



Remuneration Authority

Remuneration Setting for Local Authorities

Published July 2018

Table of Contents

| | | |
|----|--|----|
| 1. | Role of the Remuneration Authority | 4 |
| a. | How the Authority works..... | 4 |
| b. | Timing..... | 4 |
| 2. | Process of establishing local government remuneration | 4 |
| a. | Recent work | 4 |
| b. | Sizing councils | 4 |
| c. | Local government pay scale..... | 5 |
| d. | Auckland and Chatham Island Councillors..... | 7 |
| e. | Auckland Local Board Members | 7 |
| 3. | Timetable for Local Government Remuneration Setting..... | 7 |
| 4. | Remuneration for Councillors..... | 8 |
| a. | Current Approach (till 2019 local government election)..... | 8 |
| b. | Current Fund for Additional Positions of Responsibilities | 8 |
| c. | RMA and District/Regional Plan Hearings..... | 9 |
| d. | New approach following the 2019 local government elections | 10 |
| e. | Timing of implementation | 10 |
| 5. | Process of establishing local government remuneration | 11 |
| a. | New positions of responsibility..... | 11 |
| b. | Criteria..... | 11 |
| c. | Allocation, increase and carry-over of additional fund | 12 |
| d. | Representation Reviews | 12 |
| 6. | Remuneration for mayors and regional council chairs..... | 12 |
| 7. | Remuneration for community board members..... | 13 |
| a. | Basis of remuneration..... | 13 |
| b. | Chairs | 13 |
| c. | Increase in remuneration to reflect additional board responsibility..... | 14 |
| 8. | Plan, RMA and HASHA Hearings | 14 |
| a. | Hearings | 14 |
| b. | Preparation Time | 15 |
| c. | Committee Chair Chairing a Hearing | 15 |
| d. | Mayors/Regional Chairs..... | 15 |
| 9. | Private use of a vehicle provided to mayor or regional chair..... | 15 |

| | | |
|-----|--|----|
| a. | Maximum Purchase Price | 15 |
| b. | Valuing the Private Use of a Vehicle | 16 |
| c. | Publishing of motor vehicle details..... | 17 |
| 10. | Mileage Allowance..... | 17 |
| a. | Vehicle Mileage..... | 17 |
| b. | Use of other transport modes | 18 |
| c. | Long distance meetings | 18 |
| d. | Vehicle mileage for mayors/regional chairs | 18 |
| 11. | Travel Time Allowance | 18 |
| a. | Criteria..... | 18 |
| b. | Rate | 19 |
| 12. | Communications Allowances | 19 |
| a. | Approach..... | 19 |
| b. | Council-Owned Equipment | 19 |
| c. | Member-Owned Equipment | 20 |
| d. | Unusual Circumstance | 20 |
| 13. | Forms to Use in 2018-2019..... | 20 |
| | APPENDIX A – Remuneration Authority Legal Framework..... | 21 |

1. Role of the Remuneration Authority

a. How the Authority works

Under schedule 7 of the Local Government Act 2002, the Remuneration Authority sets the remuneration for all elected members of local authorities including community boards. It also sets allowances and expenses. In undertaking its duties, the Authority is obliged to have regard to the need to minimise potential for behaviour distortion, maintain fair relativity with other levels of remuneration elsewhere, be fair to both elected members and ratepayers, and attract and retain competent persons. To learn more about the legal requirements, refer to [Appendix A - Remuneration Authority Legal Framework](#).

b. Timing

The following information applies to the determination that will come into effect on 1st July 2018, except where it is stated otherwise. There is also information about the new approach that is being transitioned in from now till the time of the 2019 local government election.

2. Process of establishing local government remuneration

a. Recent work

The Authority uses a “rate for the job” approach to the remuneration of local government members. However, there is provision for meeting fees to be paid to elected members involved in resource consent hearings and district/regional RMA plan hearings.

In 2015, the Authority undertook a job-sizing exercise with a cross section of sample councils from which it developed an overall size index measuring the relative size and complexity of each council’s business.

The results of this review were never fully implemented. The Authority has just completed a further, more comprehensive, review which has resulted in the production of three new size indices – one each for Territorial Authorities, Unitary Authorities and Regional Authorities – and the consequent construction of a new local government pay scale.

