

Report of the

# REMUNERATION AUTHORITY

for the year ended  
31 March 2008

Presented to the House of Representatives Pursuant to  
Section 27 of the Remuneration Authority Act 1977

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June 2008

Hon Trevor Mallard  
Minister of Labour  
Parliament Buildings  
**WELLINGTON**

Dear Minister

I have the honour to submit the Annual Report of the Remuneration Authority for the year ended 31 March 2008 in accordance with section 27 of the Remuneration Authority Act 1977.

Yours sincerely

David Oughton  
**Chairman**

**REPORT OF THE REMUNERATION AUTHORITY  
FOR THE YEAR ENDED 31 MARCH 2008**

**Membership**

Chairman: Mr David Oughton

Members: Ms Angela Foulkes

Mr Michael Wintringham

**Staff**

The Authority's Executive Officer is Mrs Patricia Gordon. No other staff are employed but specialist contractors and advisers are engaged as the need arises.

**Jurisdiction**

The Authority's jurisdiction covers:

- The salaries, basic expense allowance and office-holder allowance of Members of the House of Representatives;
- The remuneration of a wide range of statutory officers;
- The salaries and principal allowances of members of the Judiciary.
- The remuneration, allowances and expenses payable to the elected members of local authorities.

In addition, the Authority determines the superannuation rights and obligations of members, both of the House of Representatives and of the Judiciary, who are not members of the Government Superannuation Fund, and has discretionary ability to determine superannuation subsidies, where appropriate, in respect of other statutory officers within its jurisdiction.

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Under the Civil List Act 1979, the Authority is charged with determining the salary of the Governor-General, and annuities for former Governors-General and former Prime Ministers and their surviving spouses or partners.

During the period legislative changes added the following judicial officers:

- Chief Coroner and Coroners - salary and superannuation
- Judges of the Court Martial Appeal Court
- Chief Judge and other Judges of the Court Martial

and the following to the Fourth Schedule:

- Independent Police Conduct Authority
- Registrar of the Court Martial
- Registrar of the Summary Appeal Court of New Zealand
- Sentencing Council
- Sports Tribunal of New Zealand.

### **Determinations**

The Authority completed and issued 104 determinations during the year. In each case the parties affected by the determination were consulted prior to issuing the determination.

**Remuneration of Members of the House of Representatives**

The Authority continued determining the remuneration of Members of Parliament under the system established in 2003.

The determination issued in 2007 increased salaries in line with the base movements in the public and private sectors.

No adjustment was made to the level or nature of the superannuation subsidies available to Parliamentarians.

The basic expense allowance was moved by 2% in line with CPI movement.

**Remuneration of statutory officers**

The Authority reviewed the range and relativities of positions within its jurisdiction, using public and private comparators established by survey, job evaluation and having regard to base movements in senior public service positions.

Movements in all positions broadly reflected adjustments in the State sector.

**Remuneration of the Judiciary**

The Authority again reviewed the levels of remuneration for the bench of each of the courts, after inviting submissions from the Judiciary. In establishing its determination, the Authority took into consideration, but could not fully reflect, the external relativities in the legal profession, and the pressures and complexity of the judicial position.

A separate determination was made, effective from 1 July 2007, to set the remuneration and superannuation entitlements for Coroners coming into office with the commencement of the Coroners Act 2006.

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### **Superannuation for the Judiciary**

No change was made to general provisions which have been in force since 1 January 2006.

### **Local Authorities**

The Authority set the salaries for Mayors, Chairs of Regional Authorities and for other elected members of councils and community boards.

The Authority consulted with local authorities and set remuneration for three phases during the 2007/08 local government financial year.

1. A determination was issued covering the period from 1 July 2007 to the date of the local body elections.
2. An interim determination was then issued setting remuneration for incoming councils and community boards for the period immediately following the elections.
3. The incoming councils were then able to review their governance structure and make recommendations to the Authority on salary levels to apply through to 30 June 2008. The Authority considered all these recommendations and made its determination, backdating the effective dates as appropriate. In all, three formal determinations were issued to set remuneration for the post-election structures.

In the Authority's view, the process for establishing interim and final remuneration for elected members following the 2007 local body elections went smoothly.

Remuneration pools to apply for the year commencing 1 July 2008 were calculated by the Authority and notified to the local authorities in December 2007.

A significant change was made to one of the components used in calculating the remuneration pools for 2008/09. Previously the figure for gross assets as shown in each local authority's balance sheet was used. This has now been changed and net assets, i.e. gross assets less liabilities, is the figure used in the formula. For some local authorities this did result in a reduction in the 2008/09 remuneration pool as compared with 2007/08. Where this happened the Authority decided that the net pool would be held at the same level which applied in 2007/08, so that elected members would not be penalised by the change in policy.

The Authority also completed an extensive review of the policies of each local authority in regard to reimbursement of expenses and payment of allowances to elected members.

### **Appreciation**

The Authority records its appreciation of the work of its Executive Officer and contractors, and of the assistance it has received from numerous organisations and individuals. Departmental officers with whom the Authority has dealings have again been helpful and responsive to the Authority's requests, and in particular, the officials of the Department of Labour and Parliamentary Counsel have provided much appreciated services and support to the Authority.