

Meeting of the Hawke's Bay Regional Council

Date: 30 August 2023
Time: 1.30pm
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Attachments excluded from Agenda

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Hawke's Bay Regional Council

Fees Review for:
Tāngata whenua representatives (Māori
Committee)

Prepared by:
Cathy Hendry, Managing Director

Rachel Bate, Senior Consultant
Strategic Pay
July 2023

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Overview

Desiree Cull, Strategy & Governance Manager for the Hawke's Bay Regional Council ("HBRC" hereafter), has commissioned Strategic Pay Ltd to provide a review of fee levels for Tāngata Whenua members of the Māori Committee.

Cathy Hendry and Rachel Bate remotely attended a Māori Committee workshop on 8th February and conducted an interview with Co-Chair Mike Paku on the 24th April to understand the scope and complexities of the role of Tāngata whenua representatives on the Māori Committee.

In addition to the interviews, Strategic Pay also reviewed the terms of reference of the committee and considered the time commitments of the members of the Committee by reviewing previous meeting schedules as provided by the Governance Team. Finally, Strategic Pay also considered advice provided to other councils regarding tāngata whenua members on similar committees to ensure a consistent and fair approach.

Our approach involved:

- Using a modification of our proprietary Director Evaluation Methodology ("DirectoRate" which considers nine factors involving Board of Director work) called for convenience "CommitteeRate," to consider Committee work and relying on seven factors, to develop our understanding of the Māori Committee's role;
- Reviewing what similar roles would be paid if the Māori Committee were under the purview of the NZ Government's State Services Commission's Cabinet Fees Framework;
- Looking at Committee fee levels and overall fee levels compared to data collected and analysed in our annual February 2023 [New Zealand Directors' Fees Survey](#);
- Reviewing the fees paid to the HBRC Councillors and understanding the relativities between Councillor roles and pay and those of the RPC and those of the Māori Committee.



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Background

HAWKES' BAY REGIONAL COUNCIL ("HBRC")

The HBRC is the local authority charged with regional planning responsibilities for managing the natural resources (air, water, land, coast, biodiversity) across a large portion of the east coast of the North Island.

The region's total land area is around 14,200 square kilometres (1.42 million hectares). It includes mountain ranges to the north and west, 350km of diverse coastline (cliffs, estuaries, sand beaches, gravel beaches), and productive plains and hill country.

The region is determined by river catchments and Hawke's Bay has 7 major rivers; Wairoa, Mohaka, Esk, Ngaruroro, Tutaekuri, Tukituki, and Waipawa.

The Council is composed of nine Councillors and a Chair and Deputy Chair.

The HBRC Council is paid as follows, as of 2022-23 financial year:

- Chair - \$142,761
- Deputy Chair - \$67,860
- Councillor - \$61,000
- Councillor with Committee Chair - \$67,860

The proposed meeting schedule and work program for 2023 (as per the Council Calendar as at July 2023) is as follows:

- 12 full Council Meetings
- 34 Council Committee meetings including joint committee meetings – not all Councillors sit on all Committees. There are nine Committees in total.
- 31 workshops

We note that over the past 12 months (June 2022 – June 2023), the Māori Committee meetings came to 12.3 hours in total.

MĀORI COMMITTEE

The focus of this report is the determination of fees for Tāngata Whenua members of the Māori Committee and we note the following concerning this committee:

The Māori Committee ensures Māori input into various activities of the Council, including active participation in the decision-making processes. The Committee provides leadership and relevant information to Council regarding economic, social, environmental and cultural matters regionally that support sustainable resource management and economic growth.

The Māori Committee makes recommendations to Council on matters of relevance affecting the tāngata whenua of the Region and to help fulfil the Māori consultative requirements of the Council particularly with regards to the principles of the Treaty of Waitangi, Local Government Act 2002 and the Resource Management Act 1991.



The Māori Committee has been in existence since the 1990s and plays a key role in ensuring tāngata whenua are meaningfully engaged across all levels of HBRC's operation. The Committee also provides input into the Long Term and Annual Plan in relation to issues of importance to Māori from the region and other strategic community issues. The intent is to work within the framework of Tiriti o Waitangi.

The Māori Committee is comprised of 13 representatives nominated by each of the four Ngāti Kahungunu Taiwhenua and the board of Ngāti Kahungunu Iwi Incorporated. It is the responsibility of the members to ensure consultation and feedback to hapū and marae and promote tāngata whenua interests in the Council's decision making process. Four elected members also sit on the Committee.

- The Tāngata Whenua representatives on the Māori Committee are paid \$452 per meeting.
- Each Taiwhenua representative has the ability to appoint an alternate representative if their usual member is unable to attend a particular meeting. We are aware the currently three of the four Taiwhenua involved have an alternate in place. When attending, the alternates can claim meeting fees and mileage at the same rates as full Committee members.
- The Co-Chairs are each paid \$13,750 per annum, which is the equivalent of the PSGE appointed RPC Co-Chair Salary base annual fee split between them.
- Māori Committee members who serve on other Council Committees are paid \$452/meeting plus travel.

Recommendation Summary

We recommend that annual Committee fees for Tāngata Whenua Members of the Māori Committee be aligned to the SSC cabinet fees framework by applying the calculated daily rate as a per meeting fee to acknowledge the additional work required pre and post meetings. However, we note that based on this methodology, the recommended meeting fee would be **\$435** which is currently lower than the current per meeting fee of **\$452**. We would therefore recommend that HBRC keep the meeting fee at the current rate and over time align this back to the SSC Framework levels which are reviewed every 3 years (last updated in October 2022). On reviewing per meeting fees across other councils for similar Committee's, we have observed that HBRC fees are at the upper end of the ranges offered.

With regards to the Co-Chairs, we note that currently the rate is aligned to the Chair rates of the RPC and this is seen as fair and reasonable. We would therefore recommend that the Co-Chair Fees continue to align to the RPC rates noting the new recommendation range of **\$15,000 - \$17,000**. (1/2 of the recommended \$30,000 - \$34,000 per annum for the RPC Co-chair).

We would also recommend that the per meeting fee remains for Māori Committee members attending Council Committee meetings and workshops outside of the Māori Committee including the Co-Chairs.



Summary Results – Methodologies for Māori Committee

Sample	Base Annual Fee (\$)
SSC Fees Framework	435 per meeting
DirectorRate and CommitteeRate	7,253
Relativities to Councillor Analysis	4,880 – 6,100

We have considered the results of these three methodologies, and it is our view that the SSC Fees framework is the most appropriate approach for the setting of fees for this committee. The current per meeting fee is similar to what is currently offered to members and in our view is set at an appropriate rate. We note that we have followed a similar approach for advising Fees for other Tāngata Whenua Council Committees.

We have included the CommitteeRate and relativity analysis for information only as these two methodologies are based on an annual fee, there is no way of easily converting them to a per/meeting fee.

CONTEXT AND PROCESS TO FEE SETTING RECOMMENDATION

In setting fee levels the importance of understanding both the extent, context and scope of the workload is important. We have done this through application of the State Services Commission's Fees Framework scoring methodology as well as our DirectorRate methodology. There is overlap between the two in terms of factors to be considered. This is explained in the appendices.

In reviewing the fee levels we have taken into account:

- The fees Councillors and RPC members receive and respective relativities to Māori Committee fees;
- The broader marketplace for governance fees including the Cabinet Fees framework, other broadly similar work we have conducted
- Our annual [New Zealand Directors' Fees Survey](#) as of February 2023.
- What advice and approach Strategic Pay have taken when making recommendations to other similar entities in a Council setting.

In assessing fee levels for the Māori Committee, we believe that relativity is important and our view is that fees paid to Councillors and PSGE members of the RPC should be factored into a final determination on fee. We note this is consistent with other work within local government and Iwi that we have conducted and reflects the position across the country as to the setting of fee levels in the Public Sector regardless of who is appointed, what the nature of the organisation is, or what sector we are talking about.

Appendix 1 Analysis to Support Recommendations

STATE SERVICES COMMISSION – CABINET FEES' FRAMEWORK

In our view, the State Services Commission's Cabinet Fees Framework, last reviewed in October 2022, is a relevant framework to consider as part of the review of the fee levels for Tāngata Whenua members. It is designed to address appropriate fees for members appointed to bodies in which the Crown has an interest. Certainly, this includes Hawkes' Bay Regional Council generally.

Such Bodies are classified into four groups as follows:

- Royal Commissions, Commissions of Inquiry and Ministerial Inquiries
- Statutory Tribunals and Authorities
- Governance Boards
- All Other Committees and Other Bodies.

In our view, the Māori Committee falls into Group 4: All Other Committees and Other Bodies.

Within the Group 4 assessment, there are four Factors as follows:

- Skills, Knowledge and Experience Required for Members
- Function, Level and Scope of Authority
- Complexity of Issues
- Public Interest and Profile.

Each Factor has its own range of Scores.

We have scored the Regional Planning Committee as follows, based on our understanding;

- Skills, knowledge and experience **Score: 8** out of 12 maximum
- Function, Level and Scope of Authority; **Score: 4** out of a maximum of 6
- Complexity of Issues: **Score: 3** out of a maximum of 5
- Public Interest and Profile: **Score: 4** out of a Maximum of 5
- **Total Score: 19.**

Daily Rates: SSC Fees Framework Group 4; Level 3

Total Score	Level	Daily Rate Fees Range Chair	Daily Rate Fees Range Member
15 to 19 points	3	\$308 to \$633	\$226 to \$435

Typically, when we use the SSC Fees Framework for setting fees, we recommend an annual set fee based on anticipated hours however, these fees are intended to cover a wide range of governance groups with varying levels of time commitments. Given there is an option for the Taiwhenua representatives to nominate alternates to attend Māori Committee meetings we believe a per meeting fee is still the most appropriate way to remunerate the members. However, we would recommend the daily rates are used as the meeting fee to recognise that there is additional work required outside the set meetings.



On this basis we would recommend the following fees:

- **\$633** daily rate for Co-Chairs.
- **\$435** meeting rate for Members.

DIRECTORATE APPROACH – “COMMITTEERATE” VARIATION

Specifically for this project with HBRC, we have modified our Strategic Pay Limited proprietary DirectoRate methodology to assess market competitive Committee fees rather than Board Director Fees. An explanation of the DirectoRate methodology appears in Appendix 2.

