

(To be placed on a letterhead)

Date: 17 September 2017

The Chair
Remuneration Authority
Resimac House Level 11
45 Johnston Street
Wellington 6011

info@remauthority.govt.nz

Dear Sir/Madam,

RE: Submission from Waikato District Council on the Remuneration Authority's Long Term Proposals for Local Government

The Waikato District Council (WDC) welcomes the opportunity to provide feedback on the Remuneration Authority's long term proposals for local government as contained in the Local Government Review Consultation Document.

Our council's submission is laid out in accordance with the questions posed in each section of the Consultation Document.

Council Sizing

Q1: Are there significant influences on council size that are not recognised by the factors identified?

The Remuneration Authority has listed the following as significant influences on the size of a council:

- Population
- Operation expenditure
- Asset size
- Social deprivation
- Number of guest nights (which represents the demands on councils (e.g. infrastructure development and service provision) resulting from visitors.

WDC contends that the size of a council should not just be about population size but also geographic size. In a district as big as the Waikato district, it is far more challenging for elected representatives to traverse long distances to meet and engage with communities. The

Waikato district is also one of the fastest growing districts in New Zealand and our communities are becoming more diverse due the growth pressures from both Auckland and Hamilton especially. The district also sits at the heart of the 'golden triangle' between these two cities and Tauranga.

Whilst a city such as Hamilton may have a larger population (161,000 as at June 2016 compared with Waikato district's 71,000 people at the same time) it does not mean that it is easier for a council's elected representatives to serve a territorial authority area containing a smaller population. WDC therefore recommends that the Remuneration Authority consider including geographic size as a key factor in considering council size.

Another key factor that also needs to be considered by the Remuneration Authority is the rate of growth. Household growth rate in Waikato district is expected to surpass Hamilton and match Auckland's growth rate over the next 26 years (Market Economics: 2017)¹.

The key issue for our council is that pay across councils in the country needs to be equitable. There should be a base factor for remuneration. At the moment, because of the way elected representative remuneration is structured, there are no incentives for potential candidates considering standing for elected office.

Q2: Are there any factors that we have identified that you believe should not be used and why?

WDC contends that the number of guest nights is not an equitable factor if taken across the board. Visitor pressure in the Waikato district is localised and pertinent especially to Raglan (on the west coast). The number of guest nights at a district-wide level may be more pertinent to districts such as the Queenstown Lakes District.

Q3: When measuring council assets, do you support the inclusion of all council assets, including those commercial companies that are operated by boards?

Yes.

Q4: If not, how should the Remuneration Authority distinguish between different classes of assets?

N/A.

Q5: Do you support the following weighting to the factors informing Council size?

¹ Waikato District Social and Economic Profile compiled by Market Economics Consulting.

The Remuneration Authority's current view of the highest to lowest influence on size for territorial authorities is as follows:

1. Population; operational expenditure
2. Assets
3. Deprivation index; visitor nights.

No. WDC does not believe that the above weighting rank is fair and proposes the weighting proposed below instead (see answer to the next question):

Q6. If there are other factors that should be taken into account, where would they sit relative to those identified above?

WDC proposes the following weighting for the Remuneration Authority's consideration:

1. Population, rate of growth and geographic size (65%)
2. Operational expenditure (20%)
3. Assets (10%)
4. Deprivation index (5%)

Mayor/Chair Remuneration

Q7: Should mayor/chair roles should be treated as full time?

Yes.

Q8: Should there be a 'base' remuneration for mayors and chairs?

Yes.

Q9: What should determine the 'base remuneration?'

The base rate for all councils should include the additional factors (geographic size of a territorial authority and its rate of growth) as identified by WDC above. The base remuneration could be categorised for the different types of territorial authorities and on top of this, the additional remuneration can be added based on the size of council (which should include the additional factors identified by WDC).

Councillor remuneration

Q10: Should councillor remuneration be decided by each council within the parameters of a governance/representation pool allocated to each council by the Remuneration Authority?

Yes. Our council would like flexibility in this regard and prefers deciding on councillor remuneration once the parameters are set by Remuneration Authority. Our view is based on the fact that Council has a better understanding of its challenges and workloads and is in a best position to determine representation pool.

Our Council feels strongly that the current low level of councillor remuneration is undermining the democratic representation principle that councils are meant to be based upon. Our experience has shown that high growth equates to higher workload for our councillors so, under the current remuneration system, elected representatives have to be able to afford running for Council since the role (especially for a high growth council such as ours) requires full time commitment.

In other words, potential candidates have to have the economic freedom to be able to sacrifice an average of between 33-38 hours per week attending council meetings and workshops (including preparation time). If you add to this the time spent in the community (community engagements, community meetings etc) this takes the average time commitment to between 44-48 hours a week based on the experiences of our councillors.

It can be argued therefore that a large part of our community is excluded from this important representation role as the current low level of councillor remuneration is not reflective of the huge time commitments required in a high growth council such as ours. This means that many people would be able to afford to undertake a council role if remuneration was more reflective of the modern role of councillors. As it is at the moment councils don't get balanced representation. Councillors need to be able to afford to live with lower income than they would otherwise be able to secure from non-council representative roles and hence that's why council representation is compromised.

Q11. Should each additional position of responsibility above a base councillor role, require a formal role description?

Yes.

Q12: Should each council be required to gain a 75% majority vote to determine the allocation of remuneration across all its positions?

Yes.

Q13: Should external representation roles be able to be remunerated in a similar way to council positions of responsibility?

~~No. We believe that this is not necessary on the basis that there is an even distribution of workload within the council.~~ Yes. Due the increased role that councillors are performing with regards to regional and sub-regional initiatives (e.g. Waikato Mayoral Forum, Waikato Plan, Regional Transport Committee, Future Proof, Hauraki Gulf Forum - to name a few) the demands on our councillors has increased.

In this regard, the role of the Mayor in particular has changed over the last four to five years in relation to supporting some of these regional and sub-regional initiatives. Because of this, the Mayor has had to pass additional workload to other senior councillors and the Deputy Mayor especially, to cover what would traditionally be his day-to-day workload. These roles are appointed positions and are important in ensuring that the issues being experienced within the district, especially in light of rapid growth, are suitably informing sub-regional and regional initiatives.

External bilateral and multilateral partnerships have also been formed with Auckland Council, Auckland Transport, and WaterCare – all of which places additional demands on the role of the mayor and our councillors.

Q13: 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 paid to other CCO board members?

Yes.

Community Boards

Q14. Should community board remuneration always come out of the council governance/representation pool?

No.

Q15. If not, should it be funded by way of a targeted rate to the community concerned?

Yes. The discretionary fund allocation should be informed by a targeted rate for a particular community board. WDC's understanding is that the Remuneration Authority is keen for

the pool to be applied to councillors only (the current pool covers both). We support the pool being applied to councillors only on the basis that community board representatives will be covered by a targeted rate.

Q16: If not, what other transparent and fair mechanisms are there for funding the remuneration of community board members.

N/A.

A Local Government Pay Scale

Q17: Is it appropriate for local government remuneration to be related to parliamentary remuneration?

Yes.

Q18: If so, should the relativity be capped so that the incumbent in the biggest role in local government cannot receive more than that of a cabinet minister?

Yes.

Q19: If not, how should a local government pay scale be determined?

N/A.

This concludes the submission from WDC on the questions posed by the Remuneration Authority.

I thank you once again for giving our Council the opportunity to provide this feedback.

Please do not hesitate to contact me should you require any clarity on any matters raised in this submission.

Yours faithfully

Allan Sanson

MAYOR