



Report of the

REMUNERATION AUTHORITY

for the year ended 30 June 2020

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

G.17



22 September 2020

Hon Andrew Little
Minister for Workplace Relations and Safety
Parliament Buildings
WELLINGTON

Dear Minister

I have the honour to submit the Annual Report of the Remuneration Authority for the year ended 30 June 2020, in accordance with section 27 of the Remuneration Authority Act 1977.

Yours sincerely

A handwritten signature in blue ink, consisting of a large loop followed by several smaller, connected loops.

Hon Dame Fran Wilde DNZM QSO

Chairperson

REPORT OF THE REMUNERATION AUTHORITY FOR THE YEAR ENDED 30 JUNE 2020

Introduction

This report covers the 12 months to 30 June 2020.

The Remuneration Authority (the Authority) sets the remuneration for a wide range of senior public office holders and statutory officers who are required to exercise a high degree of independence. Authority decisions are called determinations. During the year ended 30 June 2020, the Authority issued 134 determinations covering more than 2000 individuals.

Jurisdiction

The Remuneration Authority is established under the Remuneration Authority Act 1977. It is an independent statutory body which determines the remuneration (sometimes including superannuation/retirement savings, expenses and allowances) for a variety of senior public office holders and in some cases, their spouses, partners and family members. These office holders include the Governor-General, Members of Parliament, judicial officers, elected members of local authorities and a range of statutory officers.

In carrying out its duties the Authority is required to balance a number of statutory criteria, which are the need to:

- achieve and maintain fair relativity with the levels of remuneration received elsewhere;
- be fair both to the persons or group of persons whose remuneration is being determined to the taxpayer or ratepayer;
- recruit and retain competent persons;
- take into account the requirements of the position concerned;
- consider the conditions of service enjoyed by the person whose remuneration is being determined;
- take into account any prevailing adverse economic conditions.

In all cases where the client groups were affected by a determination they were consulted on the determination before it was issued.

Impact of COVID-19

For the 8 months ending February 2020, our determinations generally reflected New Zealand's economic and public sector labour market conditions before the arrival of the COVID-19 pandemic on our shores. Determinations issued from March 2020

onwards, for newly appointed statutory officers, were restrained because of the prevailing adverse economic and fiscal environment caused by the pandemic. Consequently, the remuneration for those statutory officers was set at a lower rate than what would otherwise have been determined.

In mid-April 2020 the Prime Minister, Rt Hon Jacinda Ardern, announced that she and her Ministers would take a 20 percent pay cut in a symbolic act of solidarity with people struggling financially during the COVID-19 pandemic. During late April/early May, the Authority received requests from a large number of public office holders and statutory officers who wanted to join their colleagues in the wider public sector by taking similar pay reductions or advised that they had chosen to make donations instead.

The Remuneration Authority Act 1977 (the Act) does not allow for existing public office holders or statutory officers' remuneration to be reduced - they must be paid the salary as shown in their current determinations. Therefore, a change to the legislation was required to enable pay cuts to happen.

On the 15 May 2020, Remuneration Authority (COVID-19 Measures) Amendment Act 2020 (the Amendment Act 2020) came into force. The Amendment Act 2020 overrode the current legislative regime by permitting the Authority to make temporary reduction determinations (capped at 20%) to certain existing office holders' current remuneration for a period of up to 6 months. The schedule to the Amendment Act 2020 listed the office holders in respect of whom a temporary reduction determination may apply.

Some roles, including those of the Governor-General, the judiciary and some semi-judicial roles, were not included in the schedule to the Amendment Act 2020.

The temporary reduction determinations had to be made on or before 30 June 2020. When making the temporary reduction determinations, the Authority was required to apply its existing criteria to determine whether a reduction was appropriate and, if so, how much it would be and for how long (up to the legislated caps). The criteria include taking into account prevailing adverse economic conditions and fairness to both the person whose remuneration is being determined and to the taxpayer or ratepayer.

The Authority's decisions made as a result of this legislation were set out in individual temporary reduction determinations which amended the original (principal) determinations. The temporary reduction determinations were issued by mid-June 2020 after consultation with all affected office holders. The temporary reduction determinations covering Members of Parliament and Local Government Elected Members are available on the New Zealand Legislation website and the Authority's website.

