

6. ELECTED MEMBERS' EXPENSES AND ALLOWANCES



General Manager responsible:	General Manager Regulation and Democracy Services, DDI 941-8549
Officer responsible:	Democracy Services Manager
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PURPOSE OF REPORT

1. The purpose of this report is twofold:
 - (a) to seek the Council's approval of an amended schedule of elected member expenses and allowances for forwarding to the Remuneration Authority (RA) for its approval, in respect of the expenses and allowances payable to sitting members for the balance of the current triennium;
 - (b) to draw the Council's attention to a letter dated 28 June 2007 and accompanying appendix received from the Remuneration Authority, regarding a number of matters relating to expenses which the RA expects to be addressed by the incoming Councils after the 13 October 2007 elections (copies of the RA's letter and accompanying appendix are attached to this report as Appendix B).

EXPENSES AND ALLOWANCES TO APPLY FOR THE BALANCE OF CURRENT TRIENNIUM

2. At its meeting on 26 April 2007 the Council adopted a schedule of allowances and expenses proposed to be paid to elected members for the balance of the current triennium. The schedule included provision for a broadband connection (to be provided on personal telephone lines) and a refund of \$40 per month for such broadband connection for **all** Community Board members. This proposal represented an extension to the Council's current policy of providing broadband connections for the Mayor, Deputy Mayor, Councillors and Community Board Chairs.

3. The RA has since responded advising that:

"We have considered the document and find it generally acceptable, although there are policy issues that we would ask you to consider before reviewing the policy post the October elections. However, we do have concerns about the establishment of a new allowance for broadband connections for community board members.

It is our view that access to broadband is increasingly a normal household cost, which should not be reimbursed in full unless it is to facilitate a connection that is explicitly dedicated to Council business. We are indicating an expectation that provision will in most cases be limited to 50% of the cost of a modest connection charge.

We are therefore approving the overall policy as presented, but not approving the new provision regarding internet access for community boards.

Please reconsider the extent of your policy and submit a replacement policy that more closely reflects the Authority's expectation."

4. The Council is therefore requested to approve the revised schedule attached as Appendix A for submission to the RA, incorporating an amendment to delete the former provision for a broadband connection and associated refund of \$40 per month for all community board members.

EXPENSES RULES (INCLUDING REIMBURSING ALLOWANCES) APPLICABLE TO ELECTED MEMBERS FOR THE PERIOD FROM THE DATE OF THE LOCAL AUTHORITY ELECTIONS TO 30 JUNE 2008

5. The RA has also circulated a letter dated 28 June 2007 and accompanying appendix to all local authorities, drawing attention to a number of matters regarding expenses which the RA expects to be addressed by the incoming Councils after the 13 October 2007 elections.
6. The staff comments on the issues raised by the RA which are of relevance to the Christchurch City Council are set out below:

Car Parking

7. The RA has indicated that if car parking is provided for elected members, it should be specified that such car parking is only for Council business.
8. Such a condition will therefore be included when the revised schedule of proposed expenses and allowances is submitted to the incoming Council for its preliminary approval, prior to forwarding to the RA for final approval.

Medical Insurance and Staff Discounts

9. The RA has indicated that elected members should not have access to either medical insurance or Council discounts, as such access is contrary to the principle of transparency.
10. Medical insurance is not currently available for elected members of the Christchurch City Council or Christchurch Community Boards. However, following the last elections some retiring elected members were permitted to purchase their Council laptops at discounted rates, and in view of the RA's advice, this arrangement will be discontinued.

Reimbursement or Allowances

11. Currently, the Deputy Mayor, Councillors and Community Board Chairs are paid a standard communications allowance of \$120 per month as a contribution towards:
 - home telephone line rental
 - monthly cellphone base rental charge
 - Council related toll calls made from home telephone lines
 - call charges for Council related calls from cellphone.
12. All the foregoing members are also entitled to the provision of broadband connection provided on their personal telephone line, with a refund of \$40 per month made by the Council for the cost of such broadband connection.
13. The RA has indicated its preference for the reimbursement of the actual costs incurred, rather than payment of an allowance. In view of this, it is considered that the RA is unlikely to approve the continuation of the present communications allowance of \$120 per month following the elections. It may instead be necessary to require the newly elected members to submit monthly claims, supported by the relevant accounts, for the reimbursement of Council related toll calls made on their landline, and Council related cellphone call charges, with the personal as opposed to Council - related charges clearly separated in each case. Such a requirement has some disadvantages, ie:
 - it is extremely time consuming, both for staff and elected members
 - When such an arrangement was formerly in place there were significant disparities in the monthly amounts claimed by individual members, with some members not claiming at all
14. Staff therefore propose to pursue with the RA the possibility of the continuation of some form of communications allowance which can be justified based on accurate and auditable actual cost data.

Communication and Associated Equipment

15. By and large, the RA's guidelines reflect this Council's current policy with respect to the supply of communications and associated equipment for the Mayor, Deputy Mayor and Councillors, with the following exceptions:
 - They do not envisage the provision of such equipment for Community Board Chairs.
 - They suggest that both Community Board Chairs and other elected Community Board members could be reimbursed half the cost of a basic landline telephone connection.

