

9. ELECTED MEMBERS' EXPENSES AND ALLOWANCES 2010/11



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PURPOSE OF REPORT

1. The purpose of this report is to enable the Council to formulate a proposal to be submitted to the Remuneration Authority for its approval for the payment of expenses and allowances by the Council to elected members for the balance of this financial year, up until 30 June 2011.

EXECUTIVE SUMMARY

2. The Remuneration Authority has issued the Local Government Elected Members (2010/11) (Except Auckland) Determination 2010. As well as dealing with salaries (the subject of a separate report) the Determination also provides for the payment to elected members of reimbursement of expenses and the payment of allowances. These expenses and allowances are the subject of this report.
3. The Council is required to seek the Remuneration Authority's approval for any amendments to the allowances and expenses previously approved by the Authority. In doing so, the Council must take into account the Determination for 2010/11. For the first time, the Remuneration Authority has incorporated the issues of communications and travel time allowances in its Determination.
4. Overall, staff are recommending that the previous allowances and expenses for 2009/10 (refer **Attachment 1**) be continued, with exceptions to the following three areas: Communications, Vehicle Mileage, and Travel Time. It is also proposed to amend slightly the wording around elected member travel, training and courses, to provide greater clarification of circumstances when Council approval is needed or not. The proposed schedule for 2010/11 to be submitted to the Remuneration Authority for approval is set out in **Attachment 2**. The differences between the previous wording and proposed wording is shown in blue text in **Attachment 2**.

FINANCIAL IMPLICATIONS

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

5. Sufficient provision has been included in the 2010/11 Annual Plan for all elected member expenses and allowances to be paid as proposed.

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

6. The principal statutory provisions which apply in this instance are the Seventh Schedule of the Local Government Act 2002, and the Remuneration Authority Act 1977.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

7. Page 156 of the LTCCP, level of service under Democracy and Governance refers

ALIGNMENT WITH STRATEGIES

Do the recommendations align with the Council's strategies?

8. Not applicable.

CONSULTATION FULFILMENT

9. All Community Boards are being consulted on the recommendations of this report.

STAFF RECOMMENDATION

It is recommended that the Hagley/Ferrymead Community Board recommend that the Council resolve to submit to the Remuneration Authority for its approval the proposed rules and policies for the reimbursement of elected member expenses and allowances described in **Attachment 2** of this report (**attached**).

CHAIRPERSON'S RECOMMENDATION

For discussion.

BACKGROUND (THE ISSUES)

10. The 2010 Determination provides that the Council may:
- (a) reimburse expenses in accordance with the expenses rules, and
 - (b) pay allowances in accordance with rules approved by the Remuneration Authority.
11. A copy of the previous expenses approved by the Remuneration Authority that applied for the 2009/10 year is attached as **Attachment 1**. The Council is required to seek the Remuneration Authority's approval for any amendments to the allowances and expenses previously approved by the Authority. In doing so, the Council must take into account the Determination for 2010/11. This Determination, which sets out the remuneration for elected members, is a legal ruling with the same effect as a statutory regulation, which all Councils (except Auckland which has its own Determination) are required to follow. It is to apply for the period from immediately after elected members come into office (Friday 15 October 2010) up to 30 June 2011. For the first time, the Remuneration Authority has incorporated the issues of communications and travel time allowances in its Determination.
12. Overall it is proposed that the previous allowances and expenses be continued, with exceptions to the following three areas: Communications, Vehicle Mileage, and Travel Time. It is also proposed to amend slightly the wording around Councillors' discretionary allocation of \$4,000 for training and courses, to provide greater clarification of circumstances around when Council approval is needed or not. More detail and the rationale underlying each of these issues is set out below.

