

Mayor and Councillors
COUNCIL

17 MAY 2012

Meeting Status: **Public**

Purpose of Report: For Decision

DRAFT REMUNERATION PROPOSAL FOR ELECTED MEMBERS AND EXPENSES AND ALLOWANCES POLICY FOR THE PERIOD 1 JULY 2012 TO 30 JUNE 2013

PURPOSE OF REPORT

- 1 This report presents the Draft Remuneration Proposal for Elected Members and Expenses and Allowances Policy for the period 1 July 2012 to 30 June 2013 for consideration and approval 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 The Remuneration Authority has advised that there is no increase in the remuneration pool for the 2012/13 year for the Kāpiti Coast District Council.
- 4 The total remuneration pool for the whole country has been increased by 1.5% by the Remuneration Authority.
- 5 The factors that determine the relative levels of total remuneration pool for each local authority have been applied and these include the following factors for the 2010/11 Annual Reports:

Population	(50% weighting)
Expenditure	(33% weighting)
Assets	(17% weighting)

- 6 The impact of applying these factors varies for each local authority in terms of determining their new total remuneration pool for the 2012/13 year.
- 7 The reason our Council is not receiving an increase in total remuneration is that the Council's relativity compared to the rest of New Zealand's local authorities has decreased for one of those key factors which is the level of total expenditure for the 2010/11 year.

- 8 In the 2009/10 year included in Council's expenditure was an item called "Impairment of Assets" totalling \$8.2 million. This was for the design and investigation costs of the Western Link Road which was previously recorded against capital expenditure but once the Government announced the Expressway and the Council was no longer building the Western Link Road those initial design and investigation costs needed to be written back against operating costs.
- 9 As a consequence, the 2009/10 year showed an \$8.2 million higher level of operating expenditure than normal and that higher figure was taken into account when the Remuneration Authority calculated the remuneration pools for the 2011/12 year.
- 10 The total operating expenditure decreased for the 2011/12 year compared to the previous year and as a consequence that has impacted on Council's share of the total remuneration pool for Elected Members.
- 11 As a consequence, Kāpiti's points for the share of the remuneration pool have decreased from the previous financial year but as for all Councils where the points have dropped, the previous year's remuneration levels are being retained.
- 12 The remuneration pool is set by the Remuneration Authority. The Remuneration Authority regulates the maximum remuneration pool and approves recommendations received from the local authorities on the allocation of remuneration for their various Elected Member positions. The funding for remuneration is provided by each local authority.
- 13 The remuneration pool must cover:
- Councillors' Remuneration; and
 - Half Community Board Remuneration.
- 14 The remuneration pool does not cover:
- Resource Consent Hearings;
 - Payments to Community or Iwi Representatives;
 - Expense Reimbursement; and
 - Mileage Claims.
- 15 Resource Consent Hearing Fees – Definitions of a Resource Consent Hearing and fees are included in Sections 5 and 12 of the Local Government Elected Members (2011/12) (Certain Local Authorities) Determination (No 2) 2011, (relevant parts are attached as Appendix 3) Resource Consent Hearing fees are payable to the Chairperson of the Resource Consent Hearing Committee at a rate of \$100 per hour of hearing time and to a member at a rate of \$80 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. The Remuneration Authority has advised that these clauses should not change for the 2012/13 year.
- 16 The Council needs to consider and approve a draft Remuneration Proposal for Elected Members for the period 1 July 2012 to 30 June 2013. This then needs to be considered by each of the Community Boards who, in May, 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 28 June 2012.

- 17 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

- 18 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.
- 19 The Council's remuneration pool for the 2012/13 year is as follows:
- | | |
|---|-----------|
| Total available remuneration to cover Councillors | \$360,910 |
| and half the Community Board remuneration | |
- 20 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)
- 21 Some Councils have opted to base remuneration on salary only while others have continued to retain some form of meeting fee payment.
- 22 It is recommended that the Council continues to base remuneration on salary only due to the extra administration time and costs of paying separate meeting fees.
- 23 Given that the relevant parts of the Governance Structure, approved in November 2010, have not changed substantially, there is no justification at this stage for putting forward options for changes to the basis of the Elected Members' remuneration. The relative weightings for each of the Elected Members' positions were agreed by the Council for the 2011/12 Remuneration Proposal last year.
- 24 Therefore it is recommended that the remuneration for Elected Members remain the same as for the 2011/12 year.

