

24. 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 2009/10 rules for allowances and expenses (see Attachment One) be continued, except for the following 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, and wording around taxis and public transport. The proposed schedule for 2010/11 to be submitted to the Remuneration Authority for approval is set out in Attachment Two, with the amended wording highlighted in blue text.

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.

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ALIGNMENT WITH STRATEGIES**Do the recommendations align with the Council's strategies?**

8. Not applicable.

CONSULTATION FULFILMENT

9. All Community Boards have been consulted on the recommendations of this report, and their views are set out in paragraphs 27 to 52 of this report.

STAFF RECOMMENDATION

10. It is recommended 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 Two of this report (attached), after consideration of Community Board views as summarised in paragraphs 28 to 30 of this report.

BACKGROUND (THE ISSUES)**General**

11. 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.
12. A copy of the previous expenses approved by the Remuneration Authority that applied for the 2009/10 year is attached as Attachment One. 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.

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.*

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(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 pages 7-8 of Attachment Two.

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) **A cap of 5,000 kilometres** for any one elected member in any one year that can be claimed for **at a rate equal to or less than \$0.70 per kilometre** (note: any mileage in excess of 5,000 kilometres can be claimed for at a rate equal to or less than \$0.35 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.*

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- (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 19 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 2 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 the cap of 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.

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- (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 17 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/Community Board 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 at \$0.70 per kilometre 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 per year, and
 - (c) payment of mileage at \$0.35 per kilometre for travel in excess of 5,000 kilometres, with the exception of the Councillor for Banks Peninsula who is able to claim \$0.70 per kilometre up to 8,000 kilometres,

provided that the elected member travels:

 - (a) in his or her own vehicle; and
 - (b) by the most direct route reasonable in the circumstances.
 2. For Community Board members only, reimbursement at \$15 per hour for travel time (including travel to and from the member's residence) for any one Council/ Community Board related meeting or event, with:
 - (a) a minimum threshold of 2 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,

if the travel is by the quickest form of transport reasonable in the circumstances.
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.

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Clarification of Other Issues

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 One). 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 on pages 3-6 of Attachment Two has been redrafted to ensure greater clarity around the different scenarios when travel and attendance at conferences is undertaken by any elected member.

Entertainment and Hospitality

26. Additional wording has been added to Section 7, page 7 of Attachment Two on Entertainment and Hospitality to ensure the rules clearly refer to the administrative convenience of the Mayor having a P-Card to pay for hospitality expenses directly.

IEWS OF COMMUNITY BOARDS

27. All Community Boards had the opportunity to consider this report at their December 2010 meetings.
28. In summary, six Boards support most of the content of Attachment Two, but are seeking the following changes:
- (i) Two Boards favour reducing the proposed maximum threshold for mileage from 30 kilometres to 20 kilometres (refer to page 2 of Attachment Two, subparagraph 1(a)). Another Board favours reducing this threshold even further to 10 kilometres.

Comment: The Remuneration Authority has made it clear that while a Council can set a threshold which best reflects its unique geography, the Authority would be unlikely to agree to a threshold of less than 30 kilometres.

- (ii) One Board favoured the Community Board Chairpersons for Akaroa/Wairewa and Lyttelton/Mt Herbert having the same maximum threshold for mileage as the Banks Peninsula Councillor (refer to page 2 of Attachment Two, subparagraphs 1(b) and 1(c))

Comment: The same case (as outlined in paragraph 24(b) above) for an increased threshold for the Banks Peninsula Councillor, due to the geography of the ward and associated travel distances, could be made for the Board Chairpersons.

- (iv) One Board has recommended no change to the 2009/10 mileage allowance or communications allowance provisions.

Comment: This is not an option, as the provisions in the Remuneration Authority's Determination for 2010/11 have the same effect as a statutory regulation (see paragraph 12 of this report).

- (v) One Board has recommended that all Board members have the same level of Communications allowances as Councillors.

Comment: Approximately the same ratio between Councillors and Community Boards in the 2009/10 communications provisions has been applied in the content of Attachment Two. Previous commentary from the Remuneration Authority would suggest that it would not support the same level of communications allowance without a business case.

- (vi) One Board recommended that ferry transport be added to the public transport options under section 6.1 on page 3 of Attachment Two.

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Comment: As this is a public transport option for many in the Lyttelton Basin, this has been added to Attachment Two.

29. Two Boards support the staff recommendation i.e. support the content of Attachment Two (though comments during the discussion did not necessarily endorse the new provisions on mileage or communications).
30. Informal feedback from members of one community board is that if the vehicle mileage threshold is to be so high, then taxi chits could be provided to elected members to travel to Council/Community Board meetings or events.

Comment: This could have budgetary implications, and it is clear that this would not be the intent of the Remuneration Authority. Wording around the use of taxis has been amended as set out in section 6.1 on page 3 of Attachment Two.

31. More details of the Community Board views and recommendations are provided below in excerpts from the minutes of each Board meeting.

Akaroa/Wairewa

Board Consideration

32. The Board was concerned that the Remuneration Authority appeared to have only a city/urban orientation and that it did not appreciate the time, distance and costs associated with travel in rural areas, particularly those with difficult terrain such as on Banks Peninsula.
33. It was noted that the suggestion for a 5,000 kilometre maximum mileage claim per year was based on actual mileage claims from the Banks Peninsula Chairpersons for the previous term, but that the current Akaroa/Wairewa Board Chairperson lived in Pigeon Bay, a considerable distance further from city meeting venues than the previous Chair.
34. Board members felt that there was no rationale to impose a 30 kilometre threshold on mileage claims. They believed it was quite clear that a Community Board member's "place of work" was their home, and that the total of any trip on Board business should be able to be claimed as a legitimate expense. They felt as Board members who were resourced lower in terms of remuneration, there should be a surety that all actual expenses could be reimbursed to Banks Peninsula Community Board members. However, members acknowledged that the Remuneration Authority appeared fixed on that course of action, and so they would probably have to accept 30 kilometres as a mileage threshold.
35. It was also noted that public transport was not available to elected members in rural areas as a viable alternative to use of their private motor vehicle for Community Board related activities.

