

**RICCARTON/WIGRAM COMMUNITY BOARD**

**AGENDA**

**TUESDAY 21 APRIL 2009**

**AT 4.30PM**

**AT SOCKBURN SERVICE CENTRE**

**IN THE BOARDROOM,  
149 MAIN SOUTH ROAD, CHRISTCHURCH**

**Community Board:** Peter Laloli (Chairperson), Helen Broughton, Jimmy Chen, Beth Dunn, Judy Kirk, Mike Mora and Bob Shearing.

**Community Board Adviser**

Liz Beaven

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**PART A - MATTERS REQUIRING A COUNCIL DECISION**

**PART B - REPORTS FOR INFORMATION**

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1. **APOLOGIES**

2. **CONFIRMATION OF MINUTES – 7 APRIL 2009**

The minutes of the Board's ordinary meeting of Tuesday 7 April 2009 are **circulated separately**.  
(Public Excluded Minutes are **circulated separately**).

**STAFF RECOMMENDATION**

That the minutes of the Board's ordinary meetings of 7 April 2009 be confirmed as a true and correct record.

3. **DEPUTATIONS BY APPOINTMENT**

4. **PETITIONS**

5. **NOTICE OF MOTION**

6. **CORRESPONDENCE**

7. **BRIEFINGS**



## 8. ELECTED MEMBER EXPENSES AND ALLOWANCES 2009/10

<b>General Manager responsible:</b>	General Manager Regulation and Democracy Services, DDI 941-8462
<b>Officer responsible:</b>	Democracy Services Manager
<b>Author:</b>	Lisa Goodman, Democracy Services Manager

### PURPOSE OF REPORT

1. The purpose of this report is to enable the Council to:
  - a) formulate a proposal to be submitted to the Remuneration Authority for the payment of expenses and allowances in the 2009/10 year to elected members of the Christchurch City Council, and
  - b) as part of that proposal, give specific consideration to a proposal of the Remuneration Authority to abolish the mileage allowance for elected members as currently provided for in the Local Government Elected Members (2008/09) Determination, and to replace it with reimbursement of travelling time and actual travel costs, in limited circumstances.

### EXECUTIVE SUMMARY

2. At a meeting on 10 March 2009 the Council adopted its proposal for submission to the Remuneration Authority on the remuneration structure for elected members of the Council for the year commencing 1 July 2009.
3. As part of its remuneration proposal for 2009/10 the Council is also required to seek the Authority's approval for the allowances and expenses to be paid to elected members. Attached as **Attachment A** is a proposed schedule of allowances and expenses for 2009/10, which is identical to the schedule previously approved by the Authority for 2008/09. Staff are not proposing any changes for the next financial year (with the exception of the outcome of the Council's discussion on the mileage allowance issue). In December 2009 the views of the eight Community Boards had been sought on Attachment A, which was considered and supported by all of the Boards.
4. This issue of allowances and expenses was not incorporated in the staff report on remuneration for the Council meeting of 10 March 2009, as there had been insufficient time to go back and consult with the eight Community Boards on a letter dated 28 January 2009 from the Remuneration Authority (**Attachment B**) outlining a proposal relating to the mileage allowance for elected members.
5. The Authority is seeking a response by 1 July 2009 to its proposal on the mileage allowance, which would apply from the 2010 local body elections. In addition, the Authority's letter notes: *"The proposal in the attached paper is that the allowance be abolished following the 2010 local body elections. However, in view of the current economic climate, and the public interest in the remuneration of elected representatives, we draw to your attention that the provisions of the determination concerning the mileage allowance are permissive rather than mandatory. There is an opportunity for Councils to make a change along these lines with effect from 1 July 2009, through an amendment to their expense rules, approved by the Remuneration Authority."*
6. Therefore two issues require consideration in relation to the mileage allowance:
  - a) the Council's view on the Authority's proposal to abolish the mileage allowance as currently provided for (and replacing it with reimbursement of travelling time and actual travel costs in limited circumstances), commencing from the 2010 local body elections, and
  - b) the Council's view on whether the current mileage allowance should apply for the 2009/10 year for elected members of the Christchurch City Council, as currently set out in Attachment A, page 2 (section 5), or whether any changes should be made in line with the Authority's proposal.

**8 Cont'd.**

7. Currently 22 elected members of the Christchurch City Council are claiming the mileage allowance.

**FINANCIAL IMPLICATIONS**

8. There are no financial implications associated with the recommendations of this report. There is sufficient provision in the draft 2009-2019 LTCCP for the current expenses and allowances to be applied at their present levels from 1 July 2009.

**LEGAL CONSIDERATIONS**

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

9. 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. The mileage allowance is currently provided for in clause 14 of the Local Government Elected Members (2008/09) Determination.

**ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS**

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

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

**ALIGNMENT WITH STRATEGIES**

**Do the recommendations align with the Council's strategies?**

11. Not applicable.

**CONSULTATION FULFILMENT**

12. In December 2008 all Community Boards received a report seeking their views on the remuneration structure and the issue of allowances and expenses. All Boards supported the recommendation for the Council to adopt Attachment A as the proposal for allowances and expenses to be submitted to the Remuneration Authority.
13. This report is being submitted to all Community Boards for consideration so that their views and recommendations on the mileage allowance issue can be reported back to the Council prior to a proposal being submitted to the Remuneration Authority.

**STAFF RECOMMENDATION**

14. It is recommended that the Community Board:
  - a) Note that on 2 December 2008 the Board supported the staff recommendation to submit Attachment A (the proposed rules and policies for the reimbursement of elected member expenses and allowances for the year ending 30 June 2010) to the Remuneration Authority for approval.
  - b) Give consideration to the Remuneration Authority's proposal (set out in Attachment B) to abolish the mileage allowance for elected members as it currently stands, with a view to forming a recommendation(s) to the Council on the following matters:
    - i) whether the Remuneration Authority's proposal should be supported, and if so, whether it should apply from the 2010 local body elections or earlier; and

8 Cont'd.

- ii) depending on the Board's views in relation to b)i) above, whether Attachment A should be amended accordingly.

**BACKGROUND**

**General**

- 15 A local authority may pay allowances to its elected members or reimburse for their expenses in accordance with rules approved by the Remuneration Authority. The costs of these allowances/expenses are not included in the remuneration pool set by the Remuneration Authority, i.e. the costs are in addition to the salaries paid from the pool.
- 16 In recent years the Remuneration Authority has indicated that its main interest in the expenses and reimbursement rules of local authorities is to ensure that their provisions do not provide elected members with private financial benefits, more in the nature of income, than reimbursement of actual costs incurred for legitimate business reasons

**Mileage Allowance**

- 17 The Mileage Allowance is currently provided for in clause 14 of the Local Government Elected Members (2008/09) Determination. The allowance is \$0.70 per kilometre.
- 18 The Authority is proposing that it be replaced with reimbursement of travelling time and actual travel costs in limited circumstances. The rationale is outlined in Attachment B, but in summary the Authority's view is that the allowance and its application are becoming increasingly anomalous, inconsistent with the tax status of elected members and unfair in its application. The Authority's letter discusses the following issues:
  - a) Should a mileage allowance be paid at all to elected representatives?
  - b) If a mileage allowance is paid, should it be paid for journeys from home to the Council?
  - c) Fairness; should councillors who drive their private cars to Council meetings be paid additional remuneration?
  - d) Sustainability; that the allowance encourages the use of motor vehicles rather than more sustainable practices.
- 19 The Authority summarises its proposal for discussion as follows:
  - a) *"Remove the mileage allowance as it current stands, leaving elected members to claim the costs of vehicle use as part of their taxation arrangements.*
  - b) *In Councils' expenses policies, provide for explicit recognition of travelling time from home to council meetings (or to other explicitly recognised council business activities) where this exceeds, say, around 30km or 30 minutes. The "travel allowance" could be set at a rate per kilometre or, preferably, an hourly rate.*

*The Remuneration Authority's preference is that the hourly rate for travel time should be a flat rate which applies uniformly across the country rather than struck on the actual annual remuneration of each elected member.*
  - c) *In Council's expenses policies make explicit reference to the conditions under which the actual costs of travel on public transport by an elected member may be met by the Council".*
- 20 The Authority states while the proposal would apply from the 2010 local body elections, there is an opportunity for Councils to make a change along these lines with effect from 1 July 2009, through an amendment to their expenses rules.

**8 Cont'd.**

**Application of Allowance by Christchurch City Council**

- 21 Section 5 (page 2) of the proposed expenses and allowances for 2009/10 provides for a mileage allowance for Council-related car running associated with attendance at a range of meetings or events. This is the exact wording taken from the approved schedule for 2008/09; it reflects the current situation. The total cost for mileage allowance claims in the 2007/08 year was \$41,000.
- 22 Not all elected members claim for this allowance. Currently six Councillors and 16 Community Board members submit claims for the allowance. Eight of these elected members live on the Banks Peninsula. There can be considerable variation in the number and type of meetings for which the allowance is claimed.

**CHRISTCHURCH CITY COUNCIL****PROPOSED ELECTED MEMBER ALLOWANCES AND EXPENSES**  
**RULES 2009/10****SECTION 1 - NAME OF LOCAL AUTHORITY:** CHRISTCHURCH CITY COUNCIL  
(Schedule prepared \_\_\_\_\_ 2009)

Contact person for enquiries:

Name: Clare Sullivan	Designation: Council Secretary
Email: clare.sullivan@ccc.govt.nz	Telephone: (03) 941-8533 (Direct Line)

**SECTION 2 - DOCUMENTATION OF POLICIES**

List the local authority's policy documents which set out the policies, rules and procedures relating to the expenses and allowances payable to elected members.

