

**LOCAL AUTHORITY ELECTED MEMBER REMUNERATION SETTING 2013  
(EXCLUDING AUCKLAND COUNCIL)**

**UPDATED ANSWERS TO FREQUENTLY ASKED QUESTIONS**

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## **1. INTRODUCTION**

The Remuneration Authority's new approach to remuneration setting for local authorities (excluding Auckland) has been developed to use for 2013 salaries, to take effect immediately after the October 2013 elections.

The Remuneration Authority has outlined the new approach in full in its April 2013 document *Local Authority Elected Member Remuneration Setting 2013*, circulated to all councils and available on the Authority's website: <http://remauthority.govt.nz/documents/local-authority-elected-member-remuneration-setting-2013.pdf>

In April 2013 the Authority wrote to each council to provide specific information on the base salaries for their elected members to apply from the 2013 elections. The Authority issued its formal Determination for 2013 remuneration after receiving all proposals from councils on extra pay for positions of additional responsibility.

The information in this paper has been prepared to assist councils with answering questions on the new approach. More specific guidance on completing proposals for extra pay for positions of additional responsibility is provided in separate guidelines.

## **2. RECAP OF OVERALL APPROACH**

The Remuneration Authority has set the base salaries for all elected members of local authorities including community boards. This is a significant change from the old system, where the Authority set a total remuneration pool but individual councils had significant input to how the pool was distributed among councillors and community boards.

To establish the base salaries the Remuneration Authority has:

- a) Undertaken a job-sizing exercise with a cross section of sample councils (for example unitary/territorial/regional, urban/rural, north/south). This exercise included a survey and assessment of the hours required for governance and representative activity.
- b) Developed a size index for each council. This is a measure of the relative size and complexity of each council's business.

Salaries for mayors and chairpersons of regional councils are based on the job sizing exercise and the council's size index.

A base councillor salary has been set for each council, based on the job sizing exercise and the council's size index. Extra pay for councillors with additional responsibilities is set based on proposals from councils, with a cap for each council on the total additional remuneration that can be paid.

Community board members' salaries are based on the population base for their community and a basic job description. Extra pay for community boards with additional responsibilities is set based on proposals from councils, with a cap for each board on the total additional remuneration that can be paid.

Meeting fees will no longer be available (with the exception of additional fees for participation in Resource Consent hearings and, where approved by the Authority, District/Regional Plan hearings).

### **Q1 How is a size index compiled?**

A size index is made up of a range of statistics, with weight assigned to each. The data used was:

- the population served by the council, and
- the council's expenditure.

The Authority believes using standard data that can be externally verified is important. Both "expenses" and "population" provide such data and have been found to be key indicators of job size when sample councils have been reviewed.

Every year the Remuneration Authority will recalculate each size index using the latest available statistics on population and expenditure.

Every three years the types of statistics needed for size indices will be reassessed by the Authority prior to local body elections. A relationship is developed between a council's size index and salary based on job sizing, and the survey on hours of governance and representation.

**Q2 Why doesn't the size index include data on:****a) assets?**

Assets are so closely correlated with expenditure that they have not been included as an indicator.

**b) geographic spread?**

Distance travelled by councillors in more geographically spread areas is now addressed in the travel-time component of the travelling expenses policy. This has been increased from \$15 to \$35 per hour.

**c) the effects of fluctuating populations in tourist or holiday home areas?**

To a large extent the variation in population in tourist areas is recognised by the inclusion of council expenditure in setting size indices.

**Q3 How are different elected member positions job-sized?**

The Authority uses the Hay Group system of job evaluation to size positions. Every three years (the year prior to an election year) the job sizes of councillors, mayors and chairs in sample councils will be assessed.

**Q4 Why are meeting fees no longer possible?**

The Remuneration Authority considers that an elected member's role is more than attending meetings, and believes that idea should be reinforced by the remuneration approach.

**3. BASE SALARY AND ADDITIONAL PAY FOR COUNCILLORS****Q5 How is a councillor's salary calculated?**

A base councillor salary is set for each council based on the job sizing exercise and the size index for the council.

Councillors can also receive extra pay for:

- positions of additional responsibility (including deputy mayor/deputy chairperson) and
- taking on significant extra duties during the District Plan/Regional Plan review process.

