

## 11. 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 revise two elements (mileage and communications) of its proposal to the Remuneration Authority for the payment of expenses and allowances to elected members for the period following the October 2010 elections up until 30 June 2011. Given that this financial year is nearly ended, it is also proposed that these expenses and allowances roll over to the 2011/12 financial year as well.

### EXECUTIVE SUMMARY

2. On 10 February 2011 the Council resolved to adopt its proposal to the Remuneration Authority for the reimbursement of expenses and the payment of allowances to elected members, for the period commencing from the October 2010 elections to 30 June 2011. The Authority has since responded to the Council and advised that the Council's proposal raises two issues:
  - (a) in terms of mileage and the Council's proposal that reimbursement thresholds for the Banks Peninsula Councillor and Community Board Chairs be increased, the Authority believes that the mileage payment established in its Determination fully recompenses the additional costs that Councillors experience undertaking Council business;
  - (b) the Council's proposal in relation to communications falls outside of the policy that the Authority has included in Determinations and the Authority will not approve an allowance of beyond \$750 per calendar year, though in recognition of increased volumes of calls made by elected members due to the 22 February 2011 earthquake, some additional costs can be met (refer to paragraph 13 below).
3. A revised proposal for 2010/11 to be submitted to the Remuneration Authority for approval is set out in **Attachment One**, with the amended wording around the two areas of mileage and communications in Sections 5 and 8 respectively highlighted.

### FINANCIAL IMPLICATIONS

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

4. 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?

5. 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?

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

### ALIGNMENT WITH STRATEGIES

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

7. Not applicable.

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#### CONSULTATION FULFILMENT

8. All Community Boards were consulted on the issue of allowances and expenses prior to the Council's initial consideration of the issue on 10 February 2011. Their views on the issues of mileage and allowances were outlined in paragraphs 27 to 52 of **Attachment Two** - the report to the 10 February 2011 Council meeting on this issue (note: the attachments to that original report are not included).

#### STAFF RECOMMENDATION

9. It is recommended that the Council resolve to submit to the Remuneration Authority for its approval the revised rules and policies for the reimbursement of elected member expenses and allowances described in Attachment One of this report to apply to:
- (a) the period 15 October 2010 to 30 June 2011, and
  - (b) the 2011/12 financial year.

#### BACKGROUND (THE ISSUES)

##### General

10. Background information on the Remuneration Authority's approach to approving allowances and expenses for elected members, and issues relating to communications and mileage, can be found in paragraphs 11 to 20 of **Attachment Two**.

##### Communications Allowance

11. At its meeting of 10 February 2011 the Council decided to propose the same level of communications allowance that had applied previously for the 2009/10 financial year.
12. The Remuneration Authority has not accepted this proposal, stating: *"..communications expenses also falls outside of the policy we have included in Determinations and the Authority will not approve an allowance of beyond \$750 per calendar year. The Authority has, however, recognised the additional communication required by mobile phone due to the earthquake, and has confirmed that it will approve either an additional one off payment of \$250 for appropriate members, or the reimbursement of the actual costs of calls made.*
13. Section 8 of Attachment One on Communications has been amended to:
- (a) ensure that the level of communications allowance/provision of communications equipment falls within the parameters of the Remuneration Authority's 2010/11 Determination, and
  - (b) incorporate the advice provided by the Remuneration Authority with regard to mobile phone calls made by elected members during the period of the national civil defence emergency.

##### Vehicle Mileage Allowance and Travel Time Allowance

14. At its 10 February 2011 meeting the Council had requested that thresholds for mileage and travel time allowances be slightly higher for the Banks Peninsula Councillor and Community Board Chairs.
15. The Remuneration Authority has not accepted this proposal, stating:
- "..travel costs for "rural" elected officials has been well canvassed by the Authority in its circular of 23 February and its determination of 4 March. The Authority believes that the mileage payment established fully recompenses the additional cost Councillors experience undertaking Council business. The Authority did make some changes to its original position to meet genuine concerns raised and we would obviously approve a policy upon the line of those changes".*

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16. The changes referred to in the last sentence above were set out in a letter from the Authority to all Councils (not received until late March 2011), acknowledging the number of concerns that Councils had voiced regarding the new thresholds for mileage and travel time allowances. This letter has is attached in **Attachment Three**. Of particular relevance are the following comments by the Authority in that letter:

*Since we released our Determinations and explanatory notes which, inter alia, had a cap of 5,000 kilometres and expressed the vehicle mileage allowance limitations in terms of "per event", we have listened to and have noted some valid arguments against the 5,000 kilometre cap and the use of a "per event" definition. We accept that a 5,000 kilometre cap would significantly disadvantage some elected representative who have to cover large distances to carry out their duties. We therefore have removed the limit and allowed distance over 5,000 kilometres in any one year to be reimbursed at the rate of 35 cents per kilometre.*

*We also recognise the difficulties that a "per event" definition could have, particularly for an elected representative who makes many journeys in their own vehicle in one day where each of their trips may be less than 30 kilometres, but in total add up to over 30 kilometres.*

*We agree with some submissions that there is no good reason to have a cap on the number of hours for which travel time may be reimbursed, and so have removed the reference to a maximum number of hours".*

17. Accordingly the Authority has set guidelines that incorporate the points outlined in paragraph 16 above, and these have been reflected in the amended wording Section 5 of Attachment One.