

**Mayor and Councillors
COUNCIL**

14 FEBRUARY 2019

Meeting Status: **Public**

Purpose of Report: For Decision

**COMMUNITY BOARD REMUNERATION - RESPONSE TO THE
REMUNERATION AUTHORITY**

PURPOSE OF REPORT

- 1 This report presents to the Council for approval feedback to the Remuneration Authority on Community Board Remuneration.

DELEGATION

- 2 Only Council may make a decision on this matter.

BACKGROUND

- 3 The Remuneration Authority ('the authority') is the independent body responsible for the setting of elected members' remuneration.
- 4 In June 2018 the Remuneration Authority confirmed the results of consultation on proposed long term changes which include a changed approach to setting remuneration for local government elected members. From the time that new Councils assume office following the 2019 local government elections, the Authority will be implementing a "governance pool" allocated to each council. The governance pool will provide the total amount that can be paid in remuneration to councillors (aside from the mayor whose remuneration will continue to be determined by the Authority). The Authority had not decided to apply the pool to community board members.
- 5 In early 2019 councils would have been advised of the governance pool that they will be allocated following the 2019 local government election. They will be asked by the Authority to provide a formal response outlining how the pool will be allocated to roles within their council following the 2019 election.
- 6 The Authority has indicated that Part One of the 2019/20 determination will give similar salary increases to those in 2018/19 and these will apply until the new council assumes office following the election. Part Two of the 2019/20 determination will introduce the governance pool which will apply for each council following the 2019 local government election. New councils elected in 2019 will have the opportunity to amend proposals submitted to the Authority by the outgoing councils.
- 7 Having stated in their major review consultation on long term changes that they had not yet decided to apply the pool to community boards the Authority had, nevertheless asked for Councils views on Community Board remuneration. They received only 29 responses on the issue, generally from councils with community boards. Only 14 of these, including Kāpiti Coast District Council, suggested Community Board members should be paid out of the pool. The outcome of the review was that the authority had not decided to apply the pool to community

board member remuneration. However, the Authority had indicated that they were continuing to look at community boards.

- 8 The Remuneration Authority website www.remauthority.govt.nz provides an explanation of the current approach to community board remuneration. It explains that the council's rank on the size index, used for the remuneration of mayors and councillors, is not used to size community board remuneration, which is related solely to population size.
- 9 The primary function of community boards is representation, so the Authority has taken the view that having community board remuneration linked to population is fairer to board members. The Authority takes the view that it is reasonable to expect that the time, effort and expertise required to represent a large number of people would be greater than that for a smaller number of people, thus the remuneration of members of a community board serving a large population will be greater than that of members of a board serving a small population.
- 10 This does not mean that community board remuneration is an exact fixed multiple of its population; rather it means that there is a relativity between a community board's population and the remuneration of its elected members.
- 11 In their 30 June 2018 paper "Determining the Remuneration of Local Government Elected Members - Oversight of Issues", the Authority expressed the view that there is flimsy evidence available about the utility or otherwise of community boards. The Authority reasoned that until such time as there is an overall review of their role, community board members should have remuneration adjusted annually by a maximum of the increase in public sector pay the previous year.
- 12 The Authority noted there has been a 30% decline in the number of community boards in the last decade.
- 13 The trend is for community boards to advise their local councils rather than exercise executive power themselves. The only area in which community boards consistently have decision-making power is the administration of community grants.
- 14 Authorities with community boards tend to have a higher cost of governance than those without them and, in theory, the same volume of work is the same but spread out amongst more people. Many of the hundreds of community board members work extremely hard and with great commitment to their communities.

ISSUES AND OPTIONS

Issues

- 15 In December 2018 the Authority wrote to Mayors and Chief Executives explaining that they were currently looking at Community Board member remuneration in preparation for the July 2019 determination. They provided statistics on current Community Board Remuneration (Appendix 1).
- 16 The Authority confirmed that 40 out of the 66 territorial and unitary authorities, not including Auckland, have Community Boards. The constituent populations of community boards range from 340 residents to 78,600. The number of members on each board also varies and appears to bear no relation to the size of the population represented. Excluding community board chairs, who receive twice

what a member receives, the annual remuneration per member ranges from \$1,369 up to \$24,098. This does not appear to reflect population.

17 The Authority has asked councils to respond to the following questions:

(1) The Remuneration Authority is introducing a pool system under which there will be a “governance pool” for each Council reflecting the size of each Council’s total responsibilities. Should this governance pool include remuneration for Community Boards and, if so, how should it account for the impact on the relativities between Councils with Community Boards and those without?

(2) There appear to be big variations in member numbers of Community Boards, even between Boards with similar populations. Regardless of your answer to (1) above, should Community Board remuneration reflect the number of residents represented by the whole board or the number of residents represented by each member?