It should be noted that the new size indices were developed specifically for use by the Authority in assessing remuneration and are not intended to meet the needs of any other users.

b. Sizing councils

The previous size index (one index for all types of council) was based on the population served by each council and the expenditure of each council. The new size indices use the following factors:

Territorial Authorities

- Population (source = Stats NZ Estimated resident Population at 30 June each year)
- Total operating expenditure (source = Stats NZ Local Authority financial Stats at 30 June each year)
- Total assets (source = Stats NZ Local Authority financial Stats at 30 June each year)
- Socioeconomic deprivation index (source = University of Otago Socioeconomic Deprivation Indices compiled at each census)

Regional Authorities

- Population
- Total operating expenditure
- Total assets
- Geographic size (source = Stats NZ geographic Areas)
- Public passenger transport boardings (source = Ministry of Transport's public transport passenger boardings at November each year)

Unitary Authorities

- Population
- Total operating expenditure
- Total assets
- Socioeconomic deprivation index
- Geographic size
- Public transport boardings

All factors we use will be retrospective but measured at “a point in time” as near as possible to the time of our decision. That means that, except for the deprivation index, no data sets should be more than three years old. The data sets are available either from the Stats NZ or from the annual reports of councils themselves.

With the exception of the Auckland Council and the Chatham Islands Council (which because of their respective sizes are considered as outliers), all Councils have been placed on the new size index as at 30 June 2018.

c. Local government pay scale

After constructing a new size index, the Authority then also considered a local government pay scale that (as required by our legislation) would have regard in particular to the need to achieve and maintain fair relativity with remuneration received elsewhere. After exploring various occupational groups that might have some relativity with local government elected

members, we concluded that the only similar occupation was that of a member of Parliament. We will therefore in future be using the parliamentary salary scale as a comparator, but based on the position of each council on the size index and the pro rata time required for an average local government member to undertake the role on a council of any particular size. No local government elected member, regardless of the size of their role, will be able to be paid more than a Cabinet Minister.

As part of its recent research into the roles of councillors, the Authority conducted a survey of all councillors across New Zealand and all Auckland Local Board members, with 659 councillors and 113 local board members responding. The information from this survey was used, together with previous work that the Authority had commissioned from the Hay Group, as a basis for assumptions about councillor time use in relation to council size and type. It was evident that in the large “metro” councils (Christchurch, Wellington, Hamilton, Tauranga and Dunedin) a councillor is likely to work up to full time – i.e. one full time equivalent (FTE). There is a second group of councils where councillor workloads sit between full time and half time, with the workload of members of the remainder of councils generally varying around or below 0.5% of an FTE. It must be stressed, however, that the survey returns showed that both between and within councils the average work time differs, even allowing for different roles such as deputy mayor or committee chair. However, the overall pattern was sufficient for us to use it as a basis for decisions.

The pay scale therefore takes into account three issues - the size of the council, the average time required by a councillor on a council of a particular size and a general comparison with parliamentary salaries. Local government elected members’ remuneration will in future reflect this pay scale, resulting in differential increases in remuneration in the next two years as relativities between councils are changed.

We have used Christchurch (the largest council excluding Auckland) to anchor the top of our pay scale. We have anchored the bottom of the councillor pay scale in relation to a proportion of the average wage. However, we have concluded that there is a “basic job” for any councillor, no matter how small the council size. When the governance pool approach is fully implemented following the 2019 election, except for the Chathams we are intending to peg the lowest councillor remuneration to relate to a half time equivalent of about two thirds of the average wage. In the case of the smallest councils this will breach our “governance pool” approach and means that the resultant governance pool will need to reflect the current number of councillors, rather than the ranking of the council on the size index. Of the 13 councils that currently would be impacted, one has 14 councillors, but the average number of members of the remaining 12 councils is between eight and nine.

