

12. Item 4: Retrospective Approval of Remuneration Authority Submission



PURPOSE OF THE REPORT | TE TAKE MO TE PURONGO

The purpose of this report is to agree the remuneration rates for elected members of the Queenstown Lakes District Council for the period following the election to 30 June 2023.

RECOMMENDATION | NGA TUTOHUNGA

That the Council

1. **Note** the contents of this report; and
2. **Agree** the remuneration rates for councillors of the Queenstown Lakes District Council for the period following the 2022 election to 30 June 2023 (Per Attachment A) as follows:
 - Deputy Mayor (x1) \$56,308 per annum
 - Committee Chair (x3) \$52,675 per annum
 - Councillor (x7) \$45,410 per annum

	Prepared by:	Reviewed and Authorised by:
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Position	GM Assurance Finance & Risk	Chief Executive
Signature		
Date	18 January 2023	18 January, 2023

CONTEXT | HOROPAKI

1. Elected member remuneration is set by the Remuneration Authority (Authority) on an annual basis. For election years, the period is split allowing in-coming councils to make some decisions regarding how the remuneration pool for councillors is allocated.
2. The process and timeline for this is attached: "Guidance, Process and Timeline for Setting Elected Members' Remuneration following the October 2022 Local Elections" (Attachment 2).
3. This process is somewhat simplified from previous years as the Authority has already set the remuneration for the following positions:
 - Mayor \$143,734 per annum

- Community Board Chair \$24,659 per annum
- Community Board Member \$12,329 per annum

4. For QLDC Councillors, a governance remuneration pool of \$532,201 has already been set. The Authority now awaits advice as to how Council proposes to distribute the pool among members. It anticipates that certain positions of responsibility (i.e. Deputy Mayor & Chairs of Committees) will receive an uplift in remuneration compared to councillors with no additional responsibilities.

ANALYSIS AND ADVICE | TATARITANGA ME NGA TOHUTOHU

5. The proposed QLDC structure for positions of responsibility is largely unchanged from before with the following positions now confirmed by the Mayor:

- Deputy Mayor (1.24)
- Committee Chairs (x3) (1.16)

6. The numbers in brackets reflect the relative weightings attributed to each position relative to a councillor with no additional responsibilities. These weightings have previously been approved by the Authority and reflect the additional time and responsibility of each position.

7. The Authority has provided a worksheet to calculate the allocation of the governance remuneration pool. This is included as Attachment 1: “Proposed Remuneration for Councillors Following the 2022 Local Elections Using Ratios”. The worksheet has been completed for the QLDC proposed structure and role weightings as above.

8. It is important to note that the whole governance remuneration pool must be allocated. There is no discretion for the Council to pay itself less than the determination provides for. The Authority also provides for a minimum Council remuneration (\$40,710 per annum); this comes into play in the situation where a proposal includes multiple positions of responsibility which have relative high salaries proposed.

9. Once the Council agrees to a remuneration proposal, the Authority will be notified and it will complete its review. Assuming the Authority approves the proposal, it will include the revised remuneration details in its next Determination which is expected to be in late February or early March 2023.

10. At this point, Council may use the revised remuneration rates for the balance of the 2022/23 year which will also be backdated as provided for.

11. The main features of the proposed QLDC remuneration structure are:

- Deputy Mayor \$56,308 per annum (Pre-Election 2022: \$49,728)
- Committee Chair \$52,675 per annum (Pre-Election 2022: \$46,519)
- Councillor \$45,410 per annum (Pre-Election 2022: \$40,103)

Option 1

12. Agree to the proposed remuneration rates for councillors for the Queenstown Lakes District Council for the period following the 2022 election to 30 June 2023.

Advantages:

- Provides basis of councillor remuneration which reflects positions of responsibility and is consistent with Remuneration Authority guidelines.

