

Mayor and Councillors  
**COUNCIL**

21 APRIL 2011

Meeting Status: Public

Purpose of Report: For Decision

**DRAFT REMUNERATION PROPOSAL FOR ELECTED MEMBERS AND EXPENSES AND ALLOWANCES POLICY FOR THE PERIOD 1 JULY 2011 TO 30 JUNE 2012**

**PURPOSE OF REPORT**

- 1 This report presents the Draft Remuneration Proposal for Elected Members and Expenses and Allowances Policy for the period 1 July 2011 to 30 June 2012 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 Every Council has a total remuneration pool which it cannot exceed when paying Elected Members.
- 4 The total remuneration pool for the whole country has been increased by 2% 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:

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 2011/12 year. Very little movement or even a decrease in population in some instances for some Councils has meant that they should have had a decrease in their total remuneration pool compared to the previous year.
- 7 The Remuneration Authority decided that all Councils would at least retain the same total remuneration pool as had been approved in the previous year.

- 8 This means the 2% increase in the total remuneration pool for the whole country is spread over a smaller number of Councils including the Kāpiti Coast District Council who have still experienced growth in population. This has resulted in an increase of 6.5% in the total remuneration pool for the Kāpiti Coast District Council Elected Members. There was no increase in the Elected Members' remuneration for the 2010/11 year.
- 9 The Remuneration Authority has been requested in the past whether it is mandatory to fully allocate the total remuneration pool.
- 10 Their response has been that their preference is for the remuneration pool to be fully allocated for the following reasons:
- The remuneration pool is set by an independent authority not associated with any of the local authorities
  - If a local authority pays a lower level of remuneration increase for the 2011/12 year than has been set by the Remuneration Authority, it could create a situation where a larger and perhaps less publicly acceptable adjustment would need to be made in the 2012/13 year.
- 11 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.
- 12 The remuneration pool must cover:
- Councillors' Remuneration; and
  - Half Community Board Remuneration.
- 13 The remuneration pool does not cover:
- Resource Consent Hearings;
  - Payments to Community or Iwi Representatives;
  - Expense Reimbursement; and
  - Mileage Claims.
- 14 Resource Consent Hearing Fees – Definitions of a Resource Consent Hearing are included in Section 5 of the Local Government Elected Members (2010/11) Determination 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 \$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.
- 15 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 6 of the Local Government Elected Members (2010/11) Determination 2011. The Remuneration Authority has advised that these clauses will not change for the 2011/12 year.

- 16 The Council needs to consider and approve a draft Remuneration Proposal for Elected Members for the period 1 July 2011 to 30 June 2012. 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 2 June 2011.
- 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 (excluding the Mayor's remuneration which is separately set by the Remuneration Authority) for the 2011/12 year is as follows:
 

Total available remuneration to cover Councillors and half the Community Board remuneration	\$360,910
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- 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 The draft Remuneration Proposal is based on the current Governance Structure which is not being reviewed until the latter half of the 2011 year.

### Options

- 24 Given that the relevant parts of the Governance Structure, approved in November 2010, have not changed and will not be reviewed until the latter half of 2011, 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 2010/11 Remuneration Proposal

- 25 Therefore, it is recommended that the 6.5% increase in the total remuneration pool be applied to the 2010/11 year remuneration levels for each Elected Member's position.
- 26 It should be noted the 6.5% increase followed a nil increase in the previous year which equates to an average of 3.25% per annum over the 2 years.

**Expenses and Allowances Policy**

- 27 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.
- 28 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).

- 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

21 April 2011 - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.

Community Board Meetings

3 May 2011 - OCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.

10 May 2011 - WCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy

17 May 2011 - PRCB/PCB - Consideration of Draft Remuneration Proposal and Expenses and Allowances Policy.

Council Meetings

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

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

June 2011/July 2011- 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 2011/12.