18 The Authority has requested responses by Friday 15 February. The draft council response is included at appendix 2. The key points to note are:

19 There are clear risks in including the remuneration of community board remuneration in the same governance pool of councillors.

20 The principle of determining one’s own pay is problematic in itself.

21 One’s own perception of one’s workload may be vastly different from the perception of others.

22 Each community board serves a different community with differing needs and priorities. Perceptions of workload between one board and another may differ greatly.

23 Councillors determining the pay of community board members is a recipe for potential resentment and distrust. At worst pitting councillors and community board members against each other damaging working relationships and communication going forward.

24 Concern that a combined pool would cause acrimony has been strongly expressed by both councillors and community board members.

25 Determining the pay of community board members is not a core function of council.

26 The pay of community board members could continue to be determined by the Remuneration Authority using either its current formula or a pool arrangement for each community board.

CONSIDERATIONS

Policy considerations

27 There are no immediate policy considerations.

Legal considerations

28 There are no legal considerations.

Financial considerations

- 29 The costs of elected member remuneration, expenses and allowances have been budgeted for. Any changes to the process for determining community board remuneration implemented by the authority, following feedback from councils on community board remuneration will result in a review of the budget.

Tāngata whenua considerations

- 30 There are no tāngata whenua considerations.

SIGNIFICANCE AND ENGAGEMENT

Significance policy

- 31 This matter has a low level of significance under Council's Significance and Engagement Policy.

Engagement planning

- 32 An engagement plan is not needed to implement this decision.

RECOMMENDATIONS

- 33 That Council approve the feedback on the questions raised by the Remuneration Authority as at Appendix 2 of report PP-19-722

Report prepared by	Approved for submission	Approved for submission
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Leyanne Belcher

Janice McDougall

Sean Mallon

**Democracy Services
Manager**

**Group Manager
People & Partnerships**

**Group Manager
Infrastructure Services**

ATTACHMENTS

- Appendix 1. Community Board Remuneration – Remuneration Authority email
 Appendix 2. Draft response to the Remuneration Authority
 Appendix 3. Community Board Remuneration - www.remauthority.govt.nz

From: Fran WILDE [<mailto:Fran.Wilde@remauthority.govt.nz>]
Sent: Tuesday, 11 December 2018 1:20 PM
Subject: Community Board Remuneration [UNCLASSIFIED]

Greetings

Re: Community Board Remuneration

This letter is going to all mayors and CEOs of Territorial and Unitary Authorities, except Auckland. The Remuneration Authority is currently looking at remuneration for Community Board members, in preparation for the Determination to be issued on 1 July 2019. As you know, we have now instituted a new size index for Councils, reflecting the size of the relative role of each Council, then setting up an individual “governance pool” for each, from which elected members will be remunerated. This system is being introduced progressively between 1 July 2019 and late 2019, following the local government election.

In our major review of local government which resulted in these changes, we focussed our decisions on Councils. Although we also asked about your views on Community Board remuneration, only 29 of the responses we received addressed this issue. Generally it was addressed by those Councils with Community Boards, while those without tended to remain silent. Of those Councils which did mention the issue, 14 suggested that the Community Board members should be paid out of the new governance pool we are currently introducing.

We would like opinions on this issue from more Councils and would appreciate it if you could let us know your views on the following two issues:

1. The Remuneration Authority is introducing a pool system under which there will be a “governance pool” for each Council reflecting the size of each Council’s total responsibilities. Should this governance pool include remuneration for Community Boards and, if so, how should it account for the impact on the relativities between Councils with Community Boards and those without?
2. There appear to be big variations in member numbers of Community Boards, even between Boards with similar populations. Regardless of your answer to (1) above, should Community Board remuneration reflect the number of residents represented by the whole board or the number of residents represented by each member?

Forty out of the 66 territorial and unitary councils (not counting Auckland) have Community Boards. Attached are three spreadsheets which we have prepared to help clarify our thinking on the issues before us. Please note they do not indicate which Community Boards might have an extra delegated authority in addition to the basic representational responsibilities that are provided for under the law. In summary, they show that the constituent populations of Community Boards range from 340 residents to 78,600. The number of members on each board also varies and appears to bear no relation to the size of the population represented. Not counting Community Board chairs, who receive twice what a member, the annual remuneration per member ranges from \$1,369 up to \$24,098. Again this does not appear to reflect population.

We would appreciate hearing your views on these issues (even if your Council does not have Community Boards) by **Friday 15 February 2019**. Any other views or information on Community Boards that you may wish to send us would be most welcome.

Meantime, may I take this opportunity to wish you and your colleagues and families all the best for a happy and safe summer break. The Remuneration Authority has very much appreciated your collaboration and assistance in 2018.