Expenses and Allowances Policy

- 25 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.

- 26 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

- (1) A local authority may pay a member or a member of a community board a vehicle mileage allowance for travel by the member on a day, but only if:
 - (a) the member is not otherwise provided with a vehicle by the local authority; and
 - (b) the distance travelled by the member on the day exceeds the threshold distance; and
 - (c) the travel is—
 - (i) in a private vehicle; and
 - (ii) on the local authority's business; and
 - (iii) by the most direct route that is reasonable in the circumstances.
- (2) The vehicle mileage allowance payable to a member in respect of a day is payable only for that part of the member's travel that exceeds the threshold distance.
- (3) The maximum vehicle mileage allowance payable to a member for the period of this determination is—
 - (a) \$0.74 per kilometre for the first 5 000 kilometres;
 - (b) \$0.35 per kilometre for any distance over 5 000 kilometres.
- (4) In this clause:

on the local authority's business includes—

 - (a) on the business of any community board of the local authority; and
 - (b) travel to and from a member's residence to the offices of the local authority or a community board

threshold distance means the distance set by the local authority, which must not be less than 30 kilometres.

- 28 The draft Expenses and Allowances Policy is attached as Appendix 2.

- 29 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.
- 30 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 may be other incidental costs such as taxi fares and meals which may be claimed.
- 31 **Proposed timetable for the Draft Remuneration Proposal for Elected Members and Expenses and Allowances Policy approval process**

Council Meeting

- 17 May 2012 - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.

Community Board Meetings

- 15 May 2012 - WCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy
- 22 May 2012 - PCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.
- 5 June 2012 - PRCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.
- 19 June 2012 - OCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.

Note: The Waikanae Community Board (WCB) will consider the draft Remuneration Proposal and Expenses and Allowance Policy based on the Council report prior to this meeting to avoid the need for an additional WCB meeting in the required timeframe.

Council Meetings

- 28 June 2012 - Approval of Final Remuneration Proposal and Expenses and Allowances Policy (*after considering views from Community Boards*).
- 28 June 2012 - Submission of Final Remuneration Proposal for Elected Members and Expenses and Allowances Policy to the Remuneration Authority for consideration and approval.
- July 2012 - Remuneration Authority considers proposal and issues a Determination.

Financial Considerations

- 32 There is sufficient budget provision in the draft Annual Plan to cover the Elected Members' remuneration pool in 2012/13.

Legal Considerations

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

Consultation

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

Policy Implications

- 35 Once the final Remuneration Proposal is approved by the Remuneration Authority this will be the new Elected Members' Remuneration Policy for this Council for the period 1 July 2012 to 30 June 2013.

Publicity Considerations

- 36 A press release will be prepared in relation to this paper.

Delegations

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

RECOMMENDATIONS

- 38 That the Council adopts the draft Remuneration Proposal for Elected Members based on the same remuneration levels for each Elected Member position that applied for 2011/12 as outlined in Appendix 1 to this report Fin-12-560.
- 39 That the Council adopts the Draft Expenses and Allowances Policy as set out in Appendix 2 to this report FIN-12-560.
- 40 That the draft Remuneration Proposal for the Community Boards and the draft Expenses and Allowances Policy be presented to each Community Board for their comments and recommendations.

Report prepared by:

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GROUP MANAGER FINANCE

Attachments:

- Appendix 1 – Draft Remuneration Proposal
Appendix 2 – Draft Council's Expenses and Allowances Policy
Appendix 3 – Section 5 & 12 of the Local Government Elected Members (2011/12)
(Certain Local Authorities) Determination (No 2) 2011