**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 2011 to 30 June 2012.

**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 applying 6.5% to the remuneration levels for each Elected Member position that applied for 2010/11 as outlined in Appendix 1 to this report Fin-11-193.
- 39 That the Council adopts the Draft Expenses and Allowances Policy as set out in Appendix 2 to this report FIN-11-193.
- 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:**

**Warwick Read**  
**GROUP MANAGER FINANCE**

**Attachments:**

- Appendix 1 – Draft Remuneration Proposal
- Appendix 2 – Draft Council's Expenses and Allowances Policy
- Appendix 3 – Section 5, 6 & 14 of the Local Government Elected Members (2010/11) Determination 2011

Kapiti Coast District Council Draft Remuneration Proposal 2011/12

Council Remuneration - Salary 100%

Paekakariki Community Board proposed Remuneration 60% of other Community Boards' Remuneration

		Est. Hours per week	Est. Hours per annum	Points for Position	Calculation	Total Points per annum	Total Remuneration covered by Remuneration Pool	Remuneration adjustment for appointment back to Community Boards	New total remuneration per Council position	Remuneration per position
<b>Council</b>										
Deputy Mayor		23	1150	1.2		1,380	\$36,208		\$36,208	\$36,208
<b>Committee Chair</b>										
Environment & Community Development Committee	Chairperson	22	1100	1.1		1,210	\$31,747	\$2,130	\$33,877	\$33,877
	Deputy Chairperson	20	1000	1		1,000	\$26,238	2130	\$28,368	\$28,368
Corporate Business Committee	Chairperson	22	1100	1.1		1,210	\$31,747		\$31,747	\$31,747
	Deputy Chairperson	20	1000	1		1,000	\$26,238	2130	\$28,368	\$28,368
Regulatory Management Committee	Chairperson	22	1100	1.1		1,210	\$31,747		\$31,747	\$31,747
	Deputy Chairperson	20	1000	1		1,000	\$26,238		\$26,238	\$26,238
Appeals Committee	Chairperson	21	1050	1.1		1,155	\$30,305	\$2,130	\$32,434	\$32,434
	Deputy Chairperson	19.5	975	1		975	\$25,582	2130	\$27,712	\$27,712
Councillor	1 Councillor	19	950	1		950	\$24,926		\$24,926	24,926
<b>Community Boards</b>						11,090				
Community Board Chairperson	3 Community Board Chairpersons	14	700	0.7	700x3x0.7/2	735	* \$19,284		\$38,568	12,856
	1 Community Board Chairperson (Paekakariki)	14	700	0.42	700x0.42/2	147	* \$3,856		\$7,712	7,712
Community Board Members	9 Community Board Members	10	500	0.5	500x9x0.5/2	1,125	* \$29,517		\$117,118	6,559
	3 Community Board Members (Paekakariki)	10	500	0.3	500x3x0.3/2	225	* \$5,903		\$11,805	3,935
						13,322	\$349,533	\$10,650	\$418,741	
									-58559	
								\$360,183	\$360,182	
Average Value per Point =						349,540				
						13,322				
						26,23780				

\*half Community Board Remuneration only included in Remuneration Pool calculation



**SECTION 3 – AUTHENTICATION OF EXPENSE REIMBURSEMENTS  
AND ALLOWANCES**

Summarise the principles and processes under which the local authority ensures that expense reimbursements and allowances payable in lieu of expense reimbursements, -

- are in line with Council policies
- have a justified business purpose
- are payable under clear rules communicated to all claimants
- have senior management oversight
- are approved by a person able to exercise independent judgement
- are adequately documented
- are reasonable and conservative in line with public sector norms
- are, in respect of allowances, a reasonable approximation of expenses incurred on behalf of the local authority by the Elected Member
- are subject to internal audit oversight.