The impact of differing numbers of councillors on relative total governance pools will remain an issue for active consideration by the Authority in future years when setting local government remuneration.

d. Auckland and Chatham Island Councillors

Because of their respective sizes, neither Auckland Council nor the Chatham Islands Council fit within our size index, so each year the Authority will make an informed judgement on the size of the pools for these two councils.

e. Auckland Local Board Members

Although most Auckland local Boards have far greater populations than a considerable number of councils, they do not have the same breadth of legal responsibilities as councils (which have powers of general competence), so it is difficult to fit them into any of our three size indices. The Auckland governance arrangements have now been in existence for eight years and are being reviewed. When changes to delegations have been implemented we will be in a position to construct a size index for Local Boards. We will also decide a pool for each of them to allocate. We expect the new arrangements to be ready for full implementation following the 2019 election.

3. Timetable for Local Government Remuneration Setting

The Authority intends to review the ranking of each council on the size index every three years. At the beginning of each election year, we will issue a list showing the new governance pool we propose for each council (NB: this is not a national pool). This timing will allow existing councils to assess changes and make recommendations for remuneration based on the size of the pool available, well before the election at which they will be required to implement the pool. People considering running for office will have this information prior to the election, for example: they will have an indication of the remuneration they could expect if elected as a councillor without any additional responsibilities.

Each council is expected to submit a proposal to the Authority in the first part of the calendar year in which the election is scheduled. We will issue a determination in the middle of that year which will have two parts:

- **Part One** - for the period from July 1 till the day on which the new council assumes office, and
- **Part Two** - for implementation when the new council takes office following the election.

When the new council takes office, all councillors (except the mayor) will receive the base councillor remuneration set out in Part One of that year's determination. For positions of responsibility (including the subsequently elected chair of a regional council), the remuneration will apply from the date the new council makes its formal decision on roles. If newly elected councils wish to change the proposal they will have a window of three months following the election to do so and submit the proposed changes to us for incorporation into a determination that will be backdated to the date the new council made its formal decision on roles and appointments.

In the years between the assessments of the “governance pool”, all local government elected member remuneration will be changed on an annual basis using the same public sector equivalent formula that the Authority utilises for parliamentary remuneration.

The **2018/19 Determination** (effective 1 July 2018) will introduce the first of three steps towards re-aligning councils to their new ranking on the size index.

During the first quarter of 2019, councils will be advised of the governance pool that they will be allocated following the 2019 local government election. They will be asked by the Authority to provide a formal response outlining how the pool will be allocated to individual roles within their council following the 2019 election.

The **2019/20 Determination Part One** –(effective 1 July 2019) will be an interim determination applying until the new council assumes office following the election and will apply until the new council assumes office following the election. Note, new councils elected in 2019 will have the opportunity to amend proposals submitted to the Authority by the outgoing councils.

Part Two of the 2019/20 Determination will come into effect the day after the polling day (13 October 2019). Part Two will introduce the new governance pool for each council to apply following the 2019 local government election. More information on this will be provided to councils during 2018/19.

4. Remuneration for Councillors

a. Current Approach (till 2019 local government election)

For the 2018/19 Determination taking effect on July 1 2018, the Authority has used the new size index and local government pay scale to adjust base councillor remuneration and remuneration for all positions of responsibility on all councils. Auckland and the Chatham Islands Council are outside of the pay scale because of their extreme sizes but remuneration for all elected members on these councils, including Auckland Local Board members, has been adjusted.

b. Current Fund for Additional Positions of Responsibilities

The Authority currently provides for each council to have a capped fund for extra remuneration for those who take on additional positions of responsibility.

The fund for each council is equivalent to twice the base remuneration (i.e. 200%) of one councillor’s remuneration. For example, if the base remuneration for a councillor is \$40,000, then the total fund that council could use for additional remuneration will be capped at \$80,000.

Where a councillor is also formally appointed as a member or chair of a community board, she or he is not entitled to remuneration as a councillor as well as remuneration as a community board member. However, a council may apply to the Authority to pay some extra remuneration to that councillor from its capped fund for additional responsibilities associated with the councillor's appointment to the community board. There may also be additional positions such as membership of specialist panels, working parties and external bodies. These will vary from council to council.

Before approving any additional remuneration, the Authority expects there to be significant extra workload and/or responsibility required on an ongoing basis for the position. This could include the need to attend regular additional meetings or to gain a technical knowledge base for a particular field of expertise.