A council may draw on a fund to provide additional pay for those who take on any of the above positions. A fund equivalent to 1.5 times of one base councillor salary is available to every council. For example, if the base salary for a councillor is \$40,000, then the total fund for that council which could be used for additional pay will be capped at \$60,000.

Proposals for expenditure from this fund must be submitted to, and approved by, the Remuneration Authority. This includes any amendments to additional pay previously approved by the Authority. Specific guidance on preparing proposals has been provided by the Authority in separate guidelines that are available on the Authority's website.

**Q6 What kinds of councillor positions of additional responsibility can be recognised?**

The Remuneration Authority has identified the commonly required roles of deputy mayor/deputy chairperson and committee chairperson/portfolio holder. Anticipated responsibilities for such roles can be found on pages 23-24 of the Authority's April 2013 document *Local Authority Elected Member Remuneration Setting 2013*.

There may also be additional positions such as membership of specialist panels, working parties and external bodies. These are likely to vary from council to council. Before approving any additional pay the Authority would expect to see evidence of significant extra workload and/or responsibility required on an ongoing basis to carry out such positions. This could include the need to attend regular additional meetings, or to gain a technical knowledge base for a particular field of expertise.

**Q7 Is there a limit to what an individual councillor can receive for positions of additional responsibility?**

It is expected that:

- additional remuneration for a deputy mayor /deputy chairperson will not exceed 40% of the base councillor salary, and
- additional remuneration for committee chairpersons or portfolio leaders or other councillor positions of additional responsibility will be between 5% and 25% of the base councillor salary.

Exceptions to the parameters above would only be approved if a robust case is made, providing significant evidence as to why a deputy mayor/chairperson or councillor role for one council would warrant a higher level of additional pay than others around the country.

An example of how these parameters might work follows.

- Council A has 10 councillors, each starting with a base salary of \$40,000.
- The Council has a total fund of up to \$60,000 (i.e. 1.5 times the base councillor salary) to allocate to some or all of its 10 councillors for positions with extra responsibility.
- The Council wishes to pay its Deputy Mayor an additional \$10,000 for carrying out the responsibilities of that role. That is 25% of the base councillor salary of \$40,000.
- The Council has up to \$50,000 remaining to allocate to its councillors for any positions of additional responsibility.
- The Council wishes to pay three of its councillors an extra \$5,000 each to undertake additional responsibilities as chair of a standing committee.
- That leaves the sum of \$35,000 that could be allocated to councillors for undertaking significant extra duties around the District Plan process.

Where a councillor is also appointed as a member or chair of a community board, the Remuneration Authority will not approve any extra pay for carrying out that role. The Authority is not convinced that any extra pay for such appointments does not raise anomalous situations for other councillors who may, for example, attend residents association meetings without additional pay.

**Q8 Are councils expected to allocate and spend the total fund available for additional councillor pay each year? Can any unallocated funding be carried over?**

A council is not required to distribute its entire fund. Any unallocated funding cannot, however, be carried over to the next financial year, **with the exception of funding for additional duties to support the District Plan/Regional Plan review process**. Prior approval for that carryover must be sought from the Remuneration Authority. If the unallocated funding is not spent in the next financial year it may continue to be carried over into following financial years, as long as the council's accounts reflect the carryovers.

The exception of the District Plan/Regional Plan review process recognises the lengthy and often intermittent nature of that process. Councillors' work around those Plans can fall unevenly across years. Given that fluctuation, the Authority expects councils to consider how this work might fall when making their proposals. The Authority will not approve additional pay for District Plans as a matter of course; confirmation will be required as to whether there is a finite timeframe for carrying out a review, and the years in which a significant part of that review is to be carried out must be identified. For the purposes of setting its determination, the Authority requires work on District/Regional Plan reviews to be expressed as an hourly or daily rate.

**Q9 If the funding set aside for duties relating to the District Plan/Regional Plan process is not fully spent, can the remainder be reallocated to councillors to top up their base salary?**

No.

**Q10 Can councils make a request for an increase in the size of the total fund for additional councillor responsibilities if, in the course of the year, it appears that it is not sufficient to meet needs?**

No.

