

Mayor and Councillors
COUNCIL

25 NOVEMBER 2010

Meeting Status: Public

Purpose of Report: For Decision

DRAFT REMUNERATION PROPOSAL FOR ELECTED MEMBERS AND EXPENSES AND ALLOWANCES POLICY FOR THE PERIOD UP UNTIL 30 JUNE 2011

PURPOSE OF REPORT

- 1 To consider and approve the Draft Remuneration Proposal for Elected Members and Expenses and Allowances Policy for the period up until 30 June 2011 before being forwarded to the Community Boards for their consideration and recommendation.

SIGNIFICANCE OF DECISION

- 2 The Council's Significance Policy is not triggered by this report.

BACKGROUND

- 3 Every Council has a total indicative remuneration pool which it cannot exceed when paying Elected Members.
- 4 The remuneration pool for the 2010/11 year for the Kapiti Coast District Council has not changed from what was set by the Remuneration Authority. This report is about setting the remuneration levels for the Elected Members under the new Governance Structure but within the total remuneration pool originally approved.
- 5 This remuneration pool, which is set each year, is determined by the Remuneration Authority based on the following factors:
 - Population (50% weighting);
 - Expenditure (33% weighting); and
 - Assets (17% weighting).
- 6 Even though the remuneration pool is set by the Remuneration Authority they do not provide any actual funding of Elected Members but just regulate the maximum remuneration pool and approve recommendations received from the local authorities on the allocation of remuneration for their various Elected Member positions. Funding is still provided by each Local Authority.
- 7 The remuneration pool must cover:
 - Councillors Remuneration; and
 - Half Community Board Remuneration.
- 8 The remuneration pool does not cover:
 - Resource Consent Hearings;
 - Payments to Community or Iwi Representatives;

- Expense Reimbursement; and
 - Mileage Claims.
- 9 Resource Consent Hearing Fees – Definitions of a Resource Consent Hearing are included in Section 7 of the Local Government Elected Members (Interim) Determination 2010, (relevant parts are attached as Appendix 1) Resource Consent Hearing fees are payable to the Chairperson of the Resource Consent Hearing Committee at a rate of \$85 per hour of hearing time and to a member at a rate of \$68 per hour of hearing time. For hearing times of less than one hour, the fee is apportioned accordingly. Fees for pre-hearing meetings may only be paid to one member. The Mayor is unable to be paid resource consent hearing fees unless first approved by the Remuneration Authority.
- 10 Hearing time is defined as the time spent by a member in hearing a Resource Consent Hearing and the definitions of what this includes and does not include are listed in Section 8 of the Local Government Elected Members (Interim) Determination 2010.
- 11 The Council needs to consider and approve a draft Remuneration Proposal for Elected Members for the period up until 30 June 2011. This then needs to be considered by each of the Community Boards who, in December, will then each make a recommendation to the Council. The Council will then consider their recommendations and approve a final Remuneration Proposal for submission to the Remuneration Authority at the Council meeting on the 27 January 2011.
- 12 A Local Authority may reimburse expenses to its Councillors and Community Board Members in accordance with its expense rules and guidelines approved by the Remuneration Authority. The Council needs to consider and approve a draft Expenses and Allowances Policy and this will be included in the same process as the draft Remuneration Proposal as outlined above.

CONSIDERATIONS

Issues and Options

- 13 The total remuneration pool as established by the Remuneration Authority for each Council needs to cover the Councillor remuneration and half of the Community Board remuneration.
- 14 The Council's remuneration pool (excluding the Mayor's remuneration which is separately set by the Remuneration Authority) for the 2010/11 year is as follows:

Total available remuneration to cover Councillors and half the Community Board remuneration	\$338,190
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- 15 The Remuneration for Elected Members can be based as follows:
- salary only; or
 - salary plus meeting fees (except for Community Boards which are salary only – Remuneration Authority ruling)
- 16 Some Councils have opted to base remuneration on salary only while others have continued to retain some form of meeting fee payment.

- 17 This Council, during the last triennium, decided to base remuneration on salary only and the attendance at the Council and the Standing Committee meetings was not unduly affected. It is recommended that Council continue to base their remuneration on salary only due to the extra administration time and costs of paying separate meeting fees.
- 18 The draft Remuneration Proposal is based on that Governance Structure.

Previous basis for establishing relativities between Elected Members' positions

- 19 Discussions were held with an independent consultant, Peter Cornish from the Hay Group, commissioned by the Remuneration Authority, during the 2004-2007 triennium. The Hay Group undertook extensive research and analysed the workloads of several Councils throughout the country. This gave Council a base which was modified to take into account the structure of the Council during the 2007-2010 triennium.
- 20 Based on that previous work, the weightings and estimated time commitments for the respective Elected Member positions during the last triennium were as follows:

Position	Weightings	Hours per Week
Deputy Mayor	1.2	22
Chairpersons of Committees	1.1	22
Deputy Chairpersons of Committees	1	21
Councillors Appointed back to Community Boards	1	21
Councillors	1	19
Community Board Chairpersons, (Ōtaki, Waikanae, Paraparaumu/Raumati)	0.7	14
Community Board Chairperson (Paekākāriki)	0.42	14
Community Board Members (Ōtaki, Waikanae, Paraparaumu/Raumati)	0.5	10
Community Board Members (Paekākāriki)	0.3	10

The weightings and hours per week for each position were based on the research undertaken by the Hay Group across the sector and refined to meet the requirements of our Council at that time.