Communications Allowance

13. Unlike previous years, the Remuneration Authority has explicitly addressed the issue of communications allowances in its Determination for 2010/11, which states:
- (1) *"A local authority may, in accordance with this clause, pay a communications allowance to its members, and, in the case of a district council or a city council, the members of community boards situated within its district, towards the expenses of all or any of the following:*
 - a) *a mobile telephone*
 - b) *a computer or ancillary equipment*
 - c) *an Internet connection.*
 - (2) *The maximum amount of the allowance is \$500 for the period beginning with the commencement of this determination and ending on the close of 30 June 2011.*

(3) *A communications allowance is not payable to the extent that the local authority provides the member with any of the following:*

- a) *the use of a mobile telephone*
- b) *the use of a computer or ancillary equipment*
- c) *an Internet connection.*

14. In terms of the level of the communications allowance, the amount of \$500 for the remainder of 2010/11 equates to \$750 per annum. The Authority has indicated in correspondence to local authorities that:

“Most people have a home computer with internet connection, a home telephone and a mobile phone and would have these even if they were not elected members. The allowance is intended to meet any extra costs, over and above normal ownership, that may be incurred because of their duties as elected members. This could cover such things as increased mobile phone usage, increased internet usage, or extra costs of printing inks. The Authority considers the amount of \$500 would more than cover the cost of those additional usages”.

15. After examining the Authority’s Determination and seeking further clarification from Authority members, and taking into account past practice at the Christchurch City Council in terms of both provision of equipment and ratios between Councillors and Community Board members, staff have provided advice to incoming elected members on options available. These recommended options are set out on page 7 of **Attachment 2** – the proposed schedule of expenses and allowances to apply for the remainder of 2010/11.

Vehicle Mileage Allowance and Travel Time Allowance

16. During the past 12 months the Remuneration Authority has reviewed its previous decisions around the payment of a Vehicle Mileage allowance. The provisions of the 2010/11 Determination are unchanged in this regard; that an allowance may be paid to a maximum amount of \$0.70 per kilometre to elected members, provided that:

- a) the member travels in his or her own vehicle, and by the most direct route reasonable in the circumstances: and
- b) is on the local authority’s business.

17. In addition to the above conditions, however, the Authority has advised in subsequent correspondence to local authorities that the rules for expenses and allowances relating to Vehicle Mileage should cover:

- a) **A threshold of distance travelled for any one event** (a threshold of 30 kilometres or more with only distance in excess of the threshold qualifying for payment will have automatic approval), and
- b) **The maximum payment to any one elected member in a year** (a maximum of 5,000 kilometres claimed in any one year will have automatic approval), and
- c) The allowance per kilometre (must be less than or equal to \$0.70 per kilometre).

18. Also for the first time the Remuneration Authority has advised that an allowance for time travelling on Council business is payable. The Authority’s Determination states:

“1) A local authority may, in accordance with this clause, pay a travel time allowance to the following persons:

- a) *its members; and*
- b) *in the case of a district to council or a city council, the members of community boards situated within its district.*

- 2) *The local authority may pay a travel time allowance for travel by the member, including travel to and from the member's residence, if the travel is –*
 - a) *on the local authority's business; and*
 - b) *by the quickest form of transport reasonable in the circumstances.*
 - 3) *The maximum amount of the allowance is \$15.00 per hour."*
 - 4) *However, a member who can properly be regarded as being a full-time member is not entitled to be paid a travel time allowance.*
19. In addition to the conditions in paragraph 18 above, the Authority has advised that the rules for Travel Time Allowance should cover:
- a) A **threshold of travel time for any one event** (a threshold of two hours or more with only time in excess of the threshold qualifying for payment will have automatic approval), and
 - b) The **maximum payment to any one elected member in a year** (a maximum of 100 hours claimed in any one year will have automatic approval) and
 - c) The allowance per hours of travel time (must be less than or equal to \$15.00).
20. In correspondence to local authorities providing further guidance on its Determination, the Remuneration Authority advises that in relation to travel time and vehicle mileage:
- a) It is generally accepted that a person in a full time job does not get paid for travelling to and from work or for extra time that may be needed for travel on employment business. The Authority does not intend giving a definition of "full time" for the purposes of the Travel Time Allowance, as it expects each local authority to decide whether a position can properly be regarded as full time or not. It does invite local authorities to consider things such as:
 - i) would a person in the position, if carrying out their duties to a high standard, have any time for other paid employment?
 - ii) would ratepayers expect the person to be full time in their role?
 - b) A Council can set a Vehicle Mileage threshold which best reflects its unique geography. The Authority would be unlikely to agree to a threshold less than 30 kilometres.
 - c) A maximum distance of more than 5,000 kilometres in any one year for one member could be paid provided the geographical nature of the region warrants it; a case would need to be made to justify it.
 - d) "One event" means one council meeting or one event which the member is expected to travel to and attend as part of their duties. The travel to and from the event would be a single trip, or if the round trip was in excess of the threshold then a payment could be made.
21. Before considering this Council's proposal to the Remuneration Authority on the issue of Vehicle Mileage Allowance, it is worth considering the number and level of allowances claimed by elected members for vehicle mileage in the past. Section 5 of Attachment One outlines the previous rules for mileage allowance claimed; the type of Council meetings or events for which mileage allowance could be claimed.