We have scored these factors based on the feedback and input from our discussions and review of information as follows:

Factor	Score 1-5
1 Complexity of Operating Environment	3
2 Innovation/Intellectual Complexity	2
3 Committee Discretion/Autonomy	2
4 Stakeholder Management	4
5 Financial Impact	1
6 Liability/Risks	2
7 Public Perception/Reputational Risk	3
Average	2.43

This score sits towards the lower quartile of the midpoint of the Score range, suggesting fee placement for Members at Committee Fee **lower quartile levels**.

Per the Strategic Pay Limited February 2023 [New Zealand Directors' Fees Survey](#), the market median Committee member fee is **\$7,253**. (See Appendix 1 on page 15).



RELATIVITIES TO COUNCILLOR ROLES AND FEES

We have considered the respective complexity, scope, workload and decision-making powers of both HBRC Councillors the Tāngata Whenua members of the RPC and the Māori Committee.

It is our view that the work of the Māori committee does not equate to the workload of an elected councillor, specifically in two areas:

- 1 The work of the Māori Committee is but one committee of Council. We note there are nine other committees plus the full Council meetings that Councillors attend;
- 2 Councillors' workloads and mandate requires them to work across a number of committees and consequently their volume of work is higher overall.

We note that the Māori Committee has a partnership role with council and while it makes recommendations to Council in relation to matters of significance to Māori, the Council is not mandated to follow through on all recommendations. We do see this as a key differentiator from the duties and functions of the RPC.

We note that members of the Māori Committee may also attend other committee meetings, they are paid an additional fee for this, therefore it is important to separate this commitment from the fees set for membership on the Māori Committee.

Conclusion:

We have considered all the information provided by all parties regarding workload, time commitment, complexity and scope of work. In addition, we have considered advice provided on fees for similar committee's in other councils and based on these factors, were we to use this methodology to set fees, we would recommend that the base annual fees for the Tāngata Whenua members of the Māori Committee should be set in a range between **8-10%** of the Councillor's base annual fees.

That means that **Māori Committee annual fees for Tāngata Whenua members should be set in a range of \$4,880 - \$6,100 per annum**



APPENDIX 2: NEW ZEALAND DIRECTORS' FEES SURVEY – FEBRUARY 2023

This annual Survey is the basis for understanding current trends and practices in the payment of Director Fees at New Zealand organisations. This is the 31st Director's Fees Survey conducted by Strategic Pay Ltd (the longest running survey of directors' fees in the country). 400 organisations contributed data to the 2023 [New Zealand Directors' Fees Survey](#). 1,878 individual directorships were analysed for the data.

The Survey combines information from three sources:

- Organisations from the Strategic Pay database
- Questionnaires sent to Strategic Pay master mailing list
- Publicly available annual reports and NZX listings.

The data is reported as at 1 February 2023.

Board Committees

Of the organisations that responded, ninety-eight percent have an audit committee and fifty-seven percent have a remuneration committee.

Twenty-three percent of participants also have other committees, which encapsulate a range of priorities from Covid-19 to development, disclosure or sustainability planning.

Type of Committee

Committee	Board (sample size)	Av. No. Meetings p.a.	Av. No. of Directors	Pay Chair Fee	Pay Member Fee
Audit	285 (98%)	5	4	60%	22%
Remuneration	167 (57%)	3	3	48%	22%
Risk	17 (6%)	5	4	21%	-
Finance	7 (2%)	4	4	-	-
Health & Safety	58 (20%)	4	4	33%	13%
Investment	13 (4%)	4	4	33%	-
Nominations / Governance	45 (15%)	2	4	15%	12%
People & Culture	32 (11%)	4	3	53%	16%
Other	67 (23%)	7	4	32%	15%

- Not enough data to calculate

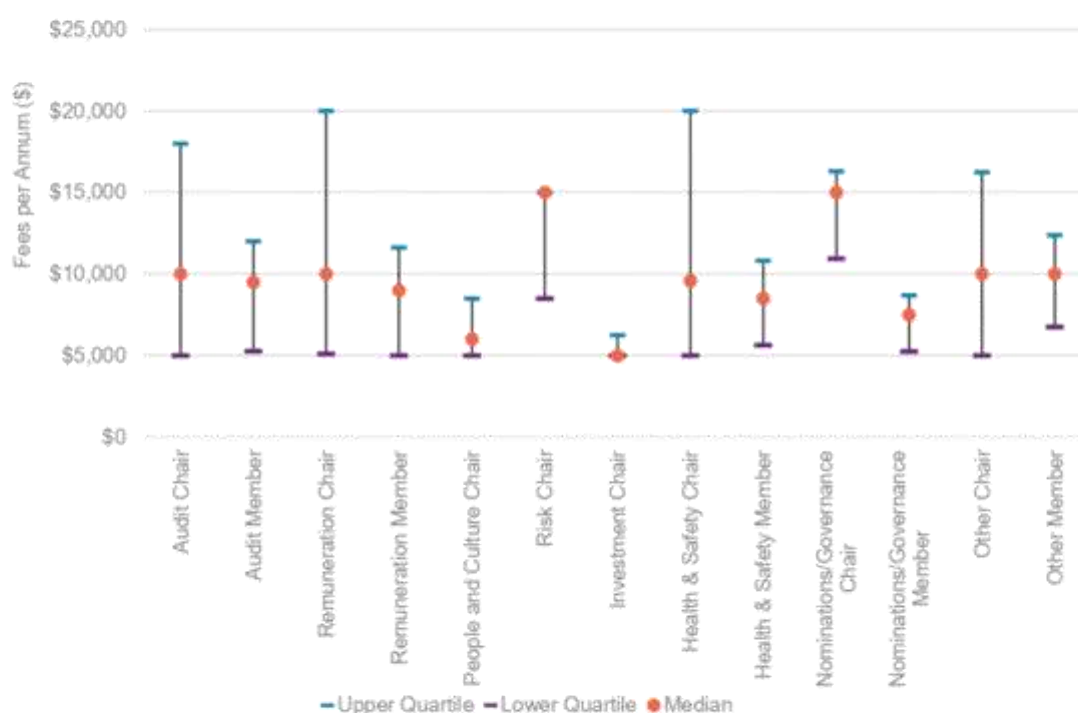


Committee Fees by Committee Type

Committee	Chair Fees				Director Fees			
	Lower Quartile	Median	Upper Quartile	Average	Lower Quartile	Median	Upper Quartile	Average
Audit	5 000	10 000	18 000	13 096	5 263	9 500	12 000	9 635
Remuneration	5 100	10 000	20 000	12 935	5 000	9 000	11 625	8 656
Risk	8 500	15 000	15 000	14 789	-	-	-	-
Finance	-	-	-	-	-	-	-	-
Health & Safety	5 000	9 583	20 000	12 797	5 625	8 500	10 813	8 656
Investment	5 000	5 000	6 250	6 000	-	-	-	-
Nominations / Governance	10 937	15 000	16 290	13 230	5 250	7 500	8 690	6 626
People & Culture	5 000	6 000	8 500	8 679	-	-	-	-
Other	5 000	10 000	16 250	12 460	6 750	10 000	12 375	9 959
Average		10 073			7 253	8 900	11 100	

- Not enough data to calculate

The graph below demonstrates the ranges of committee fees. For example, at the median, the audit committee chair is paid \$10,000 per annum, but those fees rise to an upper quartile of \$18,000 and lower quartile of \$5,000.





APPENDIX 3: STRATEGIC PAY DIRECTOR FEE METHODOLOGY

Strategic Pay has developed an evaluation methodology to assess the relative complexity, risk and scale of an organisation. The methodology has a number of factors we believe can be applied to any organisation to provide a means of assessing appropriate director fees. This is not an evaluation of the individual directors, or the performance of the organisation, but an evaluation of the organisation as a whole, in relation to the role of the directors. The factors are also based on the fundamentals of the organisation, not the skills or requirements of individual directors.

The methodology can be applied to a governance board for any type of organisation. **We have distilled the key factors that affect the complexity, workload, responsibility and risk carried by directors, and that therefore should have some influence on overall fees.**

All of the factors we have selected are interdependent and potentially impact on each other. However, we have tried to capture the most important elements that may impact on the complexity of the governance role and how this should be rewarded.

As a whole, we believe they are a good measure of the overall relative size, complexity and responsibility of the directors.

DirectorRate® Factors

- Complexity of Operating Environment

This factor evaluates the complexity of the environment in which the organisation operates.

- Innovation/Technology/Intellectual Complexity

Organisations have varying levels of complexity of the products or services that they provide. This adds to the difficulty of the directors' role.

- Board Discretion/Autonomy

Whilst a governance board always has overall responsibility for the direction and strategy of the organisation, this can vary greatly between organisations.

- Stakeholder Management

The level of interaction required with shareholders also adds to the complexity of the directors' role.

- Revenue/Capital Risk

Some organisations have very little risk regarding their income and funding, whilst for others income can be highly variable and requiring constant monitoring by the board.

- Liability Risk to Organisation

The risk of insolvency, or serious financial uncertainty, or potential for serious health and safety events is a significant responsibility for directors.

- Public Perception/Organisation Profile Risk

Most directors will evaluate the potential reputational risk in joining a board.

- Organisation Revenues and Assets

Annual revenues/turnover and Total Assets of the organisation



APPENDIX 4: ABOUT STRATEGIC PAY LTD

About Strategic Pay

At Strategic Pay we provide innovative solutions to help organisations meet their strategic remuneration, performance development and improvement goals. We help improve your overall performance by ensuring employee effort, remuneration and rewards are closely aligned with business objectives.

Deliver strategic rewards

We work with you to provide a compelling proposition that attracts retains and motivates the best people.

Our adaptable solutions include:

- Remuneration and reward strategy development
- Executive remuneration, performance and incentives advice
- Salary options using job evaluation, grades, bands or benchmarks
- Salary review management, including processes, tools and training
- Performance development systems, including customised design and implementation

Access New Zealand's largest remuneration data services

We offer an unrivalled suite of over 30 nationwide and specialist industry and sector remuneration survey reports, based on New Zealand's largest remuneration database.