**Q11 What about when unforeseen circumstances arise, such as the need for a councillor to undertake duties for a period of time as acting mayor/regional chairperson, or acting committee chairperson?**

Additional pay may be considered for such duties in exceptional circumstances, for example extended illness or extended holiday by the usual incumbent. A council would need to seek approval from the Remuneration Authority and provide a clear rationale for such payment. It is expected that funds for these acting duties would normally be sourced from savings made by adjusting the salary of the usual incumbent in the role, to reflect their decreased

responsibility. This adjustment would comprise the difference, or a proportion of the difference, between a councillor's base salary and the additional component for the additional responsibility.

**Q12 Does a council have to submit proposals for extra pay for those in positions of additional responsibility?**

A council is required to submit proposals if it wishes to allocate some or all of its fund for positions of additional responsibility.

A council does not have to set extra pay for additional responsibilities if it chooses to operate with a flat structure. It can set only one additional payment, for example for the deputy mayor/deputy regional chairperson. A council's proposal must be submitted to the Remuneration Authority regardless of the amount recommended.

**Q13 Will councillors undertaking resource consent hearings under the Resource Management Act still be entitled to additional fees for that work?**

Yes. Refer to the questions and answers under questions 28 to 31 below.

**Q14 Following our council's representation review, the number of councillors has reduced. Does this automatically reduce the remuneration levels available for the council?**

Changes in councillor numbers will not affect the base councillor salary level for each councillor, or the size of the fund available for councillor positions of additional responsibility. The only impact of a reduction in councillors would be a reduction in the total remuneration costs for the council, with fewer councillors receiving the base councillor salary.

**4. BASE SALARY AND ADDITIONAL PAY FOR COMMUNITY BOARDS**

**Q15 How is a community board member's salary calculated?**

A base community board salary is set for each community board, based on the population the community board serves and a basic job description. The base salary assumes that each member of that board has similar basic responsibilities. These are set out on pages 16-18 of the Remuneration Authority's April 2013 document *Local Authority Elected Member Remuneration Setting 2013 (excluding Auckland Council)*.

If a community board has additional levels of responsibility, then the Authority may approve additional pay for that board after receiving proposals from the relevant council.

Additional pay for community boards cannot be drawn from the pool of 1.5 times the basic councillor salary that can be used for councillor positions of additional responsibility, i.e. it is over and above the maximum amount of the councillor fund.

**Q16 Why is only population data considered for the community boards' base salary? Why isn't a council's size index, used for the remuneration of mayors/regional chairpersons and councillors, also considered for the community boards?**

The primary function of community boards is representation. It is therefore reasonable to expect that the time, effort and expertise required to represent a large number of people would be greater than that for a smaller number of people. For this reason the remuneration of members of a community board serving a large population will be greater than that for members of a community board serving a small population.

It follows that community board remuneration linked to the board's population base would result in remuneration being fairer to its members. This does not mean that the community board salary is a fixed multiple of its population; rather it means that there is relativity between a community board's population and the remuneration of its elected members.

**Q17 What population data is used for calculating the base salary for community boards?**

The Remuneration Authority draws on annual population estimates provided by Statistics New Zealand.

**Q18 What kinds of community board roles of additional responsibility can be recognised?**

Firstly it is important to note that it must be the board as a whole, and not individual members, which has the additional responsibilities.

Councils should note that the Remuneration Authority will not automatically approve extra pay for community boards. Each proposal will be considered on a case by case basis. Evidence will be required to show how any community board is operating significantly above and beyond the role of community boards as outlined in section 52 of the Local Government Act 2002. Factors that the Remuneration Authority will take into account include:

- the implications for overall workload, such as significant additional hours required
- whether the additional responsibility is an ongoing one
- the extent to which the community board's members' 2013 base salary was modified upwards or downwards from its unadjusted 2013 members' salary.

It is not expected that any core council responsibilities would be delegated from a council to its board(s) as that would be seen as reducing the role of the council.

For those community boards that serve areas with fluctuating populations in tourist or holiday areas, the Authority would need evidence that those populations created significantly increased responsibilities and workload for community boards.

**Q19 What extra pay can a community board receive for roles of additional responsibility?**

The maximum percentage that can be added to the base community board member salary will be 30%. The maximum would only be approved, however, for roles where significant additional responsibility had been proven.