Regards,
Fran

Fran Wilde
CHAIR

14 February 2019

Dame Fran Wilde DNZM QSO JP

Remuneration Authority

PO Box 10084

WELLINGTON 6143

Dear Dame Fran,

Thank you for the opportunity to provide feedback on Community Board Remuneration. The following feedback was approved by Elected Members at a meeting of the Kāpiti Coast District Council on 14 February 2019.

Questions

The Remuneration Authority is introducing a pool system under which there will be a “governance pool” for each Council reflecting the size of each Council’s total responsibilities. Should this governance pool include remuneration for Community Boards and, if so, how should it account for the impact on the relativities between Councils with Community Boards and those without?

There appear to be big variations in member numbers of Community Boards, even between Boards with similar populations. Regardless of your answer to (1) above, should Community Board remuneration reflect the number of residents represented by the whole board or the number of residents represented by each member?

Answer

The governance pool being introduced by the Remuneration Authority for the remuneration of Councillors should not include the remuneration of Community Boards.

There are clear risks in including the remuneration of Community Board remuneration in the same governance pool as Councillors.

The principle of determining one’s own pay is problematic in itself. One’s own perception of one’s workload and may be vastly different from the perception of others.

Each community board serves a different community with differing needs and priorities. Perceptions of workload between one board and another may differ greatly.

Councillors determining the pay of community board members is a recipe for potential resentment and distrust. At worst, pitting Councillors and community board members against each other could damage working relationships and communication going forward.

Concern that a combined pool would cause acrimony has been strongly expressed by both Councillors and Community Board members.

Determining the pay of community board members is not a core function of Council.

The pay of community board members should continue to be determined by the Remuneration Authority using either its current formula or a pool arrangement for each community board.

In the 30 June 2018 paper “Determining the Remuneration of Local Government Elected Members- Oversight of Issues”, the Remuneration Authority itself expressed the view that there is flimsy evidence available about the utility or otherwise of community boards. The Authority reasoned that until such time as there is an overall review of their role, community board members’ should have remuneration adjusted annually by a maximum of the increase in public sector pay the previous year.

Any further consideration about the broad question regarding relativities between Councils with Community Boards and those without would need to be broken down into specific areas for consideration and supporting data to inform any decisions.

Yours Sincerely

K. Gurunathan JP, MA

MAYOR, KĀPITI COAST DISTRICT

Extract from www.remauthority.govt.nz

Remuneration for community board members

Base remuneration

A council's rank on the size index, used for the remuneration of mayors/regional chairs and councillors, is **not** used to size community board remuneration, which is related solely to population size.

The primary function of community boards is representation, so the Authority has taken the view that having community board remuneration linked to population is fairer to board members. It is reasonable to expect that the time, effort and expertise required to represent a large number of people would be greater than that for a smaller number of people, thus the remuneration of members of a community board serving a large population will be greater than that of members of a board serving a small population.

This does not mean that community board remuneration is an exact fixed multiple of its population; rather it means that there is relativity between a community board's population and the remuneration of its elected members.

Until such time as there is a formal review of community boards, their members are likely to receive remuneration increases in line with public sector pay increases.

Where a councillor is formally appointed as a member or chair of a community board, she or he is not automatically entitled to remuneration as a councillor as well as remuneration as a community board member. However, until the 2019 election, a council may apply to the Authority to pay some extra remuneration to that councillor from its capped fund. Following the 2019 election any such additional remuneration will come from the council's governance pool.

Chairs

The remuneration of an elected chair of a community board will be twice the remuneration of a community board member (including additional remuneration for that board's members, if any). The Authority will require confirmation that the chair will carry out the additional responsibilities for that role.

The deputy chair of a community board is remunerated as a board member. That reflects the Authority's view that the role of deputy chair is not sufficiently different from that of a board member to warrant additional remuneration. A deputy chair will be able to receive additional remuneration for any additional role of responsibility that the board might collectively have.

Increase in remuneration to reflect additional board responsibility

Until the 2019 election, if a community board has additional levels of responsibility, then the Authority may approve additional remuneration for all members of that board after receiving proposals from the relevant council. Additional levels of responsibility can be recognised only for the board as a whole, and not for individual members. Each proposal will be considered on a case by case basis. Evidence will be required to show how any community board is operating significantly above and beyond the role of community boards as outlined in section 52 of the [Local Government Act 2002](#). The maximum amount that can be added to the community board member remuneration is 30%.

Additional remuneration for community boards is not drawn from the pool of 2.0 times the basic councillor remuneration that can be used for councillor positions of additional responsibility – any additionality for a community board is over and above the maximum amount of the councillor fund.

From the time that new councils take office following the 2019 election, councils may recommend additional remuneration for community boards, but the additional amount must be drawn from their governance pool, recognising that additional work by community board members relieves councillors of this work.