<b>Document name</b>	<b>Reference no. (if any)</b>	<b>Date</b>
Schedule of elected member allowances and expenses		2009/10 Schedule prepared _____ 2009
Policy Register		30 September 2004

**SECTION 3 - AUTHENTICATION OF EXPENSE REIMBURSEMENTS AND ALLOWANCES**

Summarise the principles and processes under which the local authority ensures that expense reimbursements and allowances payable in lieu of expense reimbursements, -

- are in line with council policies
- have a justified business purpose
- are payable under clear rules communicated to all claimants
- have senior management oversight
- are approved by a person able to exercise independent judgement
- are adequately documented
- are reasonable and conservative in line with public sector norms
- are, in respect of allowances, a reasonable approximation of expenses incurred on behalf of the local authority by the elected member
- are subject to internal audit oversight.

1. Comprehensive schedule approved by the Council. Basis is "actual and reasonable" expenses only.
2. Expenditure must relate to the items listed in the schedule.
3. Expense claims are approved by the Council Secretary. Full receipts are required.
4. The policies set by the Council reflect public sector norms of reasonableness and conservatism.
5. The allowances listed in the schedule have been calculated to approximate the expenditure to which the allowances relate.
6. Internal audit work programme includes sampling expense claims and allowances paid to elected members and staff.

## SECTION 4 - VEHICLE PROVIDED

Are any elected members provided with use of a vehicle, other than a vehicle provided to the Mayor or Chair and disclosed in the remuneration information provided to the Remuneration Authority? No

## SECTION 5 - MILEAGE ALLOWANCES

### 1. Rate of allowance paid per kilometre

Reimbursement at the rate per kilometre approved by the Remuneration Authority for Council-related car running associated with attendance at the following meetings or events:

- Council meetings
- Council seminars and workshops
- Committee meetings
- Community Board meetings
- Subcommittee meetings
- Hearings
- Local conferences, seminars and training courses
- Residents' association and neighbourhood group meetings
- Meetings of outside bodies, where the member is attending as a formally appointed Council representative
- Council tours, and site inspections
- Meetings with Chief Executive, General Managers or Unit Managers
- Briefings

## SECTION 6 - TRAVEL AND ACCOMMODATION

### 6.1 Taxis and other transport

Are the costs of taxis or other transport reimbursed or an allowance paid? Yes

The following members are entitled to the reimbursement of Council or Community Board related taxi and bus fares and parking charges:

- Mayor
- Deputy Mayor
- Councillors
- Community Board chairman
- Community Board members

Members wishing to use taxis for such purposes are required to first obtain taxi chits for use with the Council's approved taxi service provider.

### 6.2 Carparks

Are carparks provided? Yes

Mayor, Deputy Mayor and Councillors are provided with carparks for use whilst on Council business.

### 6.3 Use of Rental cars

Are rental cars ever provided? Yes

The Mayor, Deputy Mayor and Councillors are occasionally provided with rental cars when attending conferences in other centres, where this is the most cost effective travel option (although rental cars are not provided for travel to and from Christchurch when attending such events).



**6.4 Air Travel Domestic**

Summarise the rules for domestic air travel.

- All elected members are entitled to utilise domestic air travel for Council related travel, where travel by air is the most cost effective travel option.
- All such travel must be booked through the Democracy Services Unit.

(See also clause 6.6.)

**6.5 Air Travel International**

Summarise the rules for international air travel (including economy class, business class, stopovers).

1. (i) That as a general policy all elected member and staff international air travel be by way of economy class, where the costs of the fares are met by the Council.  
(ii) That no unnecessary expenses be incurred in the course of such travel.  
(iii) That all travel be planned in advance.
2. That, in the case of elected members, exceptions to this policy require the approval of the Council where business class air travel is desirable for health or other compelling reasons.
3. The Council to authorise the attendance of only one or two elected members unless there are special circumstances.
4. All travel and accommodation arrangements to be made by appropriate staff with the Council's preferred travel agents at the most economic cost available at the time of booking unless travel costs are being met by an outside party.
5. As staff would normally be expected to accompany elected members, approval for sole elected member travel to be given only in special circumstances.
6. The travel expenses to be reported to include travel, accommodation, incidental expenses and conference registration.
7. A report to be submitted to the Council on the Council-funded component of the travel and the findings and benefits to the Council.
8. That the Council authorise the payment of the associated travel, accommodation and incidental costs for the Mayoress to enable her to accompany the Mayor on overseas trips, where appropriate.