An example follows of how the extra remuneration might work:

- Council A has 10 councillors, each starting with a base remuneration of \$40,000.
- The Council has a total fund of up to \$80,000 (i.e. 2.0 times the base councillor remuneration) 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 \$16,000 for carrying out the responsibilities of that role. That is 40% of the base councillor remuneration of \$40,000.
- The Council has up to \$64,000 remaining to allocate to its councillors for any positions of additional responsibility.
- The Council wishes to pay three of its councillors an extra \$10,000 each to undertake additional responsibilities as chair of a standing committee.

A council does not have to set extra remuneration for all additional areas of responsibility if it chooses to operate with a flat structure. For example, it may set only one additional payment for the deputy mayor.

All councils will have reviewed their governance structure following the 2016 election and any remuneration changes proposed to the Authority will have been included in the determination following the election. Should any further changes to the structure be required by councils prior to the 2019 election, they are able to apply to the Authority to do this. See [Process for approving additional remuneration](#).

c. RMA and District/Regional Plan Hearings

Councillors undertaking RMA resource consent hearings and district and regional plan hearings (including Regional Policy Statement) are entitled to additional fees for that work, but those fees are not drawn from the council's capped fund for positions of additional responsibility. See [Plan, RMA and HASHA Hearings](#).

d. New approach following the 2019 local government elections

Following the 2019 election we will be implementing a “governance pool” allocated to each council and aligned with the ranking of the council on our size index and within the framework of the new local government pay scale. The governance pool will provide the total amount that can be paid in remuneration to councillors in each individual council (aside from the mayor or regional council chair). The governance pool will not have any relationship to the number of councillors. Thus, if a council wishes to change the number of councillors and the Local Government Commission agrees, the size of the governance pool will not change, it will just have to be shared amongst more or fewer people.

Each council will need to decide how it wants to allocate its pool according to its own priorities and circumstances. Roles to which additional differential remuneration can be attached may include not just “internal” council roles such as deputy mayor, committee chair or portfolio holder, but also other jobs representing the council on outside groups.

There will be four requirements for each council:

- The whole pool must be utilised. We understand that in any community there will be pressure to “keep rates down” by paying councillors less and we feel it is important that councils are protected from such pressure.
- The council will need to decide a “base remuneration” for councillors who have no additional responsibilities. This could be higher than the base amount set out by the Authority.
- For any roles which attract additional remuneration above the base rate, the council will be required to have a formal vote which must include the following: a title and short description of each role (i.e. what are the requirements for the councillor who undertakes it), the proposed annual dollar value of remuneration attached to the role and, course, the name of the councillor elected to fill that role.
- Following its formal decision-making, the council will need to forward its adopted resolutions to the Authority for consideration for inclusion in the determination.

Unfortunately, this and the current uncertainty about the change of delegations has not assisted us in our conclusions about remuneration. Thus for Auckland Boards for the 2018 determination we will apply an increase of 1.5% and will engage in a detailed discussion with them and the Auckland Council when the new delegations are implemented during the year, with a view to adjusting remuneration on July 1 2019.

e. Timing of implementation

All of the changes to the remuneration outlined above will be phased in over the next two determinations – 2018/19 and 2019/20 - not necessarily in equal tranches. For further detail see Timetable for local government remuneration setting.

5. Process of approving additional remuneration

The following pertains to the current policy and will remain until the 2019 election. Prior to the election the Authority will revise these guidelines in line with the new approach and circulate new advice to councils.

a. New positions of responsibility

Although most councils are unlikely to change their positions of responsibility in the middle of a triennium, the Authority will consider proposals made to it by councils requesting new arrangements and will either issue an amending determination or consult further with these councils. All proposals must be submitted to the Authority regardless of the additional level of remuneration proposed. The Authority expects councils to consider their full year's work programme when making proposals.

A council cannot exceed its capped fund available for additional councillor responsibilities. If a council's fund had previously been fully allocated, then any new position will require a reduction in the amounts of extra remuneration for other positions that were previously approved by the Authority.

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

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 remuneration for other positions. Any funds saved from such a reduction do not need to be reallocated.