22. For the 2009/10 year:
- a) A total of nine Councillors claimed the allowance. The total kilometres claimed by any one Councillor ranged from 130 kilometres to 13,831. The highest amounts claimed were by the Councillor for Banks Peninsula, reflecting the mileage travelled to attend meetings around the Peninsula, followed by the Deputy Mayor.
 - b) A total of 13 Community Board members claimed the allowance, seven of which were on Banks Peninsula Community Boards. The total kilometres claimed by any one Board member ranged from 400 (a city Community Board member) to 7,000 (a Banks Peninsula Community Board Chair). The kilometres claimed for any one event ranged from three kilometres (city Community Board members) to 188 kilometres (Banks Peninsula Community Board members).
23. Taking into account the Remuneration Authority's comments regarding thresholds in paragraphs 16 to 20 above, the full time nature of a position in paragraph 20, and the information in paragraph 22 on previous patterns of travel and claims for mileage allowance, the following is proposed for inclusion in the rules to be proposed to the Remuneration Authority under the heading "Travel Time and Mileage allowances":
- 1) For all elected members, reimbursement at \$0.70 per kilometre for car running associated with attendance at Council related meetings or events, with:
 - a) a minimum threshold of distance travelled being 30 kilometres for any one round trip, with only distance in excess of this threshold qualifying for payment, and
 - b) a maximum threshold of 5,000 kilometres that can be claimed by any one elected member in any one year, with the exception of the Councillor for Banks Peninsula, who is able to claim a maximum of 8,000 kilometres.
 - 2) For Community Board members only, reimbursement at \$15 per hour for travel time for any one Council related meeting or event, with:
 - a) a minimum threshold of two hours of time travelled for any one round trip, with only time in excess of this threshold qualifying for payment, and
 - b) a maximum of 100 hours that can be claimed in any one year.
24. The above proposal is based on the following assumptions:
- a) Councillors would be viewed as having a full time position, and
 - b) a case can be made to the Remuneration Authority that given the geography of the Banks Peninsula and the distances to travel around the ward and between the ward and Civic Offices in the city, the Councillor for the Banks Peninsula ward will incur greater distances and longer period of time for travelling, as evidenced by claims made in 2009/10.

Clarification of Travel and Attendance at Conferences and Courses

25. In the previous term, questions of clarification were raised with regard to the provisions of section 6.4 of the schedule of allowances and expenses, that relates to Travel and Attendance at Conferences/Courses/Seminars (pages 3 - 5 of **Attachment 1**). Specifically the questions related to when Council approval is required for travel undertaken by individual Councillors, and for costs of Community Board travel/conference attendance when representing the Council. The intent of the previous provisions remains the same; section 6.4 of **Attachment 2** has been redrafted to ensure greater clarity around the different scenarios when travel and attendance at conferences is undertaken by any elected member.