**6.6 Attendance at conferences, courses, seminars and training programmes etc.**

Payment of actual and reasonable registration, travel, accommodation, meal and related incidental expenses (including travel insurance) incurred in attendance at conferences, courses, seminars and training programmes etc, held both within New Zealand and overseas, subject to the rules and criteria relating to international air travel set out in clause 6.5, and subject also to the following conditions:

- The related expenditure can be accommodated within existing budgets
- The major subject of the event (conference, course, seminar or training programme etc) is of significant relevance to the Council, and includes a significant policy/governance content
- Attendance at the event is relevant for obtaining an understanding of policies and initiatives taken by other local authorities relevant to the Council's activities

In the case of Councillors, attendance at such events is covered by the following policy:

**Discretionary Allocation of \$4,000 per member:**

1. All Councillors are provided with a discretionary allocation of \$4,000 per annum from the relevant travel and conference budgets, to be used for conferences, courses, seminars and training that they choose to attend. This amount is non-transferable and is to cover course fees, travel, accommodation and meals.
2. The conference, course, seminar or training event selected must contribute to the Councillor's ability to carry out Council business.
3. Councillors wishing to utilise this discretionary funding for attendance at such events are required to obtain the prior written confirmation from both the Mayor (or the Deputy Mayor) and the Chief Executive that the conditions set out above have been met. .

**Council Representatives on External Organisations:**

Where the Council has formally appointed elected members to external organisations (eg Zone 5 of Local Government New Zealand) such members may attend conferences or seminars held by the relevant external organisations of their own volition, provided the expenditure involved can be met within the relevant budget provision. (Such expenditure does not fall within the discretionary allocation of \$4,000).

**Prior Council Approval Required in Other Cases**

1. The prior approval of the Council is required for:
  - (a) Any fact finding travel by Councillors outside Christchurch for the purpose of inspecting or evaluating initiatives, facilities or operations which may be of benefit to Christchurch City.
  - (b) Any travel as part of a Sister City Delegation, where the cost of such travel is not wholly covered by the host city (Such expenditure does not fall within the discretionary allocation of \$4,000).
2. Prior Council approval is not required for the attendance of elected members at the certification courses run by Auckland University for Resource Management Act decision-makers, as members are required to obtain such certification before they can sit on RMA Hearings Panels.

**Mayor**

In the case of the Mayor, the following rules apply:

1. The Mayor may of his own volition arrange day-return or short-term travel on official Council business within New Zealand, provided the cost of such travel, accommodation and related incidental expenses can be met within the relevant budget provision.
2. Other travel for attendance at conferences, courses, training events and seminars, or for other purposes associated with his position as Mayor which falls outside (1) above requires the prior approval of the Chief Executive.
3. The prior approval of the Council is required for:
  - (a) Any fact-finding travel by the Mayor outside New Zealand for the purpose of inspecting or evaluating initiative, facilities or operations which may be of benefit to Christchurch City.
  - (b) Any travel as part of a Sister City Delegation, where the cost of such travel is not wholly covered by the host city.

### Community Board Members

In the case of Community Board Chairpersons and Community Board members, attendance at conferences, courses, seminars and training programmes etc, requires the prior approval of the relevant community board in all cases, and is required to fall within budget parameters.

#### 6.7 Airline Club/Airpoints/Airdollars

Are subscriptions to airline clubs (such as the Koru Club) paid or reimbursed?

Mayor only, given frequent travel.

Yes

Are airpoints or airdollars earned on travel, accommodation etc paid for by the local authority, available for the private use of members?

Yes

#### 6.8 Accommodation costs whilst away at conferences, seminars, etc

Summarise the rules on accommodation costs.

1. Actual and reasonable costs reimbursed.
2. All accommodation must be booked through the Democracy Services Unit.

#### 6.9 Meals and sustenance, incidental expenses

Summarise the rules on meals, sustenance and incidental expenses incurred when travelling. (If allowances are payable instead of actual and reasonable reimbursements, state amounts and basis of calculation.)

1. Actual and reasonable meal costs are paid for by the Council.
2. No reimbursement of meals provided by others.

#### 6.10 Private accommodation paid for by local authority

Is private accommodation (for example an apartment) provided to any member by the local authority?

No

#### 6.11 Private accommodation provided by friends/relatives

Are allowances payable in respect of accommodation provided by friends/relatives when travelling on local authority business?

No

### SECTION 7 - ENTERTAINMENT AND HOSPITALITY

Are any hospitality or entertainment allowances payable or any expenses reimbursed?

No

## SECTION 8 - COMMUNICATIONS AND TECHNOLOGY

### 8.1 Equipment and technology provided to elected members

Is equipment and technology provided to elected members for use at home on council business?