Governor-General and Former Governors-General

Under the Governor-General Act 2010, the Authority is charged with determining the salary of the Governor-General and the annuities for former Governors-General and their surviving spouses or partners.

During the year the Authority increased the salary of the Governor-General by 1.7% from 1 November 2019. This salary is fully taxable as earned income.

Given the predicted effect that COVID-19 would have on the New Zealand economy, taxpayers and society in general during the year ahead, the Authority made the decision to maintain the rate of the annuity payable to former Governors-General at the 2019/20 level effective from 1 April 2020. In making this decision, the Authority believes it has struck the right balance of being fair to the taxpayers and being fair to the group of persons who receive this annuity.

Members of Parliament

Salaries and Allowances

Under section 12 of the Remuneration Authority Act 1977 (the Act) and section 8 of the Members of Parliament (Remuneration and Services) Act 2013, the Authority is required to determine the salaries and allowances paid to Members of Parliament (MPs).

Between 1 July 2015 and 30 June 2019, the salaries of MPs were fixed according to a prescribed formula set out in section 18B of the Act, which was inserted into the Act on 20 March 2015. MPs' salaries were adjusted by a percentage calculated in accordance with the formula. The formula did not permit the Authority to apply discretion to address particular and special circumstances such as countervailing economic conditions.

On 20 August 2018 the Prime Minister announced that Cabinet had agreed to freeze MPs' pay until 30 June 2019. This period allowed time for the Government to review the formula to ensure that it was fair and in keeping with the Government's expectations and values. Urgent legislation was subsequently enacted to suspend the Authority's ability to determine MPs' salaries, allowances and superannuation entitlements during the period 1 July 2018 to 30 June 2019. The legislation preserved for the 2018/19 year MPs salaries and allowances at the amounts specified in the Parliamentary Salaries and Allowances Determination 2017.

In December 2019 the Remuneration Authority (Members of Parliament Remuneration) Amendment Act 2019 (the Amendment Act 2019) was passed. It reversed the changes made in 2015 by restoring the criteria-based discretion of the Authority to determine the salaries and allowances of MPs and equipped the Authority with the flexibility to take into account changing economic circumstance. In addition it removed the spent provision, inserted in 2018, to freeze MPs' remuneration at the 2017 levels.

The Amendment Act 2019 required that as soon as practicable after its commencement, the Authority should issue a determination covering salaries and allowances of MPs for the period commencing 1 July 2019 and ending on polling day for the 2020 General Election.

Parliamentary Salaries and Allowances Determination 2020

This determination was made on 8 June 2020 and covered the period 1 July 2019 to 17 October 2020 (polling date for the next General Election).

As it had been some years since the Authority last exercised its discretion on determining the salaries of MPs, we decided to commence a review of all aspects of MPs' remuneration including salary, expense allowances and the superannuation subsidy, before making a determination. A consultation paper was prepared and sent to all MPs and stakeholders in early March 2020 and was placed on our website. The paper invited submissions from interested parties.

Events overtook this review when, on the 25 March 2020, COVID-19 Alert Level 4 came into force and the country went into lockdown. COVID-19 has created a rapidly changing environment that is having an immediate and unprecedented impact on the New Zealand economy and society. Therefore, the Authority put the review on hold and will pick it up again in the future, after the 2020 General Election.

However, the Authority was still required to make a determination for the period beginning 1 July 2019. The criteria that the Authority must have regard to when making a determination are listed in sections 18 and 18A of the Act and include taking into account prevailing adverse economic conditions. This permits the Authority to determine remuneration for existing MPs at rates lower than it would otherwise have determined, but the Act prevents the Authority from setting rates lower than the currently prevailing rate immediately prior to the time of the determination.

The economic and labour market figures and statistics published for the March 2020 quarter largely reflected conditions before New Zealand went into level 4 lockdown, so the Authority was not in the position to know the full extent and impact of the predicted downturn when it made its determination on 8 June 2020. Nevertheless, based on the information that was available at the time, the Authority decided to maintain the salaries and allowances of MPs at their 2017 levels for the period beginning 1 July 2019 and ending on 17 October 2020 (the date of the General Election).