**Q20 How is the remuneration of a chairperson of a community board calculated?**

The remuneration of an elected chairperson will be twice the salary of a community board member (including additional pay for that board's members, if any). Confirmation that the chairperson will carry out the additional responsibilities for that role, as described on page 18 of the Remuneration Authority's April 2013 document *Local Authority Elected Member Remuneration Setting 2013 (excluding Auckland Council)*, is required.

An example of how additional pay might be approved for a community board follows.

- Community Board A has a base salary of \$7,000 for each board member. The maximum additional pay for each board member, except the board chair, would be \$2,100 (i.e. 30% of \$7,000).
- Extra pay of \$1,500 each has been approved by the Remuneration Authority for Community Board A's additional roles of responsibility. All board members, except the board chair, would each receive total remuneration of \$8,500.
- The board chair would receive total remuneration of \$17,000 (i.e. twice the remuneration of a board member).

**Q21 Does a deputy chairperson of a community board receive additional pay for carrying out duties as deputy?**

No. The deputy chairperson is remunerated as a board member. That reflects the Authority's view that the role of deputy chairperson is not sufficiently different from that of a board member to warrant additional remuneration. A deputy chairperson will be able to receive additional pay for any additional role of responsibility that the board might collectively have.

**5. SALARY FOR MAYORS/CHAIRPERSONS OF REGIONAL COUNCILS**

**Q22 How are salaries for mayors and chairpersons of regional councils calculated?**

The salaries for mayors and chairpersons are based on the job sizing exercise and the size index for their council.

No additional remuneration can be provided above these salaries, with the exception of fees for resource consent hearings in exceptional circumstances (see response to question 31).

**Q23 Are there any changes to arrangements for mayoral/regional chairpersons' cars?**

The method for reducing the mayor/chairpersons' remuneration to reflect private usage of a council provided car remains unchanged i.e. value x 41% x 20%.

The Authority will continue to need to be informed whenever a mayor's or chairperson's car changes, or private usage of that car changes. Details of the new car's cost and details of any changed private usage will need to be provided before the next annual Determination.

The Authority will not, however, adjust the mayor's or chairperson's salary unless, in the Authority's opinion, the change in car or private use is significant enough to warrant a change. Changing a car for a later similar model and make would not normally trigger a salary change.

**6. GENERAL****Q24 What was the range of increases resulting from the 2013 remuneration review?**

As stated in the Remuneration Authority's April 2013 document *Local Authority Elected Member Remuneration Setting 2013*, the changes to base councillor salaries ranged from – \$17,500 to +\$16,200 before moderation. After moderation the changes ranged from – \$4,600 to +\$10,600.

**Q25 What if council proposals for additional pay are not unanimous recommendations?**

The Authority has traditionally accepted proposals that are unanimously supported. Where it receives split recommendations, or where the relativities established are well outside national norms, the Authority cannot overlook the possibility of political differences driving the proposal. In those cases strong supporting documentation concerning the reasoning behind any change in the recognition of positions should be provided.

**Q26 What is the Remuneration Authority trying to achieve with its new system?**

The Authority is confident that the new approach will see a more equitable distribution of income for elected members.

The Authority believes that it is important to recognise that the remuneration for local government positions, as for many public sector positions, is not set at a market rate. The Authority acknowledges that those putting themselves forward for such positions are principally driven by a commitment to their local community and therefore remuneration will continue to be set at modest levels.

The Authority intends to engage every year with local government representatives to exchange views on remuneration setting. There will be comprehensive engagement in the years during which full reviews are undertaken.

**Q27 What will happen after 2013?**

In future the Authority will look in the year prior to local government elections at all the key components of remuneration. The relationship between councils' size indices and base councillor salaries, along with mayoral/chair remuneration, will be determined every three years, having regard to the job size of the positions of councillor, mayor and chair (as assessed for sample councils by Hay Group). Regard will also be given to the proportion of full-time work applicable to the councils (as determined by survey results), and Remuneration Authority pay scales.

In the two mid term years, the next being 2014 and 2015, the Authority will review amounts of remuneration, taking into consideration any changes in council size indices and any general remuneration increase. No base councillor remuneration will decrease as a result of their recalculation. The Authority will apply any changes automatically to the remuneration levels set in the Determination.