**For Mayor, Deputy Mayor, Councillors and Community Board Chairs:**

- |                                 |     |
|---------------------------------|-----|
| • PC or Laptop                  | Yes |
| • Fax                           | No  |
| • Printer                       | Yes |
| • Broadband connection          | Yes |
| • Second landline to house      | No  |
| • Consumables and stationery    | Yes |
| • Mobile Phone                  | No  |
| • Other equipment or technology | No  |

**For remaining Community Board members:**

- |                              |     |
|------------------------------|-----|
| • Broadband connection.      | Yes |
| • Consumables and stationery | Yes |

Are any restrictions placed on private use of any of the above? No

### 8.2 Home telephone rental costs and telephone calls (including mobiles)

Are telephone rental costs reimbursed in whole or part? Yes

Are telephone call expenses reimbursed in whole or part? Yes

In the case of the Mayor, the Council pays in full his:

- Home telephone line rental, and associated toll charges
- Monthly cellphone based rental, and all associated call charges

### 8.3 Allowances paid in relation to communication and/or technology provided by elected members

Are any allowances paid in relation to communications and/or technology provided by the member relating to council business? Yes

**The Deputy Mayor, Councillors and all Community Board members are entitled to a flat communications allowance of \$100 per month as a contribution towards:**

- The standard cost of a residential phone connection
- Council or Community Board related toll calls made from their home telephone line
- Call charges for Council or Community Board related calls made from their cellphones
- Broadband charges related to Council or Community Board business.

## SECTION 9 - PROFESSIONAL DEVELOPMENT, CLUBS AND ASSOCIATIONS

Are any expenses reimbursed or allowances paid in respect of members' attendance at professional development courses, conferences and seminars? Yes  
(See section 6 for full details).

Are any expenses reimbursed or allowances paid in respect of subscriptions to clubs or associations? No

## SECTION 10 - OTHER EXPENSE REIMBURSEMENTS AND ALLOWANCES

Are any other expense reimbursements made or allowances paid? No

## SECTION 11 - TAXATION OF ALLOWANCES

Are any allowances (as distinct from reimbursements of actual business expenses) paid without deduction of withholding tax? No

**SECTION 12 - SIGNATURE**

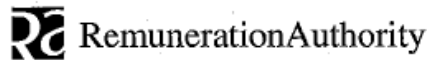
I seek approval from the Remuneration Authority, in relation to the period 1 July 2009 to 30 June 2010, of the expense reimbursement rules and payments of allowances applicable to elected members as set out in this document.

The approved document and any attachments will be available for public inspection in accordance with the Remuneration Authority's determination.

\_\_\_\_\_  
**Signature**

Council Secretary \_\_\_\_\_  
**Designation**

\_\_\_\_\_  
**Date**



28 January 2009

To All Mayors and Chief Executives of All Local Authorities.

## **MOTOR VEHICLE MILEAGE ALLOWANCE FOR ELECTED MEMBERS**

### **Proposal**

The attached discussion paper sets out a proposal that the Mileage Allowance for elected members, currently provided for in clause 14 of the Local Government Elected Members (2008/09) Determination, be abolished. The paper proposes that it be replaced with reimbursement of travelling time and actual travel costs, in limited circumstances.

### **Background**

The Mileage Allowance and its application are becoming increasingly anomalous. The attached paper describes its inconsistency with the tax status of elected members; the unfairness of its application; and the perverse incentives which it can create.

### **Submissions**

Your council's submissions or comments on the proposal, should you wish to make any, are required by **1 July 2009**.

### **Implementation**

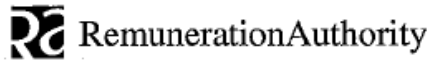
The proposal in the attached paper is that the allowance be abolished following the 2011 Local Body elections.

However, in view of the current economic climate, and the public interest in the remuneration of elected representatives, we draw to your attention that the provisions of the determination concerning the mileage allowance are permissive rather than mandatory. There is an opportunity for Councils to make a change along these lines with effect from 1 July 2009, through an amendment to their expenses rules, approved by the Remuneration authority.

David Oughton  
Chairman

Remuneration Authority

PO Box 10084, Morrison Kent House, 105 The Terrace, Wellington 6143, New Zealand  
Telephone 04 499 3068 Facsimile 04 499 3065 Email [info@remauthority.govt.nz](mailto:info@remauthority.govt.nz)



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## DISCUSSION PAPER

### Local Government Elected Members - Mileage Allowance

#### Introduction

1. This discussion paper sets out a proposal for changing the current arrangements under which Local Government elected representatives are eligible for an allowance (the "mileage allowance") for the use of their private vehicle on Council business.

#### Background

2. The mileage allowance was introduced in the first Local Government Elected Members Determination issued by the Authority in 2003. The amount of the allowance (\$0.70 per kilometre), and the eligibility criteria, have remained largely unchanged since that time.
3. For a number of reasons the mileage allowance has been a source of contention. This memorandum:
  - (a) Sets out the current situation;
  - (b) Identifies a number of anomalies or problems with the application of the allowance; and
  - (c) Recommends an approach to addressing these.

