
Elected Members Expense Policy 2019

File No.: CP2020/01320

Te take mō te pūrongo

Purpose of the report

1. To present the draft Auckland Council Elected Members Expense Policy 2019 and seek local board feedback for consideration by the Governing Body.

Whakarāpopototanga matua

Executive summary

2. Each electoral term, the Remuneration Authority requires all councils to adopt an expense policy and forward the adopted policy to the Remuneration Authority for its approval.
3. The expense policy provides the rules for elected members' reimbursement for expenses they incur whilst performing their duties. The Remuneration Authority has set parameters for the following expense reimbursements:
 - i) communications
 - ii) mileage
 - iii) travel time
 - iv) childcare.
4. The Remuneration Authority has updated vehicle mileage allowance rates to reflect the new kilometre rates for self-employed people and employees published by the Inland Revenue Department on its website as at 7 June 2019.
5. There is a change to approval processes so that approval for mayor and deputy mayor expenses is now by the chair of the Audit and Risk Committee. There are no other changes to provisions for these expenses.
6. Reimbursement of childcare expenses is a new provision and the council has discretion around how this is applied, within the parameters set by the Remuneration Authority.
7. In the previous term, a discussion paper about the proposed childcare allowance was published by the Remuneration Authority and was reported to local boards. Most local boards were generally supportive. Based on that feedback, this report proposes rules for inclusion in the council's Elected Member Expense Policy 2019.
8. The expenses policy also includes rules for the following, which relate to sensitive expenditure and there are no recommended changes to these rules:
 - i) travel
 - ii) accommodation
 - iii) professional development
 - iv) hospitality.
9. The draft Auckland Council Elected Members Expense Policy is included in Attachment A.
10. The council's Head of Assurance Services has reviewed the draft policy and is satisfied it is in compliance with the Local Government Members (2019/2020) Determination and appropriate probity standards.

Ngā tūhunga Recommendation/s

That the Hibiscus and Bays Local Board:

- a) provide feedback on the draft Auckland Council Elected Member Expense Policy 2019.

Horopaki Context

11. The Remuneration Authority (the Authority) sets remuneration for elected positions in local government annually. It also sets the rules for reimbursement of costs met by members in undertaking their duties.
12. Each electoral term, the Authority requires all councils to adopt an expense policy and forward the adopted policy to the Authority for its approval. The expense policy provides the rules for elected members' reimbursement for expenses they incur whilst performing their duties.
13. The Authority sets some work-related expenses for elected members:
 - the maximum allowances payable by councils to elected members for certain activities, such as transport and communications
 - the criteria for and amounts payable to, elected members sitting on resource consent hearings.
14. The current policy was approved in November 2016. The Authority has requested the council provide an Elected Members' Expense Policy to the Authority for its approval at the beginning of this term.
15. In the previous term the Authority circulated a discussion paper seeking feedback on a proposed childcare allowance. When the Authority issued its formal 2019/2020 determination it included the childcare allowance. The Explanatory Memorandum in the Determination includes:

"This year, for the first time, the Authority has introduced a childcare allowance for members who have responsibility for caring for children under the age of 14 years. The allowance is a contribution towards expenses incurred by the member for the provision of childcare while the member is engaged on local authority business. The allowance is capped and is subject to certain conditions outlined in clause 14 of this determination.

Payment of any or all of the allowances is at the discretion of each council. All the allowances included in this determination are reviewed annually."
16. The actual rule about the childcare allowance in the Determination is:
 - 14 *Childcare allowance*
 - (1) *A local authority may pay a childcare allowance, in accordance with subclauses (2) and (3), to an eligible member as a contribution towards expenses incurred by the member for childcare provided while the member is engaged on local authority business.*
 - (2) *A member is eligible to be paid a childcare allowance in respect of childcare provided for a child only if—*
 - (a) *the member is a parent or guardian of the child, or is a person who usually has responsibility for the day-to-day care of the child (other than on a temporary basis); and*
 - (b) *the child is aged under 14 years of age; and*

- (c) *the childcare is provided by a person who—*
 - (i) *is not a family member of the member; and*
 - (ii) *does not ordinarily reside with the member; and*
 - (d) *the member provides evidence satisfactory to the local authority of the amount paid for childcare.*
- (3) *A local authority must not pay childcare allowances to a member that total more than \$6,000 per annum, per child.*
- (4) *In this regulation, family member of the member means—*
 - (a) *a spouse, civil union partner, or de facto partner;*
 - (b) *a relative, that is, another person connected with the member within 2 degrees of a relationship, whether by blood relationship or by adoption.*
17. The other change in the Determination relates to vehicle mileage allowance rates to reflect the new kilometre rates for self-employed people and employees published by the Inland Revenue Department on its website as at 7 June 2019.

Tātaritanga me ngā tohutohu Analysis and advice

18. The major proposed change to the expense policy is to include a provision for childcare allowance in line with the new provision in the Authority's Determination.
19. Prior to the Authority including this allowance in its Determination, it circulated a discussion paper for feedback. This was reported to local boards. The submission to the Authority was:

'Auckland Council supports the Remuneration Authority in addressing this issue which has been raised by members of other councils through submissions to the Authority. The costs of childcare can be a barrier to people with families considering becoming candidates for local government elections. The council commends the authority for recognising such barriers and for acknowledging the need to address them.