**7. FEES FOR RESOURCE CONSENT HEARINGS****Q28 Will councillors undertaking resource consent hearings under the Resource Management Act still be entitled to additional fees for that work?**

Yes. Hearings fees for non-council initiated resource consent hearings will continue to form part of the Remuneration Authority's Determination. The hourly rate will be reviewed each year.

**Q29 Will councillors undertaking hearings under the Resource Management Act be paid for preparation time? If so, how is that to be calculated?**

Yes. This is a change from the previous system.

Preparation time to be reimbursed should not exceed the time of the actual hearing. For example, if a hearing lasts for three hours then no more than three hours of preparation time may be paid for.

Preparation time may include time for reading, attending onsite meetings, or attending pre-hearing briefings/meetings.

Reimbursement will be at the same rates as those for actual hearings time, as set out in the Remuneration Authority's Determination.

**Q30 If the chair of a council's Hearings Committee undertakes resource consent hearings and is paid additional fees for that, is he/she also entitled to receive an additional sum as the chair of the Hearing Committee from the fund for positions of additional responsibility?**

Yes. Payment of fees for resource consent hearings is treated separately from payment for positions of additional responsibility. (Note also there is no cap on the payment of fees for

resource consent hearings, while there is a cap on payment for positions of additional responsibility).

**Q31 Are mayors and regional chairpersons able to receive fees for participating in resource consent hearings?**

Generally no. The Remuneration Authority will not approve fees for full time or close to full time mayors/regional chairpersons. Fees might be considered in exceptional circumstances for part time mayors/regional chairpersons if a new council largely comprises inexperienced councillors, or if there is a significant hearing of a lengthy duration. In such circumstances no fees should be paid without seeking prior approval from the Authority.

**8. REMUNERATION DURING THE 2013 ELECTION PERIOD**

**Q32 What happens to elected member remuneration during the October 2013 council elections period?**

The remuneration set out in the 2012 Determination will continue to apply until new or re-elected members come into office on either:

- a) the day of the election, in the case of an uncontested election, or
- b) the day after the day of the official public notification of a council's election results, in the case of a contested election.

Remuneration for members not re-standing for election will cease on the day when members elected come into office.

The above timeframes are consistent with the current provisions of the Local Electoral Act 2001. They will be realigned if the Local Electoral Amendment Bill (No 2)'s provisions around these timeframes are enacted. That Bill is currently open for submissions.

Councillors or community board members who have extra responsibilities will be paid at their base salary rate until appointed to the positions or roles that include those responsibilities. Their additional pay will be backdated to the date of their appointment. The Remuneration Authority does not need to be informed of the appointment of individuals to positions or roles of additional responsibility that have previously been approved by the Authority for funding.

No further Determination will be issued until 1 July 2014 unless in the meantime:

- a council seeks to amend any levels of extra pay previously approved for additional councillor or community board responsibilities, and/or
- a council makes changes to its governance structure and seeks to make changes to councillor positions or community roles with additional responsibilities, with consequent changes to the allocation of the fund for extra pay.

**Q33 Why were we asked to submit proposals to the Authority on additional pay for positions of additional responsibility, when they may change after the elections?**

It is important that candidates are fully informed of the remuneration they will receive if elected. Some councils can take considerable time to reassess and implement any changes to their governance structures. Until the latter are reflected in the Authority's determination, office holders cannot be paid accordingly. Given the timing of council and community board meetings, closeness to the Christmas break and the errors in council proposals that quite often require follow up by the Authority, it has been February or later when some remuneration recommendations have been promulgated and members reimbursed. The Authority regularly receives complaints that this causes disadvantage to those dependent on council remuneration as their principal form of income.

The Remuneration Authority recognises there could be some changes after the elections, but past experience indicates these are not likely to be significant.

Where councils do reallocate duties among members after the election they may apply to the Authority to vary the way the additional fund is allocated. Such changes can be dealt with by way of an amendment to the determination, to occur in February or later.

## **9. TRANSITIONAL ISSUES**

**Q34 Can a council carry over any unspent meeting fees from the old system through to after the 2013 election?**

No.