The weightings for the Paekākāriki Community Board is 60% of the other Community Boards reflecting its relative population compared to other Community Boards.

The “weightings” factors multiplied by the “estimated hours per week” give a total points for each Elected Member position. The points allocated to each position are then used to determine the level of remuneration for each Elected Member position.

21 Councillors appointed to Community Boards

The five Ward Councillors are appointed back to each of the respective Community Boards. The Councillors appointed back cannot be paid directly as Community Board Members but the additional time spent on Community Board

duties needs to be recognised in the total number of hours spent on Elected Members' duties.

From the earlier research undertaken, the estimated number of additional hours per week for Community Board work was assessed as an additional two hours per week on top of their hours spent on Councillor duties. This equates to additional remuneration of \$2,500 per annum for Councillors appointed back to Community Boards

22 Options

The Council needs to consider options for setting its draft Elected Members' Remuneration for the period through to 30 June 2011.

23 It would be difficult to justify a major deviation from the (weightings/hours per week) points allocation used for each elected Member during the last triennium without extensive research and independent advice, which would involve engaging a consultant. There would be time delays before finalising the remuneration through until 30 June 2011. Under the current proposed timetable the final remuneration proposal will not be approved by the Remuneration Authority until February 2011. Any additional work if required could delay the final approval until March/April 2011. Given that the Council wishes to review its Governance Structure before 30 June 2011 it is recommended that the Council uses the existing weightings and points established for each Elected Member position or makes some minor modifications if justified.

Given the above, there are 2 options put forward for consideration.

24 Option 1

Using existing weightings/points per Elected Member position and applying this to the new Governance Structure.

The calculations and draft remuneration levels are shown in the spreadsheet attached as Appendix 2.

25 Option 2:

Modify the existing weightings/points per Elected Member position to reflect changes in the Governance Structure.

26 The Appeals Committee is a new Standing Committee which will not meet on six-weekly cycle but will meet as required for hearings. This Committee should have lesser workload than the other three Standing Committees.

To adjust for this factor, it is proposed that the number of hours per week for the Chairperson and Deputy Chairperson of the Appeals committee be reduced by one hour per week.

27 Although the Deputy Mayor does not have the workload chairing a committee there is an increasing workload for that role deputising for the Mayor as the Mayor as a result of major issues facing the District.

28 It is proposed that the number of hours per week for the Deputy Mayor position be increased by one hour per week. The calculations and draft remuneration levels for this Option are shown in the spreadsheet attached as Appendix 3.

Expenses and Allowances Policy

- 29 The Remuneration Authority recognises that each Local Authority has its own characteristics, which means that a single set of expense rules and allowance rules is not appropriate for all Local Authorities. The Authority expects each Local Authority to develop its own rules for payment of expenses and the provision of allowances, which will then be subject to Remuneration Authority approval before they can be implemented.
- 30 The Remuneration Authority's expectations for the rules surrounding the payment of expenses and provision of allowances are as follows:

31.1 *Payment of Expenses*

The rules should clearly state:

- the persons to whom expenses may be paid or reimbursed;
- the general types of expenses which may be paid or reimbursed (and possibly some guidance on which expenses can be paid in advance and which should be subject to reimbursement);
- the levels of documentation required (separately for reimbursement and payment in advance);
- the Authorities required for approval; and
- any maximums or guidance on acceptable levels of expenditure.

31.2 *Vehicle Mileage Allowance*

In addition to the conditions contained in Clause 13, the rules should cover:

- 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);
- the maximum payment to any one Elected Member in a year (a maximum of 5,000 kilometres claimed in any one year will have automatic approval); and
- the allowance per kilometre (must be less than or equal to \$0.70 per kilometre).

- 32 The draft Expenses and Allowances Policy is attached as Appendix 4 and includes options under the vehicle mileage section for Council to consider and adopt its preferred option.

33 **Vehicle Mileage threshold of 30 kilometres for any one event before vehicle mileage is paid**

The Remuneration Authority has been questioned by other Local Authorities on their new guideline of the 30 kilometre threshold. The Remuneration Authority's response is that a Council could set a threshold that best reflects the Council's unique geography but the Remuneration Authority is unlikely to agree to a threshold of less than 30 kilometres. Nevertheless, a Council may decide to put forward a proposal setting the threshold at a lesser level than the 30

kilometres but they will need to convince the Remuneration Authority and gain their approval.

