

5.3.4 LATE ITEM: Review of Policy 4.2.7 – Council Members - Allowances, Fees and Reimbursement of Expenses

Ward:	Both	Date:	22 March 2017
Precinct:	All	File Ref:	SC2639
Attachments:	<p>1 - Amended Policy 4.2.7 – Council Members - Allowances, Fees and Reimbursement of Expenses 2 - Current Policy 4.2.6 - Council Members – Purchase Of Items and Equipment Upon Retirement 3 - Current Policy 4.2.7 – Council Members - Allowances, Fees and Reimbursement of Expenses –Marked Up 4 - Current Policy 4.2.8 - Council Members – Acknowledgement of Service and Purchase of Retirement Gift</p>		
Tabled Items:	Nil.		
Reporting Officer:	T Evans, Manager Governance and Risk		
Responsible Officer:	J Paton, Director Corporate Services		

RECOMMENDATION:

That Council:

1. **REVOKES Policy 4.2.6 – Council Members – Purchase Of Items and Equipment Upon Retirement;**
2. **REVOKES Policy 4.2.8 – Council Members – Acknowledgement of Service and Purchase of Retirement Gift; and**
3. **ADOPTS the amended Policy 4.2.7 – Council Members - Allowances, Fees and Re-imbusement of Expenses, as shown on Attachment 1, and agrees that public advertising and community consultation is not required.**

PURPOSE OF REPORT:

To consider amending *Policy 4.2.7 – Council Members - Allowances, Fees and Re-imbusement of Expenses* and incorporating the provisions of *Policy 4.2.6 – Council Members – Purchase Of Items and Equipment Upon Retirement* and *Policy 4.2.8 – Acknowledgement of Service and Purchase of Retirement Gift* into Policy 4.2.7.

BACKGROUND:

Council Policies 4.2.6, 4.2.7 and 4.2.8 are due for periodic review. A report was presented to Council on 18 October 2016 which proposed minor amendments to ensure that the policies align with current regulations, the values of the current Council and with good practice in the Local Government sector. At that meeting, the item was deferred to enable Administration to further consider a number of issues raised by Council Members, including:

- Clarification of the expenses which may be reimbursed for the purposes of Regulation 32(1) of the *Local Government (Administration) Regulations 1996*;
- Incorporation of the Mayor’s electric bicycle;
- An evidence-based ICT Allowance that accounts for current requirements and costs;
- The removal of specific limits on letterheads and business cards; and
- The removal of a qualification period for certificates of recognition on retirement.

DETAILS:

The findings of Administrations review of Policy 4.2.7 is discussed below.

1. Policy Structure

Administration noted that the provisions of Policies 4.2.6 and 4.2.8 could be easily incorporated into Policy 4.2.7 and that doing so would be beneficial to the reader by providing for a single point of reference for similar types of provisions. Accordingly, the provisions of Policy 4.2.6 have been included as clause 3.2 in Policy 4.2.7. The provisions of Policy 4.2.8 have been included as clause 9.

2. Expenses Approved for Reimbursement

A new section 3 has been included which sets out the types of function that have been expressly authorised by Council for which expenses may be reimbursed. This has been re-structured to better align to the requirement of r.32(1)(a) of the *Local Government (Administration) Regulations 1996* which states that:

- “(1) For the purposes of section 5.98(2)(b), the kinds of expenses that may be approved by any local government for reimbursement by the local government are —
- (a) an expense incurred by a council member in performing a function under the express authority of the local government;”

The list of approved functions has been expanded to include attendance at:

- City of Vincent Advisory and Working Groups;
- Town Teams and Precinct Groups;
- Presentation ceremonies by the City of awards to school students; and
- Events that are sponsored by the City of Vincent.

3. Minor Variations

A number of minor amendments are proposed to Policy 4.2.7 as follows:

Timeframe for reimbursement of claims – The previous section 4.2 has been deleted because it conflicted with a similar clause in Section 9.2 (amended to 10.2). This has the effect of making a standard 3 month timeframe for claiming reimbursements.

Child Care Costs - Section 5 was inconsistent with the Salaries and Allowances Tribunal (SAT) determination to cap child care expenses at \$25 per hour. The proposed policy aligns the allowable amount of child care costs with the maximum determined by SAT.

Fax Machines - As fax machines are essentially now obsolete, it is proposed to remove references to faxes in the policy.

Removal of indexation of particular items – It is proposed to remove CPI indexing for the maximum allowable training and education expenses and stationery expenses. This will provide greater clarity and ease of administration. As the Policy is reviewed every 2 years, the value of a CPI increase over this period is considered to be minor.

Reimbursement Verification – The expense claim forms that form part of the Policy have been amended so that the new position of Manager Governance and Risk is responsible for verifying claims prior to the sign off by the CEO or his delegate.

Letterheads and Business Cards – It is considered unnecessary to retain specific limitations on the number of letterheads and business cards that can be provided to Council Members. Instead, Council Members will be entitled to as many as is reasonably required to carry out the duties of the role.

Vehicle for Office of Mayor – This section of the policy has been amended to recognise the electric bicycle that is provided to the Mayor.

4 Information and Communications Technology (ICT) Allowance

Recent SAT determinations highlighted that the SAT has a preference for the reimbursement of actual expenses wherever possible and accordingly, SAT has maintained the maximum annual ICT allowance at \$3,500. The City's current policy position is to pay Council Members the maximum allowance set by the SAT, i.e. \$3,500.

Research into the practices of some other metropolitan West Australian Local Governments in relation to the provision of an ICT allowance is summarised in the table below:

ICT Allowance	No. of Local Governments
Maximum allowed (\$3,500)	13
Set amount less than the maximum	5
Reimbursement	5

This shows that of the 23 Metropolitan Local Governments where data was readily available, 13 paid an allowance equal to the maximum set by SAT, five set a lower amount and five operated a system of reimbursements.