#### Current Situation

4. The mileage allowance is \$0.70 per kilometre. This rate was struck when the Remuneration Authority first issued a remuneration determination for Local Government Elected Members in early 2003.
5. Although the Authority file is not complete, the record is sufficient to confirm that:
  - (a) The rate was intended to incorporate an amount for travel time. Therefore it provides those eligible to receive it both remuneration and reimbursement of some costs;
  - (b) The initial travel time/running cost split was about 50/50 i.e. \$0.35/\$0.35; and

#### Remuneration Authority

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Telephone 04 499 3068 Facsimile 04 499 3065 Email [info@remauthority.govt.nz](mailto:info@remauthority.govt.nz)

- (c) In 2001/02, probably the year of the data on which the rate was struck, \$0.35 per kilometre more than covered the running costs of a 1300 – 2000cc vehicle (15 – 18 cents per km) and approached the full cost (running cost plus ownership cost) of a similar-sized vehicle which travelled 20,000km each year (\$0.40 – \$0.51 per km).
- 6. The \$0.70 per km rate has remained unchanged since the 2003 determination. However, the value of the mileage allowance has not eroded to the extent often claimed when fuel prices exceeded \$1<sup>2</sup> per litre. The 2008 AA figures show running costs and full costs, on the same basis as (c) above, as \$0.17 to \$0.20 and \$0.39 to \$0.47. (Note that the total cost has in fact come down over the last five or six years although, in fairness, striking a rate is very difficult given the wide variation of vehicle sizes and cost, and the mileage actually run by individuals – the latter in particular having a significant impact on the numbers.)
- 7. The Remuneration Authority's current determination provides for a "vehicle mileage allowance" to be paid to an elected member, for travel by the member, (including travel to and from the member's residence), if the travel is:
  - (a) In his or her own vehicle;
  - (b) On the Local Authority's business; and
  - (c) By the most direct route reasonable in the circumstances.
- 8. Note that this is permissive, not mandatory, and sets maxima for both the amount of, and eligibility for, the allowance. Local Authorities can (and in some cases do) set restrictions on mileage allowances which are tailored to the nature of the Authority and its financial position.

#### **Tax Status of Elected Members**

- 9. Any consideration of the mileage allowance should be seen in the context of the tax status of elected members. Elected members are self employed for tax purposes. This means that all income, including allowances (but not the reimbursement of actual costs such as taxi fares for example) is subject to withholding tax deductions. The member can also claim as business expenses costs incurred in generating income.
- 10. Mileage allowance payments to elected representatives are subject to withholding tax deductions. The cost of using a private motor vehicle on council business can be claimed as a business expense by the elected member, subject to the eligibility rules determined by the IRD from time to time. This provides an additional financial benefit to the elected member, relevant in the context of the "fairness" issue discussed below.



**Current Issues with the Mileage Allowance**

11. Set out below are four, sometimes related, matters which have emerged in the five years the mileage allowance provision has been incorporated in the Remuneration Authority's determinations.

*(a) Should a mileage allowance be paid at all to elected representatives?*

12. Mileage allowances (and similar allowances) are typically part of the conditions which govern *employment* relationships. They are a means of reimbursing costs which are incurred by a salaried employee who does not have the ability, because of his or her tax status, to claim these as employment expenses.

13. The payment of a mileage allowance to a self-employed person, who can separately claim the costs of using his or her vehicle as a business expense, can be seen as anomalous, or even perhaps as "double dipping".

*(b) If a mileage allowance is paid, should it be paid for journeys from home to the Council?*

14. It is not usual practice for *employees* to have this cost met by the employer.

15. For the self-employed person, the cost of travel from his or her "place of business" to a client is usually accepted as a business expense by the Inland Revenue Department, (but may not necessarily be charged to a client). Also, it is by no means certain that for many elected representatives, their home is their "place of business". Some will no doubt maintain an office at their home, others will have business premises or offices elsewhere.

16. It seems to the Remuneration Authority that there is a reasonable argument for not accepting travel to and from home and the Council Offices as qualifying for the payment of a mileage allowance, but leaving each elected representative to decide whether this travel is a business expense, and whether to claim it for tax purposes.

17. There are two important exceptions to this view:

- For some elected representatives in large, rural local authorities, or in regional councils, travel to and from council meetings takes significant time, and in fairness needs to be recognised.
- As with employees, where safety and security are involved, such as returning home from late meetings, there may be a case for meeting some transport costs, such as a taxi fare, even if other public transport is available.

*(c) Fairness*

18. There is another aspect to the payment of the vehicle mileage allowance for home to work travel. Should councillors who drive their private cars to Council meetings be paid additional remuneration? This is the effect of the time component in the mileage allowance, and it places the owners of motor vehicles who drive to council meetings at an advantage. Two examples illustrate the point.