Temporary Reduction Determination – 9 July 2020 to 6 January 2021

This determination was made on the 9 June 2020 and covers the period from 9 July 2020 to 6 January 2021.

As mentioned above, on 15 May 2020 the Remuneration Authority (COVID-19 Measures) Amendment Act 2020 (the Amendment Act 2020) was passed. It enabled the Authority to reduce the remuneration of MPs, as the Authority is generally not permitted to make a determination that reduces existing MPs' current pay.

The Amendment Act 2020 overrode aspects of the legislative regime by permitting a reduction of MPs' salaries (as shown in the Parliamentary Salaries and Allowances Determination 2020) by up to 20% for a period of up to 6 months.

After consulting all MPs, the Authority issued a temporary reduction determination on 9 June 2020. When making its determination, the Authority took into account the comments received from MPs and applied the existing criteria that it must consider when setting the remuneration of MPs, specifically taking account of prevailing adverse economic conditions, fairness to the person whose remuneration is being determined and fairness to the taxpayer (see sections 18 and 18A of the Act). On 9 July 2020 MPs moved to their reduced salaries, for a period of 6 months.

Accommodation and Travel Services

Under the Members of Parliament (Remuneration and Services) Act 2013 the Authority is responsible for determining:

- a) accommodation services within New Zealand for MPs and qualifying electoral candidates;
- b) accommodation services within New Zealand for Ministers, additional to those for MPs;
- c) travel services within New Zealand for family members of MPs, Ministers, and qualifying electoral candidates;
- d) the extent to which the above services may continue to be provided after an MP vacates her or his seat or, in the case of a Minister, ceases to be a Member of the Executive Council.

The Authority issued its first accommodation and travel services determination under the above Act in 2014. Section 32(1) of the Act requires that once in each term of Parliament the Authority should make a determination on accommodation services for members and Ministers, and travel services for their families. As 2017 was a general election year, the Authority completed a substantial review of the determination and in September 2017 issued a new determination - the Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Determination 2017. It applied from the day after the 2017 General Election and endures through to polling day of the 2020 General Election.

Should the need arise, amendments to address specific issues may be issued during the period of the determination. During the year under review, no amendments were made but the Authority continues to monitor the various services that are available to MPs and their family members under the determination to ensure that they remain fit for purpose.

The triennial review of the Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Determination commenced in late 2019. A new determination will come into force on the day after polling day of the 2020 General Election.

Former Prime Ministers

The Members of Parliament (Remuneration and Services) Act 2013 requires the Authority to determine the annuity of former Prime Ministers and their surviving spouses or partners. This annuity was increased by approximately 1.7%, effective from 1 January 2020.

The Authority also has the responsibility under the above Act to determine the entitlements to travel services within New Zealand for former Prime Ministers and their spouses or partners. The determination applies only to former Prime Ministers who ceased to hold office on or after 21 September 2014. No changes were made to their travel services entitlements during the last year.

Judicial Officers

The Authority determines the salaries, allowances and superannuation entitlements for the judges of the Supreme Court, the Court of Appeal, the High Court, the District Court, the Court Martial, the Employment Court and the Māori Land Court and for Coroners.

As in previous years, the Authority took into account a wide range of information when making its determinations covering judicial officers for the year beginning 1 October 2019. The information included:

- submissions (written and oral) received from the various benches;
- the views of key stakeholders;
- terms and conditions of employment enjoyed by the members of the judiciary;
- information on the recruitment and retention of judicial officers
- remuneration data on comparable jobs in private sector legal practices with similar skills and experience and for groups from which it can be expected that the judicial officers could be recruited;
- remuneration data for senior positions in the public sector; and
- a survey, completed in 2018, of recurring and contemporary issues affecting the courts.

The Authority saw that across the judiciary there were arguments that the scope of particular judicial roles had increased in recent years. However, we did not have information that would allow examination of relative shifts in scope where these shifts affected one bench in comparison with another bench. Evidence that can quantify such changes and distinguish them from developments experienced more broadly in other occupational groupings reflected factors that were not readily comparable. A key focus during the 2019/20 year was the advice we received on the stability of the benches and their apparent candidate pools. At this stage this has not generated any external concern that we can detect, though we acknowledge it has the potential to change in the near future. We see across the benches of the judiciary a strong capacity to adapt that may have the side-effect of obscuring some of the pressures on remuneration.