- Allows Remuneration Authority to review and subsequently approve the proposal which will allow full distribution of the remuneration pool to councillors

Disadvantages:

- None

Option 2

13. Do not agree to the proposed remuneration rates for councillors for the Queenstown Lakes District Council for the period following the 2022 election to 30 June 2023.

Advantages:

- None

Disadvantages:

- QLDC will miss the Remuneration Authority deadline for submitting the proposal
- Does not allow Remuneration Authority to review and subsequently approve the proposal which will not allow full distribution of the remuneration pool to councillors

14. This report recommends **Option 1** for addressing the matter because of the following reasoning:

- It provides the basis of councillor remuneration which reflects positions of responsibility and is consistent with Remuneration Authority guidelines.
- It allows the Remuneration Authority to review and subsequently approve the proposal which will allow full distribution of the remuneration pool to councillors.

CONSULTATION PROCESS | HATEPE MATAPAKI

15. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because there is no discretion for the Council to pay itself more or less than the determination provides for. The Authority sets the amount of the governance remuneration pool and the Council's decision relates only to how the pool is allocated.

RISK AND MITIGATIONS | NGA RARU TUPONO ME NGA WHAKAMAURUTANGA

16. This matter relates to the Regulatory/Legal/Compliance . This risk has been assessed as having a **low** inherent risk rating.

17. The approval of the recommended option will support the Council by allowing it to comply with the Remuneration Authority Guidance in relation to the payment of councillors for the 2023/24 year.

FINANCIAL IMPLICATIONS | NGA RITENGA A-PUTEA

18. The allocation decision has no direct financial implication for Council because there is no discretion for Council to pay itself more or less than the determination provides for. Elected member remuneration is already budgeted for in the 10 Year Plan/ Annual Plan.

COUNCIL EFFECTS AND VIEWS | NGA WHAKAAWEAWE ME NGA TIROHANGA A TE KAUNIHERA

19. The following Council policies, strategies and bylaws were considered:

- 2021-31 Ten Year Plan

20. This matter is included in the Ten-Year/Annual Plan as part of the Governance operational budgets in each year.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KAWANATAKA A-KAIKA

21. Section 10 of the Local Government Act 2002 states the purpose of local government is:

(a) to enable democratic local decision-making and action by, and on behalf of, communities; and
(b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future, by allowing it to comply with the Remuneration Authority Guidance in relation to the payment of councillors for the 2023/24 year.

22. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

23. The recommended option:

- Can be implemented through current funding under the Ten-Year Plan and Annual Plan.
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGA TAPIRIHANGA



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He Wāhi Tūhāhā. He Āmua Whakaohoho.



QUEENSTOWN
LAKES DISTRICT
COUNCIL

Attachment 1 - Worksheet 2 Calculate Councillor Remuneration Using Ratios 2022 Local Elections

Proposed Remuneration for Councillors Following the 2022 Local Elections Using Ratios



Use this worksheet to calculate the base remuneration for a councillor without additional responsibilities and to calculate the proposed remuneration for positions with additional responsibilities by assigning a **RATIO** between the two roles.

For example, ratios can be 1.05, 1.25, 1.5, 2.0 times a councillor's base remuneration. A ratio cannot be less than 1.

Before completing this worksheet, read the instructions sheet in the tab below for detailed guidance.

- 1) Enter the legal name of local authority, as listed in schedule 2 of the Local Government Act 2002:
- 2) Enter the date on which the official result of the 2022 election was declared for the local authority:
- 3) Enter number of elected members (excluding the mayor or regional council chair) on the council:
- 4) Enter local authority's governance remuneration pool as shown in the current local government members determination (\$):
- 5) Enter councillor minimum allowable remuneration as shown in the current local government members determination (\$):
- 6) Enter date of local authority's resolution proposing the remuneration for the position(s) of responsibility and/or base councillors:

7) Enter title of proposed position with additional responsibilities (ie: the title that will be displayed in the amending determination)	8) Enter number of members per position	9) Enter proposed ratio to councillor base remuneration	Effective Date*	Proposed councillor base remuneration (\$)	Proposed additional remuneration (\$)	Proposed annual total remuneration per councillor (\$)	Total (\$)
Deputy Mayor	1	1.24	10 Feb 2023	45,410	10,898	56,308	56,308
Chair of Committee	3	1.16	10 Feb 2023	45,410	7,266	52,675	158,026
Councillor with no additional responsibilities	7	1.00	15 Oct 2022	40,710	4,700	45,410	317,867

Grand Total (\$):

Balance of pool (\$):

* = For positions with additional responsibilities the effective date is the day after the date of the local authority's resolution and for councillors with no additional responsibility the effective date is on and from the day after the date on which the official result of 2022 election of members for the council is declared.

A brief description must be provided for each position of responsibility ie: specify the additional responsibilities over and above the base councillor role - covering duties, delegations, deputising and reporting obligations and the extra time involved in carrying out the additional responsibilities.

Return this completed worksheet together with a brief description of each position of responsibility to: info@remauthority.govt.nz

2022 Local Elections

Attachment 2 - Guidance to Councils 2022 Local Elections



Guidance, Process and Timeline for Setting Elected Members' Remuneration following the October 2022 Local Elections

1. Please familiarise yourself with the [Local Government Members \(2022/23\) Determination 2022 \(the principal determination\)](#) specifically:
 - **Clause 7(2)** – remuneration on and from the day after the date on which the official result of the 2022 election is declared under section 86 of the Local Electoral Act 2001 in relation to your local authority;
 - **Schedule 2** – elected members remuneration from the 2022 local elections; and the
 - **Explanatory memorandum** appended to the principal determination, which contains the governance remuneration pool (table 2) for each council that applies from the 2022 local elections.

Mayors, Regional Council Chairs, Community Board Members and Auckland Local Board Members

2. Note the governance remuneration pools do not apply to mayors, regional council chairs, community board members and Auckland local board members. Their remuneration must be paid on and from the day after the date on which the official result is declared for your council according to the provisions set out in schedule 2 of the principal determination.
3. Likewise, the pools do not apply to people who are appointed by the council to be members or chairs of council committees or to act as expert advisors to the council. The Authority cannot legally set the remuneration of non-elected people or people who are not appointed to the council under section 117 of the Local Electoral Act 2001.
4. If your council delegates significant other responsibilities than they currently hold to its community board(s) and as a consequence proposes an increase to the remuneration of its community board members, the additional funds will come out of the governance remuneration pool for your council. If this is the case for your council, please contact the Remuneration Authority (the Authority) for further information on the process to be followed.

Councillors' Remuneration

5. Your council's governance remuneration pool provides the total amount that must be paid in remuneration to your councillors and must not be exceeded. The pool also provides the council with a fair, flexible, transparent and responsive process to setting the remuneration of its individual councillors.

Governance Remuneration Pool

6. The Authority determines the total governance remuneration pool for each council. The pool that applies to each council following the 2022 local elections is listed in table 2 of the explanatory memorandum which is attached to the principal determination.
7. The council's pool includes the:
 - a. minimum allowable remuneration as determined by Authority (see schedule 2 of the principal determination) that their councillors must be paid;
 - b. remuneration for their councillors who hold positions with additional responsibilities on the council, such as deputy mayor, committee chair, portfolio lead etc; and the
 - c. remuneration for their councillors with no additional responsibilities.
8. Your council is required to fully allocate your pool amongst all your councillors.

9. Note although your council's governance remuneration pool must be fully allocated it may, for various reasons, not be fully spent during the term of the principal determination, for instance if it is a local elections year, there is a vacancy on the council or a councillor is granted a leave of absence.