**Q35 Why has the base salary for councillors and/or community boards in some areas increased a lot for 2013 and others only a little? Why has the base salary in some areas decreased?**

Individual letters were sent by the Authority to the mayors and chairpersons of each council, giving more details of the extent to which increases or decreases for their council were limited, as well as indicating reasons for the new base salaries being different from 2012.

These increases or decreases were due to a range of factors. For councillors, some of those main factors were:

- whether or not all or part of community board salaries had been met from the 2012 remuneration pool
- whether a council had meeting fees, and the extent to which they were evenly spread amongst all councillors
- whether a council had a different number of councillors from similar-sized councils.

Some of the main factors leading to increases or decreases in community board salaries have been:

- whether a council had taken into account the relative population size when setting community board salaries
- the relativities between councils of community board salaries for similar sized populations.

**Q36 Why did the Authority moderate for 2013 any large increases or decreases that the new approach indicated? When will the levels of pay that the Authority says it would like to see be fully implemented? What guarantee is there that these levels will ever be reached?**

Where the change in base councillor salary was significantly large, the Authority considered it best to limit the change to what it considered acceptable amounts. This is because the Authority is required to be fair to both job holders and ratepayers, as well as to take into account adverse economic conditions. Large increases could be regarded as having an adverse impact on ratepayers' costs and could be regarded as denigrating the position for retiring councillors. Large decreases could have an adverse impact on councillors standing for re-election and could be regarded as denigrating the position for new councillors. A similar approach was taken for community boards.

The Authority therefore moderated large increases or decreases. Each council was advised of the nature of the moderation that was applied and was also advised that a further full review will be undertaken in 2015/2016 prior to the next local body elections. In 2015/2016 the Authority will consider the appropriate level of remuneration for local government elected members against the criteria in the Remuneration Authority Act. It is not possible to indicate now the outcome of that consideration. All the material and information considered during the current review will be available to the Authority in 2015/2016.

**Q37 Are there any changes to current arrangements for the reimbursement of expenses, the mileage allowance, and the communications allowance?**

Yes. The Remuneration Authority has advised councils of the changes to the mileage, travel time and communications allowances that will take effect after the October 2013 local body elections. These changes are summarised in the answers below to questions 41 to 57.

Every three years, in election year, the Remuneration Authority will review the thresholds, caps, and conditions for travel-time allowances, mileage allowances, communication allowances, and resource consent hearings. This is a change from the current annual review. The mileage reimbursement rates and the hourly remuneration rates for resource consent hearings will continue to be reviewed yearly.

Approval for expenses will also only be required every three years, rather than every year. Where new issues arise a council may seek an amendment at any time during the three year period.

## **10. CHANGES TO GOVERNANCE STRUCTURES POST 2013 ELECTION**

**Q38 Our council has changed its committee structure, which has led to some councillors having additional/amended/reduced responsibilities. What is the process we need to go through to seek the Remuneration Authority's approval for any changes to extra pay for these responsibilities?**

In most cases the same template that councils completed when submitting their original proposals for extra pay for councillor positions of additional responsibility will need to be used to reflect any changes being sought to arrangements previously approved by the Authority. The template and guidelines for its completion are available on the Authority's website.

A council cannot exceed its fund available for additional councillor responsibilities (see questions 5, 10 and 12 above). If a council's fund had previously been fully allocated, then any new position will require a reduction in the amounts of extra pay for other positions that were previously approved by the Authority. When completing the required template a council should list all of its positions of additional responsibility with proposed amended or new amounts, and submit the template to the Authority for approval so that an amended determination can be gazetted.

If a council did not originally allocate all of its fund for additional councillor responsibilities, but wishes to do so by appointing an additional chairperson, the Authority would need to be convinced that the new chairperson role did not result in a reduction of duties/workload of the other chairpersons.

**Q39 Does the Remuneration Authority need to be advised if our council has reduced the number of committees/portfolios that it has, but not made any changes to the number, responsibilities or pay of the remaining councillor positions of additional responsibility? Does the money saved from reducing the positions of additional responsibility need to be allocated elsewhere?**

The Authority does not need to be advised of a reduction in the number of positions of additional responsibility, if no changes are proposed to levels of extra pay for other positions. Any funds saved from such a reduction do not need to be reallocated.