In these and other cases we sought the views of the Chief Justice and other key stakeholders, along with the heads of each bench, before taking into account in the determination the all information and arguments available to us. Where key stakeholders can provide sufficient advice, or where we have sufficient information consistent with our statutory mandate, then we are able to make what we consider an appropriate adjustment to individual benches. However, we always act cautiously in this process because of the need to anticipate consequential responses in following years from the other benches.

Although the Authority has noted that Ministers are seeking to ensure that remuneration practices of the State take into account their effect on the distribution of income, we are required to act independently in the application of our statutory obligations. Indicators and benchmarks, including measures of income relativities, are included in factors that inform the Authority in its determinations for all client groups, including judicial officers.

Looking across all the benches there was not strong evidence of a serious situation throughout the previous year in relation to retention or recruitment to any particular bench as a result of the current level of remuneration. However, we may be at a turning point on recruitment, as we have been advised by several benches of recent indications from potential candidates that point to the relationship between remuneration and recruitment being at some risk of changing during year ended 30 June 2020. The following two specific issues of recruitment have emerged to have greater significance in the review this year:

- the need to recognise a shift in the requirements of candidates for Tikanga Māori; and
- the need to support the large-scale recruitment initiatives to the District Court over the next few years.

To maintain the relative salary position of Judges, compared with other relevant groups in New Zealand in the 2019/20 year, the Judges of the Senior Courts received an adjustment informed by the public sector labour cost index salaries and wages indicator published by the Government Statistician for the year ended 30 September 2019, which excludes the increases to the minimum wage and major pay settlements. A base increase of 1.5% was applied to the remuneration of the Judges of the High Court and the equivalent dollar amount was then applied as a fixed-sum increase to the remuneration of the Chief High Court Judge and the Judges of the Court of Appeal and Supreme Court.

For the 2019/20 year, the Authority adjusted the salary of Judges of the District Court and Māori Land Court by 2.7%. This adjustment was in response to the criteria and general indicators we use and the need to recognise the recruitment issues facing the District Court.

The Authority also applied the second and final part of the salary adjustments initiated in 2018 to Associate Judges of the High Court and to the Principal Youth Court Judge and Chief Environment Court Judge.

The 2019/20 year saw the incorporation of the salaries and allowances of the Judges of the Court Martial Appeal Court and the Chief Judge and Judges of the Court Martial and the Coroners into the principal Judicial Officers Salaries and Allowances Determination. Previously, the Court Martial Judges and the Coroners were covered by separate determinations. The determinations covering the judicial officers came into effect before the end of January 2020 and the arrival of the COVID-19 pandemic. Judicial officers were specifically excluded from Remuneration Authority (COVID-19 Measures) Amendment Act 2020.

Local Government Elected Members

The Remuneration Authority determines the remuneration of local authority elected members, pursuant to clauses 6 and 7 of Schedule 7 of the Local Government Act 2002.

Local Government Members (2019/20) Determination 2019

This determination was issued on 14 June 2019 and covers the period 1 July 2019 to 30 June 2020.

Over the past 2 years, the Authority completed a major review of its approach to setting local government elected members remuneration, which included extensive consultation. As a result of the review, the Authority decided to make two changes to the way in which local government remuneration was set. First, we adopted a set of revised and updated council size indices (one each for territorial authorities, unitary authorities, and regional councils); and, secondly, we decided to introduce a more locally responsive way of setting members' remuneration. It should be noted that the remuneration of mayors, regional council chairpersons, and community board and Auckland local board members is not included in the second change.

Revised and updated council size indices

The first alteration - revised and updated council size indices - resulted in changes to council rankings on their relevant index.

The new sizes relate to the size of the governance role of each council, based on a number of indicators. The size rankings are not related to the number of councillors on any council and will not be affected if councillor numbers increase or decrease from time to time. As well as changes to the size indices, the Authority created a local government pay scale, generally using parliamentary remuneration as a comparator. Christchurch City Council (the largest council aside from Auckland) sits at the top of the council pay scale. For smaller councils, the bottom of the pay scale is set by a pro rata proportion of the average annual wage. Because of their extreme sizes, Auckland and Chatham Islands councils sit outside the range of the pay scale.

