

From: Lynne Adamson
To: [REDACTED]
Subject: Response - Local Government Official Information request - 729673
Date: Wednesday, 11 September 2019 09:15:00 a.m.
Attachments: [Attachment 1 Report and Minute extract from website.pdf](#)
[Attachment 2 26 November email.pdf](#)
[Attachment 3 Emails re CEO pay dated 27 November.pdf](#)
[Attachment 4 Emails re CEO pay dated March 2019 - Redacted.pdf](#)
[Attachment 5 Email to all staff.pdf](#)
[Strategic Pay document - Redacted.pdf](#)

Kia ora [REDACTED]

I refer to your email dated 23 August 2019, requesting information relating to Dr Bidrose's pay rise.

Your request has been considered under the Local Government Official Information and Meetings Act (1987) (LGOIMA) and I have provided the following responses under each of your questions below:

1. Full Minutes from a non-public meeting held on Tuesday March 26 2019.

The full report and Minute Extract relating to Dr Bidrose's pay rise has been released in public and is available on the following link on the Council website:

https://www.dunedin.govt.nz/_data/assets/pdf_file/0005/729554/Remuneration-Matter-2019_03_26.pdf

A copy is also attached for your information (attachment one)

2. All emails from Dr Bidrose, the Mayor and Senior Staff concerning the pay rise.

Please find attached the emails between Dr Bidrose and the Mayor regarding her pay rise dated 26 November 2018 (attachment two), 27 November 2018 (attachment three), an email from Dr Bidrose to the Mayor and Chairs of Committees dated 21 March 2019 (attachment four) and the email from the Mayor to all staff advising of the salary increase dated 22 August 2019 (attachment five). I advise that a sentence within the email dated 21 March 2019 (from Dr Bidrose to the Mayor and Chairs of Committees) has been withheld pursuant to Section 72(2)(i) of LGOIMA, to enable the local authority holding the information to carry on, without prejudice or disadvantage, negotiations. This sentence was in relation to union negotiations in respect of DCC staff.

Market analysis contained in the Strategic Pay tables referred to in the email dated 27 November 2018 (from Dr Bidrose to the Mayor) has also been withheld pursuant to Section 7 (2) (c) of LGOIMA, to protect information which is subject to an obligation of confidence.

As we have withheld some information you are entitled to seek a review of this decision by the Office of the Ombudsman.

Nga mihi

Lynne

Lynne Adamson

**GOVERNANCE SUPPORT OFFICER
CIVIC**

P 03 4774000 | **DD** 03 474 3431 | **E** lynne.adamson@dcc.govt.nz

Dunedin City Council, 50 The Octagon, Dunedin
PO Box 5045, Dunedin 9054

New Zealand

www.dunedin.govt.nz

www.dunedin.govt.nz

From: [REDACTED] fairfaxmedia.co.nz>

Sent: Friday, 23 August 2019 4:19 p.m.

To: Official Information <officialinformation@oa.dcc.govt.nz>

Subject: Local Government Official Information request - 729673

[REDACTED] has submitted a LGOIMA request - 729673.

Below are the details of the request

Request details:

Requesting the full minutes from a non-public meeting held on Tuesday March 26, concerning Dr Bidrose's payrise. Also requesting all emails from Dr Bidrose, the mayor and senior staff concerning the pay increase. Kind regards

File attachment (file name)

No file uploaded

Name

[REDACTED]

Email address

[REDACTED] fairfaxmedia.co.nz

Mailing address

[REDACTED]

Contact phone number

[REDACTED]

Do you wish to have your name withheld from publication

Yes

**MINUTE EXTRACT FROM THE NON-PUBLIC MINUTES OF THE COUNCIL MEETING HELD ON TUESDAY
26 MARCH 2019**

C7 REMUNERATION MATTER

A report from the Mayor's office provided a recommendation from the Chief Executive Appraisal Subcommittee regarding the remuneration for the Chief Executive.

During discussion Cr Newell left the meeting at 1.01 pm.

Moved (Mayor Dave Cull/Cr Chris Staynes):

That the Council:

- a) **Approves** a total annual remuneration for the Chief Executive of \$444,000 effective from 23 November 2018, the commencement of her current contract (including Kiwisaver contribution and any additional week of annual leave the CEO may elect to take above the five weeks in her contract).

Motion carried (CNL/2019/064) with Cr Vandervis recording his vote against.