Use smart technology

We understand busy HR practitioners' needs and offer a range of smart tools to manage remuneration and survey submissions:

- RemWise®: a remuneration tool to manage all aspects of your salary review, market data and survey submissions
- Rem On-Demand®: online access to remuneration reports, resources and insights
- PayCalculator: survey data at your fingertips

Drive organisation performance

Superior organisational performance is critical to delivering strategic business objectives. Speak to us today about using PLUS+ to develop a future proof strategy, an organisational model and structure that supports the strategy and matching the right people to accountabilities best designed to deliver the strategy in your organisation.

Build capability

Through a range of workshops, we provide clients with comprehensive short courses in Remuneration. We also offer training programmes that can be tailored to meet your specific requirements.

Consulting

Strategic Pay services clients across New Zealand and the Pacific from our various locations. Our consultants regularly travel around the country and overseas to visit clients and are happy to meet wherever you are.

Find out more at www.strategicpay.co.nz



Hawke's Bay Regional Council: Regional Planning Committee

Fees Review for:
Tāngata Whenua Members (Regional Planning
Committee)

Prepared by:
Cathy Hendry, Managing Director

Rachel Bate, Senior Consultant
Strategic Pay
August 2023

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Overview

Desiree Cull, Strategy & Governance Manager for the Hawke's Bay Regional Council ("HBRC" hereafter), has commissioned Strategic Pay Ltd to provide a review of fee levels for Tāngata Whenua or PSGE appointed members of the Regional Planning Committee ("RPC" hereafter).

Cathy Hendry and Rachel Bate remotely attended an RPC PSGE Appointee's workshop on 17th May. An in-person visit to Napier was cancelled as a result of Cyclone Gabrielle, we note this led to a delay to the project.

Strategic Pay reviewed the fees in 2019 and as per the proposal presented in September 2022 proposed a similar approach to our 2019 report. We note the following terms of reference have been specified for this review:

- 13.1. confirm current composition of Council and its committees
- 13.2. confirm current RPC PSGE appointees' fees paid
- 13.3. examination of the Council and committee meeting schedule and consider the time commitment for tāngata whenua representatives on the RPC
- 13.4. examination of any projects or challenges of note confronting the RPC during the term including but not limited to meetings and discussion for the Kotahi Plan
- 13.5. acknowledgement of any particular board skills or expertise that need to be considered e.g. 'Making Good Decisions' training with respect to the Resource Management Act
- 13.6. reference to current salary setting arrangements for tāngata whenua representatives of the RPC
- 13.7. provide remuneration advice which is consistent with similar organisations throughout New Zealand to determine appropriate Committee fee levels for the tāngata whenua representatives of the RPC, including appropriate meeting fees when participating in other meetings, such as workshops and wananga, as a representative of the RPC.
- 13.8. provide scoring of governance roles and positions on an independent, objective basis which is consistent with the State Services Commission's Cabinet Fees Framework 2022
- 13.9. evaluate the RPC governance roles and size these against fees paid in the NZ market for comparably sized roles
- 13.10. provide a draft report and deliver all requested background materials which cover the following information, to the delegated sub-group and RPC Co-chair by 31 May 2023 :
 - 13.10.1. background information and the context identified above
 - 13.10.2. Summary of remuneration recommendations
 - 13.10.3. application of SSC's Cabinet Fees Framework to governance roles of tāngata whenua members
 - 13.10.4. results of Director evaluation methodology.



Our approach involved:

- Using a modification of our proprietary Director Evaluation Methodology ("DirectoRate" which considers nine factors involving Board of Director work) called for convenience "CommitteeRate," to consider Committee work and relying on seven factors, to develop our understanding of the RPC roles;
- Reviewing what similar roles would be paid if the RPC were under the purview of the NZ Government's State Services Commission's Cabinet Fees Framework;
- Looking at Committee fee levels and overall fee levels compared to data collected and analysed in our annual February 2023 [New Zealand Directors' Fees Survey](#);
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The region's total land area is around 14,200 square kilometres (1.42 million hectares). It includes mountain ranges to the north and west, 350km of diverse coastline (cliffs, estuaries, sand beaches, gravel beaches), and productive plains and hill country.

The region is determined by river catchments and Hawke's Bay has 7 major rivers; Wairoa, Mohaka, Esk, Ngaruroro, Tutaekuri, Tukituki, and Waipawa.

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- Chair - \$142,761
- Deputy Chair - \$67,860
- Councillor - \$61,000
- Councillor with Committee Chair - \$67,860

Councillor Fees are determined by the Remuneration Authority and are reviewed annually each June. We note that the Authority does not have the mandate to set the remuneration of council appointed members, such as mana whenua representatives.

For the purposes of this report 16 days per annum has been applied to estimate hours spent by Tāngata Whenua Representatives, which is the same number of calculated days that we applied in our review in 2019. We note that while the number of RPC meetings have dropped since 2019, this reflects the use of other forums to progress Kotahi Plan work such as the All Governors Forum, not that the workload has reduced.



REGIONAL PLANNING COMMITTEE

The focus of this report is the determination of the annual fees for Tāngata Whenua members of the RPC and we note the following concerning this committee:

The work of the RPC covers all aspects of natural resource use in the Council's catchment area. Decisions made and recommendations put forward to Council are designed to determine the use of the natural resources of the region for the indefinite future and therefore the committee's work represents a significant part of the work of Council and has a significant influence on the economic future of Hawke's Bay. Understanding and applying the Resource Management Act (RMA) is central to this Committee's work.

The RPC was established under special legislation in 2014, as a joint committee with equal representation from Tāngata Whenua and HBRC Councillors. All members have voting rights, with recommendations to HBRC requiring 80% consensus before full Council consideration. The recommendations may be either accepted by Council or if declined, they must be referred back to the RPC for a further decision. To date, HBRC has not declined the RPC's recommendations, an indication of the RPC's power.

We note that since the last review, the Council has started work on the Kotahi Plan, which includes a review of the Regional Policy Statement, Regional Resource Management Plan and Regional Coastal Environment Plan. The members anticipate this will be a large focus for the RPC and likely increase workloads. The recent cyclone and recovery efforts has resulted in a pause in this plan while Council staff focus on recovery.

The RPC is comprised of 9 representatives of Post Settlement Governance Entities (Tāngata Whenua) and nine elected representatives (all Councillors). There are two Co-Chairs and two Co-Deputy Chairs, one from each group respectively. Payment is as follows:

- The Tāngata Whenua representatives are each paid a \$13,750 base annual fee per year
- The Co-Deputy Chair is paid an \$20,625 base annual fee.
- The Co-Chair is paid a \$27,500 base annual fee.
- Those Tāngata Whenua members who serve on Council Committees are paid \$452/meeting plus travel.

We note within the Council adopted RPC Terms of Reference clause 13.2 notes the following in relation to the setting of Remuneration:

- The Tāngata Whenua Representatives and the Tāngata Whenua Co-Chair shall be remunerated for their services by the Council. The level of remuneration shall be determined promptly following each triennial election of Councillors by two independent persons (Appointees), one of which is appointed by the Council Co-Chair, and the other by the Tāngata Whenua Co-Chair. The Appointees must have regard to:
 - 13.2.1. the need to minimise the potential for certain types of remuneration to distort the behaviour of the Tāngata Whenua Representatives and the Tāngata Whenua Co-Chair in relation to their respective positions on the Committee;
 - 13.2.2. the need to achieve and maintain fair relativity with the levels of remuneration received by elected representatives in RMA policy development roles; and
 - 13.2.3. the need to be fair both:
 - 13.2.4. to the persons whose remuneration is being determined; and
 - 13.2.5. to ratepayers; and



- 13.2.6. the need to attract and retain competent persons.

We understand, following discussions with the Co-Chair Tania Hopmans that the Tāngata Whenua Representatives have agreed in this review to only use one independent party. Strategic Pay are the appointed party in this instance.

Recommendation Summary

We recommend that annual Committee fees for Tāngata Whenua Members of the RPC be set in a range from **\$15,000 to \$17,000**.

Likewise, we recommend that annual Committee fees for the Co-Chair of RPC be set in a range from **\$30,000 to \$34,000**.

In keeping with previous advice, given the Co-Deputy Chair carries additional responsibilities and workload, we support continuation of the 50% premium to Member fees. Calculating this on fee range above, we recommend that committee fees for the Co-Deputy Chair be set in a range from **\$22,500 to \$25,500**.

We have also reviewed the per meeting fee paid for attendance at other Council Meetings and workshops outside of the RPC meetings and would recommend that the current rate of \$452 per meeting remains the same. Please refer to appendix 2 for the detail of this review.



Recommendation Summary – Tāngata Whenua Members of RPC:

Fees	Current (\$)	Number	Proposed (\$)	Number	Proposed Total (\$)
Co-Chair	27,500	1	30,000 to 34,000	1	30,000 to 34,000
Co-Deputy Chair	20,625	1	22,500 to 25,500	1	22,500 to 25,500
Committee Member	13,750	7	15,000 to 17,000	7	105,000 to 119,000
Total	144,375	9		9	157,500 to 178,500

Summary Results – Methodologies for Regional Planning Committee

Sample	Base Annual Fee (\$)
SSC Fees Framework	9,856
DirectorRate and CommitteeRate	17,800
Relativities to Councillor Analysis	Up to 15,250

We have considered the results of these three methodologies and would recommend that the relativity to Councillor Analysis is used as the main basis for setting appropriate fees for the Tāngata Whenua representatives in the RPC. Noting that this approach closely aligns with clause 13.2.2 of the Council adopted RPC Terms of Reference clause. Based on this, we would recommend a range of **\$15,000 to \$17,000**.

CONTEXT AND PROCESS TO FEE SETTING RECOMMENDATION

In setting fee levels the importance of understanding both the extent, context and scope of the workload is important. We have done this through application of the State Services Commission's Fees Framework scoring methodology as well as our DirectorRate methodology. There is overlap between the two in terms of factors to be considered. This is explained in the appendices.

In reviewing the fee levels we have taken into account:

- The fees Councillors receive, and respective relativities to RPC fees;
- The broader marketplace for governance fees including the Cabinet Fees framework, other broadly similar work we have conducted
- Our annual [New Zealand Directors' Fees Survey](#) as of February 2023.
- What advice and approach Strategic Pay have taken when making recommendations to other similar entities in a Council setting.



In assessing fee levels for the RPC, we believe that relativity is important and our view is that fees paid to Councillors should be factored into a final determination on fee levels for Tāngata Whenua members. We note this is consistent with other work within local government and Iwi that we have conducted and reflects the position across the country as to the setting of fee levels in the Public Sector regardless of who is appointed, what the nature of the organisation is, or what sector we are talking about.

