child (other than on a temporary basis); and
- (b) the child is aged under 14 years of age; and
- (c) the childcare is provided by a person who—
- (i) is not a family member of the member; and
- (ii) does not ordinarily reside with the member; and
- (d) the member provides evidence satisfactory to the local authority of the amount paid for childcare.
- (3) A local authority must not pay childcare allowances to a member that total more than \$6,000 per annum, per child.
- (4) In this regulation, **family member of the member** means—
- (a) a spouse, civil union partner, or de facto partner;
- (b) a relative, that is, another person connected with the member within 2 degrees of a relationship, whether by blood relationship or by adoption.

*Hearing fees***15 Fees related to hearings**

- (1) A member of a local authority or a board who acts as the chairperson of a hearing is entitled to be paid a fee of up to \$100 per hour of hearing time related to the hearing.
- (2) A member of a local authority or a board who is not the chairperson of a hearing is entitled to be paid a fee of up to \$80 per hour of hearing time related to the hearing.
- (3) For any period of hearing time that is less than 1 hour, the fee must be apportioned accordingly.
- (4) This clause does not apply to—
 - (a) a mayor or a member who acts as mayor and is paid the mayor's remuneration and allowances under clause 8(2); or
 - (b) a chairperson of a regional council or a member who acts as chairperson of a regional council and is paid the chairperson's remuneration and allowances under clause 8(2).

*Revocation***16 Revocation**

The Local Government Members (2018/19) (Local Authorities) Determination 2018 (LI 2018/124) is revoked.

	Annual remuneration (\$)
Office	
Councillor	26,620

Tirau Community Board

	Annual remuneration (\$)
Office	
Chairperson	6,691
Member	3,346

South Wairarapa District Council

	Annual remuneration (\$)
Office	
Mayor	82,139
Deputy Mayor	33,110
Councillor/Committee member (1)	23,048
Councillor	19,554

Featherston Community Board

	Annual remuneration (\$)
Office	
Chairperson	6,507
Member	3,253

Greytown Community Board

	Annual remuneration (\$)
Office	
Chairperson	6,507
Member	3,253

Martinborough Community Board

	Annual remuneration (\$)
Office	
Chairperson	6,507
Member	3,253

Southland District Council

	Annual remuneration (\$)
Office	
Mayor	117,161
Deputy Mayor	38,130
Committee Chairperson (4)	33,229
Councillor	27,236

Edendale–Wyndham Community Board

	Annual remuneration (\$)
Office	
Chairperson	4,749
Member	2,375

Tirau Community Board

Office	Annual remuneration (\$)
Chairperson	6,691
Member	3,346

South Wairarapa District Council

Office	Annual remuneration (\$)
Mayor	92,000
Councillor (Minimum Allowable Remuneration)	18,576

Featherston Community Board

Office	Annual remuneration (\$)
Chairperson	6,507
Member	3,253

Greytown Community Board

Office	Annual remuneration (\$)
Chairperson	6,507
Member	3,253

Martinborough Community Board

Office	Annual remuneration (\$)
Chairperson	6,507
Member	3,253

Southland District Council

Office	Annual remuneration (\$)
Mayor	124,000
Councillor (Minimum Allowable Remuneration)	25,874

Ardlussa Community Board

Office	Annual remuneration (\$)
Chairperson	7,483
Member	3,742

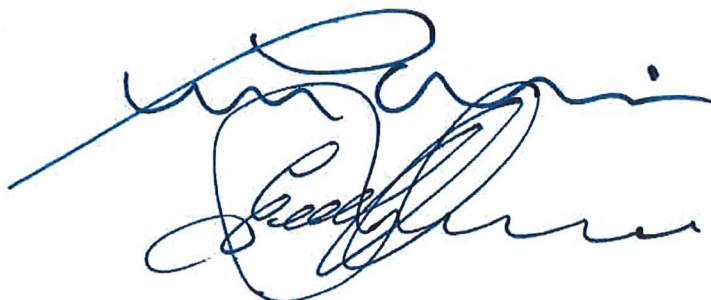
Fiordland Community Board

Office	Annual remuneration (\$)
Chairperson	9,200
Member	4,600

Northern Community Board

Office	Annual remuneration (\$)
Chairperson	7,235

Dated at Wellington this 14th day of June 2019.

The block contains two handwritten signatures in blue ink. The top signature is more fluid and cursive, while the bottom signature is more structured and blocky.

Chairperson.

Member.

Member.

Explanatory memorandum

This memorandum is not part of the determination, but is intended to indicate its general effect.

This determination comes into force on 1 July 2019 and expires on the close of 30 June 2020.

Over the past 2 years, the Remuneration Authority (the **Authority**) has conducted a major review of the local government sector remuneration, which included extensive consultation. As a result of the review, the Authority decided to make 2 changes to the way in which local government remuneration is set. First, it adopted a set of revised and updated council size indices (one each for territorial authorities, unitary authorities, and regional councils); and, secondly, it decided to introduce a more locally responsive way of setting members' remuneration. It should be noted that the remuneration of mayors, regional council chairpersons, and community board and Auckland local board members is not included in the second change.