34 The Remuneration Authority's argument for bringing in this threshold is that the vehicle costs incurred by Elected Members can be claimed as a tax deductible expense, but from an Elected Members point of view they need to have sufficient other revenue to fund that taxable expense, otherwise Elected Members may struggle to be able to afford to attend meetings especially those who have to travel reasonable distances.

35 Given the modest level of remuneration for Community Board Chairs and Members they will find it harder financially to be able to afford to attend Council meetings in Paraparaumu. This proposed threshold also presents an impediment to greater involvement by Councillors in Community Board issues across the District.

36 The proposed option for Council to consider relating to the Motor Vehicle Allowance Policy and addressing the proposed Remuneration Authority threshold of 30 kilometres before mileage is payable are as follows:

36.1 Option A

Include the Motor Vehicle Allowance \$0.70 per kilometre with no threshold.

The Council would need to put forward a strong case based on the above factors to support its position and convince the Remuneration Authority that this was justified.

36.2 Option B

Include a motor vehicle mileage at \$0.70 per kilometre with a lower threshold than 30 kilometres for example 10 kilometre threshold before mileage is paid.

A minimum level of 10 kilometres would be reasonable in terms of administration costs.

36.3 Option C

Include a motor vehicle mileage allowance policy at \$0.70 per kilometre with a 30 kilometre threshold before mileage is payable.

This is the Remuneration Authority guideline.

Given the small size of our District, Options A and B are unlikely to be approved by the Remuneration Authority.

37 Broadband

The Council will either provide a Broadband connection or where Councillors have an existing Broadband connection Council will reimburse the cost. This is

only available for Councillors and Community Board Chairpersons. This is the current policy and any wider coverage for Community Board Members would have to be addressed as an Annual Plan issue.

- 38 The other expenses payable in the current Expenses and Allowances Policy are fairly standard. While most accommodation and travel is pre-booked and paid for by the Council there will be other incidental costs such as taxi fares and meals which will be claimable.

39 **Proposed timetable for the Draft Remuneration Proposal for Elected Members and Expenses and Allowances Policy approval process**

Council Meeting

25 November 2010 - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.

December Community Board Meetings

7 December 2010 - OCB/WCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.

14 December 2010 - PRCB/PCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.

Council Meetings

27 January 2011 - Approval of Final Remuneration Proposal and Expenses and Allowances Policy (*after considering views from Community Boards*).

By 31 January 2011 - Submission of Final Remuneration Proposal for Elected Members and Expenses and Allowances Policy to the Remuneration Authority for consideration and approval.

February 2011 - Remuneration Authority considers proposal and issues a Determination.

Financial Considerations

- 39 There is sufficient budget provision in the Annual Plan to cover the Elected Members' remuneration pool, as determined by the Remuneration Authority for this Council for the 2010/11 year.

Legal Considerations

- 40 The Council must comply with the determinations as set by the Remuneration Authority.

Consultation

- 41 This current paper, together with the draft Remuneration Proposal, will be circulated to all the Community Boards for their consideration and comment.

Policy Implications

- 42 Once the final Remuneration Proposal is approved by the Remuneration Authority this will be the new Elected Members' Remuneration Policy for this Council up until 30 June 2011.

Publicity Considerations

- 43 Given that there is no increase in the total remuneration paid to Elected Members and the remuneration pool is being applied to the new Governance Structure then it is not planned to prepare a press release on this issue.

Delegations

- 44 The Council has not delegated this authority to any of its committees or subcommittees.

RECOMMENDATIONS

Draft Remuneration Proposal

- 45 That the Council adopts either
Option one: Use the existing weightings/points from the previous triennium for each Elected Member position and apply it to the new Governance Structure as outlined in Appendix 2 to Report Fin-10-036.
or
46 Option 2: Modify the existing weightings/points per Elected Member position to reflect changes in Governance Structure (from the last triennium) as outlined in Appendix 3 to Report Fin-10-036.
or
47 That the draft Remuneration Proposal for the Community Boards be presented to each Community Board for their comments and recommendations.

Draft Expenses and Allowances Policy

- 48 That the Council adopt the Draft Expenses and Allowances Policy as set out in Appendix 4 to this Report FIN-10-036 with the following option for the motor vehicle allowance.
 - 48.1 Option A
Include the Motor Vehicle Allowance \$0.70 per kilometre with no threshold.
or
 - 48.2 Option B
Include a motor vehicle mileage at \$0.70 per kilometre with a 10 kilometre threshold before mileage is paid.
or

48.3 Option C

Include a motor vehicle mileage allowance policy at \$0.70 per kilometre with a 30 kilometre threshold before mileage is payable.

Report prepared by:

**Warwick Read
GROUP MANAGER FINANCE**

Attachments:

- Appendix 1 – Local Government Elected Member (Interim) Determination 2010
Section 7 to 9
- Appendix 2 – Calculations for Remuneration Option 1
- Appendix 3 – Calculations for Remuneration Option 2
- Appendix 4 – Draft Council's Expenses and Allowances Policy

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