- (1) On the assumption that the cost of travel to and from Council meetings is to be reimbursed, a councillor who travels, say, 15 km to a council meeting by car could claim up to \$21.00 for the round trip, and may claim a further deduction of around \$18.00 for tax purposes. Even before the tax benefit, the \$21.00 is likely to be more than the actual vehicle running cost, hence there is reimbursement for travel time.

A councillor who chooses to use public transport might be reimbursed the cost of the fare, but will receive no financial recognition of the time spent travelling. Nor will he or she be able to claim the expense for tax purposes if it has been reimbursed.

Additional income is being generated by the mode of transport rather than by the actual time spent by the elected representative on what is currently treated by some councils as council-related travel.

- (2) In the second example, two regional councillors make a 200km round trip to a council meeting. The travel takes about 2.5 hours. One councillor drives his own car, the other is his passenger. For the 200 km trip the owner/driver may claim \$140, of which about half is running cost (as opposed to total ownership cost). \$70 or about \$28 per hour is therefore payment for time. In addition, the owner/driver may claim around \$120 as a business expense.

The passenger, who spent the same amount of time travelling, receives nothing.

*(d) Sustainability*

19. A fourth concern with the mileage allowance, particularly in metropolitan areas where public transport is available, or walking and cycling options may be feasible, is that it encourages the use of motor vehicles rather than more sustainable or "environment-friendly" practices.

**Comment**

20. It is difficult to establish a regime for travel and related allowances which is sensible for all local authorities given the differences between compact urban authorities at one end of the scale and regional authorities covering hundreds of square kilometres at the other; the differences in accessibility of public transport across local authorities; and the differences in lifestyle choices which councillors make as individuals, and which are often reflected in their modes of transport.
21. It is clear also that it is difficult to reduce entitlements which have come to be regarded as part of the total income of elected representatives.
22. However, in the view of the Authority, the issues and examples touched on above raise legitimate concerns which need to be addressed.

**Proposal**

23. The following is a proposal for discussion.
  - (a) Remove the mileage allowance as it currently stands, leaving elected representatives to claim the costs of vehicle use as part of their taxation arrangements.
  - (b) In Councils' expenses policies, provide for explicit recognition of travelling time from home to council meetings (or to other explicitly recognised council business activities) where this exceeds, say, around 30km or 30 minutes. The "travel allowance" could be set at a rate per kilometre or, preferably, an hourly rate.

The Remuneration Authority's preference is that the hourly rate for travel time should be a flat rate which applies uniformly across the country rather than struck on the actual annual remuneration of each elected representative.
  - (c) In councils' expenses policies make explicit reference to the conditions under which the actual costs of travel on public transport by an elected representative may be met by the Council. (Paragraph 17 above.)

**Implementation**

24. Given the significance of this change, our proposal is that comments be sought with the intention of introducing any change following the 2011 Local Body elections.

January 2009

## 9. AIDANFIELD STAGE 7 – ROAD DESIGNATION

<b>General Manager responsible:</b>	General Manager, City Environment DDI 941-8606
<b>Officer responsible:</b>	Asset and Network Planning Manager
<b>Author:</b>	Asset Engineer, Weng –Kei Chen, DDI 941 8655

### PURPOSE OF REPORT

1. The purpose of this report is to seek the Board's recommendation to the Council to declare Lot 149, DP 302598 and Lot 568, DP 375351 to be dedicated as roads pursuant to Section 111 of the Reserve Act 1977. The locations of these road reserves are indicated in **Appendix 1**.

### EXECUTIVE SUMMARY

2. Aidanfield Stage 7 subdivision (**Appendix 2**) was consented by the Council in August 2007 and the development includes the extension of Aidanfield and McMahon Drives. These road extensions occurred on land vested to the Council as Road Reserves in previous developments of Aidanfield Block.
3. The construction of the roads have now been completed and requires the Council's resolution to declare the roads as public roads and the vesting of the roads will enable individual land titles to be issued for the newly created residential lots.

### FINANCIAL IMPLICATIONS

4. The cost associated with the dedication process will be funded by Aidanfield Holdings Limited and is a condition of the resource consent.

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

5. Yes.

### LEGAL CONSIDERATIONS

6. Section 111 of the Reserves Act 1977 – Road reserve may be dedicated as a road.

This section states that:

*(1) Where any land is vested in the Crown or in any local authority for the purposes of a road reserve and the land is required for the purposes of a road, the land may be dedicated as a road by notice under the hand of the Minister or, as the case may be, by resolution of the local authority, and lodged with the District Land Registrar.*

7. The Board does not have the Council's delegated authority to resolve in respect of "existing road reserve" to "road" dedication. The Board does have recommendatory powers.

### ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

8. This report is in alignment with the Council's core function to manage the roading network.

### CONSULTATION FULFILMENT

9. The creation of "Road Reserve" is a tool used in planning for road connections to new developments and hence no consultation is necessary for their dedication as roads.

### STAFF RECOMMENDATION

That Committee recommend to the Board to recommend to the Council, that pursuant to Section 111 of the Reserves Act 1977, resolve to dedicate the existing road reserves Lot 149, DP 302598 and Lot 568, DP 375351 to the status of roads.

**21. 4. 2009**

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**COMMITTEE RECOMMENDATION**

That Board will be advised of the Transport and Roading Committee's recommendation after the Committee meeting to be held on Friday 17 April 2009.



Print Preview

Page 1 of 1

# Appendix 1



**Property**

Parcel (L)

**Roads**

A Road Name(L)

~ Road Boundary

**Aerial Photography 2007**

☒ Aerial Photography 2007



1 : 5220

Produced by 153.111.135.135 15:43 24/02/2009

The accuracy of this plan and the measurements shown are not guaranteed but should be verified by inspection.

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Clause 9- Attachment 2

# Appendix 2



Schedule of Proposed Easements						
No.	Lot No.	Subdiv	Description			
513	A	1/2 P13				
514	B	1/2 P13				
514	C	1/2 P13				
514	D	1/2 P13				
517	F	1/2 P13				
517	G	1/2 P13				
519	H	1/2 P13				
520	I	1/2 P13				
520	J	1/2 P13				
520	K	1/2 P13				
520	L	1/2 P13				
520	M	1/2 P13				
520	N	1/2 P13				
520	O	1/2 P13				
520	P	1/2 P13				
520	Q	1/2 P13				
520	R	1/2 P13				
520	S	1/2 P13				
520	T	1/2 P13				
520	U	1/2 P13				
520	V	1/2 P13				
520	W	1/2 P13				
520	X	1/2 P13				
520	Y	1/2 P13				
520	Z	1/2 P13				
521	AA	1/2 P13				
521	AB	1/2 P13				
521	AC	1/2 P13				
521	AD	1/2 P13				
521	AE	1/2 P13				
521	AF	1/2 P13				
521	AG	1/2 P13				
521	AH	1/2 P13				
521	AI	1/2 P13				
521	AJ	1/2 P13				
521	AK	1/2 P13				
521	AL	1/2 P13				
521	AM	1/2 P13				
521	AN	1/2 P13				
521	AO	1/2 P13				
521	AP	1/2 P13				
521	AQ	1/2 P13				
521	AR	1/2 P13				
521	AS	1/2 P13				
521	AT	1/2 P13				
521	AU	1/2 P13				
Right of way/right to cross water & sewerage & electric power & telephone connections			<p>522</p>	AA	1/2 P13	
Right to cross electric power lines			<p>523</p>	AA	1/2 P13	
			<p>524</p>	AA	1/2 P13	
			<p>525</p>	AA	1/2 P13	
			<p>526</p>	AA	1/2 P13	
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			<p>559</p>	AA	1/2 P13	
			<p>560</p>	AA	1/2 P13	

Notes:  
 1) All dimensions are subject to final survey and details of plans.  
 2) Services easements to be checked on request.  
 3) This plan has been prepared for submission to Council for approval only. No building is to be constructed until the plan is approved by Council.  
 4) All measurements taken from information which is not shown on this plan only. If it is found that the measurements on this plan do not agree with the actual measurements, the measurements on this plan shall prevail.  
 5) This plan is subject to the zoning of the subdivision and the provisions of the Resource Management Act 1991 and the provisions of the relevant Resource Management Rules.  
 6) Contour Interval = 0.5m  
 7) Copy of 1:10000 scale map of the area is available from the Department of Conservation.  
 8) Landmark of Christchurch City Council.

Schedule of Areas	
Description	Area (sqm)
Proposed on 30th April 2009	17,519 sqm
Proposed on 30th April 2009	17,519 sqm
Total Area	35,038 sqm

Total Area = 31,459 ha  
 Composed in C of 70/1977 & 89/944



10 Cambridge Street, P.O. Box 670, Christchurch 1, New Zealand  
 Telephone: 03 379 5778 Fax: 03 379 4998 Email: dlv@dlvl.co.nz

**Aldanfield Holdings Limited**  
**Halswell**

**Plan of Proposed Subdivision of**  
**PI R.S.346 & Lot 2 D.P.26163**

**Proposed Subdivision**

SCALE: 1:1000 (A1) DATE: JULY 2007

**S.16082** R7

21. 4. 2009

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10. ELECTED MEMBERS' INFORMATION EXCHANGE

11. MEMBERS' QUESTIONS UNDER STANDING ORDERS