While we have included three methodologies in this report, the SSC Fee Framework and CommitteeRate are for information purposes only. The feedback from the Tāngata Whenua members was that they did not agree with the use of the SCC Cabinet Fee's Framework due to the framework focusing on advisory committees, not decision-making governors. For similar reasons, they did not agree with the use of the DirectoRate approach focusing on Committee Fees rather than Director Fees. The view of the Tāngata Whenua members was that the fee review should focus closely on the requirements of the PRC Terms of Reference which requires "the need to achieve and maintain fair relativity with the levels of remuneration received by elected representatives in RMA policy development roles". As such, for future reviews, we would recommend using the Relativity to Councillor Analysis as the sole methodology.



Appendix 1: Analysis to Support Recommendations

STATE SERVICES COMMISSION – CABINET FEES' FRAMEWORK

In our view, the State Services Commission's Cabinet Fees Framework, last reviewed in October 2022, is a relevant framework to consider as part of the review of the fee levels for Tāngata Whenua members. It is designed to address appropriate fees for members appointed to bodies in which the Crown has an interest. Certainly, this includes Hawkes' Bay Regional Council generally and the Regional Planning Committee specifically.

Such Bodies are classified into four groups as follows:

- Royal Commissions, Commissions of Inquiry and Ministerial Inquiries
- Statutory Tribunals and Authorities
- Governance Boards
- All Other Committees and Other Bodies.

In our view, the Regional Planning Committee falls into Group 4: All Other Committees and Other Bodies.

Within the Group 4 assessment, there are four Factors as follows:

- Skills, Knowledge and Experience Required for Members
- Function, Level and Scope of Authority
- Complexity of Issues
- Public Interest and Profile.

Each Factor has its own range of Scores.

We have scored the Regional Planning Committee as follows, based on our understandings;

- Skills, knowledge and experience **Score: 8** out of 12 maximum
- Function, Level and Scope of Authority; **Score: 5** out of a maximum of 6
- Complexity of Issues: **Score: 4** out of a maximum of 5
- Public Interest and Profile: **Score: 4** out of a Maximum of 5
- **Total Score: 21.**



Daily Rates: SSC Fees Framework Group 4; Level 2

Total Score	Level	Daily Rate Fees Range Chair	Daily Rate Fees Range Member
20 to 23 points	2	\$429 to \$974	\$319 to \$616

As stated in previous reports, we believe it is appropriate to rely on the top end of the respective ranges as the basis for calculating committee fees:

- \$974 daily rate for Chairs. Estimated days = 16. $16 \times \$974 = \mathbf{\$15,584}$
- \$616 daily rate for Members. Estimated days = 16. $16 \times \$616 = \mathbf{\$9,856}$.

We have calculated the fees using the same number of calculated days that we applied in our review in 2019. We note that while the number of RPC meetings have dropped since 2019, the associated workload as described by the members of the committee is viewed as being comparable, overall the level of effort required has not reduced and therefore we have kept the number of days at 16.

DIRECTORATE APPROACH – “COMMITTEERATE” VARIATION

Specifically for this project with HBRC, we have modified our Strategic Pay Limited proprietary DirectoRate methodology to assess market competitive Committee fees rather than Board Director Fees. An explanation of the DirectoRate methodology appears in Appendix 2.

We have scored these factors based on the feedback and input from our discussions and review of information as follows:

Factor	Score 1-5
1 Complexity of Operating Environment	5
2 Innovation/Intellectual Complexity	3
3 Committee Discretion/Autonomy	4
4 Stakeholder Management	4
5 Financial Impact	2
6 Liability/Risks	2
7 Public Perception/Reputational Risk	4
Average	3.42

This score, approximately the midpoint of the Score range, suggests fee placement for RPC at Committee Fee **median levels**.

Per the Strategic Pay Limited February 2023 [New Zealand Directors' Fees Survey](#), the market median Committee member fee is **\$8,900**. (See Appendix 1 on page 15).

Given that the RPC workload is approximately twice that of a typical Board committee, **we calculate a base annual Committee fee for RPC of \$17,800** ($2 \times \$8,900$).



RELATIVITIES TO COUNCILLOR ROLES AND FEES

We have considered the respective complexity, scope, workload and decision-making powers of both HBRC Councillors and the Tāngata Whenua members of the RPC.

It is our view that the work of the committee does not equate to the workload of an elected councillor, specifically in three areas:

- 1 The work of the RPC is but one committee of Council. We note there are nine other committees plus the full Council meetings that Councillors attend;
- 2 While members of the RPC may also attend other committee meetings, they are paid an additional fee for this, therefore it is important to separate this commitment from the fees set for membership on the RPC
- 3 Councillors have to weigh up the work of not only the RPC but also other committees and work coming through to full Council in making their decisions. While we acknowledge the RPC will and does consider the wider work of Council, the legislation does require them to focus specifically on one area
- 4 Councillors' workloads and mandate requires them to work across a number of committees and understand a wide variety of issues unrelated to the mandate of the RPC. Hence their volume of work is higher overall.

All members of the Committee - both Councillors and Tāngata Whenua members - are involved and expected to be involved as a normal responsibility - in constituent interaction.

Both Tāngata Whenua members and Councillors spend time in preparation for the four formal meetings. We note that Tāngata Whenua members do so through prior scheduled meetings, when HBRC advisors assist in reviewing and analysis of agenda matters as needed.

The current \$13,750 annual fees received by Tāngata Whenua members of RPC compares to the \$61,000 annual fee paid to Councillors. This represents **22.5%**.

CONCLUSION:

Considering the information provided by all parties regarding workload, time commitment, complexity and scope of work, we believe that the base annual fees for the Tāngata Whenua members of the RPC should be set in a range of around **25%** of the Councillor's base annual fees. This is based on the original analysis done in 2019 with regards to total meeting commitments and preparation time. We note that while the total number of meetings have reduced since 2019 the current workload is still considered to be at the same level as when we last reviewed the fees. We would however recommend a more detailed review of time commitments is conducted at the next review.

That means that **RPC annual committee fees for Tāngata Whenua members should be set in a range up to \$15,250**



APPENDIX 2: REVIEW OF MEETING FEES FOR WORK ON OTHER COUNCIL COMMITTEES (EXCLUDING THE RPC)

In our view, the State Services Commission's Cabinet Fees Framework, last reviewed in October 2022, is a relevant framework to consider for setting meeting fees noting that attendance at other Committees outside of the RPC is at an advisory level.

We have scored the Regional Planning Committee as follows, based on our understanding:

- Skills, knowledge and experience **Score: 8** out of 12 maximum
- Function, Level and Scope of Authority; **Score: 4** out of a maximum of 6
- Complexity of Issues: **Score: 3** out of a maximum of 5
- Public Interest and Profile: **Score: 4** out of a Maximum of 5
- **Total Score: 19.**

Daily Rates: SSC Fees Framework Group 4; Level 3

Total Score	Level	Daily Rate Fees Range Chair	Daily Rate Fees Range Member
15 to 19 points	3	\$308 to \$633	\$226 to \$435

Given there is typically preparation required prior to attendance at these meetings, we would recommend the daily rates are used as the meeting fee to recognise that there is additional work required outside the set meetings.

On this basis we would recommend the following fees:

- **\$435** meeting rate for Members.

We note that based on this methodology, the recommended meeting fee would be **\$435** which is currently lower than the current per meeting fee of **\$452**. We would therefore recommend that HBRC keep the meeting fee at the current rate and over time align this back to the SSC Framework levels which are reviewed every 3 years (last updated in October 2022). On reviewing per meeting fees across other councils for similar Committee's, we have observed that HBRC fees are at the upper end of the ranges offered.



APPENDIX 3: NEW ZEALAND DIRECTORS' FEES SURVEY – FEBRUARY 2023

This annual Survey is the basis for understanding current trends and practices in the payment of Director Fees at New Zealand organisations. This is the 31st Director's Fees Survey conducted by Strategic Pay Ltd (the longest running survey of directors' fees in the country). 400 organisations contributed data to the 2023 [New Zealand Directors' Fees Survey](#). 1,878 individual directorships were analysed for the data.

The Survey combines information from three sources:

- Organisations from the Strategic Pay database
- Questionnaires sent to Strategic Pay master mailing list
- Publicly available annual reports and NZX listings.

The data is reported as at 1 February 2023.

Board Committees

Of the organisations that responded, ninety-eight percent have an audit committee and fifty-seven percent have a remuneration committee.

Twenty-three percent of participants also have other committees, which encapsulate a range of priorities from Covid-19 to development, disclosure or sustainability planning.

Type of Committee

Committee	Board (sample size)	Av. No. Meetings p.a.	Av. No. of Directors	Pay Chair Fee	Pay Member Fee
Audit	285 (98%)	5	4	60%	22%
Remuneration	167 (57%)	3	3	48%	22%
Risk	17 (6%)	5	4	21%	-
Finance	7 (2%)	4	4	-	-
Health & Safety	58 (20%)	4	4	33%	13%
Investment	13 (4%)	4	4	33%	-
Nominations / Governance	45 (15%)	2	4	15%	12%
People & Culture	32 (11%)	4	3	53%	16%
Other	67 (23%)	7	4	32%	15%