The Authority began introducing the changes to the index rankings in the previous Local Government Members (2018/19) (Local Authorities) Determination 2018. The changes were fully implemented following the 2019 local election held on 12 October 2019, when the second part of the new approach was also applied. These changes

involved a major reassessment of the existing councillor remuneration. Implementation of the new approach over a period meant that, between 1 July 2018 and 12 October 2019, changes to remuneration for elected local government members varied to a considerable degree between councils, rather than being an overall consistent percentage increase. For some, there was no movement over this time, whereas for others there was a substantial increase, reflecting the Authority's new assessment of the size of councils' responsibilities.

How the Authority sets councillor remuneration

The second alteration was in the way that the Authority sets councillor remuneration.

Under the previous system used for the past several years, the Authority set a base councillor rate for each council, then for each council a sum equivalent to the base pay of 2 councillors was set aside to pay extra remuneration to those undertaking positions of responsibility, such as deputy mayors or chairpersons of committees. In each case, the councils themselves made recommendations to the Authority on how the pool should be allocated, and those recommendations were then considered by the Authority before making our determination. This is how the remuneration was set in schedule 1 of the Local Government Members (2019/20) Determination 2019, which applied from 1 July 2019 until the end of polling day of the local government election held on 12 October 2019.

Under our new approach, the Authority has created a total "governance remuneration pool" for each council, reflecting the ranking of that council on the index. The size of each pool does not correspond to the number of councillors on each council, which ranges from 6 to 16 (excluding Auckland). The governance pool is the total amount of money that the Authority determined is available to pay councillor remuneration per annum. After each new council took office following the 2019 local election, the council was invited to give the Authority proposals for how its pool should be distributed among its council's elected members. Their proposals included a rate for base councillor remuneration and rates for all positions of responsibility (such as deputy mayor, chair of committee). The Authority then considered the councils' proposals before determining the remuneration payable to the elected members.

Mayors, regional council chairpersons, Auckland local board members, and community board members

The second change to local government remuneration (i.e. the introduction of the governance remuneration pool) does not apply to mayors, regional council chairpersons, Auckland local board members, or community board members. Remuneration for mayors and regional council chairpersons will continue to be set individually by the Authority and will reflect each council's ranking on the relevant size index. The largest role in local government (the Mayor of Auckland) has been generally benchmarked around the remuneration of a Cabinet minister and will not exceed that level.

The Authority has developed a separate size index for Auckland local boards that is not the same as the indices for territorial, unitary or regional authorities. We took into account the singular characteristics and accountabilities of Auckland local boards, including their representational responsibilities for (in many cases) large populations. The Authority contemplated a pool system for Auckland local boards, but ultimately did not implement this because the Auckland local boards, aside from their deputy chairs, tend to not have formal positions of responsibility similar to those on councils. For that reason, the Authority will continue to set remuneration for Auckland local board chairs, deputy chairs, and members. Based on the new local board size index, there were some differences between boards in the level of remuneration increases of local board members in the Local Government Members (2019/20) Determination 2019 as the new system was phased in.

The Authority reviewed the position of community board members as a final part of its overall review of local government elected members remuneration. The Authority's original thesis was that, because community boards are part of the governance apparatus of councils, their costs should be included in the governance pool for each council, which would be the same size pool regardless of whether or not a council had any community boards.

However, the data the Authority examined indicated such massive variances in roles and powers, in per capita representation and in cost that we were unable to find a practical way of ranking community boards. As a result, the Authority decided that, for the time being, we would have significant difficulty creating a robust index that could be incorporated into the overall approach to the remuneration of councillors. In the Local Government Members (2019/20) Determination 2019, the Authority applied an across-the-board increase of 2% to most community board members, reflecting the Labour Cost Index for the public sector for the year ended 30 March 2019. A small number of community boards have received no increase because their remuneration costs per capita were significantly higher than those of most other community boards.

Despite the above approaches, the Authority applied a minimum level of remuneration even for smaller community boards representing tiny populations. Members of those small boards need fair payment, even if it is just considered a meeting attendance fee, so the Authority has increased their remuneration to the minimum level of \$2,000 per annum before tax.