The Authority will consider requests for such changes as they are received. The process of developing and producing a determination will normally take at least three months. In all cases where there is a change, councils need to wait till an amended determination is gazetted by the Authority before they can make extra payments to elected members. However, all payments will be back dated to the time when a councillor assumed a particular role.

b. Criteria

The Authority has traditionally accepted proposals in respect of additional remuneration that are unanimously supported. Where it receives split recommendations, the Authority cannot overlook such differences. In those cases, strong supporting documentation concerning the reasoning behind any change in the recognition of positions should be provided.

A council cannot generally make a request for an increase in the size of the total fund for additional councillor responsibilities if it appears that it is not sufficient to meet needs. Under extraordinary circumstances (for example following a major natural disaster) the Authority might agree to an increase.

c. Allocation, increase and carry-over of additional fund

A council is not required to distribute its entire fund. Any unallocated funding cannot, however, be carried over to the next financial year.

d. Representation Reviews

Under the current approach (until the 2019 election), changes in councillor numbers following a representation review will not affect the base councillor remuneration level for each councillor, or the size of the fund available for councillor positions of additional responsibility. The only impact of a reduction in councillor numbers would be a reduction in the total remuneration costs for the council, with fewer councillors receiving the base councillor remuneration. Conversely more councillors would result in a higher total remuneration cost for the council.

6. Remuneration for mayors and regional council chairs

a. Approach

The Authority now considers that, with the exception of the Mayor of the Chatham Islands, all mayors and regional council chair positions should be remunerated as full time. Remuneration for mayors and regional chairs will be based on the placement of each of their councils on one of the three size indices, plus the relationship that the Authority has established between local government and parliamentary remuneration.

Mayors/chairs (with the exception of the Mayor of the Chatham Islands) will no longer be able to claim travel time allowance and no additional remuneration can be provided to them, with the exception of fees for resource consent hearings in exceptional circumstances. See fees for [RMA and HASHA hearings](#).

From 1 July 2018 the Authority is taking a “total remuneration” approach to mayor and regional chair remuneration. Mayors/chairs who chose to have a council-provided car will have their remuneration adjusted by their council, using the formula provided by the Authority. The formula will be included in each annual determination. A limit has been set on the value of council-supplied vehicles, again with the formula provided in each determination. The purchase price of current vehicles, bought before 1 July 2018, will be “grand-parented” until they are disposed of by the Council or no longer used by the mayor/chair.

7. Remuneration for community board members

a. Basis of remuneration

A council's rank on the size index, used for the remuneration of mayors/regional chairs and councillors, is **not** used to size community board remuneration, which is related solely to population size.

The primary function of community boards is representation, so the Authority has taken the view that having community board remuneration linked to population is fairer to board members. It is 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, thus the remuneration of members of a community board serving a large population will be greater than that of members of a board serving a small population.

This does not mean that community board remuneration is an exact 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.

Until such time as there is a formal review of community boards, their members are likely to receive remuneration increases in line with public sector pay increases.

Where a councillor is formally appointed as a member or chair of a community board, she or he is not automatically entitled to remuneration as a councillor as well as remuneration as a community board member. However, until the 2019 election, a council may apply to the Authority to pay some extra remuneration to that councillor from its capped fund. Following the 2019 election any such additional remuneration will come from the council's governance pool.

b. Chairs

The remuneration of an elected chair of a community board will be twice the remuneration of a community board member (including additional remuneration for that board's members, if any). The Authority will require confirmation that the chair will carry out the additional responsibilities for that role (see additional responsibilities of chair of a community board).

The deputy chair of a community board is remunerated as a board member. That reflects the Authority's view that the role of deputy chair is not sufficiently different from that of a board member to warrant additional remuneration. A deputy chair will be able to receive additional remuneration for any additional role of responsibility that the board might collectively have.

c. Increase in remuneration to reflect additional board responsibility

Until the 2019 election, if a community board has additional levels of responsibility, then the Authority may approve additional remuneration for all members of that board after receiving proposals from the relevant council. Additional levels of responsibility can be recognised only for the board as a whole, and not for individual members. 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](#). The maximum amount that can be added to the community board member remuneration is 30%.

Additional remuneration for community boards is not drawn from the pool of 2.0 times the basic councillor remuneration that can be used for councillor positions of additional responsibility – any additionality for a community board is over and above the maximum amount of the councillor fund.

