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Dear Dame Fran

Christchurch City Council comment on Consultation Document, Local Government Review – Part Three – Longer Term Proposals

Introduction

Christchurch City Council (the Council) thanks the Remuneration Authority (the Authority) for the opportunity to provide comment on the Authority's Local Government Review, Part Three - Longer Term Proposals.

These comments include the Council's response on the proposals in the consultation document, the questions within the document, and commentary in support of responses. The Council does not support the proposal that councils make the decisions on elected member remuneration.

The Council welcomes the opportunity to further engage with the Authority regarding development of a system for determining local government remuneration, the proposal and implementation.

All Council elected members have been given the opportunity to provide feedback to be incorporated into the Council comment on the consultation document. The key themes of the responses provided have formed the basis of this comment on part three of the consultation document.

The Council appreciates that the Authority has extended the timeframe for comment on the proposed approach to elected member remuneration, along with presenting to Local Government New Zealand Zone meetings and held webinars on 13 November 2017. Information provided during these has been useful in preparing this information and references are included within this document.

Key Points

1. The Council supports the Authority's rationale behind the current proposal for local government remuneration, and maintaining the existing approaches detailed in paragraph 75 of the consultation document.
2. The Council does not support councils deciding on remuneration for councillors or community board members, from a governance/representation pool allocation or otherwise. The Council considers that the Remuneration Authority should determine the remuneration for all members elected to local government.
3. The Council acknowledges that a large part of the consultation document focuses on the mayor, chair or councillor roles. Community boards are an important part of the governance for this city and representatives are elected from each ward or subdivision. The Council considers that the remuneration of community boards should be based on more than population. Further comments on community board remuneration are included in this document.

With regard to the proposed factors to be used for sizing councils

Are there significant influences on council size that are not recognised by the factors identified?

Are there any factors that we have identified that you believe should not be used and why?

4. The Council has the following comments relating to the factors proposed to be used by the Remuneration Authority in the sizing of territorial authorities and other influences on council size.
5. *Population*
The Council considers population is one factor that should be included in the sizing of councils. It is noted that population does not always reflect the amount of representation required, nor take into consideration geographical aspects and isolation within or between councils. Further comment on this matter is later in this document [insert paragraph reference].
6. The Council notes information in the consultation document and points covered in the webinars about the three yearly remuneration reviews, and that the pool amount allocated to a council may change to reflect changes in population size. An example used in a webinar was the population reduction in Christchurch following the earthquakes. The Council considers that if a significant population variation takes place over a short period of time it may have other impacts on a council's workload. The Authority should have the ability to make any variation to council sizing to take into account such circumstances.
7. *Operational expenditure and asset size*
The Council considers that operational expenditure and asset size are factors that could be considered in the sizing of councils. The Council acknowledges the reference within the consultation document of the degrees of oversight and elected member influence and decision making relating to these aspects of council business and considers that these do impact upon the relevance of this factor.

8. *Social deprivation*

The Council considers that social deprivation could be a factor used in the sizing of councils. However it should not be weighted as highly as other factors.

9. *Number of guest nights*

The Council considers that guest nights statistics do not provide accurate information on the demands on councils resulting from visitors and are not suitable as a factor for sizing of councils for remuneration. For Christchurch, guest night statistics wouldn't accurately reflect the demand from visitors to the city in the post-earthquake period, cruise ship passengers, freedom campers or those using accommodation or providers not included in statistics.

10. The Council considers that *Natural hazard risk and recovery* could be another factor to consider in sizing councils. Councils throughout the country have various methods to plan, manage and financially allow for natural hazards in their regions, the risks and potential recovery requirements. This is a factor that could be considered with regard to council sizing, acknowledging that natural hazards and requirements for planning will vary throughout the country.

11. The Council considers that *geography* could be another fact to consider in sizing councils. The geography of a territorial authority can have an impact upon the demands on councils, particularly where a council may have a variation of metropolitan and rural areas and resulting issues and demands. This is a factor that could be considered in sizing as it has an impact upon representation requirements.

12. The Council acknowledges that in the webinars held it was indicated that *land area* would be a factor in council sizing. In the consultation document this wasn't identified as a factor for determining the size of territorial authorities. The Council supports that land area and geography as indicated in paragraph 10 of this document should be factors used.

13. The Council suggests that along with population, *demographic information* may be something that could be considered with regard to council sizing. Different demographics have an impact on the demands upon councils.

14. The Council appreciates that the factors proposed for sizing relate to the sizing of the council for the purposes of remuneration. During discussions with the Council's elected members to compile these comments a number of these matters came up with regard to community boards and factors that should be considered when setting remuneration for community boards within an authority. As mentioned throughout this comment, the Council considers that factors other than population should be considered when determining the remuneration of community boards.