Setting Councillors' Remuneration

10. The Authority determines the minimum allowable remuneration that a councillor must be paid. A councillor cannot be paid below the minimum allowable remuneration. The minimum allowable remuneration for your council following the local elections is listed in schedule 2 of the principal determination.
11. The difference between the councillor minimum allowable remuneration and the total of the allocated pool is then available for the remuneration of your councillors who take on extra responsibilities **and/or** to increase the base pay for councillors with no additional responsibilities.
12. Following the local elections, your council will need to decide how they want to allocate their pool according to their own priorities and circumstances. Your council must decide the remuneration rate for their councillors with no additional responsibilities and decide the rates for their councillors with additional responsibilities.
13. Roles to which additional differential remuneration can be attached may include not just internal council roles (such as deputy mayor, committee chair or portfolio holder) but also other jobs representing the council on outside groups such as significant work arising from being involved on community or cross-council groups.
14. Any fees payable to councillors for serving as directors on council-controlled organisations (CCOs) are not covered by the governance pool. Any applicable fees should be paid directly by the CCO.

Calculating the Distribution of the Pool

15. Attached to this guidance are the following Excel worksheets which will assist your council to fully allocate its pool:
 - **Worksheet 1** – either use this worksheet to enter the dollar amounts to calculate the councillors' remuneration; **or** alternately use
 - **Worksheet 2** – to enter the ratios to calculate the remuneration of your councillors.Both worksheets contain detailed instructions for allocating/calculating the distribution of a council's pool.

The Authority's Decision and the Amending Determination

16. Once decided your council must forward its recommendations, as a proposal, to the Authority who will consider it and make a determination that will amend the principal determination.
17. Your council's proposal must contain one of the completed worksheets **NOT** a PDF or MS Word copy and a brief description of each position with additional responsibilities. The worksheet and accompanying supporting information must be emailed to info@remauthority.govt.nz by either of the dates shown in the timeline below (shaded boxes).
18. Amending determinations will be backdated so that the remuneration proposed by your council and agreed by the Authority:
 - a. for a councillor with no additional responsibilities, will take effect on and from the day after the date on which the official result of 2022 election of members for your council was declared; and for

- b. positions with additional responsibilities, will take effect from the day following the date that your council made its formal decision/resolution on the remuneration covering those positions.

Payroll considerations

19. Your council cannot pay the proposed new remuneration rates for positions with additional responsibilities or for councillors with no additional responsibilities until the Authority has gazetted its amending determination which contains the new remuneration rates. However, it is important to note that councillors' remuneration will be backdated in the determination.
20. The minimum allowable remuneration rate for councillors as shown in schedule 2 of the determination takes effect from the day after the date on which the official results for the council are declared (see subclause 7(2) of the principal determination). This is the pay that all councillors must receive at this stage.
21. Approved remuneration rates for the positions with additional responsibilities will then be backdated to the day after your council formally voted/resolved to confirm its recommendation(s). The approved remuneration rates for your councillors with no additional responsibilities are backdated to the day after the date on which the official result for your council was declared.

Timeline

Action	By Whom	Date
Familiarisation by elected members and staff with the process	Councils	Up till remuneration proposals submitted
Incoming councils formally decide remuneration attached to different roles within allocated pool and forward proposals to Remuneration Authority (round 1)	Councils	Proposals must be submitted by <u>Wednesday 16 November 2022</u> to meet deadline for the first amending determination
Remuneration Authority considers councils' proposals	Remuneration Authority	From 10 October to 19 November 2022
Amending determination drafted	Parliamentary Counsel Office	From 21 November to 15 December 2022
First amending determination is gazetted	Remuneration Authority	Thursday 22 December 2022
Incoming councils who miss the 16 November deadline, must formally decide remuneration attached to different roles within allocated pool and forward proposals to Remuneration Authority (round 2)	Councils	Proposals must be submitted by <u>Friday 27 January 2023</u> to meet deadline for second amending determination
Remuneration Authority considers councils' proposals	Remuneration Authority	From 16 January to 31 January 2023
Second amending determination drafted	Parliamentary Counsel Office	From 3 February to 17 February 2023
Second amending determination gazetted	Remuneration Authority	Late February/early March 2023