REMUNERATION MATTER

Department: Office of the Mayor

REASONS FOR CONFIDENTIALITY

Grounds:	S48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Reason:	S7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

EXECUTIVE SUMMARY

- 1 This report provides a recommendation from the Chief Executive Appraisal Subcommittee regarding the remuneration for the Chief Executive.

RECOMMENDATIONS

That the Council:

- a) **Approves** a total annual remuneration for the Chief Executive of \$450,000 effective from 23 November 2018, the commencement of her current contract (including Kiwisaver contribution and any additional week of annual leave the CEO may elect to take above the five weeks in her contract).

BACKGROUND

- 2 The DCC Committee Structure and Delegations manual, approved by Council 21 February 2017, states that the Chief Executive Appraisal Subcommittee is to oversee the performance of the CEO, and to negotiate the CEO's terms and conditions of employment. This process includes "recommending to Council the remuneration of the Chief Executive (which may be adjusted in line with increases in general staff remuneration)".
- 3 When the current Chief Executive was appointed in November 2013, she began her role being paid a base salary, including Kiwisaver and vehicle entitlement, of \$350,581 and five weeks of annual leave. This salary was approximately 85% of the package paid to her predecessor, and he himself was being paid at below 100% of the job grade as it was assessed at that time. Paying the new CEO at less than 100% of her graded salary rightly reflected her newness to the role, and was in line with DCC's common practice that new staff be paid at 85% or 90% of the role's full assessed value, and increase towards 100% over time as they prove their competence.
- 4 After her appointment, the CEO elected not to receive a pay rise in her first two years, instead requesting that DCC fund half the cost for her to complete a postgraduate Diploma in Organisational Leadership at the Saïd Business School at the University of Oxford, a qualification she completed with a rare 'Distinction' grade. In 2015 we did,

however, increase her leave entitlement by one week, which is equivalent to approximately a 2% increase in salary.

- 5 Since this time, the CEO has requested that her salary not be adjusted to the 100% salary level. Instead she requested that for the remainder of her five-year term, because of the austerity measures being imposed across the council, that she receive the same annual percentage increment as her staff; generally this has been approximately 2% per annum. When she completed her five-year contract late 2018, she was receiving a remuneration of \$379,355 plus an additional 2% equivalent in the extra week's salary – so her current 'total remuneration' was approximately \$387,000.
- 6 This means she was still being paid approximately 87% of the Strategic Pay assessment of the salary of the role, assessed against other Local Government Chief Executives. She is the DCC's only employee that is clearly fully competent but is not paid 100% of the Strategic Pay grade salary assessment.
- 7 She was reappointed to a new two-year contract on 23 November 2018. She requested she continue to receive a salary and annual increments in line with those awarded to her staff. At that time, the Chief Executive Appraisal Subcommittee sought information from Strategic Pay on the appropriate remuneration level for the Chief Executive to accompany her new contract. A report was provided and considered by the Subcommittee on Friday 15 March 2019.

DISCUSSION

- 8 Strategic Pay have sized the Dunedin City Council CEO role and assessed its salary range compared to other local government CEOs. They assess the appropriate salary range for the role is \$418,100-\$444,000. Furthermore, they assess that a CEO who is "Demonstrating Added Value" should be paid in the range \$444,000-\$495,700.
- 9 The Subcommittee are of the unanimous view that our CEO is clearly "demonstrating added value". This is demonstrated in many ways, not least the recent A grade given to the organisation by the CouncilMARK evaluation process – a dramatic improvement in her five years in the role.
- 10 However we were also mindful of her request only to award an increase that is easily defensible to her staff, and of the financial constraints DCC still faces. We therefore agreed that for her new contract she be paid towards the lower end of the "added value" range. Accordingly, we recommend her current contract be awarded a total remuneration of \$450,000. This would include any Kiwisaver contribution and would also include any additional week of leave she might wish to take over the standard five weeks. We further note that had the CEO's predecessor's remuneration been increased annually by 2% between the end of his term in the role, and the current time, the total being paid would be \$450,000.

OPTIONS

- 11 There are two options available to Council. Council could accept the recommendation of the Chief Executive Appraisal Subcommittee, or Council could select another amount to pay the Chief Executive for the remainder of her term.

Option One – Recommended Option

- 12 The Chief Executive Appraisal Committee recommend that the Chief Executive be paid a total remuneration of \$450,000, effective from the beginning of her current contract. This amount will include any Kiwisaver component, and will include any annual leave over five weeks that she elects, up to a maximum of one additional week.