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**SECTION 4 – VEHICLE PROVIDED**

Are any Elected Members provided with use of a vehicle, other than a vehicle provided to the Mayor or Chair and disclosed in the remuneration information provided to the Remuneration Authority? **YES/NO**

*(If Yes – provide full details here.)*

**SECTION 5 – MILEAGE ALLOWANCES**

1. Rate(s) of allowances paid per kilometre *70 cents*
2. How rate calculated (if different from maximum set by Remuneration Authority)

3. Restrictions on mileage claims  
*(Summarise any restrictions on mileage claims)*

*Must relate to attendance at Council/Committee, Community Board Meetings, or attendance at conferences/seminars relating to local government or attendance at Community Organisation meetings as an Elected Member representative.*

*30 kilometres threshold for mileage claims for any one event*

**SECTION 6 – TRAVEL AND ACCOMMODATION**

(Mileage Claims – refer Section 5)

**Taxis and other transport**

Are the costs of taxis or other transport reimbursed or an allowance paid? YES/~~NO~~  
 (If Yes, state policy. Include any policy on the use of taxi chits/taxi cards)

*Only the actual costs of taxis or other transport are reimbursed.*

**Carparks**

Are carparks provided? YES/~~NO~~  
 (If Yes, summarise policy including any restrictions on private use)

*Only for the Mayor and Deputy Mayor.*

**Use of rental cars**

Are rental cars ever provided? YES/NO

**Air Travel Domestic**

Summarise the rules for domestic air travel.

*The actual cost of domestic air travel relating to Council business is reimbursed.  
 Generally only economy class is fully reimbursed.*

**Air Travel International**

Summarise the rules for international air travel (including economy class, business class, stopovers)

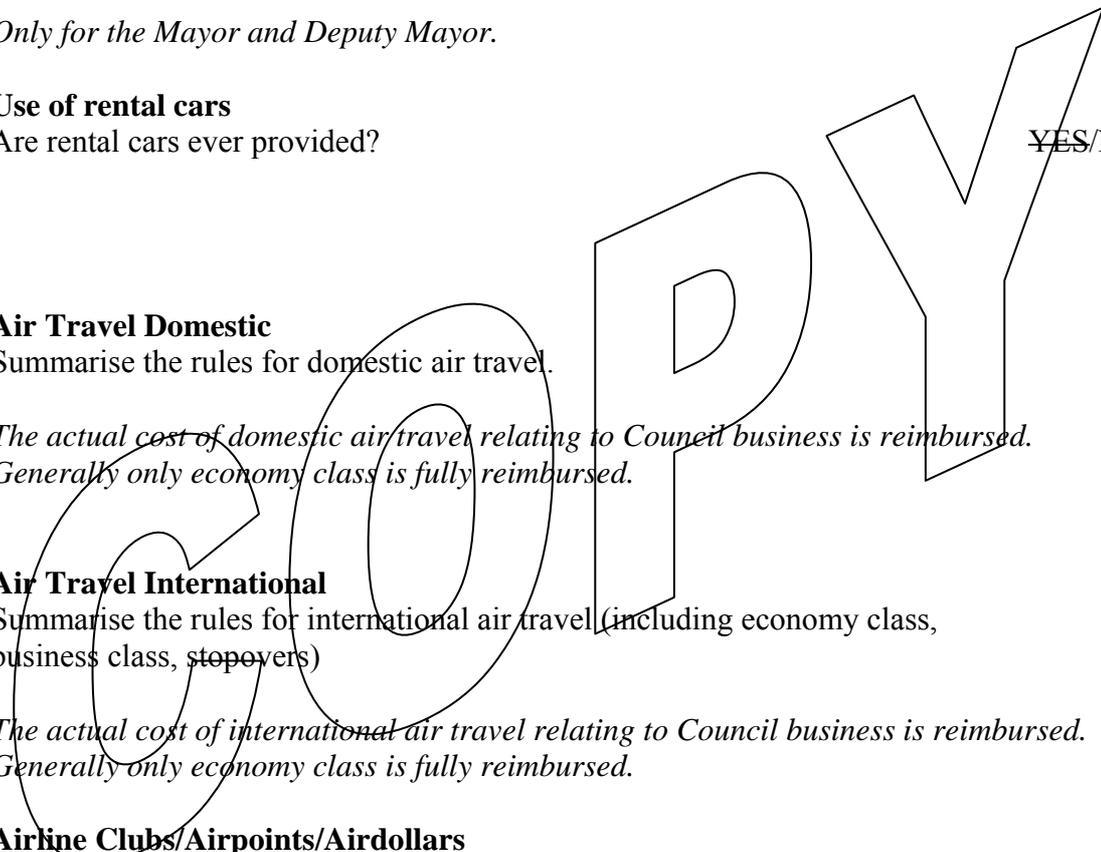
*The actual cost of international air travel relating to Council business is reimbursed.  
 Generally only economy class is fully reimbursed.*