From the time that new councils take office following the 2019 election, councils may recommend additional remuneration for community boards, but the additional amount must be drawn from their governance pool, recognising that additional work by community board members relieves councillors of this work.

8. Plan, RMA and HASHA Hearings

a. Hearings

Elected members are entitled to additional payments for the following work:

- Resource consent hearings under the [Resource Management Act 1991](#) (RMA) or the [Housing Accords and Special Housing Areas Act 2013](#) (HASHA)
- District Plan hearings
- Regional Plan or Regional Policy Statement hearings.

These fees are not part of the capped fund for positions of additional responsibility that is allocated to each council. Note also that while there is currently a cap on the total extra amount that councils can pay for positions of additional responsibility, there is no cap on the payment of fees for these hearings. This approach will not change following the 2019 election when the new governance pool approach is introduced.

The hourly rate paid is to be decided by the council up to the following amounts: \$80 an hour for a hearing member and \$100 an hour for a hearing chair.

The Authority does not have any jurisdiction over fees related to alcohol licensing hearings.

b. Preparation Time

Councillors undertaking these hearings are also paid for preparation time. Preparation time to be reimbursed should not exceed the time of the actual hearing. For example, if a hearing lasts for three hours than no more than three hours of preparation time may be paid. 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 hearing time. The chair of a hearing may also be paid for time spent writing up the decisions or communicating for the purpose of the written decision.

c. Committee Chair Chairing a Hearing

If the chair of a council's Hearing Committee undertakes resource consent hearings and is paid additional fees for that, those fees are in addition to what that person can be paid for the additional responsibility as chair of the Hearings Committee.

d. Mayors/Regional Chairs

Generally, mayors and regional chairs are not able to receive fees for participating in resource consent hearings. Fees might be considered in **exceptional circumstances** if there is a shortage of experienced hearing commissioners on the council and there is a significant hearing of a lengthy duration, which would create undue time pressure on the mayor or chair. In such circumstance, no fees should be paid without seeking prior approval from the Authority.

9. Private use of a vehicle provided to mayor or regional chair

Councils may decide whether or not a car is to be supplied for the mayor or regional council chair and on what basis. The determinant is what is most cost effective for the Council and ratepayers.

If a motor vehicle is provided to a mayor or regional chair for their private use the Council is responsible from 1 July 2018 for valuing the cost of private use and for making the appropriate deduction from the mayor or regional chair's annual remuneration as shown in the determination.

a. Maximum Purchase Price

The Authority has set a limit on the actual purchase price that may be paid for a motor vehicle bought by a Council for the mayor or regional council chair's use. The maximum purchase prices will be set each year in the determination. The maximum purchase prices applying for motor vehicle purchased for the year beginning 1 July 2018 are for:

- a petrol or diesel vehicle, \$55,000 (including on road costs, dealer charges and GST paid);
- an electric or hybrid vehicle, \$65,000 (including on road costs, dealer charges and GST paid).

Note the above limits do not apply to existing motor vehicles (bought before 1 July 2018) currently provided to mayors and regional chairs. In these cases the actual purchase prices are “grandparented” until the existing vehicles are either replaced or relinquished.

b. Valuing the Private Use of a Vehicle

One of the following criteria must be applied by the Council (for all vehicles purchased either before or from 1 July 2018):

Full Private Use – the vehicle:

- is usually driven home and securely parked by the mayor or regional chair;
- is available for the mayor or regional chair’s unrestricted personal use;;
- is used by the mayor or regional chair for a mix of Council business; private use; and
- may also be used by the other local authority members or staff on Council business, with the permission of the mayor or regional chair.

Partial Private Use – the vehicle:

- is usually driven home and securely parked by the mayor or regional chair;
- is used by the mayor or regional chair for a mix of Council business and private purposes;
- is otherwise generally available for use by other local authority members or staff on Council business;
- is used of the vehicle for private purposes accounts for no more than 10% of the vehicle’s annual mileage; and
- all travel in the vehicle is recorded in a log-book.