- Not enough data to calculate

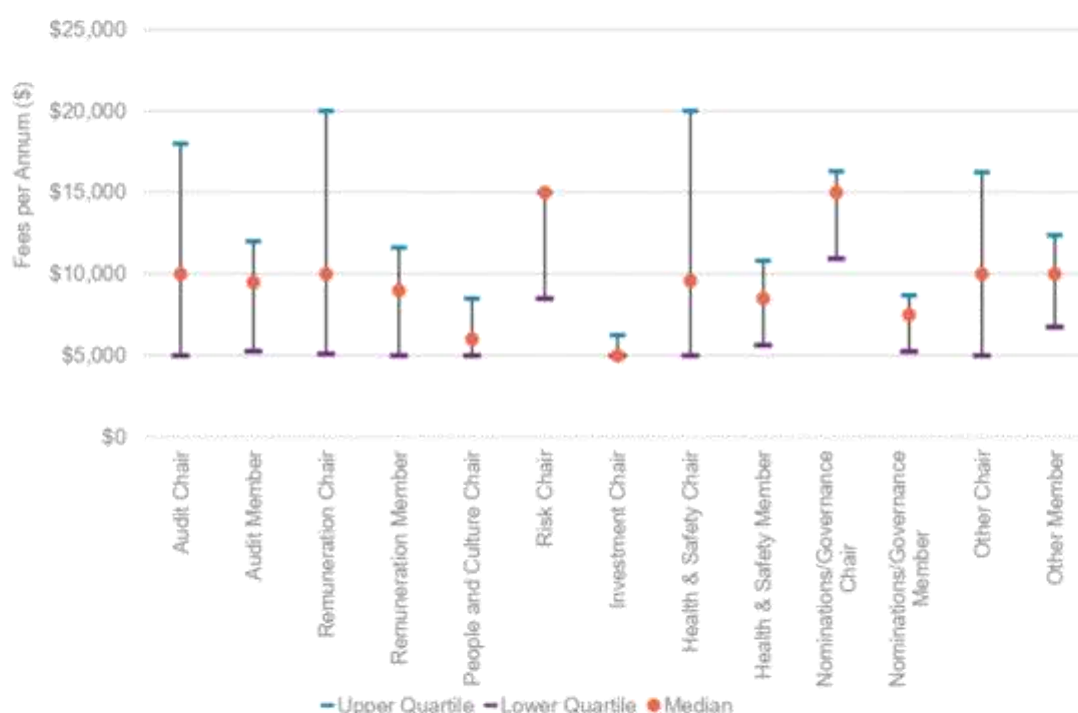


Committee Fees by Committee Type

Committee	Chair Fees				Director Fees			
	Lower Quartile	Median	Upper Quartile	Average	Lower Quartile	Median	Upper Quartile	Average
Audit	5 000	10 000	18 000	13 096	5 263	9 500	12 000	9 635
Remuneration	5 100	10 000	20 000	12 935	5 000	9 000	11 625	8 656
Risk	8 500	15 000	15 000	14 789	-	-	-	-
Finance	-	-	-	-	-	-	-	-
Health & Safety	5 000	9 583	20 000	12 797	5 625	8 500	10 813	8 656
Investment	5 000	5 000	6 250	6 000	-	-	-	-
Nominations / Governance	10 937	15 000	16 290	13 230	5 250	7 500	8 690	6 626
People & Culture	5 000	6 000	8 500	8 679	-	-	-	-
Other	5 000	10 000	16 250	12 460	6 750	10 000	12 375	9 959
Average		10 073				8 900		

- Not enough data to calculate

The graph below demonstrates the ranges of committee fees. For example, at the median, the audit committee chair is paid \$10,000 per annum, but those fees rise to an upper quartile of \$18,000 and lower quartile of \$5,000.





APPENDIX 4: STRATEGIC PAY DIRECTOR FEE METHODOLOGY

Strategic Pay has developed an evaluation methodology to assess the relative complexity, risk and scale of an organisation. The methodology has a number of factors we believe can be applied to any organisation to provide a means of assessing appropriate director fees. This is not an evaluation of the individual directors, or the performance of the organisation, but an evaluation of the organisation as a whole, in relation to the role of the directors. The factors are also based on the fundamentals of the organisation, not the skills or requirements of individual directors.

The methodology can be applied to a governance board for any type of organisation. **We have distilled the key factors that affect the complexity, workload, responsibility and risk carried by directors, and that therefore should have some influence on overall fees.**

All of the factors we have selected are interdependent and potentially impact on each other. However, we have tried to capture the most important elements that may impact on the complexity of the governance role and how this should be rewarded.

As a whole, we believe they are a good measure of the overall relative size, complexity and responsibility of the directors.

DirectorRate® Factors

- Complexity of Operating Environment

This factor evaluates the complexity of the environment in which the organisation operates.

- Innovation/Technology/Intellectual Complexity

Organisations have varying levels of complexity of the products or services that they provide. This adds to the difficulty of the directors' role.

- Board Discretion/Autonomy

Whilst a governance board always has overall responsibility for the direction and strategy of the organisation, this can vary greatly between organisations.

- Stakeholder Management

The level of interaction required with shareholders also adds to the complexity of the directors' role.

- Revenue/Capital Risk

Some organisations have very little risk regarding their income and funding, whilst for others income can be highly variable and requiring constant monitoring by the board.

- Liability Risk to Organisation

The risk of insolvency, or serious financial uncertainty, or potential for serious health and safety events is a significant responsibility for directors.

- Public Perception/Organisation Profile Risk

Most directors will evaluate the potential reputational risk in joining a board.

- Organisation Revenues and Assets

Annual revenues/turnover and Total Assets of the organisation



APPENDIX 5: ABOUT STRATEGIC PAY LTD

About Strategic Pay

At Strategic Pay we provide innovative solutions to help organisations meet their strategic remuneration, performance development and improvement goals. We help improve your overall performance by ensuring employee effort, remuneration and rewards are closely aligned with business objectives.

Deliver strategic rewards

We work with you to provide a compelling proposition that attracts retains and motivates the best people.

Our adaptable solutions include:

- Remuneration and reward strategy development
- Executive remuneration, performance and incentives advice
- Salary options using job evaluation, grades, bands or benchmarks
- Salary review management, including processes, tools and training
- Performance development systems, including customised design and implementation

Access New Zealand's largest remuneration data services

We offer an unrivalled suite of over 30 nationwide and specialist industry and sector remuneration survey reports, based on New Zealand's largest remuneration database.

Use smart technology

We understand busy HR practitioners' needs and offer a range of smart tools to manage remuneration and survey submissions:

- RemWise®: a remuneration tool to manage all aspects of your salary review, market data and survey submissions
- Rem On-Demand®: online access to remuneration reports, resources and insights
- PayCalculator: survey data at your fingertips

Drive organisation performance

Superior organisational performance is critical to delivering strategic business objectives. Speak to us today about using PLUS+ to develop a future proof strategy, an organisational model and structure that supports the strategy and matching the right people to accountabilities best designed to deliver the strategy in your organisation.

Build capability

Through a range of workshops, we provide clients with comprehensive short courses in Remuneration. We also offer training programmes that can be tailored to meet your specific requirements.

Consulting

Strategic Pay services clients across New Zealand and the Pacific from our various locations. Our consultants regularly travel around the country and overseas to visit clients and are happy to meet wherever you are.

Find out more at www.strategicpay.co.nz

Memorandum



Confidential

Date 20 July 2023

Title **Independent Advice on Hawkes Bay Regional Council's Audit and Risk Committee**

Authors Doug Craig, Director RDC Group Ltd
Bruce Robertson, Director RBRL

To Susie Young, Group Manager Corporate
Andrew Siddles, Acting Group Manager Corporate

Purpose and Scope

The purpose of this memorandum is to provide you with independent advice about the Hawkes Bay Regional Council's Audit and Risk Committee.

This advice has been prepared in accordance with Council resolution RC24/23, which requested staff:

Review of the Terms of Reference for the Risk and Audit Committee in accordance with:

- 2.1 *advice from the Office of the Auditor General (OAG), including that the Chair should be independent*
- 2.2 *the Committee reporting directly to Council*
- 2.3 *the purpose of the Risk and Assurance Committee is to cover financial and nonfinancial risks*
- 2.4 *presenting a proposed Terms of Reference for Council adoption.*

Out of scope

This advice does not assess or comment on the quality of any past advice or the performance of the Audit and Risk Sub-committee as currently configured.

The assessment does not comment on the performance or competence of any individual or team.

Advice

The Auditor-General's guidance is appended to this advice as Appendix 1¹. The relevant and operative aspects of the Auditor-General's advice been highlighted for ease of reference.

We have also reviewed the current terms of reference and a range of relevant material provided to us (see Appendix 3). In addition, we have drawn on our own experience, referenced ISO31000 and drawn on our knowledge of what good practice looks like.

¹ <https://oag.parliament.nz/2022/councils-arc>

In reviewing the documents provided to us, we formed the following views;

- The artefacts provided reflect a reasonably developed approach to management within Hawkes Bay Regional Council (HBRC) and reflect a reasonable level of maturity.
- The Audit and Risk Sub-committee is chaired by an experienced elected member. However, the guidance of the OAG recommends as good practice that Audit and Risk committees should be independently chaired.
- Ideally, the independent Chair would be supported by a second independent member.
- The Audit and Risk Sub-committee's primary work is to provide assurance to the whole of council that their strategic risks are being managed appropriately. Currently it is a sub-committee which meets quarterly and reports to the Corporate and Strategic Committee. OAG guidance and our own experience suggests its profile should be lifted to the status of a full Committee of Council.
- The risk management policy (RMP) is generally sound and complemented by the Risk Appetite Statement and (Internal) Assurance Plan.
- The "Risk Universe" and "Enterprise Risk Map" are noted as useful documents.
- Strengths of the RMP include the approach to building a culture of effective risk management (for example, having risk champions).

Updating the Terms of Reference

In reflecting on the current terms of reference against the good practice guidance material, we formed the following views;

- The existing Terms of Reference are adequate but should be enhanced by:
 - We suggest the name of the Committee be changed to the Risk and Audit Committee to better align to the primary focus on risk.
 - Current reporting arrangements are not consistent with OAG guidance or good practice. Upgrading the status of the current Sub-committee to report directly to the full Council as a Committee of Council would bring alignment with the OAG guidance.
 - The Committee should have an independent chair and potentially an additional independent member with specific skills and experience in relation to the Council's current high-risk areas. For instance, climate driven significant adverse weather events and subsequent recovery/adaptation activities was mentioned to us as a potential subject matter where some additional expertise may help inform and guide the Committee in its work. This approach is consistent with the OAG guidance.
 - In addition, the Committee may wish to appoint specialist advisers from time to time to assist it in its consideration of specific risk areas, supplement the skills and experiences of the Committee members and/or to assist the Committee to undertake 'deep dives' into particular areas of risk.
 - The Committee should meet at least quarterly with a focus on HBRC's risk profile and oversight and enquiry into management and mitigation strategies and plans. While the OAG advice suggests meeting on a quarterly basis, we consider the current risk context for the Council warrants the Committee meeting more frequently.