**Airline Clubs/Airpoints/Airdollars**

Are subscriptions to airline clubs (such as the Koru Club) paid or reimbursed? ~~YES~~/NO  
 (If Yes, summarise policy)

Are airpoints or airdollars earned on travel, accommodation etc., paid for by the local authority available for the private use of members? YES/~~NO~~

*(Due to the low level of Air Travel this is insignificant).*



**SECTION 6 (CONTINUED)**

**Accommodation costs whilst away at conferences, seminars, etc.**

Summarise the rules on accommodation costs.

*Actual and reasonable costs for accommodation costs while away on Council business are reimbursed.*

**Meals and sustenance, incidental expenses**

Summarise the rules on meals, sustenance and incidental expenses incurred when travelling. *(If allowances are payable instead of actual and reasonable reimbursements, state amounts and basis of calculation).*

*Actual and reasonable costs for meals and sustenance when travelling on Council business are reimbursed.*

**Private accommodation paid for by local authority**

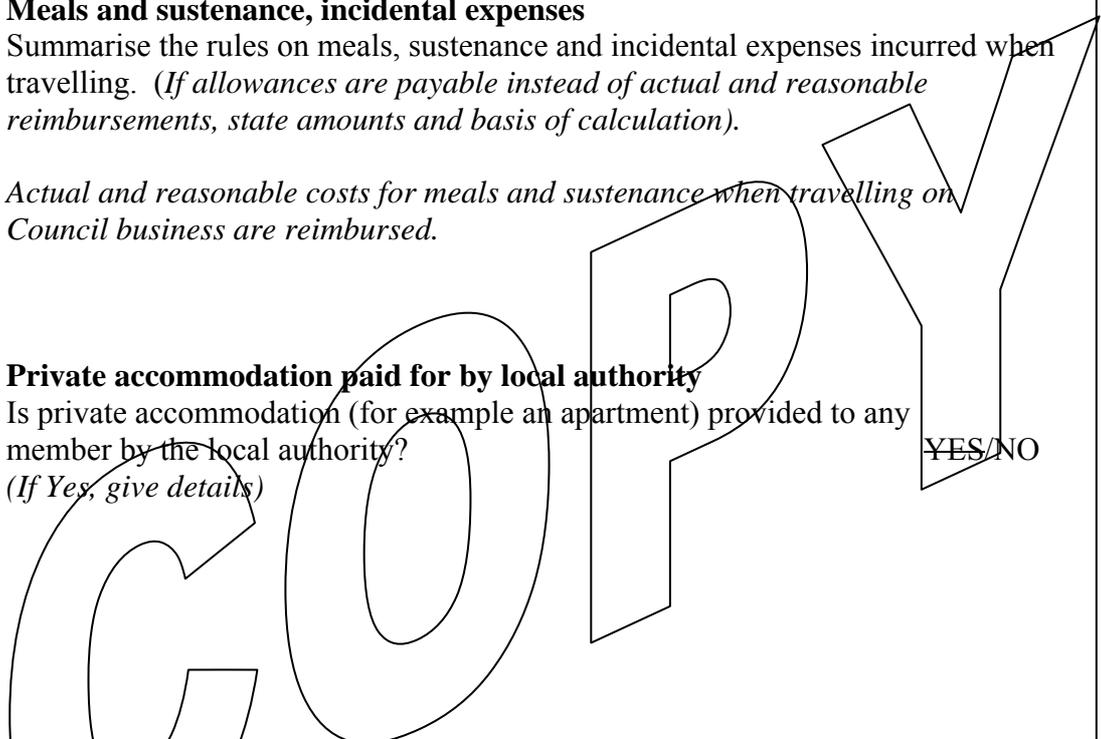
Is private accommodation (for example an apartment) provided to any member by the local authority?  
*(If Yes, give details)*