Restricted Private Use – the vehicle:

- is usually driven home and securely parked by the mayor or regional chair;
- is otherwise generally available for use by other local authority members or staff on Council business;
- is used solely for Council business; and
- all travel in the vehicle is recorded in a log-book.

If the mayor or regional chair is provided with a vehicle, the Council must deduct from their annual remuneration of the mayor or regional chair the appropriate amount calculated in accordance with one of the following formula:

Full Private Use: $V \times 41\% \times 20\%$
 e.g. $\$42,800 \times 41\% \times 20\% = \$3,510$

Partial Private Use: $V \times 41\% \times 10\%$
 e.g. $\$42,800 \times 41\% \times 10\% = \$1,755$

Note an amount less than 10% for partial private use is no longer applicable.

Restricted Private Use: **No deduction from annual remuneration**

Where:

- **V** = actual purchase price, on-road costs, dealer charges and GST paid
- **41%** = assessed annual value of motor vehicle
- **20%** = assessed as full private use
- **10%** = assess as a lesser amount of private use which must be supported by a log-book.

| For example: | Full Private Use | Partial Private Use | Restricted Private Use |
|---|-------------------------|----------------------------|-------------------------------|
| Annual remuneration as shown in either Schedule 1 or Schedule 2 | \$85,220 | \$85,220 | \$85,220 |
| Motor vehicle deduction | \$3,510 | \$1,755 | \$0 |
| Salary paid | \$81,710 | \$83,465 | \$85,220 |

c. Publishing of motor vehicle details

The Authority expects that if a mayor or regional chair is provided with a motor vehicle, the Council will publish in its annual financial statements the vehicles details including its annual value as a component of the mayor or regional chair's total remuneration.

10. Mileage Allowance

a. Vehicle Mileage

Elected members are able to claim compensation for using private vehicles on council business. In making its decision on vehicle allowances, the Authority uses the IRD mileage rate.

Elected members can receive 73 cents per kilometre allowance for the first 10,000 kilometres travelled on council business, and 37 cents per kilometre for any remaining council travel. Electric vehicles will be reimbursed for the first 10,000 kilometres at a rate of 81 cents per kilometre and thereafter at 37 cents.

Elected members should note that the 10,000 kilometre range is taken from the example used on the URD website. When the IRD makes a final decision on the allowance for tax purposes, this will be taken into consideration by the Authority and the distance and the reimbursement rate may be altered in the next determination.

b. Use of other transport modes

The 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, these costs can be offset against income in their tax returns. Such ability to offset costs, together with the travel time entitlement, removes any disincentive for other travel preferences created by mileage compensation for the use of motor vehicles.

c. Long distance meetings

If an elected member is required to attend a long distance conference or meeting, alternative transport arrangements can be made. For example, it may be more economical and/or time efficient for members to fly to a destination rather than drive for several hours. Any alternative arrangements would need to be consistent with the council's overall travel policy.

d. Vehicle mileage for mayors/regional chairs

Councils decide whether or not a car is to be supplied for the mayor or chair, taking into consideration what is the most cost effective for the council and ratepayers. Vehicle mileage for the use of a private car by the mayor/chair cannot be claimed if a council car is provided.

If the mayor/chair is provided with a vehicle, the Council must adjust their remuneration using the formula provided by the Authority, see [Private use of a vehicle provided to a mayor or regional chair](#).

11. Travel Time Allowance

a. Criteria

All elected members except mayors and regional council chairs (excluding the Mayor of the Chatham Islands), are entitled to claim an allowance for time travelled on council business, provided:

- the journey is by the quickest form of transport reasonable in the circumstance; and

- the travel time exceeds one hour; and
- the travel time does not exceed nine hours (including the first hour which is not covered) within a 24 hour period.

The allowance is available each day for any business on behalf of the council or board or between the member's residence and an office of the council or board. It is not available for overseas travel.

Mayors and regional council chairs, with the exception of the Mayor of the Chatham Islands) are not entitled to claim a travel time allowance because their roles are deemed to be full time and they are remunerated accordingly. In the future the Authority may reconsider this entitlement for councillors whose role is assessed to be full time.

b. Rate

The current rate is \$37.50 per hour in respect to any qualifying traveling that confirms to the criteria above.