- The Committee's terms of reference should specifically mention the committee holding a meeting at least once a year focussed on examining the performance and membership of the Committee. This would bring the terms of reference in line with OAG guidance.
- Better alignment of the objectives of the Committee to a focus on risk management policy.
- A focus on roles associated with risk governance and assurance activities. The risk oversight by Risk and Audit Committee should be informed by the assurance plan.
- Retaining but de-emphasising of the role of managing the external audit relationship.
- Reporting to Council on risk, including financial risk, should also occur on a two-monthly cycle.
- The Risk and Audit Committee should have a lesser focus on the external audit activity, beyond satisfying itself that arrangements in place are fit for purpose and appropriate and managing an effective annual audit engagement, including the reporting of audit results.
- The Committee should not have specific responsibility for judging organisational performance, beyond an eye on the risk of performance failure and neither should the Committee have responsibility for making judgements about the performance of Council's investments portfolio.

Recommendations

Noting the analysis and advice we have provided; we recommend that the Council:

1. **Note** the advice on what good practice for its Risk and Assurance Committee looks like and our advice on fit for purpose artefacts the Council currently has.
2. **Notes** the guidance of the Auditor-General and our advice on the extent to which Council's current approach is inconsistent with this guidance. (Appendix 1).
3. **Note** our advice that the *primary* focus of the Committee should be on ensuring Council has appropriate policies, systems and practices in place to ensure that risks to Council are appropriately identified, managed where possible and that there is an appropriate assurance programme in place. To reflect this, we recommend Council rename the Committee the *Risk and Audit Committee* and that this be a full Committee of Council.
4. **Note** our advice on the areas of focus for the Committee, being risk identification, mitigation and assurance activities, with a lesser focus on delivery of the annual audit programme. The Committee would retain an interest in financial risk and relationship with the Council's auditors.
5. **Note** our recommendation that the Committee should be chaired by an independent member with an elected member being appointed by Council as the Deputy Chair.
6. **Note** our advice that the membership of the Committee could be enhanced by adding another independent member with a complementary set of skills and experience. In addition, Council may also consider appointing to the Committee specialist advisers to supplement the knowledge of the Committee.
7. **Note** our advice that appointments to the Committee should be for a specified period of time (for e.g. three years), staggered to ensure continuity and retention of 'institutional knowledge'.

8. **Note** our advice that the Committee meet quarterly, or as the Committee Chair decides is required, with an annual review meeting being held to focus on the performance of the Committee.

Next steps

We recommend that you consider this draft advice and the recommendations we have made. We would be more than happy to discuss these with you further or to provide additional elaboration on our reasons for our recommendations if that would assist you in your advice to Council.


Doug Craig
Director

Appendix 1

Office of the Auditor-General Guidance - Setting up a council's Audit and Risk Committee

What is an Audit and Risk Committee?

An Audit and Risk Committee (the Committee) provides your council's governing body – the set of all elected councillors – and your community with confidence that your council is managing its risks. Councils operate in a complex and rapidly changing environment. The Committee can be a powerful advisory group that helps councils manage their risks and strengthen their internal control systems.

It's a Committee set up by the Council drawing on the advice of the chief executive. Members of the Committee are increasingly a mix of councillors and independent members.

At the Council's discretion, there might be independent (external to the council) members and/or an independent chairperson.

We recommend having an independent chairperson. This is often the best way to promote free and frank debate during Committee meetings. It also gives councillors confidence, knowing that they are receiving objective advice and assurance.

Why have such a committee?

The Committee provides an important "check and balance" in the council's systems of governance and internal control. An effective Committee will help engender trust and confidence in council decision making.

What does the Committee do?

The Committee is responsible for offering advice about governance, risk management, and internal control matters, external reporting and audit matters. For example, the Committee's work includes providing assurance to the council's governing body that the right current and emerging risks are being identified, there are appropriate "right sized" mitigations in place for those risks, and confidence that mitigations are working effectively.

The Committee can make recommendations to the governing body and/or the chief executive, and request information and advice through the chief executive when necessary.

The Committee does not make decisions. It has no other powers nor responsibility other than those related to its risk and assurance mandate, such as making recommendations to the governing body, or reviewing and approving key documents (for example, the risk and assurance work programme, the arrangements for the audit of the annual report and long-term plan).

One of the key documents the Committee reviews is the council's annual report. A new Committee and a newly elected council will sometimes need to adopt an annual report for the previous council. There are no issues with this; it is quite common for the leaders of an organisation who sign statements of responsibility and other reporting documents to differ from those who led or governed during the reporting period.

What is the optimal size for the Committee?

This is a decision for each council to make. However, good practice indicates approximately 5-7 members. In determining the right size, it is important to consider what the significant risks facing the council are. Then determine how many members you need on the Committee to get the right mix of competencies and experience for those risks.

That said, having too many Committee members can result in inefficient, unwieldy meetings and unfocused discussions.

What skills do you need on the Committee?

The (ideally independent) chairperson needs to facilitate discussion so that all relevant and significant risks are explored and deliberated on.

The chairperson should have a broad range of work experience (ideally from the public and private sectors), have a general understanding of the key issues relevant to the council, and have a track record of facilitating and chairing in a political environment.

Collectively, members of the Committee should have a broad range of skills and experiences, both relevant to the operations of the council as well as to the risk members should have at least some accounting and financial literacy. The council profile of the council. For example, the risks in a council's financial and borrowing policies might require the appointment of someone with treasury and finance expertise.

should also consider the need for the professional development of members.

How can the Committee stay independent?

Independence allows the Committee to provide the best objective advice for Council decision making. We strongly recommend that neither the chief executive nor members of the senior management team be members of the Committee. This reflects the Committee's responsibility to the governing body, rather than the management, of the council.

All elected members should have visibility of the Committee's work. They should have a standing invitation to attend and participate in the Committee's discussions. However, to maintain the independence of the Committee, they should not have voting rights unless they are Committee members.

It is good practice to regularly change the independent Committee members. This enables fresh thinking and new skills to join the Committee, avoids Committee discussions from becoming stagnant, and ensures that the Committee maintains its independent perspective over time.

For continuity reasons, it's also a good idea to stagger the members' terms so that they overlap. Committees also need to plan early for rotations of members.

What is the optimal tenure for Committee members?

Good practice is to appoint independent members for an initial period not exceeding three years (consistent with a council term). After that, they can have their tenure extended or be re-appointed – up to a maximum of two terms.

Councillors appointed to the Committee will automatically cease to hold office when the 3-yearly council elections are held. Similarly, it's good practice to stipulate that the maximum period of membership of the Committee is two terms.

What is the governing body's role in the Committee's work programme?

The Committee's role is to discharge its work programme on behalf of the governing body (the full council). The governing body should have oversight of the Committee's work programme.

A "top risk report", provided to the governing body by the Committee, is a useful way of informing the governing body of the most significant risks. It would include the mitigation actions and the work being done to provide assurance that the risk is indeed mitigated.

The Committee should also have a way to regularly report to the governing body about progress with the Committee's work programme.

Once a year, the Committee should assess and report on its overall performance and activities, and its contribution to the council's governance and strategic objectives, to the governing body. That report would feature in the council's annual report.

Minutes of each Committee meeting should be tabled at the next meeting of the Council. At least annually the Committee chair should brief the Council on the work of the Committee.

How does "collective responsibility" work?

A Committee is expected to consist of a combination of independent (appointed based on experience and competencies) and elected members. In addition to the critical role of an independent chairperson, members of the Committee should take collective responsibility for the work of the Committee and not rely on independent members to do all the "heavy lifting".

The independent chairperson and independent members have an important role to play in sharing their subject matter expertise with the members of the Committee to enable them to effectively discharge their responsibilities. An example is the ability to ask relevant and insightful questions, such as questions about risks to council operations.

Who should the Committee report to?

We have seen that in some councils the Committee is a subcommittee of the Finance Committee (or equivalent) of the council. The Committee makes recommendations to the Finance Committee (on matters such as risk management) as appropriate, rather than directly to the governing body. In some councils, the Finance Committee and the Committee are one.

In our view, the Committee should be a subcommittee of the governing body (the full council). To be a subcommittee of any other committee limits the Committee's scope and the ability to have access to the full council.

Furthermore, the Audit and Risk Committee should be separate from the Finance Committee. This is because the Finance Committee has responsibility for approvals, such as approving significant transactions. The Audit and Risk Committee's independence would be compromised because it would be responsible for reviewing its own decisions. Further there is significant value to the Council to have an independent and objective view from the Committee on financial and accounting matters.

Having the Audit and Risk Committee being part of the Finance Committee may also deprioritise the risk and audit responsibilities of the Committee in favour of its finance responsibilities.

What does a good Committee work programme look like?

Risks should drive the work programme and its priorities.

In our view, a good work programme should, at a high level, cover:

- risk management (including oversight of council-controlled organisation risks);
- integrity;
- internal control;
- statutory reporting;
- assurance and internal audit; and
- external audit.

The work programme should take into account how the Committee interacts with council-controlled organisations. This includes ensuring that there are adequate processes at a governance level to identify and manage risks facing council-controlled organisations, that are relevant to the Council group. It also includes ensuring that organisations under the council's control are aware of any risks that do emerge.

Internal and external audits should be part of the Committee's work programme. However, they should not drive its priorities.

The frequency and duration of Committee meetings are best informed by what is in the work programme, to give the work programme enough time and attention.

Good practice is a minimum of four standard meetings each year, with an additional meeting focused on the annual report.

part of the regular meetings. The topics of the "deep dives" should be set out in the work programme. Given the limited time available to the Committee, and the complexity of councils, "deep dives" are a useful way of focusing the Committee's attention on what is most critical.

A "deep dive" could be conducted as a workshop, where subject matter experts on top risks (such as cyber-security or health and safety) facing the council facilitate a discussion with the Committee on the risk mitigation strategies.¹ The purpose is to give the Committee, the council, and ratepayers insight into whether a risk is being managed appropriately.

The Committee's work programme needs to strike the right balance between risk, assurance, and internal and external audit, based on the council's priorities. The shape of the work programme would ordinarily be discussed by the governing body. However, the Committee has responsibility for annually agreeing to, and approving, its work programme.

Given that councils operate in a complex and changing environment, it is important for the work programme to be flexible. Although the work programme is agreed to annually, it is best practice for the Committee's work programme to be reviewed at every Committee meeting.

An example of a work programme is attached as an [Appendix](#).

What should the terms of reference look like?

To ensure that the Committee has a clear purpose, a good terms of reference document or charter is critical.