Board Recommendation

36. The Board resolved to adopt the staff recommendation to the Council with the following amendments:

Section 5, paragraphs 1(b) and 1(c) to include the Chairpersons of the two Banks Peninsula Community Boards, as follows:

- ...(b) a maximum threshold of 5,000 kilometres at \$0.70 per kilometre that can be claimed by any one elected member in any one year, with the exception of the Councillor and Chairpersons for Banks Peninsula, who are able to claim a maximum of 8,000 kilometres and
- ...(c) payment of mileage at \$0.35 per kilometre for travel in excess of 5,000 kilometres with the exception of the Councillor and Chairpersons for Banks Peninsula who are able to claim \$0.70 per kilometre up to 8,000 kilometres.

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Burwood/Pegasus*Board Consideration*

37. The Board was generally accepting of the proposed adjustments with the exception of that part of **Attachment 2**, Section 5 (Travel Time and Mileage Allowances) clause 1.(a) in relation to 'a minimum threshold of distance travelled being 30 kilometres for any one round trip...'
38. Members favoured a reduction of this figure down to 20 kilometres. The rationale for this change was to propose that recognition needed to be given to the large size of several of the Councils' wards and the resulting distances required to be travelled by members in fulfilling their role and duties.

Board Recommendation

39. That the staff recommendation be adopted subject to the following amendment:

Section 5 (Travel Time and Mileage Allowances), clause 1. (a) being reworded to read 'a minimum threshold of distance travelled being **20** kilometres for any one round trip...'

Fendalton/Waimairi*Board Recommendation*

40. That the staff recommendation be adopted.

Hagley/Ferrymead*Board Discussion*

41. Staff responded to Board member questions on the proposed changes to communications, mileage and travel time allowances.

Board Recommendation

42. That the Council adopt the staff recommendation.

Lyttelton/Mt Herbert*Board Consideration*

43. Board members questioned the rationale for the Remuneration Authority setting a mileage threshold of 30 kilometres. They felt it was unreasonable to expect elected members to use their own vehicles for Board business, and not be reimbursed for the full use. It was also felt that the threshold would unfairly penalise rural representatives, especially those on the cusp of the 30 kilometres.
44. Board members also questioned whether the 30 kilometre threshold applied to Members of Parliament, or to employees of government agencies, and agreed that the Remuneration Authority should be asked that question.

Board Recommendation

45. The Board recommends the staff recommendation to the Council with the following amendments:

Section 5, paragraphs 1(a) amend threshold to be 20 kilometres as follows:

- (a) a minimum threshold of distance travelled being **20** kilometres for any one round trip, with only distance in excess of this threshold qualifying for payment, and

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Section 6.1 be amended to include ferry travel, as follows:

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, **ferry** and bus fares and parking charges:

Riccarton/Wigram

Board Discussion

46. The Board considered a memorandum tabled by staff dated 10 December 2010 with new information from the Remuneration Authority, and proposed wording to replace Section 5 of Attachment Two of this report. It was noted that allowances for communication and travel should be sufficient to enable low income residents to become Community Board members given that most communication from the Council involves email and telephone.

(Note: Sam Johnson and Peter Laloli requested that their opposition to the Board statement above be recorded.)

Board Recommendation

47. That the staff recommendation be adopted, subject to the following amendment to Section 5 of Attachment Two:

Under 1. (a) of the Staff Recommendation:

That the minimum threshold of distance travelled be reduced from 30 kilometres to **10** kilometres.

(Note: Peter Laloli requested his vote against the motion be recorded).

Shirley/Papanui

Board Discussion

48. Board members raised concerns with regard to the proposed Section 5 and the Authority's parameters around reimbursement for mileage. If confirmed, the proposed rules would impede the effectiveness of elected members in how they carry out their work, given: the frequency of travel required for night time meetings, the size of the ward to travel around, frequent site visits relating to resource consent hearings, increasing petrol costs, and the wear and tear from mileage accrued on elected members' own vehicles. Concern was also raised at the Authority's decision in its Determination to decrease the level of the communications allowance, as the ability to communicate with residents is integral to the role of a Community Board member. The reduction risks creating a disincentive for members to engage with the community.
49. The Board therefore supported the adoption of most of Attachment Two, with the exception of the mileage allowance provisions in Section 5 and the communications and technology provisions in Section 8.

Board Recommendation

50. That the staff recommendation be adopted, subject to:
- (a) In relation to Section 5 of **Attachment 2**, the status quo for the mileage allowance remains for elected members, due to factors relating to the size of the ward, the frequency of night time meetings, and other Board member meeting commitments, wear and tear on vehicles and petrol costs, attendance at resource consent hearings site visits.
- (b) In relation to Section 8 of **Attachment 2**, the status quo for the communications allowance remain for Community Board members in view of communication being an integral part of the duties of Community Board members.

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Spreydon/Heathcote

Board Consideration

51. The Community Board recommendations are based on the consideration that since Community Board members receive a significantly lower level of remuneration when compared to councillors, therefore the Community Board members should at least receive communication expenses at the same rate as proposed for councillors.

Board Recommendation

52. That the staff recommendation be adopted, subject to Section 8 of Attachment Two being amended to reflect Community Board members having the same level of communication and technology allowance as that proposed for Councillors and Board Chairs.