

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:

Warwick Read
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

**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.

COPY

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
*74 cents for the first 5,000kms per annum
35 cents for any distance over 5,000kms per annum*
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.

The travel claimed must be by the most direct route that is reasonable in the circumstances.

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* | YES/NO |
- (*If Yes, specify)*

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)

Databases > NZ Law Partner Legislation and Cases > Regulations of NZ > L > Local Government Elected Members (2011/12) (Certain Local Authorities) Determination (No 2) 2011 > Interpretation > 5 Meaning of resource consent hearing



THOMSON REUTERS

Local Government Elected Members (2011/12) (Certain Local Authorities) Determination (No 2) 2011

5 Meaning of resource consent hearing

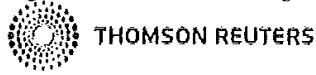
(1) In this determination, resource consent hearing means—

- (a) a hearing arising from a resource consent application made under section 88 of the RMA; or
- (b) a hearing arising from a notice of requirement given under section 168 of the RMA; or
- (c) a pre-hearing meeting held under section 99 of the RMA in relation to a hearing referred to in paragraph (a) or (b); or
- (d) a hearing relating to a private change to a district or regional plan or policy statement requested under clause 21 of Schedule 1 of the RMA; or
- (e) a mediation hearing in the Environment Court as part of an appeal from a decision of a local authority; or
- (f) a hearing on an objection against a charge fixed by a local authority under section 36 of the RMA.

(2) To avoid doubt, in this determination, resource consent hearing does not mean—

- (a) a hearing of submissions as part of the process of preparation of a district or regional plan or policy statement; or
- (b) a hearing relating to a change or variation to a district or regional plan or policy statement requested by the local authority; or
- (c) a hearing relating to a notice of requirement initiated by the local authority; or
- (d) any other hearing not specified in subclause (1).

Databases > NZ Law Partner Legislation and Cases > Regulations of NZ > L > Local Government Elected Members (2011/12) (Certain Local Authorities) Determination (No 2) 2011 > Resource consent hearing fees > 12 Fees for attending resource consent hearing



Local Government Elected Members (2011/12) (Certain Local Authorities) Determination (No 2) 2011

12 Fees for attending resource consent hearing

- (1) A member of a local authority or one of its community boards who acts as the chairperson of a resource consent hearing is entitled to be paid a fee of \$100 per hour of hearing time.
- (2) A member of a local authority or one of its community boards who is not the chairperson of a resource consent hearing is entitled to be paid a fee of \$80 per hour of hearing time.
- (3) For any period of hearing time that is less than 1 hour, the fee must be apportioned accordingly.
- (4) Despite subclauses (1) and (2), a resource consent hearing fee for a pre-hearing meeting held under section 99 of the RMA is payable to only 1 member.
- (5) Despite subclauses (1) and (2), resource consent hearing fees are not payable to the chairperson of the Otago Regional Council or the mayor of a territorial authority.

COPY