Of those Local Governments that set an ICT allowance lower than the maximum, the amounts set were: \$1,000 (East Fremantle), \$1,500 (Mosman Park), \$1,600 (Cottesloe), \$2,100 (Melville) and \$3,400 (Bayswater).

Administration notes that there is an administrative cost involved in assessing and reimbursing expense reimbursement claims. The process of apportioning out phone calls and mobile phone usage etc can be particularly time consuming.

In assessing an appropriate quantum for an ICT allowance, Administration has compiled a list of ICT costs that would typically be associated with the duties of Council Members, which include a mobile phone and plan, home phone and internet plans, a printer and a mobile broadband plan for an iPad or similar. Information relating to a range of products and services was gathered which resulted in expected annual ICT costs ranging between \$1,715 and \$3,555. The mid-point of these figures was deemed to be a reasonable guide as to actual costs incurred. The midpoint is \$2,635. Following consultation with Council Members, it is proposed that a reduced ICT allowance of \$2,500 be incorporated into the policy.

In accordance with the *Local Government Act 1995*, any Council Member, including the Mayor, would still be entitled to claim reimbursement of other ICT costs over and above this amount upon the provision of evidence of expenditure incurred.

5. Motor Vehicle Allowances and Insurances

The current Policy states that the *Public Service Award 1992* will be used for the calculation of motor vehicle allowances. This is inconsistent with the SAT determination which states that Local Governments should use the rates set out in the *Local Government Industry Award 2010*. The Policy has been updated to reflect this.

It is proposed to amend the wording of Section 7.4 in relation to motor vehicle insurance to more accurately reflect what is covered in the City's motor vehicle insurance policy. In particular it highlights that the insurance provides cover in excess of any amount for which Council Members are otherwise covered.

6. Retirement Gifts

Regulation 34AC of the *Local Government (Administration) Regulation 1996* sets an allowable amount for Elected Member retirement gifts despite this, City of Vincent Council Members have expressed a general preference against the purchase of a City-funded retirement gift. The Police has been amended accordingly.

In place of a retirement gift, a framed certificate of appreciation will be presented to the retiring Council Member. The requirement to have served a full Council term has been removed.

CONSULTATION/ADVERTISING:

Policy No. 4.1.5 - Community Consultation in Appendix 2 of the Guidelines (Item 10), states that community consultation is required for new policies, or significant amendments to existing policies. Administration considers that community consultation is unnecessary in this instance because firstly, the proposed amendments to Policy No 4.2.7 will only apply to and affect Council Members and, secondly, the proposed amendments to Policy 4.2.7 and revocation of Policies 4.2.6 and 4.2.8 are not viewed as being significant.

LEGAL/POLICY:

Part 5, Division 8 of the *Local Government Act 1995* deals with Local Government payments and gifts to its members, while Regulations 30 – 34AD of the *Local Government (Administration) Regulations 1996* also set out provisions in relation to payments and gifts.

Maximum limits on the allowances provided to Council Members are set by Determination of the *Salaries and Allowances Tribunal for Local Government Chief Executive Officers and Elected Members* under the *Salaries and Allowances Act 1975*.

Section 5.63(1)(c) of the *Local Government Act 1995* relates to financial interests that need not be disclosed and states:

(1) *Sections 5.65, 5.70 and 5.71 do not apply to a relevant person who has any of the following interests in a matter —*

(c) *an interest relating to a fee, reimbursement of an expense or an allowance to which section 5.98, 5.98A, 5.99, 5.99A, 5.100 or 5.101(2) refers;*

On that basis Council Members do not need to disclose a financial interest in this item.

RISK MANAGEMENT IMPLICATIONS:

Nil.

STRATEGIC IMPLICATIONS:

This matter is in keeping with the City's Strategic Plan 2013-2023:

"4.1 *Provide good strategic decision-making, governance, leadership and professional management;*" and in particular;

4.1.2 *Manage the organisation in a responsible, efficient and accountable manner;...*"

SUSTAINABILITY IMPLICATIONS:

Nil.

FINANCIAL/BUDGET IMPLICATIONS:

Adopting the proposed amendments to Policy 4.2.7 would likely result in a small financial saving to the City and therefore the community, in the order of \$9,000p.a due to reduced outgoings in payments of ICT allowances. The exact quantum of financial savings will depend on the extent of reimbursement claims made by Council Members.

The proposed policy amendments will also eliminate any costs resulting from the purchase of gifts to retiring Council Members.

COMMENTS:

Council Members are statutorily entitled to receive payment for their work on Council and for their role in ensuring the good governance of the City. This payment takes the form of fees, allowances and reimbursement for out-of-pocket expenses; although the quantum of payment is generally very modest in comparison to the time and effort invested by Council Members in Council-related business.

General provisions relating to Council Member payments are prescribed under the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*, with the Salaries and Allowances Tribunal making annual determinations on various limits relating to such payments. Notwithstanding, a Council may set its own standards for Council Member payments, providing the values set do not exceed those prescribed by the SAT.

Administration's review of the City's Policies relating to Council Member payments and benefits, and discussion of the same with Council Members, has highlighted that Policies 4.2.6, 4.2.7 and 4.2.8 have been operating effectively. Notwithstanding, it is considered timely, pragmatic and reasonable to amend Policy 4.2.7 in the manner now proposed and to consolidate other relevant provisions of Policies 4.2.6 and 4.2.8 into Policy 4.2.7. This will create a more contemporary 'single-source' policy document containing all relevant provisions relating to Council Member payments and benefits.