If a council delegated significant powers and functions to one or more community boards and, as a consequence, made a recommendation to the Authority that increases the remuneration of their community board members, the additional funds would come out of the council's governance remuneration pool.

Schedule 2 of the Local Government Members (2019/20) Determination 2019 shows the remuneration that applied to elected members from the day after polling day of the 2019 local election.

Local Government Members (Temporary Reduction—COVID-19) Determination 2020

This determination was issued on 16 June 2020 and covers the period 9 July 2020 to 6 January 2021.

It was made under the Remuneration Authority (COVID-19 Measures) Amendment Act 2020 (the Amendment Act 2020). The Amendment Act 2020, as outlined in the introduction, enabled public sector leaders, including elected members of local authorities (including mayors, deputy mayors, chairpersons, deputy chairpersons, and members), to show leadership in the public sector during the COVID-19 outbreak and to show solidarity with those in the private sector who are losing their jobs or facing significant pay reductions. The Amendment Act 2020 permitted the Authority to reduce the remuneration of local government elected members.

The remuneration of local government elected members is set according to the Local Government Act 2002 and the Remuneration Authority Act 1977 with the underlying premise to depoliticise the setting of their remuneration. The Authority is generally not permitted to make a determination that reduces existing elected members' pay and their remuneration must be paid according to the determination that is presently in force. However, section 19A overrode aspects of the legislative regime by allowing a capped reduction of elected members' remuneration by up to 20% for a period of up to 6 months.

In making its decisions on the individual reductions in elected members' pay, the Authority took account of the fact that many elected members are on relatively low rates of remuneration and decided that the reductions would apply only to remuneration above \$100,000 per annum. In addition, the Authority was aware that elected members are easily identified in their communities, highly exposed to public opinion, and expected to show pro-active leadership. At the beginning of the COVID-19 crisis, many elected members publicly pledged to donate a proportion of their remuneration to local charities - some for several months. The Authority therefore invited those potentially impacted by its decision to provide it with confidential information with details of any such donations they wished to have taken into account. Some took advantage of this and their reductions were adjusted accordingly. For a variety of reasons, others indicated that they did not wish to provide information. The Authority's decisions were made on the basis of the information supplied.

In addition, the Authority applied the existing criteria that we must take into account when setting the remuneration of elected members, which include any prevailing adverse economic conditions (see section 18A of the Remuneration Authority Act 1977), fairness to the person whose remuneration is being determined and fairness to ratepayers (see clause 7 of schedule 7 of the Local Government Act 2002). The adjusted remuneration payable to elected members is shown in the schedule to the Local Government Members (Temporary Reduction—COVID-19) Determination 2020.

Statutory Officers

Statutory officers who fall under the Authority's responsibility include certain chief executives and other officers of public service and non-public service departments, officers of Parliament, members of all independent Crown entities, members of those Crown agents or autonomous Crown entities that are corporations sole, and the heads and members of certain tribunals.

For statutory officers, their remuneration is determined on appointment and reviewed annually. The review date for most of these positions is 1 July each year, while a small number of positions are reviewed on 1 October each year.

Remuneration for statutory officer positions is set by reference to the job size of each position (determined independently), relativity where there are similar positions within the broader public sector, as well as information from Statistics New Zealand, the Public Service Commission and public sector market information provided by independent privately owned remuneration survey consultancies. The job sizes of positions are reviewed whenever the scale, scope or complexity of the position has changed to a degree necessary to warrant a review or, generally, at least every 4 to 5 years.

The constitutional aspects of statutory officers' roles are taken into account when considering their remuneration. So too are the criteria that the Authority must have regard to when making a determination - including prevailing adverse economic conditions - listed in sections 18 and 18A of the Remuneration Authority Act 1977 (the Act).

Performance is not considered when determining a statutory officers' remuneration, as the Authority has no mandate to do so under the Act.

The determinations covering the statutory officers that were issued during the eight months to late February 2020 generally reflected New Zealand's economic and labour market conditions before the arrival of the COVID-19.

Determinations issued for statutory officers appointed after February 2020 were restrained by the prevailing adverse economic and fiscal environment. Accordingly, the remuneration set for those statutory officers were at a rate lower rate than what would otherwise have been determined.

