

18. ELECTED MEMBER EXPENSES AND ALLOWANCES 2009/10

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

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, for the most part, identical to the schedule previously approved by the Authority for 2008/09. Staff are not proposing any significant changes for the next financial year (with the exception of the outcome of the Council's discussion on the mileage allowance issue). In December 2008 the views of the eight Community Boards were sought on an earlier draft of Attachment A, (which did not include the tracked changes relating to provisions for Councillors under Section 8: Communications and Technology). That draft 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.

7. Currently 22 elected members of the Christchurch City Council are claiming the mileage allowance. The majority of Community Boards do not support the Authority's mileage proposal.
8. Minor changes are proposed to Section 8: Communications and Technology of the proposed schedule of allowances and expenses for 2009/10 set out in Attachment A, to provide an option to meet the varying technology needs of Councillors; either the provision of a laptop and printer (the status quo), **or** an allowance based on Remuneration Authority guidelines for that equipment.

FINANCIAL IMPLICATIONS

9. 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. Raising the communications allowance from \$100 to \$105 for Councillors and Community Board Chairs will require an additional \$1,260 per annum, which can be absorbed within operational budgets.

LEGAL CONSIDERATIONS

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

10. 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?

11. 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?

12. Not applicable.

CONSULTATION FULFILMENT

13. In December 2008 all Community Boards received a report seeking their views on the remuneration structure and the issue of allowances and expenses for the 2009/10 year. All Boards supported the staff recommendation for the Council to adopt an earlier draft of Attachment A (without the minor changes outlined in paragraph 8 above) as the proposal for allowances and expenses to be submitted to the Remuneration Authority.
14. This report was submitted to all Community Boards in April 2009 for consideration so that their views and recommendations on the mileage allowance issue could be reported back to the Council prior to a proposal being submitted to the Remuneration Authority. At that time the minor tracked changes to Section 8: Communications and Technology, had not been made as they have only recently been proposed due to feedback from some Councillors about difficulties synchronising their personal technology with the Council system. Nevertheless those proposed changes do not have any impact on community board members other than providing the Community Board Chairs with a choice as to whether to continue to receive a laptop and printer provided by the Council, or receive an equipment allowance instead.
15. Detailed Community Board views on the matters covered by this report are outlined in paragraphs 27-41 below.

STAFF RECOMMENDATION

16. It is recommended that the Council:

- (a) 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 view on whether the Remuneration Authority's proposal should be supported, and if so, whether it should apply from the 2010 local body elections or earlier.
- (b) Adopt Attachment A as the Council's proposal to the Remuneration Authority for elected member expenses and allowances for 2009/10, subject to any amendments as a result of the Council's view on the Authority's mileage allowance proposal.

BACKGROUND

General

17. 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.
18. 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

19. 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.
20. 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.
21. The Authority summarises its proposal for discussion as follows:
 - a) *"Remove the mileage allowance as it currently 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".*
22. 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.

Application of Mileage Allowance by Christchurch City Council

23. 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.

24. 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.

Communications and Technology

25. Minor changes (tracked) are proposed to Section 8: Communications and Technology on page eight of Attachment A. These changes are proposed after discussions with some Councillors regarding difficulties relating to connectivity of their privately owned equipment with the Council system. The changes are to:
- (a) Provide Councillors and Community Board Chairs with the option of having a laptop and printer supplied by the Council, **or** an allowance for that equipment. The proposed allowance is \$600; in accordance with the Remuneration Authority's guidelines. (Those guidelines indicate such an allowance should be based on 50% of the annual depreciation deductions (IRD rates), up to a maximum purchase price of \$3,000 for equipment provided by the individual. Staff estimate the combined rate for a laptop and printer would be \$1,143, which halved would be \$571, which has been rounded to \$600.)
 - (b) Provide Councillors and Community Board Chairs with an additional \$5 per month for their communications allowance, to cover data charges that enable email and calendar synchronisation with a mobile device.
26. The only other change to Attachment A is to clarify current provision of a mobile phone to the Mayor, which reflects the practice for the previous Mayor.