Advantages

- The CEO would now be paid as a fully competent member of staff, and in fact in recognition of her performance over the last five years, is paid at a level that reflects, to a small degree, that she is “demonstrating added value” in the role.
- The DCC CEO role would be remunerated in line with other council CEOs in the country, which accurately reflects both her performance, but also the size of the role when it goes to market late next year.

Disadvantages

- This increase will inevitably attract negative media and social media attention. This is likely to include commentary that attempts to paint Councillors in a bad light. That said, Council receives negative media attention when anyone associated with Council - elected or employed - receives an increase in remuneration.
- The CEO has requested that she continue to receive the salary increase that her staff receives and has been strong on this matter. She also would prefer not to have the media attention this increase will bring.

Option Two

- 13 Council could decide to award the CEO another level of total remuneration, either below the Subcommittee’s recommendations or above.

Advantages

- A lower salary for the new CEO contract would, if it were low enough, mean that Councillors avoid negative media attention over the salary issue.

Disadvantages

- If lower, the CEO would be the DCC’s only employee that is clearly fully competent, but is not paid 100% of the Strategic Pay grade salary assessment.
- The salary, if it is too low, will not send the appropriate market signals about the size of the role when the CEO position is publicly advertised at the end of her current term in late 2020.
- If Council appoints a different CEO next year, they may request a salary in line with the market. If the incumbent’s salary is set too low and a higher salary is needed to attract a good candidate, any anticipated negative media attention would fall upon any new CEO which is a difficult position in which to place a new appointee.

NEXT STEPS

- 14 Once the Council agree an appropriate total remuneration package, it will be put in place for the current year of the CEO’s new contract, effective from the date the contract began.

Signatories

Authoriser:	Mayor Dave Cull -
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Attachments

There are no attachments for this report.

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision relates to the salary of the elected members' sole employee. Having a CEO is a requirement under the local Government Act.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Māori Impact Statement

There are no know impacts for tangata whenua

Sustainability

There are no implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

There are no implications.

Financial considerations

This salary change can be met from within budget.

Significance

This decision does not meet the threshold of significant decisions.

Engagement – external

There has been no engagement outside the Chief Executive Appraisal Subcommittee and Strategic Pay.

Engagement - internal

There has been no engagement outside the Chief Executive Appraisal Subcommittee and Strategic Pay.

Risks: Legal / Health and Safety etc.

There are no risks in this report.

Conflict of Interest

There is no conflict of interest.

Community Boards

There are no implications for Community Boards.

Attachment Two

From: [Lynne Adamson](#)
To: [Lynne Adamson](#)
Subject: FW: strat pay info
Date: Wednesday, 4 September 2019 11:58:21 a.m.
Importance: High

From: Sue Bidrose
Sent: 26 November 2018 10:00 AM
To: Dave Cull <Dave.Cull@dcc.govt.nz>
Subject: FW: strat pay info
Importance: High

The first table is Grade 36 specific

The second table is grade 35-37 – This is a count of 5 CEOs with this size range

The third is General Market

Dr Sue Bidrose

*Chief Executive Officer/Kaiwhakahaere Matua
Dunedin City Council/Kaunihera-a-rohe o Otepoti
50 The Octagon, Dunedin;
P O Box 5045, Moray Place, Dunedin 9058, New Zealand
Telephone: 03 474 3851; Cell: 021 378790
Email: sue.bidrose@dcc.govt.nz; www.dunedin.govt.nz*



Please consider the environment before printing this e-mail

Attachment Three

From: [Vivienne Harvey](#) on behalf of [Sue Bidrose](#)
To: [Lynne Adamson](#)
Subject: FW: Re: StratPay
Date: Friday, 30 August 2019 03:42:17 p.m.
Attachments: [image001.png](#)

From: "Dave Cull" <Dave.Cull@dcc.govt.nz>
Date: 27/11/2018 at 11:10:22
To: "Sue Bidrose" <Sue.Bidrose@dcc.govt.nz>
Subject: Re: StratPay

Thanks Sue for the grade median. However I understand your job has not been sized for some time.

Dave

Sent from my iPhone

On 27/11/2018, at 12:55 PM, Sue Bidrose <Sue.Bidrose@dcc.govt.nz> wrote:

Hi Dave

Yesterday I sent you the Strategic Pay assessment of the Grade 36 salary median. The large sample is the first table, with all local people on band 36 (regardless of role), which is how we calculate everyone else's pay here.

The second table is 5 CEOs who are on 35-37 but the small sample, including some that are new so on less than 100% of grade, so that makes this table not particularly useful.

The third table is private sector, also not useful.

Vivienne will draft a report from you for 11 December.