12. Communications Allowances

a. Approach

The Authority's view is that elected officials should not carry the costs of communicating with councils or with ratepayers. It is the responsibility of each council to decide the communications equipment needed to carry out its business effectively and efficiently and decisions about equipment for individual councillors should flow from that.

b. Council-Owned Equipment

The Authority believes it is efficient if a council provides each elected official with a phone (mobile or landline), a PC and/or a tablet, and a compatible scanner & printer. The council should also cover the costs of any consumables required.

Equipment should remain the property of the council and shall be replaced or updated at least triennially.

Whilst the Authority has a strong preference for direct provision of equipment, the decision on whether elected officials can use personal devices and the nature of the technology required will be a local decision. In approving allowances in expenses documents, the Authority will seek confirmation of a formal decision by the council around the use of technology.

c. Member-Owned Equipment

Where councils decide to provide an annual allowance to those using their devices and/or connections, the following annual allowance will apply:

- For the use of a personal computer, tablet or a laptop, including any related docking station, \$200
- For the use of a multi-functional or other printer, \$40
- For the use of a mobile telephone, \$150
- For the use of a home internet/broadband connection, \$400
- For the use of a personal telephone plan, \$400 or actual cost upon production of receipts.

The total annual cost of allowances to a member for the use of her or his own equipment and services must not exceed \$1,190.

Where the council provides a mobile plan, the portion of the cost to be paid by the member to cover personal use will be agreed with the council. The Authority recommends that councils look at current practice in central government for models and we can supply examples if requested.

The Authority has assumed that councils will not be providing plans for home internet/broadband services because household use is growing significantly and it is unlikely that official use required by the elected member will be a high proportion of the cost. However, in cases where this is not so and the council wishes to supply the whole plan, the council should contact the Authority.

d. Unusual Circumstance

In some areas of the country a regular landline or mobile coverage is not available. Where such circumstances exist the council may put a coasted recommendation to the Authority for approval to make a one-off payment for installation and either a reimbursement or allowance for on-going maintenance and support reflecting the costs involved. It is anticipated this allowance will normally reflect no more than 75% of the costs involved.

13. Forms to Use in 2018-2019

The following forms are for Council use in the period between elections:

- [Form A – Proposed positions and remuneration](#)
- [Form B – Information about each position recommended for additional payments](#)
- [Form C – Proposed additional duties payment for community board](#)

APPENDIX A – Remuneration Authority Legal Framework

The main acts relating to remuneration for elected local authority members are:

- The [Local Government Act 2002, clause 6 of Schedule 7](#) provides for:
 - the Remuneration Authority to set the remuneration, allowances and expenses of mayors, and other elected members on local authorities, community boards and Auckland Council local boards
 - to set scales of salaries, allowances, ranges of remuneration, different forms of remuneration; prescribe rules for the application of those scales, ranges or different forms of remuneration; differentiate between individuals occupying equivalent positions in different, or in the same, local authorities or community boards; set pay arrangements that apply to individuals or groups occupying equivalent positions
 - place a levy on local authorities, to be set by the Minister responsible for the Remuneration Authority, to cover the costs of the Remuneration Authority in setting the remuneration of local authority members. This levy is administered by the Ministry of Business, Innovation and Employment.
- [Clause 6 of Schedule 7 of the Local Government Act 2002](#) states that the Authority must give regard to the need to:
 - minimise the potential for certain types of remuneration to distort the behaviour of elected members
 - achieve and maintain fair relativity with the levels of remuneration received elsewhere
 - be fair both to the persons whose remuneration is being determined and to ratepayers
 - attract and retain competent persons.
- The [Remuneration Authority Act 1977 \(sections 18 & 18A\)](#) sets out additional criteria to which the Authority must have regard in determining the pay for local authority elected members and the other groups and individuals for which it sets pay. These are:
 - the requirements of the job
 - the conditions of service enjoyed by the persons whose remuneration is being determined and those enjoyed by the persons or members of the group of persons whose remuneration and conditions of employment are, in the opinion of the Authority, comparable with those of the persons or members of the group of persons whose remuneration is being determined.
 - any prevailing adverse economic conditions (which may lead the Authority to set remuneration at a rate lower than might otherwise have been the case).