16. Currently, Community Board Chairs are provided with laptops, printers, a broadband connection and consumables/stationery. Council staff consider a sound business case can be made for such equipment to continue to be made available for their use, bearing in mind the large population and/or land area of each community, and the extensive powers delegated to each Community Board by the Council.
17. Electronic communication via email is now by far the preferred method of communication amongst and between Councillors and staff. Despite the fact that the RA has refused to grant approval for the supply of broadband connections for all Community Board members during the balance of the current triennium, it is considered that a sound business case can be made for all Community Board Chairs and Community Board members to be supplied by the Council with a dedicated broadband connection after the elections, with the Council meeting all the costs of an appropriate mid-level plan. This report therefore contains a recommendation to this effect.

Air Points

18. Reflecting the stance adopted by the RA, the incoming Council will be requested to adopt a policy that elected members should not use, for private benefit, air points earned from travel paid for by the Council.

Spouse/Partner Travel

19. The RA's view is that travel by spouses at local body expense should be the exception rather than the rule, and be based on a sound business case.
20. The Council's present policy does not permit the payment of spouse/partner travel expenses in relation to travel on official Council business by the Deputy Mayor, Councillors, Community Board Chairs or Community Board members.
21. However, in March 2005 the Council resolved "*that for the balance of the current triennium, the Council be responsible for the payment of the associated travel costs for the Mayoress to enable her to accompany the Mayor on overseas trips, where appropriate*".
22. As Christchurch's first citizen, it was considered that the Mayor is entitled to the support of his/her partner when attending conferences and similar events, both within New Zealand and overseas. The incoming Council will therefore be requested to consider seeking the RA's approval for the payment by the Council of the travel and associated expenses incurred by the Mayor's spouse/partner, when accompanying the Mayor within New Zealand or overseas on official Council business.

Scrutiny and Approval Processes

23. The RA considers that claims for expenses by elected members should be approved, in most cases, by the Chief Executive, after review for compliance and reasonableness by another officer.
24. Staff will therefore arrange for a complying mechanism for the approval of such expenses to be put in place following the elections. In that respect, staff will seek clarification from the RA as to whether approval of expense claims can be given by the Chief Executive's nominee (General Manager or second tier manager).

FINANCIAL IMPLICATIONS

Expenses and Allowances to Apply During the Balance of the Current Triennium

25. It was previously estimated that if broadband connections were provided for all Community Board members, then an additional cost of \$15,360 per annum could result. Although this additional cost could have been met from existing budgets, the abandonment of this proposed allowance will result in an equivalent saving.

Revised Expenses and Allowances Proposed to Apply for the 2007-10 Triennium

26. It is estimated that the revised expenses and allowances to be recommended to the incoming Council following the elections will be reasonably neutral from a cost point of view, and that there should be little change in the total sum currently expended on elected member allowances and expenses annually, across the Council and the eight Community Boards. Some additional staffing costs will result if elected members are required to submit monthly expense claims for checking and reimbursement (as opposed to the payment of common communications allowances) although it is difficult to quantify these additional staffing costs at this stage.

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

27. As indicated above, there will be a saving of approximately \$15,360 per annum if the proposal to provide a broadband connection for all Community Board members is abandoned.

LEGAL CONSIDERATIONS

28. The principal statutory provision which applies in this instance is the Remuneration Authority Act 1977.

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

29. Yes.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

30. Page 113 of the LTCCP, level of service under Democracy and Governance refers.

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

31. As above.

ALIGNMENT WITH STRATEGIES

32. Not applicable.

Do the recommendations align with the Council's strategies?

33. Not applicable.

CONSULTATION FULFILMENT

34. The recommendations made by community boards in relation to the expenses and allowances to apply for the balance of the current triennium were placed before the Council at its meeting on 23 March 2007, when it gave its approval to the proposed provision of broadband connections for all community board members. Now that the RA has declined to approve this proposal, no further consultation is required.
35. Following the elections, the views of Community Board members will be sought before a report is submitted to the incoming Council on the expenses and allowances proposed to apply for the balance of the current financial year.

STAFF RECOMMENDATION

It is recommended:

- (a) That, in respect of the expenses and allowances to apply for the balance of the current triennium, the amended schedule attached to this report as Appendix A be adopted by the Council for submission to the Remuneration Authority for its approval.
- (b) That the advice received from the RA regarding the post-election expenses rules be received, and that it be noted that a report will be submitted to the incoming Council, which will (amongst other things) address the following issues:
 - Car parking
 - Discounts for elected members
 - Discontinuation of the present communications allowance of \$120 per month
 - Air points
 - Travel by the Mayor's spouse/partner when accompanying the Mayor within New Zealand or overseas on official Council business
 - Scrutiny and approval processes for the reimbursement of claims for expenses by elected members
- (c) That the RA be requested to reconsider its stance regarding:
 - (i) the provision of broadband connections for Community Board Chairs and Community Board members;
 - (ii) the reimbursement of actual communications expenses, rather than payment of a communications allowance.
- (d) That the Council seek the support of Local Government New Zealand in respect of recommendation (c) above.