**Q40 Do we have to wait for an amended determination to be gazetted by the Remuneration Authority before changes are made to payments to our elected members?**

Yes. The Authority will consider requests to change structures as they are received. An amending determination will be produced when a group of changes is to hand. The process of developing and producing a determination will normally take at least 3-4 months and may take longer with the intervention of the summer breaks.

## **11. VEHICLE MILEAGE ALLOWANCE**

### **Q41 What changes have been made to the provisions of the vehicle mileage allowance?**

After the October 2013 election, elected members will be able to receive up to 77 cents per kilometre for vehicle mileage, for the first 5,000 kilometres travelled per annum. This is a change from the current rate of 74 cents. (Note that this threshold would be 3,548 kilometres for the period commencing from the election up to 30 June 2014).

For any distance travelled beyond 5,000 kilometres, elected members will be able to receive 37 cents per kilometre. This is a change from the current rate of 35 cents.

All other conditions for the mileage allowance will be unchanged, including the threshold distances for being able to receive the allowance.

### **Q42 What are the rates of 77 cents and 37 cents per kilometre based on?**

The Remuneration Authority makes a number of calculations, taking into account:

- the latest Automobile Association publication on car running costs, and
- the IRD mileage rate.

A comprehensive explanation of those calculations was included in correspondence sent to every council on 12 June 2013 regarding the issue of vehicle mileage allowance.

### **Q43 How did the Authority determine the threshold distances for claiming mileage?**

The Remuneration Authority considered what a “normal commuting distance” is. Taking into account that commuting distances in the country tend to be longer than in urban areas, but not wishing to penalise country elected members, the Authority looked at average commuting distances in cities and large towns.

The Authority believes it would be fair to regard a normal commuting distance as being 15 kilometres. The Authority recognises that this is an average and that, even in urban areas, some people commute more than 15 kilometres. This means that any elected member living within 15 kilometres of their nearest office will meet their own cost of getting to and from work.

Members living more than 15 kilometres away from their nearest office may claim the allowance for distances in excess of the normal commuting distance. This means that they can claim for distances in excess of 30 kilometres (i.e. the round trip for normal commuting distance).

Some examples of how the threshold distances apply are provided below.

- Councillor X lives 8 kilometres away from his council's nearest office; the local service centre where the Councillor attends community board meetings and other meetings with community groups. The round trip for the Councillor's commuting distance is 16 kilometres. The Councillor would not be able to claim vehicle mileage for the meetings he attends at the local service centre, i.e. the first 16 kilometres of any day's business use of their private car. The distance of 16 kilometres would be his threshold for claiming mileage. When the Councillor attends meetings at his Civic Offices, which are 17 kilometres from his home, he would be able to claim mileage of 18 kilometres for the round trip.
- Councillor Y lives 22 kilometres away from her council's nearest office; the Civic Offices. After applying the 30 kilometres threshold for the round commuting trip, the Councillor would be able to claim for 14 kilometres of vehicle mileage for the round commuting trip.

**Q44 Can a council have a less favourable vehicle mileage threshold?**

Yes. A council can set a threshold which best reflects its unique geography. The Authority would be unlikely to agree to a threshold less than 30 kilometres.

**Q45 Why does the Authority have an allowance for vehicle usage and not for any alternative travel preferences, e.g. for those wishing to cycle or use public transport?**

The Remuneration Authority has previously considered and discarded the idea of a mileage allowance for other forms of transport. The Authority is aware that where costs are incurred by self-employed people, they can be offset against income in their tax returns. That ability to offset costs, together with the travel time entitlement (see question 49), removes any disincentive for other travel preferences created by mileage payments for the use of motor vehicles.

**Q46 Can a Mayor/Regional Chairperson claim vehicle mileage?**

Only if a council-supplied car is not provided for use by the Mayor/Chairperson.

**Q47 If an elected member is required to attend a long distance conference or meeting, can alternative arrangements be made to claiming vehicle mileage?**

Yes. For example it may prove to be more economic and/or time efficient for an elected member to fly to a destination, rather than drive for five hours. Any alternative arrangements would need to be consistent with a council's overall travel policy.

**Q48 Can a council choose not to provide a vehicle mileage allowance ?**

Yes.

