

Report of the

# REMUNERATION AUTHORITY

for the year ended  
31 March 2009

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

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June 2009

Hon Kate Wilkinson  
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 2009 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 2009**

**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. It has discretionary ability to determine superannuation subsidies, where appropriate, in respect of other statutory officers within its jurisdiction.

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.

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### **Determinations**

The Authority completed and issued 96 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 2008 was between 3.8% and 4.8%. The basic remuneration for an MP was adjusted by the then estimated CPI movement. The increase for all parliamentary positions was lower than the salary movements in senior state sector positions in the previous year. Maintaining relativities between Parliament, the Judiciary and the Public Service is increasingly a challenge for the Authority.

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

The basic expense allowance increase was in line with CPI movement.

### **Remuneration of statutory officers**

Salaries for individual statutory officers are determined on appointment and reviewed annually. In setting the remuneration for the holders of these positions, the Authority took into account the nature and scope of their responsibilities, relativities among the positions in terms of job size and, where possible, relativities with comparable positions elsewhere. Job evaluation informed these judgements.

The Authority's judgement on the remuneration which should be paid to the holders of these positions was informed by remuneration survey data as well as the increases in remuneration at the senior levels of the public service as published in the 2008 Annual Report of the State Services Commissioner.

In this respect, the Authority's remuneration adjustments tend to lag behind those of both the public and private sectors.

The Authority also anticipated a slowdown, during late 2008 and 2009, in the rate of increase in executive remuneration. For this reason we reduced the amount of increases in remuneration which the survey data and other information were showing, despite the risk that this might exacerbate the inbuilt lag in the Authority's remuneration setting regime.

During this year there were a range of adjustments. Some received little or no adjustment while a small number received significant increases to address anomalies that had arisen, in part, through the increases in Public Service chief executive remuneration in 2007/08.

On 22 January 2009, the Prime Minister wrote to the Authority asking it to exercise restraint in line with the Government's response to the worsening economic and fiscal situation.

This reinforced the approach the Authority had taken in not applying the full movement in remuneration shown in 2008 survey data. It also confirmed that the Authority should give weight in its remuneration decisions to the economic and fiscal situation, together with the submissions from the office-holders and the slowing of movement in public and private sector executive level remuneration.

### **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 has been made, effective from 1 January 2009, to maintain the remuneration and superannuation entitlements for Coroners.

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### **Superannuation for the Judiciary**

No change was made to 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 the 2008/09 local government financial year.

Remuneration pools to apply for the year commencing 1 July 2009 were calculated by the Authority and notified to the local authorities in December 2008. Their recommendations on the application of the pools are now with the Authority.

The Authority has commenced a consultation process on the application of mileage allowances to elected officials, the decisions on which will be applied in the 2010/2011 year.

### **The Civil List**

In the only Civil List determination published this year, the Authority made an adjustment to the tax-free remuneration of the Governor-General which recognised the changes in the tax rates and thresholds in October 2008 and April 2009. In response to the Governor-General's indication that he receive no increase in remuneration this year, the determination placed the Governor-General on the same basis as a salary earner who received no increase in gross salary from 2008 through 2009.

The Authority commenced consultations with others who are covered by the Civil List.

**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, Parliamentary Counsel and Crown Law have provided much appreciated services and assistance to the Authority.