

# SOUTH WAIRARAPA DISTRICT COUNCIL

20 SEPTEMBER 2017

## AGENDA ITEM C5

### LOCAL GOVERNMENT MEMBERS DETERMINATION 2017

#### **Purpose of Report**

To inform Councillors of the recommended changes to the remuneration of elected members as a result of the Remuneration Authority Determination 2017.

#### **Recommendations**

Officers recommend that the Council:

1. *Receive the Local Government Members Determination 2017 Report.*
2. *Agree to accept the 1.7% p.a. increase recommended by the Remuneration Authority for elected members for the 2017/18 financial year.*
3. *Confirm the proposed hourly rate for hearing fees for SWDC hearings for the Chair as \$78.00 per hour and \$50.00 per hour for other members.*
4. *Confirm they will **not** adopt the Remuneration Authority's (RA) proposed change regarding reimbursement of the first 30km of vehicle expenses for elected members for the 2017/18 financial year but consider this as part of the Long term plan (LTP) process.*
5. *Confirm they will **not** adopt the RA's proposed change regarding elected members claiming a travel allowance of \$37.50 per hour after the first hour of travel on Council business for the 2017/18 financial year but consider this as part of the Long term plan (LTP) process.*
6. *Confirm they will **not** adopt the RA's proposed payment of the full communication allowance up to a maximum of \$1,190.00 per year per Councillor and continue to pay 50% of the maximum communication allowance (\$595.00 for the 2017/18 financial year).*

#### **1. Executive Summary**

On 27 July 2017, the Remuneration Authority (RA) released the Local Government Members (2017/18) (Local Authorities) Determination 2017.

This determination provides for changes to the remuneration and reimbursement of elected members and takes effect from 1 July 2017.

There are a number of recommended changes to elected member remuneration which we wish to draw to the attention of Councillors and decide whether or not South Wairarapa District Council will adopt the recommended practice or agree to a different, less costly approach.

## **2. Background**

Each year, the Remuneration Authority releases a Local Government Members (Local Authorities) Determination. This determination provides for changes to the remuneration and reimbursement of elected members for duties performed on behalf of territorial authorities throughout New Zealand. The new provisions of the determination take effect from 1 July each year.

TA's can agree to accept the determination in its entirety or agree adjusted remuneration or reimbursement as long as it is not higher than provided for in the determination.

## **3. Discussion**

### **3.1 Options**

The changes included in the 2017 Determination are summarised below:

#### **3.1.1. Remuneration**

Remuneration for elected members increased by 1.7%. This increase was actioned in the July 2017 payments to Councillors and community board members.

#### **3.1.2. Hearing fees**

Hearing Fees for district and regional plans and regional policy statements are to be treated in the same way as resource consent hearings for remuneration purposes. This is as a result of Councillors now needing to be accredited hearings commissioners. Rather than a flat fee, the RA has allowed for fees of up to \$100.00 per hour for chairs and up to \$80.00 per hour for other members. RA are keen for Councils to decide what is locally relevant.

We recommend a maximum of \$78.00 per hour for Chairs of all hearings and \$50.00 per hour for other members of the hearings committee.

The Mayor is not entitled to be remunerated for both positions, so may not claim hearing fees.

#### **3.1.3. Vehicle mileage**

Vehicle mileage - the RA have recommended the removal of the 30km rule for Councillors claiming reimbursement of travel on Council related business. Previously all claims were for the distance over 30km (return) from the Councillors home to the location of the meeting.

In the past 30km was considered the “proxy” for a normal commuting distance for any worker. This proposed change is to reduce administration costs and also align treatment of Councillor reimbursements more closely with self-employed contractors rather than employees.

Council need to decide if they will continue to work with the 30km return trip deduction from vehicle reimbursements or not.

We estimate this change will cost Council a further \$10,000 per annum. This additional cost has not been budgeted in the 2017/18 annual.

The reimbursement rate per km also reduced from 74 cents per km to 73 cents per km for the first 10,000 km in any year from 1 July 2017.

This rate is in line with the Inland Revenue Department (IRD) published mileage rate for self-employed people. The 10,000 km pa threshold may be revisited if IRD decide on a different threshold in future. Over 10,000 km the rate drops down to 37 cents per km.

Mileage rates are also included for electric vehicles (81 cents per km up to 10,000 km pa).

#### **3.1.4. Travel time allowance**

Travel time allowance - the determination allows for a travel time allowance for elected members travelling on Council business after the first hour of travel. The allowance Council may pay for travel time over an hour is \$37.50 per hour.

To date SWDC has not paid this allowance to elected members on the basis that most elected members would be able to attend meetings within the Wairarapa with a return travel time of less than an hour.

We acknowledge that some members attend meetings in Wellington and Hutt Valley and these meetings do involve more than one hour of travel.

In the past, Mayors were not entitled to claim the travel time allowance. From 1 July 2017 the RA have allowed for Mayors to claim the travel time allowance.

We estimate starting to pay the travel time allowance to elected members could cost SWDC a further \$ 10,000 per annum. This additional cost has not been budgeted in the 2017/18 annual plan.

Council need to decide if they wish to start paying the travel time allowance to elected members.

#### **3.1.5. Communications Allowance**

Communications Allowance - the determination allows that a communication allowance may be paid to elected members for using their own communications and technology equipment on Council business.

Elected members may be paid the following communication allowances for the 2017/18 financial year:

- \$200 for the use of one laptop/computer or tablet
- \$40 for the use of a printer/fax or scanner
- \$150 for the use of a mobile phone
- \$400 for the use of personal internet
- \$400 for the use of personal mobile phone or reimbursement of actual costs of phone calls made on behalf of the local authority.

This equates to a potential total communication allowance of \$1,190.00 pa per elected member.

Policy "A300 Remuneration – Elected members" includes the following clause:

***Communication Allowance***

*A communication allowance will be paid to the Mayor and Councillors at 50% of the maximum amount set under s13(3) of the Local Government Elected Members Communication Allowance determination. This will be pro-rated in election years.*

For the 2016/17 financial year, SWDC paid a communication allowance of \$525.00 per Councillor.

If Council wish to increase the reimbursement to 100% of the amount allowed in the determination, we estimate this will cost an additional \$6,650 per annum. This additional cost has not been budgeted in the 2017/18 annual plan.

#### **4. Conclusion**

Council needs to decide what level of expenditure will be approved for the 2017/18 financial year for a number of items covered in the the Local Government Members (2017/18) (Local Authorities) Determination 2017.

The following approach is recommended:

- **Hearing fees** – an hourly rate of \$78.00 per hour for the chair and \$50.00 per hour for other members.
- **Vehicle Mileage** – retain the 30km deduction per return trip for the 2017/18 financial year and consider providing for increased expenditure in the Long Term Plan (LTP).
- **Travel time allowance** – retain the current policy of not paying this allowance for the 2017/18 financial year and consider providing for increased expenditure in the LTP.
- **Communications allowance** – Continue to pay at 50% of the maximum allowed by the RA in line with Policy "A300 Remuneration – Elected members".

Contact Officer: Jennie Mitchell, Group Manager Corporate Support

Reviewed By: Paul Crimp, CEO