

Decision released from confidential session			
Recommendation from (agenda report)	Date of meeting	Recommendation to (decision-making meeting)	Date of meeting
		Council	09 November 2023
Report Title and number			
Nelson Regional Development Agency – Board Remuneration (R27943)			
Documents released			
Decision CL/2023/270 and Report (R27943) Nelson Regional Development Agency - Board remuneration			
Decision			
That the Council			
<ol style="list-style-type: none"> 1. Receives the report Nelson Regional Development Agency - Board remuneration (R27943); and 2. Approves increasing the Nelson Regional Development Agency Board’s remuneration pool by \$4,500 (12%) from the 2022/23 level, to \$42,000 for 2023/24; and 3. Agrees that report R27943 and the decision be made publicly available after negotiations have concluded. 			

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Item 3: Nelson Regional Development Agency - Board remuneration

Council



9 November 2023

Report Title: Nelson Regional Development Agency - Board remuneration

Report Author: Ailish Neyland - Policy Adviser

Report Authoriser: Nicky McDonald - Group Manager Strategy and Communications

Report Number: R27943

1. Purpose of Report

- 1.1 To approve the proposed increase to the Nelson Regional Development Agency (NRDA) Board's remuneration pool.

2. Recommendation

That the Council

1. ***Receives the report Nelson Regional Development Agency - Board remuneration (R27943); and***
2. ***Approves increasing the Nelson Regional Development Agency Board's remuneration pool by \$4,500 (12%) from the 2022/23 level, to \$42,000 for 2023/24; and***
3. ***Agrees that report R27943 and the decision be made publicly available after negotiations have concluded.***

3. Exclusion of the Public

- 3.1 This report has been placed in the confidential part of the agenda in accordance with section 48(1)(a) and section 7 of the Local Government Official Information and Meetings Act 1987. The reason for withholding information in this report under this Act is to:

- Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

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4. Background

- 4.1 Section 57 (1) of the Local Government Act 2002 covers Council requirements regarding the appointment and remuneration for council organisations but does not cover council controlled organisations (CCOs). The Act states that a local authority must adopt a policy that sets out an objective and transparent process for -
- 4.1.1 The identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and
 - 4.1.2 The appointment of directors to a council organisation; and
 - 4.1.3 The remuneration of directors of a council organisation.
- 4.2 The NRDA was constituted as a CCO in December 2015. Its constitution states that *"the Shareholder will from time to time by resolution in accordance with its policy for the appointment of Directors set the remuneration and fees payable to Directors"*.
- 4.3 There are currently seven NRDA Board members, including the Chair. The shareholder does not set remuneration for individual board members; it approves a pool allocated to the Board.

5. Discussion

- 5.1 Since the establishment of the NRDA, the remuneration pool has ranged from \$32,083 to \$37,500, as stated in its annual reports. The NRDA Board has not had a remuneration increase since 2019/20 and is now out of step with Council's other CCOs, where recent practice has been to increase a Board's remuneration annually by the Consumer Price Index (CPI) or to the level Council agreed to for other Council supported organisations through the Annual Plan process.
- 5.2 An increase of 7.2%, which is the CPI figure applied to increases in the Annual Plan 2023/24, would be a \$2,700 increase to the NRDA Board's remuneration pool. Because the NRDA Board has not received an increase in over three years and is out of line with other comparable Boards, a higher than inflation increase for 2023/24 is considered appropriate. The NRDA Board is not requesting a particular increase as it recognises the cost of living crisis and uncertainty of the economic environment. However, a 12% (\$4,500) remuneration increase for 2023/24 is recommended as this would reflect the increases Council's other CCOs have received over the last three years and would take the remuneration pool from \$37,500 to \$42,000.
- 5.3 The table below provides a comparison to show what the NRDA Board's remuneration would have been if it had received the same increases as the Tasman Bays Heritage Trust (TBHT) from 2021/22 to 2023/24. As noted above, in fact the NRDA received 0% increase for the 2021/22 and 2022/23 years. This table demonstrates that the recommended 12%

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increase for the 2023/24 year would bring NRDA more in line with the other CCOs.