When measuring council assets, do you support the inclusion of all council assets, including those commercial companies that are operated by boards? If not, how should the Authority distinguish between different classes of assets?

15. The Council supports that council assets should include all assets, including those of the Council's commercial companies.

Are you aware of evidence that would support or challenge the relativity of the factors for each type of council?

If you believe other factors should be taken into account, where would they sit relative to others?

16. The Council considers that the majority of the factors defined for use in sizing councils should be evenly weighted. The exceptions to this should be social deprivation and guest nights as mentioned in points above.

Should mayor/chair roles should be treated as full time?

If not, how should they be treated?

17. The Council considers that the role of mayor is a full time role. In Christchurch all councillor positions are also full time.

Should there be a “base” remuneration level for all mayors/chairs, with additional remuneration added according to the size of the council? If so, what should determine this “base remuneration”?

18. A base remuneration for mayors/chairs may be a possibility given the overall responsibilities of the role of mayor, however the Council considers that additional remuneration based on council sizing may not accurately reflect the workload related to the position in different locations.

Should councillor remuneration be decided by each council within the parameters of a governance/representation pool allocated to each council by the Remuneration Authority?

19. The Council does not support councils deciding on remuneration for its mayor, councillors or community board members. The Council supports that the Remuneration Authority should determine the remuneration for all members elected to local government nationally.

20. The Council considers that councils deciding on councillor and community board remuneration would be problematic and have the possibility to cause unnecessary tension. The impact of legislative requirements for council decision making and public participation could make decision making contentious and open councils up to unnecessary public criticism. The Council also questions if this would have an impact on the perceived value of elected members nationally.

21. The Council notes that several questions within the consultation document are written as if to assume that a governance/representation pool will be in place, the Council’s comments within these sections are not meant to infer support for this approach.

If so, should each additional position of responsibility, above a base councillor role, require a formal role description?

22. Positions of additional responsibility should be justified, however the Council hasn’t adopted a clear position on whether or not this requires a formal role description. This is something the Council could support.

23. The Council considers that the approach for positions of additional responsibility should also be able to be applied to community boards, for example deputy chairpersons. Specific comment relating to community board remuneration is elsewhere within this document.

Should each council be required to gain a 75% majority vote to determine the allocation of remuneration across all its positions?

24. If councils are to determine remuneration, which is not supported by the Council, then the 75% majority vote to determine the allocation should be required.

25. The Council suggests if councils are determining remuneration, the Authority must provide clear guidelines on its expectations for council decision making and consultation relating to this. The Authority must also ensure that the set timeline enables adequate time for councils to consider and decide on allocation of a governance/representation pool.

Should external representation roles be able to be remunerated in a similar way to council positions of responsibility?

26. The Council does not consider that external representation roles should be remunerated in a similar way to council positions of responsibility. It is acknowledged that the requirements relating to external representation vary significantly with regard to time, expectations and expertise required.

Do the additional demands placed on CCO board members make it fair for elected members appointed to such boards to receive the same director fees as are paid to other CCO board members?

27. The Council does not support elected members appointed to CCO boards receiving director fees. In September 2017 the Council resolved to adopt a Policy for the Appointment and Remuneration of Directors to Council Organisations: <https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/policies/council-organisational-policies/appointment-and-remuneration-policy>

28. As part of the decision to adopt the policy, the Council resolved that to recognise the element of public service involved, a person appointed to the governing body of an external organisation in his or her capacity as an elected member or employee of the Council will not receive the remuneration otherwise payable in respect of that appointment.

29. The Council also resolved that external organisations will be directed to donate an equivalent amount to recipients specified by the Council from time to time, the recipients being charitable organisations established for the purpose of benefitting the community (or particular sectors of it) or funds administered by the Council for the benefit of ratepayers.

Should community board remuneration always come out of the council governance/representation pool?

30. The Council does not support a governance/representation pool. If a pool allocation is put in place the Council considers that the size of the pool should

be determined taking into account that community boards are part of the governance of the relevant council.

31. The Council acknowledges that this could result in councils with community boards having a larger governance/representation pool than those without, however to ensure that all positions are remunerated fairly this may be necessary. The Authority may wish to consider whether or not community boards are included as part of the structure as a factor for council sizing.

If not, should it be funded by way of targeted rate on the community concerned?

32. The Council does not support targeted rates to fund community boards.
33. Community boards are across Christchurch in its entirety and a targeted rate related specifically to community boards not seen as appropriate or necessary.