YES/NO

**Private accommodation provided by friends/relatives**

Are allowances payable in respect of accommodation provided by friends/relatives when travelling on local authority business?  
*(If Yes, state quantum, basis of calculation and compare with standard allowances payable)*

YES/NO



**SECTION 7 – ENTERTAINMENT AND HOSPITALITY**

Are any hospitality or entertainment allowances payable or any expenses reimbursed? YES/NO

*(If Yes, summarise policy, including amounts of any allowances and basis of calculation)*

*Only actual and reasonable expenses are reimbursed. Approval by the Mayor, Chief Executive and Group Manager Finance.*

**SECTION 8 – COMMUNICATIONS AND TECHNOLOGY**

**Equipment and technology provided to elected member**

Is equipment and technology provided to Elected Members for use at home on Council business? Only the Councillors and Chairs of Community Boards.

- |   |        |
|---|--------|
| PC or Laptop  | YES/NO |
| Fax   | YES/NO |
| Printer   | YES/NO |
| Broadband   | YES/NO |
| Second landline to house                                    | YES/NO |
| Consumables and stationery                                  | YES/NO |
| Mobile Phone (Mayor only)                                   | YES/NO |
| Other equipment or technology*<br><i>(*If Yes, specify)</i> | YES/NO |

Are any restrictions placed on private use of any of the above? YES/NO  
*(If Yes, describe rules)*

*Reasonable private use is acceptable.*

**SECTION 8 (CONTINUED)**

Home telephone rental costs and telephone calls (including mobiles)