## 12. TRAVEL TIME ALLOWANCE

### **Q49 What changes have been made to the conditions for receipt of the travel time allowance?**

The Determination that will apply after the October 2013 elections will provide for the maximum hourly rate for travel time to be increased from \$15 to \$35 an hour. All other conditions will remain the same.

### **Q50 Current requirements state that a member who can properly be regarded as being a full-time member is not entitled to be paid a travel time allowance. What does the Authority regard as full-time?**

It is generally accepted that a person in a full time job does not get paid for travelling to and from work or for extra time that may be needed for travel on employment business. The Remuneration Authority expects each local authority to decide whether a position can properly be regarded as full time or not. Things that may be considered are:

- would a person in the position, if carrying out their duties to a high standard, have any time for other paid employment?
- would ratepayers expect the person to be full time in their role?

### **Q51 Can a member be paid both travel time and vehicle mileage for the same trip?**

Yes. If two members were travelling together in circumstances which would give rise to mileage and travel time allowances, then the member whose car is being used for the travel could be entitled to both mileage and time, and the other member to travel time.

### **Q52 Can travel time be paid to members who are travelling with another person but not in their own car?**

Yes. The car they are travelling in does not have to be owned or driven by another member.

### **Q53 Can a council choose not to provide a travel time allowance?**

Yes.

## 13. COMMUNICATIONS EQUIPMENT AND ALLOWANCE

### **Q54 What key changes have been made to the provisions around communications equipment/allowance?**

After the October 2013 elections, the amounts for separate items of communications equipment that may be paid to an elected member will in total increase from \$750 to \$1,050.

The total amount that an elected member can receive will depend on the extent to which their council provides equipment to help them carry out their duties.

The Authority also recognises that many councils are moving to usage of tablets for agenda purposes, but that tablets cannot at this point in time perform the full range of functions required for council business. The new communications allowance provisions reflect these points.

**Q55 What communications equipment or allowance are elected members entitled to after the elections?**

The Authority believes it is efficient if a council provides each elected member with:

- a phone (mobile or landline)
- a PC and/or a tablet
- a compatible scanner and printer.

The Authority is aware that some elected members prefer to use their own devices. The communications allowance can be provided to cover reasonable costs of additional wear and tear of such devices.

The Authority also recognises that elected members incur costs for council business carried out using their internet connections and mobile phones. The Authority prefers payment for such costs on a cost recovery basis rather than through provision of an allowance, but will leave the decision to councils as to which approach to take.

All councils have been sent the detailed policy on usage and provision of communications devices. Key provisions are summarised as follows:

*For landline and broadband connection*

- up to \$250 per annum for landline and broadband connection, or
- direct payment or reimbursement on production of invoice of those costs that can be identified as relating to council business

*For mobile phones*

- up to \$400 per annum to cover council generated calls, texts and data through mobile phones, or
- reimbursement on production of invoice of those costs that can be identified as relating to council business

*For equipment*

- up to \$150 for the use of a personal computer or laptop
- up to \$150 for the use of an electronic tablet
- up to \$40 where the elected member provides their own printer/scanner
- up to \$60 where the elected member provides their own telephone (mobile or handset).

The above amounts would be paid on an annual basis. They should therefore be prorated for the period 13 October 2013 to 30 June 2014.

The total amount that an elected member can be paid per annum will depend on each council's approach to equipment requirements and how they are to be provided. For example:

- an elected member could receive up to \$400 where the equipment requirements of the council are for both a PC and tablet, and the elected member provides both those items and their own printer and mobile phone
- an elected member could receive up to \$150 where the equipment requirements are for both a PC and a tablet, where the council provides the PC and the elected member provides the tablet as well as their own printer and mobile phone.

**Q56 Are councils required to pay the maximum amounts set out in the communications allowance provisions?**

No.

**Q57 If a council has community boards should the communication allowance provisions be applied at the same levels for them as well?**

Different rules around the communications allowance can apply to different groups of members.

**FOR FURTHER INFORMATION**

More detailed guidelines for councils preparing proposals for extra pay for positions of additional responsibility has been provided by the Remuneration Authority and is available on the Authority's website. This includes a template that all councils are required to use for submitting proposals. Any further queries on 2013 remuneration matters should be emailed to:

info@remauthority.govt.nz