Dr Sue Bidrose

*Chief Executive Officer/Kaiwhakahaere Matua
Dunedin City Council/Kaunihera-a-rohe o Otepoti*

50 The Octagon, Dunedin;

P O Box 5045, Moray Place, Dunedin 9058, New Zealand

Telephone: 03 474 3851; Cell: 021 378790

Email: sue.bidrose@dcc.govt.nz; www.dunedin.govt.nz

Attachment 4

From: [Lynne Adamson](#)
To: [Lynne Adamson](#)
Subject: FW: My salary - a request
Date: Wednesday, 4 September 2019 12:11:11 p.m.

From: Sue Bidrose
Sent: 21 March 2019 3:02 PM
To: Dave Cull <Dave.Cull@dcc.govt.nz>; Chris Staynes <Chris.Staynes@dcc.govt.nz>; Mike Lord <Mike.Lord@dcc.govt.nz>; Kate Wilson <Kate.Wilson@dcc.govt.nz>; Aaron Hawkins <Aaron.Hawkins@dcc.govt.nz>; David Benson-Pope <David.Benson-Pope@dcc.govt.nz>
Subject: My salary - a request

Hello Chairs

I have been doing some thinking. I wish I had done it just a little earlier, before we put the council reports out, but there you go.

I am very delighted, personally, that you wish to recognise good performance on my part. This means the world to me. I also absolutely understand that it is probably right and proper that I be paid 100% of my grade, as all my other staff are, and that change would also mean that in public, the job is appropriately sized for the next time the role is advertised..

However, I would like to formally ask you please to NOT pay me above 100% of grade - \$431,025 is the 100% midpoint. It is an awkward thing to have to explain a large salary increase to my staff at the best of times, but I think most of them know I am doing a good job, and probably assume that I, like them, am being paid at 100% of grade. Most of them would agree this is the right thing for you to do as my employer.

However, paying me at 105% above grade does not feel like a way to acknowledge my performance – not a way I am in any way desirous of.

[REDACTED]

I already feel that you do that with me. Allowing me time to sit on the Wise board and the international CEOs ethics board is a great acknowledgement of your faith in me, and has the added bonus of being good for me in my job, too! I am happy to take THAT as the sort of things that show appreciation of performing above 100%.

So please, I ask you that you not give me a reward that I genuinely think will make my job harder, in return for a job well done.

Many thanks
Sue

Attachment Five

From: [Monique Elleboode](#) on behalf of [Dave Cull](#)
To: [Staff](#)
Subject: CEO's remuneration
Date: Thursday, 22 August 2019 04:54:00 p.m.

Dear all

I am writing to let you know that there is likely to be a front page news story in the next day or two about the Chief Executive's salary.

At a public excluded meeting earlier this year, the Council voted to increase Sue's total remuneration package from \$387,000 to \$444,000 – an increase of 14.7%.

Sue made it very clear that she did not want to accept this level of increase. However, I was adamant that her remuneration had to increase by this amount for several reasons.

Firstly, since Sue was first appointed to the role in 2013, she has been paid well below market value for the position and has either declined a pay rise or requested that her pay rise be in line with the rest of the DCC staff – generally about 2% per annum. That has meant that until this latest increase, she was still only being paid about 87% of the independently assessed salary for the role. This would have made her the only DCC staff member clearly performing at 100%, but only being paid at 87%.

The increase now brings Sue's remuneration package in line with the value at which it has been independently assessed.

Secondly, the increase recognises that Sue's performance as Chief Executive has been outstanding. This was highlighted by the DCC this year receiving an 'A' grade as part of an independent CouncilMARK evaluation process. Sue is extremely well regarded in the city and in the sector and has led numerous organisational changes and improvements.

Thirdly, the increase demonstrates the Council's commitment towards addressing the gender pay gap. In my view, it is simply not right that a female chief executive be paid less than male chief executives working in comparable or smaller roles.

Another consideration was that, by law, the DCC has to advertise the Chief Executive's role next year. It is important that the Council sends the right signals about the size and responsibilities of the role, and attracts the best possible candidates, when it goes out to the market.

