

# REPORT

**TO:** Motueka Community Board  
**FROM:** Chairperson, D J Ogilvie  
**DATE:** 4 December 2007  
**SUBJECT:** **Chairperson's Report – December 2007**

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## 1. Annual Plan Submission

It's been an active month with our central focus being the preparation of our draft submission to the 2008 – 2009 Annual Plan. This is one of our statutory roles and involved as wide-ranging consultation as could be realistically managed in the tight time-frame.

The submission covers a variety of issues, projects and activities, and reflects a community which has long-term environmental concerns as well as short-term issues related to domestic water, transport, wastewater, stormwater etc.

Our submission is the first stage in the process. There will be on-going consultation within the Board and, equally importantly, with the Council. The Annual Plan becomes available for public response in April/May and is adopted (with amendment) in June.

## 2. Awards and Congratulations

Congratulations to the Keep Motueka Beautiful committee for their Environmental Award from Tasman District Council; also the Marahau-Sandy Bay Residents' Association, The Resurgence, Parkes-Automotives, and the Ngati-Rarua Atiawa Iwi Trust.

It was pleasing to see hanging baskets along some High Street frontages, and disappointing to hear some had been vandalised. It's hoped the recently installed security cameras can assist in finding the culprits and deterring others.

The pre-season Hurricanes – Crusaders match on January 25<sup>th</sup> at Sportspark is a fitting reward for the hours of work by the Sportspark Committee. A successful event could become an annual event for Motueka.

## 3. Work In Progress

- a) The wastewater pipe replacement from the Riwaka pump station to the Motueka Bridge is progressing along Lodder Lane.
- b) The footpath from the Riwaka School to and along Lodder Lane has also begun and will be in place before the start of the school year 2008.
- c) Various re-seals (eg Tudor Street) have been completed.
- d) The new water main along Woodlands Ave is programmed to start this month.

- e) A new Tasman District Council sign is to be erected on the Tudor Street – Hickmott Place corner.
- f) New plantings in the flower beds and in Pethybridge Gardens will make for a colourful summer display.
- g) Road markings for the Greenwood Street Kindergarten are to be completed within the month.

#### **4. Council Matters**

Duncan Eddy attended the Community Services committee meeting and I attended the Corporate Services meeting (both in Richmond). The Council has continued the previous arrangement of all Councillors being full members of the main Council committee; it would however be useful for the Mayor and Council, as early as practicable, to define Community Board members' role at these Council meetings. Previously, speaking rights without voting rights, has been offered – neither Duncan nor I were offered speaking rights – perhaps this was an oversight? Our contribution to issues particularly those affecting Motueka, would be helpful: any speaking right would be valued and used judiciously.

This matter of Councillors and Community Board Members does need to be clarified and given certainty. I have applauded the situation since the October election where Councillors are not formal members of our Board. Council and Councillors are required to focus on their role for the District; whereas our focus and energy is for the Motueka community. This improves our partnership relationship with the Council, allows the Board to represent and advocate for Motueka more directly, more strongly and provides us the opportunity for a greater degree of independence and autonomy.

I have viewed this situation as positive by the Council, and as a step towards decentralising District governance, by recognising the purpose and value of Community Boards. It improves the democracy, involving the Community Board, but challenges Board members to prove their worth individually and as a unit.

#### **5. Elected Members Taxation**

With the start of a new term of Council it is timely to remind Councillors of the tax treatment of payments to elected members.

##### **a) Status of elected members**

The relationship between an elected member and a council is a statutory relationship of service, rather than an employer/employee relationship. As a result, for tax purposes, an elected member is not an employee of the council, but is self-employed. Accordingly, their remuneration is not classified as “salary or wages”, but as honoraria.

##### **b) Withholding income**

Honoraria are classified in Part B of the Income Tax (Withholding Payments) Regulations 1979 (“the Regulations”) as Withholding Payments.

### **c) Tax on withholding payments**

Generally, withholding tax must be deducted from payments made to elected members at a rate of 33 cents per \$1, provided that a Tax Code Declaration form (IR 330) has been provided by the elected member. If an IR 330 has not been provided, withholding tax is required to be deducted at a rate of 48 cents per \$1 (the non-declaration rate).

The rate of withholding tax required to be deducted may be varied, either by a Certificate of Exemption ("COE") or by a Special Rate Certificate ("SRC"). If an elected member supplies Council with a COE, withholding tax is not required to be deducted at all. If the elected member supplies Council with an SRC, withholding tax will be deducted in accordance with the rate specified on that SRC.

Applications for either a COE or an SRC should be made in writing to the Inland Revenue Department ("IRD") by the elected member, and will only be granted where the recipient meets the criteria set out in the Regulations and the recipient's tax affairs are in order, with no outstanding tax amounts or returns.

### **d) Tax relief for expenses**

As self-employed taxpayers, elected members are able to claim a tax deduction when filing their tax returns for all costs associated with the derivation of their gross income. However, any expenditure reimbursed and treated as exempt from tax should not be claimed as a deduction.

Each member's circumstances will be different, and they should seek independent professional advice.

### **e) ACC**

Elected members are responsible for their own ACC premiums, i.e. earner premium and self-employed levy. Being self-employed taxpayers, elected members can also claim such ACC levies paid in relation to honoraria payments as a deduction when filing tax returns.

### **f) GST**

Section 6 (3)(c)(iii) of the Goods and Services Tax Act 1985 excludes any engagement, occupation or employment as a chairman or member of any local authority from constituting a taxable activity. Therefore, elected members do not need to be registered for GST purposes, and no GST input tax can be claimed in relation to costs incurred in deriving honoraria.

(Source: Toovey Eaton and Macdonald)

David Ogilvie  
(Chair)