First change: revised and updated council size indices

The first alteration, revised and updated council size indices, resulted in changes to council rankings on their relevant index. The new sizes relate to the size of the governance role of each council, based on a number of indicators. The size rankings are not related to the number of councillors on any council and will not be affected if councillor numbers increase or decrease in future. As well as changes to the size indices, the Authority has created a local government pay scale, generally using parliamentary remuneration as a comparator. Christchurch City Council (the largest council aside from Auckland) sits at the top of the council pay scale. For smaller councils, the bottom of the pay scale is set by a pro rata proportion of the average annual wage. Because of their extreme sizes, Auckland and Chatham Islands councils will sit outside the range of the pay scale.

The Authority began introducing the changes to the index rankings in the Local Government Members (2018/19) (Local Authorities) Determination 2018 (the **2018 Determination**), which are continued in this determination. The changes will be fully

completed following the 2019 local election, when the second part of the new approach will also be applied. These changes involve a major reassessment of the existing rates paid to councillors. Implementation of the new approach over a period means that, between 1 July 2018 and October 2019, changes to remuneration for elected local government members will have varied to a considerable degree between councils, rather than being an overall consistent percentage increase. For some, there will be no movement over this time, whereas for others there will be a substantial increase, reflecting the Authority's new assessment of the size of councils' responsibilities.

Second change: how the Authority sets councillor remuneration

The second alteration is in the way that the Authority sets councillor remuneration.

Under the system used for the past several years, the Authority has set a base councillor rate for each council, then for each council a sum equivalent to the base pay of 2 councillors has been set aside to pay extra remuneration to those undertaking positions of responsibility, such as deputy mayors or chairpersons of committees. In each case, the councils themselves make recommendations to the Authority on how the pool should be allocated, and those recommendations are then considered by the Authority before making its determination. This is how remuneration has been determined in *Schedule 1* of this determination, which applies from 1 July 2019 until the end of the day on which the official result is declared for each new council following the local government election on 12 October 2019.

Under the new approach, the Authority has created a total "governance remuneration pool" for each council, reflecting the ranking of that council on the index (*see* the table at the foot of this explanatory memorandum). The size of each pool does not correspond to the number of councillors on each council, which ranges from 6 to 16 (excluding Auckland). The governance pool is the total amount of money that the Authority has determined is available to pay councillor remuneration per annum. When each new council takes office following the 2019 local election, the council will be invited to give the Authority recommendations for how its pool should be distributed among the council members. The recommendations will include a rate for base councillor remuneration and rates for all positions of responsibility. The Authority will then consider the councils' recommendations before determining the remuneration payable to members.

Mayors, regional council chairpersons, Auckland local board members, and community board members

The second change to local government remuneration (ie, the introduction of the governance remuneration pool) does not apply to mayors, regional council chairpersons, Auckland local board members, or community board members. Remuneration for mayors and regional council chairpersons will continue to be set individually by the Authority and will reflect each council's ranking on the relevant size index. The largest role in local government (the Mayor of Auckland) has been generally benchmarked around the remuneration of a Cabinet minister and will not exceed that level.

The Authority has developed a separate size index for Auckland local boards that is not the same as the indices for territorial, unitary, or regional authorities. It takes into account the singular characteristics and accountabilities of Auckland local boards, including their representational responsibilities for (in many cases) large populations. The Authority contemplated a pool system for Auckland local boards, but ultimately did not implement this because the Auckland local boards have no formal positions of responsibility aside from their deputy chairpersons. For that reason, the Authority will continue to set remuneration for Auckland local board chairpersons, deputy chairpersons, and members. Based on the new local board size index, there are some differences between boards in the level of remuneration increases of local board members in this determination as the new system is phased in.

The Authority reviewed the position of community board members as one of the final parts of its overall review of local government remuneration. The Authority's original thesis was that, because community boards are part of the governance apparatus of councils, their costs should be included in the governance pool for each council, which would be the same size pool regardless of whether or not a council had any community boards.

However, the data the Authority examined indicated such massive variances in roles and powers, in per capita representation, and in cost that it was unable to rank community boards in any sensible order. As a result, the Authority decided that, for the time being, it would have significant difficulty creating a robust index that could be incorporated into the overall approach to the remuneration of councillors. In this determination, the Authority has applied an across-the-board increase of 2% to most community board members, reflecting the Labour Cost Index for the public sector for the year ended 30 March 2019. A small number of community boards have received no increase because their remuneration costs per capita are significantly higher than those of most other community boards.

Despite the above approaches, the Authority has applied a minimum level of remuneration even for smaller community boards representing tiny populations. Members of those boards need fair payment, even if it were just considered a meeting attendance fee, so the Authority has increased their remuneration to the minimum level of \$2,000 before tax.

For the time being, if a council delegates significant powers and functions to 1 or more community boards and, as a consequence, recommends that the Authority increases the remuneration of their community board members, the additional funds will come out of the council's governance remuneration pool.