	The Bishop Suter Trust		TBHT		The NRDA	
	% increase	Total Board rem	% increase	Total Board rem	If received the same % increase as TBHT	Total Board rem
2021/22	1.4%	\$53,415	3.3%	\$67,600	3.3%	\$38,737
2022/23	5.9%	\$54,752	5.9%	\$72,264	5.9%	\$41,023
2023/24	3.5%	\$56,668	3.5%	\$74,793	3.5%	42,458
Total	10.8%		12.7%		12.7%	\$42,458

5.4 We are fortunate to have highly skilled board members at the NRDA who give their time because of their commitment to Nelson.

6. Options

Option 1: Increase the Board's remuneration pool by \$4,500 (12%) from the 2022/23 level, to \$42,000 (recommended)	
Advantages	<ul style="list-style-type: none"> It is in line with the remuneration increases Council's other CCO Boards received over the last three years. It acknowledges the remuneration gap compared with Council's other CCOs, noting this increase has not completely addressed the gap.
Risks and Disadvantages	<ul style="list-style-type: none"> The \$4,500 would be covered from the existing funding allocated to the NRDA.
Option 2: Increase the Board's remuneration pool by \$2,700 (7.2%) from the 2022/23 level, to \$40,200 for 2023/24	
Advantages	<ul style="list-style-type: none"> This begins to address the remuneration gap compared with Council's other CCOs.
Risks and Disadvantages	<ul style="list-style-type: none"> The \$2,700 would be covered from the existing funding allocated to the NRDA.
Option 3: Increase the Board's remuneration pool by \$15,000 (40%) from the 2022/23 level, to \$52,500	
Advantages	<ul style="list-style-type: none"> The increase brings the NRDA Board in line with remuneration levels of Council's other CCOs.
Risks and Disadvantages	<ul style="list-style-type: none"> The \$15,000 would be covered from the existing funding allocated to the NRDA.

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Option 4: Increase the Board's remuneration pool by a different amount	
Advantages	<ul style="list-style-type: none">• Provides Council with flexibility to choose another amount it deems appropriate.
Risks and Disadvantages	<ul style="list-style-type: none">• A lower amount may send a signal to the board members that Council does not value their efforts as much as other CCO boards.• A lower amount would not fully address the remuneration gap.
Option 5: Do not increase the Board's remuneration pool	
Advantages	<ul style="list-style-type: none">• None obvious.
Risks and Disadvantages	<ul style="list-style-type: none">• May be seen as sending a signal about the value of the NRDA to Council and make it harder to attract and retain quality applicants and directors.• Remuneration of the NRDA directors remains very out of step with other Council CCOs and comparable boards.

7. Next Steps

7.1 Staff will inform the NRDA Chair of the decision made by Council.

Attachments

Nil

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Important considerations for decision making
Fit with Purpose of Local Government Increasing the NRDA director remuneration pool recognises the important role of the Board to support good governance of the NRDA's work to enhance the economic wellbeing of the region.
Consistency with Community Outcomes and Council Policy The recommendations support the following community outcomes: <ul style="list-style-type: none">• Our region is supported by an innovative and sustainable economy.• Our Council provides leadership and fosters partnerships, a regional perspective and community engagement.
Risk The risk of increasing the NRDA funding pool is low, as it is addressing a gap of not reflecting inflation since 2019/20.
Financial impact The financial impact is low, as the increase would be covered from the funding allocated to the NRDA through the Annual Plan 2023/24.
Degree of significance and level of engagement This matter is of low significance because it has a no impact on the community. Therefore, engagement has not been undertaken.
Climate Impact The recommendation in this report will have no impact on the ability of Council to proactively respond to the impacts of climate change now or in the future.
Inclusion of Māori in the decision making process No engagement with Māori has been undertaken in preparing this report.

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Legal context

- The Constitution of the NRDA states that:
"The Shareholder will from time to time by resolution in accordance with its policy for the appointment of Directors set the remuneration and fees payable to Directors".

Delegations

This is a matter for Council.

Released 25 September 2024