Kind regards

Dave Cull

Mayor of Dunedin – Te Koromatua o Otepoti

Dunedin City Council

Market Data

Private and Confidential

Strategic Pay Market Data

Date: 21 November 2018

Organisation: Dunedin City Council
Position: Grade 36
Region: Dunedin

Job Size

Grade: 36
 Job Size From: Grade

Market Comparison A:

Local Government Remuneration Report September 2018
 Local Government Sector | Grade 36

Remuneration Definition	Lower Quartile	Median	Upper Quartile	Average
Base Salary				
Fixed Remuneration				
Fixed Remuneration (exKS)				
Total Remuneration				
Total Remuneration (exKS)				

Market Comparison B:

Local Government Remuneration Report September 2018
 CEO05 - Chief Executive 2 | Chart Grade Range: 35 - 37
 Sample Size: 5

Description: CEO of a medium-large, multi-faceted business. Responsible to a Board of Directors or statutory body for the strategic direction, sustainability and profitability of the business. Incumbent has a senior management team accountable for delivering the annual business plan. Has broad accountability and works within objectives and guidelines handed down by the Board. Typically has a tertiary qualification and 15+ years' experience including experience in all aspects of management, and 5-10 years' at a senior level

Remuneration Definition	Lower Quartile	Median	Upper Quartile	Average
Base Salary				
Fixed Remuneration				
Fixed Remuneration (exKS)				
Total Remuneration				
Total Remuneration (exKS)				

Market Comparison C:

New Zealand Remuneration Report September 2018
 General Market | Grade 36

Remuneration Definition	Lower Quartile	Median	Upper Quartile	Average
Base Salary				
Fixed Remuneration				
Fixed Remuneration (exKS)				
Total Remuneration				
Total Remuneration (exKS)				

APPENDIX 1

Market Data Definitions

Remuneration Definitions - Remuneration Comparator

We have analysed the market data for these roles from five perspectives:

Base Salary	The base pay paid weekly, fortnightly or monthly, annualised to full time equivalent and pro-rata to FTE for part time staff. Base salary excludes all additional payments such as benefit or cash payments, KiwiSaver employer contribution, allowances, insurances, club fees, superannuation, salary sacrifice items, variable bonus payments, commission, overtime etc.
Fixed Remuneration	Annualised Base Salary, plus all fixed benefits such as phone allowance, income protection, car parking, car allowance, extra leave, employer contribution to KiwiSaver and superannuation. The following benefits are also included in the fixed remuneration component and attract FBT. Company vehicle, subscriptions or club fees, medical, life insurance and other FBT benefits. Any benefit which are subject to FBT or other tax measures have this tax amount paid by the firm included.
Total Remuneration	The annualised sum of a reward package. This includes base salary, fixed benefits (as described in fixed remuneration) as well as all actual variable payments such as, incentive pay, bonus, service payments, call out or shift allowance, other irregular or regular cash payments etc. Benefits which are subject to FBT or other tax measure have the tax amount paid by the firm included. Total remuneration excludes overtime paid and target amounts for bonus or incentives payments.
Fixed Remuneration (Excl. KiwiSaver)	The above definition of Fixed Remuneration, but excluding the KiwiSaver employer contribution component.
Total Remuneration (Excl. KiwiSaver)	The above definition of Total Remuneration, but excluding the KiwiSaver employer contribution component.

Statistical Definitions – Market Position

Lower Quartile (LQ)	The 25th percentile at which 25% of the data is lower than this point
Median (Med)	The 50th percentile at which 50% of the data is higher and 50% of the data is lower than this point.
Upper Quartile (UQ)	The 75th percentile at which 25% of the data is higher than this point.
Average (Ave)	The arithmetic mean of the data; the sum of the data divided by the sample size.

Note: the Average is published as a test on the Median and is seldom, if ever, used directly to establish remuneration rates. Where there is a large discrepancy between the Average and the Median (they will seldom be identical), the data is skewed either above or below the Median and care should then be taken in the use of that data.

APPENDIX 2: ABOUT STRATEGIC PAY

At Strategic Pay we provide innovative solutions to help organisations meet their strategic remuneration, performance development and performance 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 alongside 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 and performance advice (including incentives)
- 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 35 nationwide and specialist industry and sector remuneration survey reports, based on a database of more than 180,000 employees from over 1,000 organisations.

Our key nation-wide surveys and reports include:

- NZ Remuneration Report (published 6 monthly)
- CEO and Top Executive Remuneration Report
- NZ Benchmark Report
- Corporate Services and Executive Management
- Directors' Fees Report
- HR Metrics Survey

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 and the Strategic Pay Academy we provide clients with comprehensive short courses in Remuneration, Performance Management and Organisational Performance. We also offer training programmes that can be tailored to meet your specific requirements.

Consult Nationwide

Strategic Pay is nationwide, servicing clients across all parts of New Zealand from our various locations. Our consultants regularly travel to visit clients around the country and are happy to meet wherever you are. Find out more at www.strategicpay.co.nz