If not, what other transparent and fair mechanisms are there for funding the remuneration of community board members?

34. The Council considers that community board remuneration needs to be based on multiple factors, not related just to population as it is currently. Factors relating to Council sizing earlier in this document can be applied, and also the delegations that community boards have. There is also the need for relativity between community boards within a territorial authority. Further detail on this is included later in this document.

Is it appropriate for local government remuneration to be related to parliamentary remuneration, but taking account of differences in job sizes? If so, should that the relativity be capped so the incumbent in the biggest role in local government cannot receive more than a cabinet minister?

35. The Council comments that remuneration for local government elected members should not be related to parliamentary remuneration. The Council considers that the roles are not comparable, which is reflected by but not limited to the responsibilities, support and legislation applicable to each area of government.

If not, how should a local government pay scale be determined?

36. As indicated in the Authority's consultation document, the local government pay scale is not easily comparable to any other sector.

Timetable

37. The Council supports current practice, proposed to be continued, that there are major three-yearly reviews of remuneration with annual updating in non-review years. The Council supports changes in remuneration in other years to reflect Statistics New Zealand's Labour Market Statistics (LMS).
38. The timetable for issuing of the determinations, particularly in election years needs to take into consideration the need for potential candidates to be aware

and understand the remuneration for positions they may wish to stand for. For 2019 the nomination period for candidates is from 19 June to 16 August.

39. If councils are required to determine remuneration from a governance/representation pool the timing of the announcement of the pool would need to allow for any required consultation and decision making to enable potential candidates to have awareness of remuneration. The Council considers that following representation reviews consideration of this could be a detailed process, required to be applied to councillor and community board member remuneration.
40. The Council acknowledges that in the recent webinars it was made clear that the Authority intends to have determinations issued a year before the election. As indicated in the paragraphs above, it is essential adequate time is available for Council decision making, and the Authority's consideration and determination.
41. Elected member remuneration is allowed for in council long term plans (LTPs). It is noted that a significant and unknown change in elected member remuneration is difficult to plan for, given that councils will be adopting LTPs in 2018.

Community Boards

42. As mentioned throughout the document, the Council has several matters it wishes to bring to the Authority's attention with regard to community boards.
43. The Council considers that current practice of community board chairpersons receiving twice the salary of members of the community board does not reflect the balance of roles in Christchurch community boards, and likely elsewhere in the country. The Council suggests that the Authority consider reducing Chairpersons remuneration to 1.5 times or 1.75 times the remuneration of community board members.
44. The Council does not support that remuneration for community boards is based solely on population. The Council has raised concerns regarding community board remuneration in the past, most recently in 2016 and continues to support a change to the approach. It is acknowledged that in Christchurch community boards vary in size of members and populations represented, and matters relating to this will be further considered by the Council.
45. Factors that should be considered in determining community board remuneration should include delegations, reflecting the decision making ability and responsibility that community boards have, and the geographical differences between community boards. There should be the ability for relativity to reduce inequity across community boards within an authority.

46. Currently in Christchurch the Banks Peninsula community board has a lower population than other wards in Christchurch, but also a larger geographic area, isolated communities and environmental issues not prevalent throughout the city. The remuneration for members elected to that community board is significantly less than the six other Christchurch community boards. Elected members have raised concerns about the remuneration level and if it has regard to achieving and maintain relativity with the levels of remuneration received elsewhere and attracting and retaining competent persons to stand in Banks Peninsula.

Other matters

47. Not specifically discussed within part three of the Authority's document, the Council acknowledges that elected members have raised queries regarding the status of local government elected members, considered by the IRD as a statutory relationship of service, and treated by councils as self-employed.

48. Points have been raised nationally regarding remuneration matters for local government elected members and the Council requests that the Authority support local government to have these matters addressed.

49. Elected members would like the Authority to consider the following as they relate to remuneration matters, acknowledging that changes may require amendments to current legislation:

- Child care subsidies or services, paragraph 3 of the consultation document references that the Authority will be consulting the sector shortly about this issue.
- Access to paid parental leave for local government elected members.
- Local government elected members' access to contributions to Kiwisaver or superannuation programmes.
- Accident Compensation Corporation levies and the work code allocated to local government elected members.

The Council and its staff, are supportive of the outcomes the Authority is seeking to achieve and would welcome the opportunity to provide continued input or support to work with the Authority to ensure these are met.

If you require clarification on any of the comments provided by the Council or additional information please contact Jo Daly, Council Secretary, phone 03 941 8581 or email jo.daly@ccc.govt.nz

Yours sincerely



Lianne Datzel
MAYOR