The council's view is that the proposed conditions to be placed in the authority's determination are reasonable. It is concerned though that the description of the purpose of the allowance is too wide. The proposed wording is:

"A local authority may pay a childcare allowance, in accordance with subclauses (2) and (3), to an eligible member as a contribution towards expenses incurred by the member for childcare provided while the member is engaged on local authority business."

The phrase "childcare provided while the member is engaged on local authority business" could include childcare that is incidental at the time the member is engaged on local authority. For example, a member may arrange childcare on a regular basis, irrespective of undertaking council duties, and on a particular occasion attends to council business papers while the children are at childcare. There could be uncertainty about whether this is claimable. The council understands that the purpose of the allowance is as a contribution towards the cost of childcare where this is an expense of undertaking council business and suggests that the wording should capture this sense of necessary expense in order to undertake council business.'

20. A summary of local board feedback on the submission is contained in Attachment B. Most local boards endorsed the submission.
21. The submission stated that the payment of a childcare allowance should recognise the additional cost that was caused by attending to council business rather than being paid if childcare was to be provided in any case. In other words, it was to be paid because childcare was caused by attending to council business. This point was not included in the Authority's final Determination. However, any potential for over-use of the provision is controlled by the imposition of a cap of \$6,000 per annum per child.

22. The proposed wording for the childcare allowance in the Auckland Council Elected Members' Expense Policy 2019 (Expense Policy) is:
- Childcare allowance*
- 1 *Elected members who are the parent, guardian or usually have responsibility for the day to day care of the child may receive the allowance set out in the Remuneration Authority Determination for childcare provided while the member is engaged on local authority business. This is a contribution towards the expense and not intended as a full reimbursement.*
 - 2 *The childcare allowance may only be claimed for childcare not provided by a family member (spouse, civil union partner or de factor partner or any relative that is connected to the members within 2 degrees of relationship, whether by blood relationship or by adoption) who does not ordinarily reside with the member*
 - 3 *The allowance is only claimable:*
 - a) *for children under the age of 14 years*
 - b) *when attending official meetings or workshops of the council*
 - c) *only for actual (or part thereof) expenses that have been incurred, net of any subsidies*
 - d) *when elected members are not on recess*
 - e) *when no other childcare arrangements would normally be made.*
 - 4 *The allowance rates are as follows:*
 - a) *For childcare services provided by a professional registered company, an hourly rate of up to \$35 will be accepted with the receipt of a GST invoice*
 - b) *For childcare services provided via an informal arrangement, an hourly rate of up to \$20 will be accepted with the receipt of a signed invoice or signed log book*
 - c) *The total that Auckland Council may contribute is \$6,000 per annum per child*
 - 5 *On a case by case basis the General Manager Democracy Services and General Manager Local Board Services may make exceptions to the above provisions within the limits set by the Remuneration Authority.*
23. The maximum hourly rates are based on an informal survey of current market rates.
24. Other changes in the draft expense policy are:
- i) approvals for the mayor and deputy mayor travel expenses have been changed to the chair of the Audit and Risk Committee, on her recommendation
 - ii) an added section on health, safety and well-being which includes access to:
 - flu vaccinations
 - ergonomic assessments
 - personal support services (Employment Assistance Programme, manawa rahi and the well-being portal).
25. The council's Head of Assurance Services has reviewed the draft policy and is satisfied it is in compliance with the Local Government Members (2019/2020) Determination and appropriate probity standards.

Tauākī whakaaweawe āhuarangi

Climate impact statement

26. The adoption of the expenses policy is largely an administrative decision. Relevant to climate change is the statement in the policy (6.3): "Auckland Council promotes public transport and cycling as the preferred ways of moving around Auckland. Elected members

are expected to use public transport in the first instance but may also use their private car or council vehicles when on council business.”

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

27. The Authority’s Determination and the Auckland Council Elected Members Expense Policy 2019 only affect elected governing body and local board members.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

28. The feedback from local boards will be reported to the Governing Body when it decides the Auckland Council Elected Members Expense Policy 2019.

Tauākī whakaaweawe Māori Māori impact statement

29. The childcare allowance recognises that the cost of childcare deters some people from standing for election. The provision of the allowance may encourage more people, including Māori, to consider standing.

Ngā ritenga ā-pūtea Financial implications

30. The number of Auckland Council elected members who will be eligible to claim this allowance is unknown. Local Government New Zealand statistics show that approximately six per cent of elected members are 40 years of age or below¹. On that basis, the cost to Auckland Council, if six percent of members (equivalent to 10 members) claimed the allowance, would be \$60,000 (assuming one child each).

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

31. The expenditure that is the subject of this policy is sensitive expenditure. The policy needs to withstand public scrutiny and where there is discretion there needs to be a conservative approach. Staff believe that the conditions placed on reimbursement and the processes for approval are appropriate in this context.

Ngā koringa ā-muri Next steps

32. Feedback from all local boards will be reported to the Governing Body when it decides the Auckland Council Elected Members Expense Policy 2019.

Ngā tāpirihanga Attachments

No.	Title	Page
A	Draft Auckland Council Elected Member Expense Policy	
B	Summary of local board feedback on the Remuneration Authority’s discussion paper on childcare allowances	

¹ <http://www.lgnz.co.nz/assets/e41e5fb07f/Elected-Members-Profile-Report-FINAL.pdf>

Ngā kaihaina Signatories

Authors	Warwick McNaughton - Principal Advisor - Democracy Services
Authorisers	Rose Leonard - Executive Officer Lesley Jenkins - Relationship Manager