Views of Community Boards

EXPENSES/ALLOWANCES IN GENERAL

27. In December 2008 all of the Community Boards considered Attachment A, though without the tracked changes relating to communications and technology for councillors. All of the Boards were supportive of the staff recommendation at that stage to retain the status quo, i.e. retain the same expenses/allowances provisions as those approved by the Remuneration Authority for 2008/09.

MILEAGE ALLOWANCE

28. In summary:
- (a) One Board supports the Authority's proposal
 - (b) Five Boards do not support the Authority's proposal
 - (c) One Board is neutral on the proposal
 - (d) One Board has suggested modification of Attachment A to reflect elements of the Authority's proposal.

Further details are provided below.

Akaroa/Wairewa

29. At its meeting of 8 April 2009 the Board decided to recommend to the Council that the Remuneration Authority's proposal not be supported.
30. The Board was not in favour of abolishing the mileage allowance for elected members and felt that this disadvantaged members from the rural sector, where alternative means of transport were not available. In addition, it is costly to maintain vehicles to travel rural roads.

Burwood/Pegasus

31. At its meeting of 14 April 2009 the Board recommended that the Council:
- (a) Note that on 15 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) Retain the status quo in relation to the payment of the mileage allowance to elected members.
32. Having considered the Remuneration Authority's proposal to replace the mileage allowance with a reimbursement of travelling time and actual travel costs, the Board generally favoured retention of the present allowance arrangements that have operated for a number of years. Several members mentioned that they claimed the costs of using a vehicle as part of their personal taxation arrangements.

Fendalton/Waimairi

33. At its meeting of 14 April 2009 the Board recommended that the Council:
- (a) Remove the mileage allowance as it currently stands, leaving elected members to claim the costs of vehicle use as part of their taxation arrangements.
 - (b) 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 30 kilometres or 30 minutes. The "travel allowance" could be set at a rate per kilometre or, preferably, an hourly rate.

(The Board notes that 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) 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.
 - (d) Implement these changes to come into effect from 1 July 2009, through appropriate amendments to Attachment A (Proposed Elected Member Allowances and Expenses Rules 2009/10).

Hagley/Ferrymead

34. The Board decided to recommend to the Council that, effective from 1 July 2009, the rate of allowance paid per kilometre approved by the Remuneration Authority for Council-related car running associated with attendance at the following meetings or events, **be paid only when the return journey exceeds 20 kilometres:**
- 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

(Note: Yani Johanson withdrew from discussion and voting on this matter.)

35. The bolded wording in the recommendation above reflects a desired change to the current status quo, but to ensure that members on the Peninsula in particular should receive an allowance as attending business outside their own communities (e.g. Akaroa to Christchurch) can have a significant impact on the mileage required.

Lyttelton/Mt Herbert

36. At its meeting of 14 April 2009 the Board indicated that it did not support the Remuneration Authority's proposal and recommended to the Council that Attachment A with regard to mileage not be amended.
37. During the discussion on this matter concern was expressed that the Authority's proposal is divisive, as it delineates the differences between elected members according to where they work.

Riccarton/Wigram

38. At its meeting of 21 April 2009 the Board resolved:
- (a) To 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) To not support the Remuneration Authority's proposal to abolish the mileage allowance for elected members.
39. The following points were noted during the Board's discussion:
- (a) That an elected member's home was their workplace, and travelling to meetings could not be considered as travelling to the member's workplace. Some Board members did not agree with elected members being reimbursed for travel time.
 - (b) Using the tax system to seek reimbursement can be difficult for elected members on lower incomes.
 - (c) Members were unclear on the full impact of changing to the proposed new system.

Shirley/Papanui

40. At its meeting of 15 April 2009 the Board recommended that the Council retain the status quo with respect to the mileage allowance. Reasons given during the discussion were:
- (a) The status quo provides fairness to all, particularly for those elected members in rural areas.
 - (b) Openness in that all members understand the current allowances provisions, even if they choose not to claim.
 - (c) An hourly rate might be difficult to apply.

Spreydon/Heathcote

41. At its meeting of 20 April 2009 the Board resolved that:
- (a) The Board has no strong view in relation to the Remuneration Authority proposal.
 - (b) The Board expresses concern and support for the situation of elected members where time and travel are an issue for them.
 - (c) The Board believes that it would be better to leave elected member travel entitlements until the end of the current term and make any changes close to that time.