Good practice is for the governing body to make a series of delegations to the Audit and Risk Committee, and for them to be recorded in the Committee's terms of reference (or charter). The terms of reference may also be used to keep certain responsibilities with the governing body.

At a minimum, the terms of reference should include:

- a clear statement on the purpose of the Committee;
- a clear statement on the Committee's decision-making powers (if any);
- membership and tenure;
- appointment processes, tenure of the members, and the competencies needed;
- the responsibilities of the Committee over its work programme;
- reporting arrangements, from the Committee to the governing body; and
- an outline of the work programme.

The outline of the work programme could include:

- enterprise risks;
- oversight of council-controlled organisation risks;
- health, safety, and well-being;
- legal risks;
- insurance;
- assurance and internal audit;
- the council's annual report;
- the annual budget;
- the council's long-term plan; and
- the external audit.

1: With a formal record of the workshop tabled in the full meeting.

Appendix 2

Draft Terms of Reference for the Risk and Audit Committee

See separate attachment.

Appendix 3

Documents Reviewed

1. 4 May 22 confirmed Minutes - Finance Audit and Risk Sub-committee
2. 4 May 2022 Agenda - Finance Audit and Risk Sub-committee
3. 4 May 2022 Confirmed PE Minutes - Finance Audit and Risk Sub-committee
4. 4 May 2022 Public Excluded Agenda - Finance Audit and Risk Sub-committee
5. 10 May 2023 Agenda - Risk and Audit Sub-committee Amended
6. 10 May 2023 PE Agenda - Risk and Audit Sub-committee
7. 10 May 2023 unconfirmed Minutes - Risk and Audit Sub-committee
8. 10 May 2023 unconfirmed PE Minutes - Risk and Audit Sub-committee
9. 2022-25 Risk and Audit Sub-committee ToR adopted 16 November 2022
10. April 2023 Enterprise Risk Map 1.4 Final draft
11. Assurance Universe as at 1 May 2023
12. August 2020 HBRC Risk Management Framework
13. CD0023-Risk Management Policy 06-23
14. HBRC Internal Assurance Framework May 2021 V1
15. HBRC Risk Appetite Statement v1_2 20210314

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Local Government Members (2023/24) Determination 2023

(SL 2023/142)

This determination is made by the Remuneration Authority under the Remuneration Authority Act 1977 and clauses 6 and 7A of Schedule 7 of the Local Government Act 2002, after having regard to the matters specified in clause 7 of that schedule.

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Note

The Parliamentary Counsel Office has made editorial and format changes to this version using the powers under subpart 2 of Part 3 of the Legislation Act 2019.

Note 4 at the end of this version provides a list of the amendments included in it.

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Determination

- 1

Title

This determination is the Local Government Members (2023/24) Determination 2023.
- 2

Commencement

This determination comes into force on 1 July 2023.
- 3

Expiry

This determination expires at the close of 30 June 2024.
- Interpretation*
- 4

Interpretation

In this determination, unless the context otherwise requires,—

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

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, in relation to a local authority 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)

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

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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 arising from a resource consent application made under section 88 of the RMA; or
- (b) a meeting for determining a resource consent application without a formal hearing; or
- (c) a hearing arising from a notice of requirement (including one initiated by the local authority); or
- (d) a pre-hearing meeting held under section 99 of the RMA in relation to a hearing referred to in paragraph (b) or (d); or
- (e) 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
- (f) a mediation hearing in the Environment Court as part of an appeal from a decision of a local authority; or
- (g) 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) 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.

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Entitlement to remuneration, allowances, and hearing fees

7 Remuneration, allowances, and hearing fees payable

Remuneration

- (1) A member of a local authority or a board of that local authority is entitled to the applicable remuneration set out in the Schedule (adjusted under clause 9, if applicable).
- (2) 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

- (3) A member of a local authority or a board is also entitled to—
 - (a) the applicable allowances payable under clauses 11 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 local authority is not paying the remuneration or allowances that it would usually pay to the mayor or chairperson.
- (2) While the member is acting as mayor or chairperson, the local authority must pay the member 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 council chairpersons

- (1) A local authority may provide to the mayor or regional council chairperson of the local authority—
 - (a) a motor vehicle (which may be provided for restricted private use, partial private use, or full private use); or
 - (b) a vehicle-kilometre allowance under clause 11.
- (2) If a local authority provides a motor vehicle to a mayor or regional council chairperson during the determination term, the maximum purchase price that the local authority may pay for the motor vehicle is,—
 - (a) in the case of a petrol or diesel vehicle, \$55,000; and
 - (b) in the case of an electric or a hybrid vehicle, \$68,500.
- (3) If a local authority provides a motor vehicle to a mayor or regional council chairperson for restricted private use, the local authority must not make a deduction from the annual remuneration payable to the mayor or regional council chairperson under the Schedule for the provision of that motor vehicle.

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- (4) If a local authority provides a motor vehicle to a mayor or regional council chairperson for partial private use or full private use,—
- (a) the local authority must adjust the annual remuneration payable to the mayor or regional council chairperson under the Schedule 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 local authority provides a motor vehicle to a mayor or regional council chairperson for partial private use, the local authority must deduct the amount calculated in accordance with the following formula from the remuneration payable to that person:

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

where v means the purchase price of the vehicle.

- (6) If a local authority provides a motor vehicle to a mayor or regional council chairperson for full private use, the local authority must deduct the amount calculated in accordance with the following formula from the remuneration payable to that person:

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

where v means the purchase price of the vehicle.

- (7) In this clause,—

full private use means—

- (a) the vehicle is usually driven home and securely parked by the mayor or regional council chairperson; and
- (b) the vehicle is available for the mayor's or regional council chairperson's unrestricted private use; and
- (c) the vehicle is used by the mayor or regional council 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 council chairperson

partial private use means—

- (a) the vehicle is usually driven home and securely parked by the mayor or regional council chairperson; and
- (b) the vehicle is used by the mayor or regional council chairperson for both local authority business and private purposes; and

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- (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 council chairperson; and
- (d) all travel in the vehicle is recorded in a logbook; and
- (e) the use of the vehicle for private purposes accounts for no more than 10% of the distance travelled in the vehicle in a year

purchase price means the amount paid for the vehicle,—

- (a) including goods and services tax and any on-road costs; and
- (b) after deducting the amount of any rebate that applies under the clean car discount scheme in respect of the purchase of the vehicle

restricted private use means—

- (a) the vehicle is usually driven home and securely parked by the mayor or regional council 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 logbook.

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-kilometre allowance

- (1) A local authority may pay to a member a vehicle-kilometre allowance to reimburse that member for costs incurred in relation to eligible travel.
- (2) A member's travel is eligible for the allowance if—
 - (a) it occurs at a time 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) 95 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and

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- (ii) 34 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term:
 - (b) for a petrol hybrid vehicle,—
 - (i) 95 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and
 - (ii) 20 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term:
 - (c) for an electric vehicle,—
 - (i) 95 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and
 - (ii) 11 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term.
- (4) However, if a member of a local authority travels from a place where the member permanently or temporarily resides that is outside the local authority area, to the local authority area on local authority business, the member is only eligible for a vehicle-kilometre allowance for eligible travel after the member crosses the boundary of the local authority area.
- (5) Subclause (4) does not apply to the payment of a vehicle-kilometre allowance by a local authority to a member who permanently or temporarily resides outside the local authority area if—
 - (a) the member's primary place of residence was outside the local authority area at the time of the local election, or an exceptional circumstance beyond the member's control requires them to move outside the local authority area; and
 - (b) the Remuneration Authority determines, on an application from the member and having considered the recommendation of the mayor or regional council chairperson, that subclause (4) does not apply.

12 Travel-time allowance

- (1) A local authority may pay a member (other than a mayor or a regional council 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 \$40.00 for each hour (pro-rated in the case of a part of an hour) of eligible travel time after the first hour of eligible travel time travelled in a day.

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- (4) However, if a member of a local authority permanently or temporarily 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 for eligible travel time—
 - (a) after the member crosses the boundary of the local authority area; and
 - (b) after the first hour of eligible travel time within the local authority area.
- (5) Subclause (4) does not apply to the payment of a travel-time allowance by a local authority to a member who permanently or temporarily resides outside the local authority area if—
 - (a) the member's primary place of residence was outside the local authority area at the time of the local election, or an exceptional circumstance beyond the member's control requires them to move outside the local authority area; and
 - (b) the Remuneration Authority determines, on an application from the member and having considered the recommendation of the mayor or regional council chairperson, that subclause (4) does not apply.
- (6) 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.
- (7) Despite subclause (1), the Chatham Islands Council may pay the Mayor of the Chatham Islands Council an allowance for eligible travel time.

13 ICT allowances

Member uses local authority's ICT

- (1) If a local authority supplies ICT 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.

Member uses own equipment and consumables

- (2) If a local authority determines that a member requires particular ICT equipment to perform their functions and requests that the member use their own equipment for those purposes, the local authority may pay an allowance.
- (3) The matters for which the local authority may pay an allowance, and the amounts that the local authority may pay for the determination term, are as follows:
 - (a) for the use of a personal computer, tablet, or laptop, including any related docking station, \$400;
 - (b) for the use of a multi-functional or other printer, \$50;
 - (c) for the use of a mobile telephone, \$200;
 - (d) for the use of ICT consumables, up to \$200.

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Member uses own services

- (4) 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 up to \$800 for the determination term.
- (5) 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 up to \$500 for the determination term; or
 - (b) reimbursement of actual costs of telephone calls made on local authority business on production of the relevant telephone records and receipts.

Pro-rating

- (6) If the member is not a member for the whole of the determination term, subclauses (3) 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 (3) to (5).
- (7) The Remuneration Authority may approve rules proposed by a local authority to meet the costs of installing and running special ICT where, because of distance or restricted access, normal communications connections are not available.
 - (8) In this clause, **ICT** means information or communication technology, including—
 - (a) ICT equipment (for example, a mobile telephone and a laptop computer); and
 - (b) ICT services (for example, a mobile telephone service and an Internet service); and
 - (c) ICT consumables (for example, printer or photocopy paper and ink cartridges).

14 Childcare allowance

- (1) A local authority may pay a childcare allowance 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 for childcare provided for a child only if—

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- (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 under 14 years of age; and
 - (c) the childcare is provided by a person who—
 - (i) is not a parent of the child or a spouse, civil union partner, or de facto partner 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 child during the determination term.