Where the numbers and relative size of community boards within a territorial authority have changed as a result of a representation review that will apply from the date of the 2019 local elections, the remuneration of community board members has been specifically assessed to reflect the changes.

Motor vehicles

The annual remuneration for a mayor or regional chairperson, shown in *Schedule 1* and *Schedule 2*, is their total remuneration and it includes the annual value of their motor vehicle entitlement. If a council provides its mayor or regional chairperson with a motor vehicle, there is a consequent salary reduction. The rules for the calculation of the benefit are in *clause 9* of this determination and also on the Authority's website.

Upper limits on the purchase prices of petrol/diesel and electric/hybrid motor vehicles (including on-road costs and goods and services tax paid) were set by the Authority in the 2018 Determination and have not been changed. These upper limits take account of the vehicle being fit for purpose, the safety of the driver, and fairness to the rate-payers. For this determination, the Authority reviewed the maximum purchase rate for motor vehicles and decided to retain the current levels. However, it recommends that all councils utilise the All of Government procurement process to optimise the value of their purchases. The new purchase price limits do not apply to existing motor vehicles currently provided to mayors and regional chairpersons. In those cases, the actual purchase prices are grandparented until the existing vehicles are replaced.

Allowances

The vehicle mileage allowance rates (*clause 11*) have been updated to reflect the new kilometre rates for self-employed people and employees published by the Inland Revenue Department on its website as at 7 June 2019.

The communications and travel time allowances for members have not been changed this year and the details are in *clauses 12 and 13* and on the Authority's website.

This year, for the first time, the Authority has introduced a childcare allowance for members who have responsibility for caring for children under the age of 14 years. The allowance is a contribution towards expenses incurred by the member for the provision of childcare while the member is engaged on local authority business. The allowance is capped and is subject to certain conditions outlined in *clause 14* of this determination.

Payment of any or all of the allowances is at the discretion of each council. All the allowances included in this determination are reviewed annually.

Governance remuneration pool table

The table below sets out the local government governance remuneration pools for councillors that will apply on and after the day after the date on which the official result of the 2019 local election of members for an individual council is declared, for the purpose described above.

Part 1

Remuneration pools for councillors of regional councils

Council	Governance remuneration pool (\$)
Bay of Plenty Regional Council	869,154
Canterbury Regional Council	964,061
Hawke's Bay Regional Council	557,483
Manawatu–Wanganui Regional Council	638,974
Northland Regional Council	580,951
Otago Regional Council	703,598
Southland Regional Council	555,828
Taranaki Regional Council	466,596
Waikato Regional Council	933,748
Wellington Regional Council	921,454
West Coast Regional Council	317,737

Part 2

Remuneration pools for councillors of territorial authorities

Territorial authority	Governance remuneration pool (\$)
Auckland Council	2,556,478
Ashburton District Council	377,856
Buller District Council	264,396
Carterton District Council	220,330
Central Hawke's Bay District Council	267,264
Central Otago District Council	276,480
Chatham Islands Council	147,488
Christchurch City Council	1,843,200
Clutha District Council	352,528
Dunedin City Council	1,105,920
Far North District Council	707,201
Gisborne District Council	631,530
Gore District Council	286,429
Grey District Council	248,832
Hamilton City Council	1,194,394
Hastings District Council	790,733
Hauraki District Council	350,208
Horowhenua District Council	433,152
Hurunui District Council	248,832
Hutt City Council	827,228
Invercargill City Council	506,880
Kaikōura District Council	198,297
Kaipara District Council	359,424
Kāpiti Coast District Council	497,664

	Governance remuneration pool (\$)
Territorial authority	
Kawerau District Council	220,330
Mackenzie District Council	176,264
Manawatu District Council	377,856
Marlborough District Council	583,467
Masterton District Council	372,130
Matamata–Piako District Council	387,072
Napier City Council	705,096
Nelson City Council	603,300
New Plymouth District Council	778,568
Ōpōtiki District Council	211,968
Otorohanga District Council	198,297
Palmerston North City Council	778,568
Porirua City Council	543,744
Queenstown–Lakes District Council	423,936
Rangitikei District Council	286,429
Rotorua District Council	714,084
Ruapehu District Council	294,912
Selwyn District Council	479,232
South Taranaki District Council	414,720
South Waikato District Council	354,912
South Wairarapa District Council	242,363
Southland District Council	396,288
Stratford District Council	264,396
Tararua District Council	313,344
Tasman District Council	624,528
Taupō District Council	470,016
Tauranga City Council	1,105,920
Thames–Coromandel District Council	427,180
Timaru District Council	451,584
Upper Hutt City Council	423,936
Waikato District Council	729,480
Waimakariri District Council	488,448
Waimate District Council	220,330
Waipa District Council	470,016
Wairoa District Council	223,592
Waitaki District Council	331,776
Waitomo District Council	211,968
Wellington City Council	1,585,152
Western Bay of Plenty District Council	479,232
Westland District Council	220,330
Whakatāne District Council	446,388
Whanganui District Council	516,096
Whangarei District Council	815,063