



DIRECTOR CORPORATE SERVICES REPORT

8th February 2005

DCS3	POLICY REVIEW – PAYMENT OF EXPENSES AND PROVISIONS OF FACILITIES TO THE MAYOR AND COUNCILLORS
	FILE: * PJH

SUMMARY:

To report on advice received from the Department of Local Government that each Council needs to review its policy on the payment of expenses to the Mayor and Councillors.



DESCRIPTION:

The Department of Local Government have issued a general circular to Councils stating that a number of Councils are paying general expense allowances as part of their policies on payment of expenses to the Mayor and Councillors and these general expense payments are not in accordance with the provisions of the Act and Regulations.

Attached at [Appendix C](#) is a copy of the circular along with a copy of Council's existing policy [Appendix D](#) Payment of Expenses to Mayor and Councillors C24:4.

Discussions with Department

The Department was provided with a copy of our Policy and the Officer of the Department is of the view that our Policy needs reviewing in the following areas:

Telephone Allowance – In the Officer's opinion this does not comply with section 252 of the Act as it is not actual re-imburement of expenses incurred. It is an estimate of costs that may or may not be incurred. When pointed out that it was provided as a contribution to the Councillors costs and the actual may well exceed this it was stated that evidence of telephone accounts would be required to substantiate the costs.

The Department Officer's recommendation was that Council should consider either of the following options (which have been adopted by other Councils):

1 Require Councillors to identify all calls related to Council business and be reimbursed up to a limit (e.g. \$70.00 per month). This would mean each Councillor providing their phone and mobile phone accounts and identifying all Council related calls before being reimbursed.

2 Councillors not be paid an allowance and they make all Council business calls from a Council installed fax / phone and be provided with a mobile phone for calls away from their homes. In this way the accounts are in Council's name. A limit would need to be placed on the costs of calls from the mobile phone.

Sustenance Allowances – Our Policy allows for Councillors to claim a daily allowance of \$85.00 per day when away at Conferences, such allowance was calculated to cover the cost of three (3) meals. The Department again says this does not comply and must be actual reimbursement. Therefore dockets for actual costs must be provided before reimbursement is paid.

Spouse Costs – Our policy allows for payment of the expense of spouses attending conferences when the Mayor considers that it is a conference of significance. The Department's advice is that such payments are beyond the power of the section under which the policy is adopted and any such clauses need to be removed from Council's policy. The Department Officer said Council should look at other ways that such costs of spouse attendances could be paid but should not relate to Council's policy on the payment of expenses to the Mayor and Councillors.

REPORT IMPLICATIONS:

The implications of this report are that our existing policy needs to be amended in the above areas. It is clear from the circular and discussions held with the Department that such costs as telephone and meal costs must be reimbursed based on actual costs incurred and Council needs to decide the best way to implement this.

The options on the telephone costs are considered under the economic implications below.

- ***Environmental***

Nil

- ***Social***

Council has a social obligation to the community to be transparent in its decision-making, especially one relating to the payment of money to its elected Councillors. Any significant changes proposed to this Policy are to be advertised for 28 days seeking community input.

- *Economic (Financial)*

This Council has previously determined that \$70.00 per month is a reasonable re-imbusement of actual telephone costs incurred. This was to cover cost of calls made on Council business from the Councillors home phones or their own mobile phones if they have one and also line rentals.

To comply with the Department's advice the amount of \$70.00 could remain but the procedure changed so that each Councillor is reimbursed up to an amount of \$70.00 per month based on actual identified call expenses and line rentals. Each Councillor would have to submit copies of accounts with Council business related calls identified. This would see no additional costs on Council but would increase the administration work involved in collecting copies of telephone accounts from each Councillor and verifying same.

The alternative suggested by the Department of having Councillors using their fax/phone for calls from their homes and having Councillors issued mobile phones could be considered.

Some Councillors may need new fax/phone facilities if their current one provided by Council did not have the phone facility but it would be usual for the existing fax machines to have the phone facility.

If the issue of a Council mobile phone to each Councillor was considered, the costs, based on Council's current plan (Government rate with Telstra) are the mobile phone purchase cost (approx \$300.00) plus \$11.00 per month, which covers first \$11 of calls. Council would need to set a limit in the policy on the call costs with the Councillor to pay any addition to the limit set.

As Council has already budgeted for the payment of \$70.00 per month for Councillors telephone expenses there should not be a need for additional funds to be allocated even if mobile phones were provided.

The Mayor's position is currently provided with a Council mobile phone and no limit is set on the Mayor's call costs and this is

normal practice with other Councils having regard to the Mayoral role.

- *Policy or Statutory*

A copy of Council's current policy has been attached. The following sections in the policy will need to be amended:

Clause 2(a) – Telephone, Fax and Computers

Will need to be amended based on Council's decision related to how to reimburse call costs. The two (2) options as would be worded in the new policy are as follows:

Option 1

2(a) That Councillors be reimbursed for the costs of telephone calls and line rentals up to \$70.00 per month based on amounts actually incurred.

Or Option 2

2(a) That Councillors be provided with a fax / phone for Council business calls made from their homes and be allowed expenses up to \$70 per month based on actual amounts incurred and identified from telephone accounts. Any expenses over \$70 to be paid by the Councillor.

Clause 3 Accommodation and Sustenance

This section needs amending to delete the payment of any "allowance" and make it re-imburement of costs incurred.

The following wording is recommended:

That Councillors shall be reimbursed in accordance with the following in respect of accommodation and sustenance.

(a) Accommodation of Councillors on Council business is to be arranged by Council or authorised by Council in advance. Wherever possible arrangements are to be made for accommodation to be paid in advance by Council. Where this has not occurred and the accommodation has to be paid by the Councillor all bookings are to be in the name of Kempsey Shire Council and tax invoice receipts must be obtained for submission with a subsequent expense claim.

(b) In respect of meal costs not provided for with the accommodation booking Councillors will be reimbursed for the actual costs based on provision of receipts.

Clause 7 – Conference Attendance

Clause 7 (b) relating to expenses of spouses to be deleted.

The Act (section 253) requires that unless amendments are deemed by Council as not substantial, any proposed amended Policy must be advertised for 28 days and any submissions considered by Council before adoption.

- *General Manager's or Director's Review*

Nil

RECOMMENDATION

- 1 That Council determine its option to amend Clause 2(a) of its existing policy covering re-imburement of Councillors telephone expenses.**
- 2 That Council amend clause 3 (Accommodation and Sustenance) and Clause 7 (Conference Attendance) as proposed in the report.**
- 3 That Council advertise for 28 days its proposed new draft policy on the Payment of Expenses to the Mayor and Councillors.**

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G B Snape
DIRECTOR CORPORATE SERVICES