Hearing fees

15 Fees related to hearings

- (1) A member of a local authority or member of a board who acts as the chairperson of a hearing is entitled to be paid a fee of up to \$116 per hour of hearing time related to the hearing.
- (2) A member of a local authority or member of a board who is not the chairperson of a hearing is entitled to be paid a fee of up to \$93 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 (2022/23) Determination 2022 (SL 2022/178) is revoked.

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Local Government Members (2023/24) Determination
2023

Schedule

Schedule Remuneration

cl 7(1)

Part 1 Remuneration of members of regional councils

Bay of Plenty Regional Council

Office	Annual remuneration (\$)
Chairperson	152,522
Regional Council Deputy Chairperson	80,004
Committee Chairs (6)	70,000
Councillor with no additional responsibilities	61,525
Councillor (minimum allowable remuneration)	54,525

Canterbury Regional Council

Office	Annual remuneration (\$)
Chairperson	180,000
Regional Council Deputy Chairperson	120,000
Councillor with no additional responsibilities	71,463
Councillor (minimum allowable remuneration)	64,460

Hawke's Bay Regional Council

Office	Annual remuneration (\$)
Chairperson	142,761
Regional Council Deputy Chairperson	67,860
Corporate and Strategic Committee Chairperson	67,860
Environment and Integrated Catchments Committee Chairperson	67,860
Regional Transport Committee Chairperson	67,860
Clifton to Tangoio Coastal Hazards Strategy Joint Committee Chairperson	67,860
Councillor with no additional responsibilities	61,000
Councillor (minimum allowable remuneration)	58,224

Manawātū–Whanganui Regional Council

Office	Annual remuneration (\$)
Chairperson	147,893
Deputy Chair of Council	61,627
Audit, Risk & Investment Committee Chair	59,162
Audit, Risk & Investment Committee Deputy Chair	49,302
Integrated Catchment Committee Chair	59,162
Integrated Catchment Committee Deputy Chair	56,697
Passenger Transport Committee Chair	59,162

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Office	Annual remuneration (\$)
Passenger Transport Committee Deputy Chair	49,302
Manawatū River Users' Advisory Group Chair	49,302
Councillor with no additional responsibilities	49,302
Councillor (minimum allowable remuneration)	49,012

Northland Regional Council

Office	Annual remuneration (\$)
Chairperson	133,892
Regional Council Deputy Chairperson	81,368
Councillor with additional responsibilities	71,369
Councillor (minimum allowable remuneration)	53,710

Otago Regional Council

Office	Annual remuneration (\$)
Chairperson	152,881
Deputy Chairperson	84,869
Councillor with no additional responsibilities	65,000
Councillor (minimum allowable remuneration)	50,833

Southland Regional Council

Office	Annual remuneration (\$)
Chairperson	129,434
Deputy Chair and Chair of Regional Transport Committee	63,265
Chair, Strategy and Policy Committee	58,746
Chair, Regulatory Committee	54,228
Chair, Regional Services Committee	54,228
Chair, Finance and Performance Committee	54,228
Councillor with no additional responsibilities	45,190
Councillor (minimum allowable remuneration)	37,788

Taranaki Regional Council

Office	Annual remuneration (\$)
Chairperson	112,227
Regional Council Deputy Chairperson	54,526
Chairperson of Policy and Planning Committee	54,526
Chairperson of Operations and Regulatory Committee	54,526
Chairperson of Executive, Audit and Risk Committee	54,526
Chairperson of Regional Transport Committee	44,140
Chairperson of Taranaki Solid Waste Management Committee	44,140
Chairperson of Yarrow Stadium Joint Committee	44,140
Taranaki Regional Council Agriculture Portfolio Holder	44,140
Councillor with no additional responsibilities	39,466
Councillor (minimum allowable remuneration)	37,493

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Waikato Regional Council

Office	Annual remuneration (\$)
Chairperson	163,254
Regional Council Deputy Chairperson	83,600
Committee Chairperson A (Strategy & Policy Committee & Integrated Catchment Management Committee) (2)	77,169
Committee Chairperson B (Regional Transport Committee, Finance & Services Committee, Environmental Performance Committee, Climate Action Committee) (4)	73,954
Deputy Chairperson of Integrated Catchment Management Committee	70,738
Deputy Chairperson of Committees (Finance & Services Committee, Strategy & Policy Committee, Environmental Performance Committee, Climate Action Committee) (4)	66,237
Councillor with no additional responsibilities	64,308
Councillor (minimum allowable remuneration)	58,640

Wellington Regional Council

Office	Annual remuneration (\$)
Chairperson	176,609
Regional Council Deputy Chairperson, with committee chairperson responsibilities	96,301
Chair, Environment Committee and Climate Committee	86,125
Chair, Te Tiriti o Waitangi Committee	86,125
Chair, Transport Committee	86,125
Chair, Chief Executive Employment Review Committee	82,680
Chair, Hutt Valley Flood Management Subcommittee	82,680
Co-Chair, Te Upoko Taiao-Natural Resources Plan Committee	82,680
Councillor with no additional responsibilities	68,900
Councillor (minimum allowable remuneration)	63,237

West Coast Regional Council

Office	Annual remuneration (\$)
Chairperson	96,662
Deputy Chair of Council and Chair of Resource Management Committee	62,829
Chair of Risk and Assurance Committee, Chair of Remuneration and Employment Committee, and Chair of Infrastructure Governance Committee	56,547
Councillor with no additional responsibilities	52,656
Councillor (minimum allowable remuneration)	37,112

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Whanganui Rural Community Board

Office	Annual remuneration (\$)
Chairperson	12,014
Member	6,007

Whangarei District Council

Office	Annual remuneration (\$)
Mayor	163,689
Deputy Mayor	91,235
Standing Committee Chair (5)	74,129
Standing Committee Deputy Chair (3)	68,426
Chair Civic Honours Committee	59,873
Councillor with no additional responsibilities	57,022
Councillor (minimum allowable remuneration)	53,850

Schedule Part 2: amended (with effect on 12 July 2023), on 3 August 2023, by clause 4 of the Local Government Members (2023/24) Amendment Determination (No 2) 2023 (SL 2023/186).

Schedule Part 2: amended, on 1 July 2023, by clause 4 of the Local Government Members (2023/24) Amendment Determination 2023 (SL 2023/143).

Dated at Wellington this 20th day of June 2023.

Geoff Summers,
Chairperson.

Dallas Welch,
Member.

Vern Walsh,
Member.

Explanatory memorandum

Note: the following explanatory memorandum should be read in conjunction with the explanatory memorandum(s) appended to the:

- **Local Government Members (2023/24) Amendment Determination (No 2) 2023**
- **Local Government Members (2023/24) Amendment Determination 2023**

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**Local Government Members (2023/24) Determination
2023**

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 2023 and expires on the close of 30 June 2024.

During the first quarter of 2022, the Remuneration Authority (the **Authority**) completed a significant review of the remuneration, allowances, and hearing fees that apply to elected members of local authorities, local boards, and community boards. The outcomes of the review were implemented in two steps: from 1 July 2022 and from 9 October 2022, which was the day after polling day for the 2022 local elections. In March this year, the Authority sought the views of all local authorities on the matters that it should take into account in making this determination. The Authority received a small number of submissions that it considered.

Given the recent significant review and the feedback received, and applying the mandatory criteria that the Authority must have regard to under clause 7 of Schedule 7 of the Local Government Act 2002 and sections 18 and 18A of the Remuneration Authority Act 1977, the Authority decided—

- to maintain the allowances and hearing fees covering the elected members of local authorities, local boards, and community boards at their post-2022 local elections levels (*see* Local Government Members (2022/23) Determination 2022), except for the vehicle-kilometre allowance, which has been adjusted to reflect the rates prescribed by the Inland Revenue Department for the 2023 year;
- to apply a 4% increase to the remuneration of all elected members of community boards as they did not receive any increase to their remuneration following the 2022 local elections;
- that because most elected members of local authorities and local boards received an increase to their remuneration following the local elections, to maintain the remuneration of these elected members at their post-2022 local elections levels with the following exceptions.

The governance remuneration pools and remuneration for the councillors of Grey, Kaipara, Rangitikei, South Waikato, Wairoa, and Waitomo District Councils have been changed to progressively implement increases to their remuneration pools. Annual progressive increases were agreed with those 6 councils before the 2022 local elections to enable them to budget and manage the increases applied to their remuneration pools following the elections. The increases applied to the 6 councils' remuneration pools in this determination brings them into line with the other councils. Their remuneration pools and councillors' remuneration now reflect the amounts that would have applied immediately after the local elections had they not agreed to phase in their increases over a 2-year period.

Westland District Council proposed changes to the remuneration allocated to its councillors. The Authority agreed to the Council's proposal, which is recorded in this

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determination. The changes are effective from 1 July 2023. The Council's governance remuneration pool has not changed.

Governance remuneration pools

This table below sets out the local government governance remuneration pools, which will apply on and after 1 July 2023, for the councillors of each local authority.

Part 1

Remuneration pools for councillors of regional councils

Council	Governance remuneration pool (\$)
Bay of Plenty Regional Council	869,154
Canterbury Regional Council	977,558
Hawke's Bay Regional Council	644,302
Manawatu–Whanganui Regional Council	690,226
Northland Regional Council	580,951
Otago Regional Council	734,869
Southland Regional Council	555,828
Taranaki Regional Council	473,595
Waikato Regional Council	933,748
Wellington Regional Council	947,216
West Coast Regional Council	330,000

Part 2

Remuneration pools for councillors of territorial authorities

Territorial authority	Governance remuneration pool (\$)
Ashburton District Council	450,195
Auckland Council	2,592,269
Buller District Council	324,306
Carterton District Council	226,766
Central Hawke's Bay District Council	350,559
Central Otago District Council	362,213
Chatham Islands Council	151,796
Christchurch City Council	1,900,000
Clutha District Council	390,404
Dunedin City Council	1,191,826
Far North District Council	890,157
Gisborne District Council	700,000
Gore District Council	296,638
Grey District Council	330,912
Hamilton City Council	1,286,366
Hastings District Council	871,295
Hauraki District Council	422,618
Horowhenua District Council	514,833
Hurunui District Council	305,015
Hutt City Council	901,594