Are telephone rental costs reimbursed in whole or part? YES/~~NO~~

*Mayor only for telephone rental (whole)*

*(If Yes, state percentage) %*

Are telephone call expenses reimbursed in whole or part? YES/~~NO~~

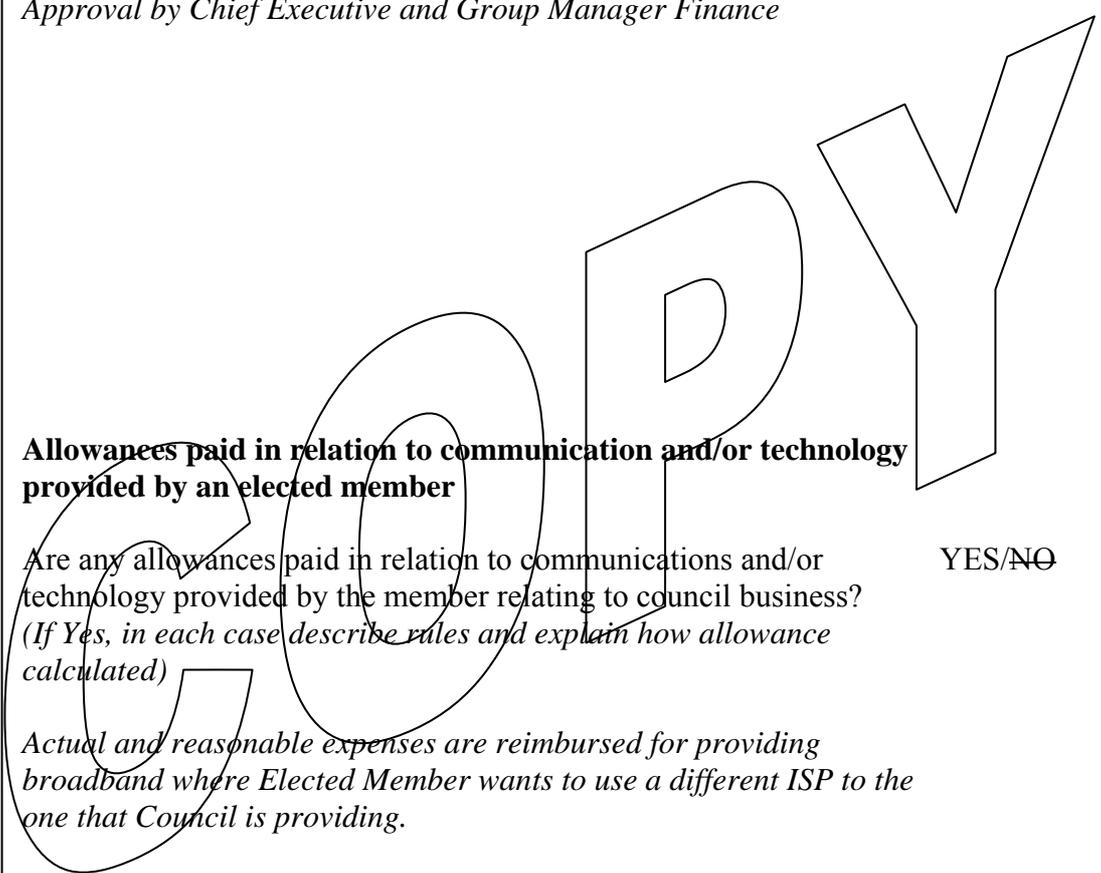
*(If Yes, describe process)*

*Only mobile phone and toll calls relating to Council business are reimbursed.  
Approval by Chief Executive and Group Manager Finance*

**Allowances paid in relation to communication and/or technology provided by an elected member**

Are any allowances paid in relation to communications and/or technology provided by the member relating to council business? YES/~~NO~~  
*(If Yes, in each case describe rules and explain how allowance calculated)*

*Actual and reasonable expenses are reimbursed for providing broadband where Elected Member wants to use a different ISP to the one that Council is providing.*



**SECTION 9 – PROFESSIONAL DEVELOPMENT, CLUBS AND ASSOCIATIONS**

Are any expenses reimbursed or allowances paid in respect of members' attendance at professional development courses, conferences and seminars? **YES/NO**  
*(If Yes, describe – including how any allowances are calculated)*

*Actual and reasonable expenses are reimbursed.*

Are any expenses reimbursed or allowances paid in respect of subscriptions to clubs or associations? **YES/NO**  
*(If Yes, describe – including how any allowances are calculated)*

*Mayor – Justice of Peace subscription.*

**SECTION 10 – OTHER EXPENSE REIMBURSEMENTS AND ALLOWANCES**

Are any other expense reimbursements made or allowances paid? **YES/NO**  
*(If Yes, describe – including how any allowances are calculated)*

*Where an elected member chooses to use their own vehicle for travel to conferences then the Council may reimburse the equivalent airfare rather than pay the mileage allowance for the distance travelled.*

- Footnotes:
1. Include in this section any expense reimbursements or allowances paid not covered by earlier sections of this form.
  2. Include in this section reimbursements of expenses of spouses/partners or allowances paid to them.
  3. Include in this section details of any accident insurance provided if the proceeds are payable to the Elected Member or estate.

**SECTION 11 – TAXATION OF ALLOWANCES**

Are any allowances (as distinct from reimbursements of actual business) expenses) paid without deduction of withholding tax? **YES/NO**  
*(If Yes, specify amount and nature of allowance)*

**SECTION 12 – SIGNATURE**

I seek approval from the Remuneration Authority, in relation to the period 1 July 2011 to 30 June 2012, of the expense reimbursement rules and payments of allowances applicable to Elected Members as set out in this document.

The approved document and any attachments will be available for public inspection in accordance with the Remuneration Authority's Determination.

\_\_\_\_\_  
Signature

Group Manager, Finance  
Designation

Date \_\_\_\_\_

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