During late April/early May, the Authority received requests from a number of statutory officers who wanted to take a pay reduction or advised that they had chosen to make donations instead. However, the Act prevented the remuneration of existing statutory officers to be reduced and they must be paid the remuneration shown in their current determination.

The Act was amended in May 2020 by the Remuneration Authority (COVID-19 Measures) Amendment Act 2020 (the Amendment Act 2020). It enabled the Authority to make temporary reductions (for up to six months) of up to 20 percent, to the determinations of existing statutory officers listed under the schedule of the

Amendment Act 2020. The temporary reduction determinations had to be issued on or before 30 June 2020. After consultation with those statutory office holders in respect of whom temporary reduction determinations may be made, the Authority issued its temporary reduction determinations during the month of June 2020. Where a temporary reduction has been applied it is effective from 9 July 2020 to 6 January 2021.

The overall average adjustment to statutory officers' remuneration was 0.8% for the year ended 30 June 2020. This figure does not include the temporary reductions as they apply from 9 July 2020 and will show in next year's figures.

Internal Management

The Authority is a small organisation made up of three members who are appointed by the Governor-General and supported by two permanent staff. The combination of the knowledge and skills of members and staff has ensured that the Authority has available at all times a high level of technical as well as public management expertise. External contractors are engaged from time to time to draw on their specific advice and specialist services.

In response to the nationwide move to COVID-19 Alert Level 4 on 25 March 2020 the Authority implemented our business continuity plan. The members and staff worked remotely from home until the move down to Alert Level 2 on 13 May. This provided a good test of the Authority's business continuity plan, as during the period of the extended lockdown we were able to prove that we could successfully operate as near to normal while undertaking significant preparatory work for the implementation of the temporary reduction determinations during May/June 2020. During the period we made increased use of emails in lieu of postal letters to communicate with our clients and stakeholders. This trend will continue. Videoconferencing technology helped us to meet regularly with each other and with our clients during the period of the lockdown.

Appreciation

The Authority records its appreciation of the work done by contractors and of the assistance we have received from a number of organisations and individuals. We would like to thank them as well as other departmental officers who have been helpful, in particular Parliamentary Counsel Office, Crown Law, the Parliamentary Service, Ministerial Services, the Inland Revenue Department, Statistics NZ and the State Services Commission. Thanks also to representatives of Local Government NZ and others from the local government sector for their continuing input into our review of Local Authority elected members remuneration setting. We also thank the Ministry of Business, Innovation and Employment which provides the Authority with corporate and support services. Finally, we have welcomed the forthright manner in the approach to dealing with the Authority by the elected representatives of Parliament and local government, the judiciary and the independent statutory officers.

Lastly the Authority members want to recognise the significant input of the Director of the Office of the Remuneration Authority and of the Analyst who provides support.

Hon Dame Fran Wilde

Geoff Summers

Len Cook

Annex

Membership of Authority

- The Hon Dame Fran Wilde DNZM QSO (Chair)
- Mr Geoff Summers (Deputy Chair)
- Mr Len Cook CBE

Staff

The Authority is supported by a Director of the Office of the Remuneration Authority and an Analyst/Administrator. Specialist contractors and advisers are engaged as the need arises.

Determinations

The Authority issued and/or oversaw the following determinations during the 2019/20 year:

- Governor-General (Salary) Determination 2019
- Governor-General (Annuities) Determination 2020
- Parliamentary Salaries and Allowances Determination 2020
- Parliamentary Salaries and Allowances (Temporary Reduction — COVID-19) Determination 2020
- Parliamentary Superannuation Determination 2003
- Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Determination 2017
- Parliamentary Annuities Determination 2020
- Members of Parliament (Former Prime Ministers Travel Services) Determination 2017
- Judicial Officers Salaries and Allowances (2019/20) Determination 2019
- Judicial Officers Salaries and Allowances (2019/20) Amendment Determination 2020 (Coroners)
- Judicial Officers Salaries and Allowances (2019/20) Amendment Determination (No 2) 2020 (Court Martial Appeal Court and the Court Martial)

- Judicial Superannuation Determination 2019
- Judicial Officers Superannuation Amendment Determination 2020 (Coroners)
- Judicial Officers Superannuation Amendment Determination (No 2) 2020 (Court Martial Appeal Court and the Court Martial)
- Local Government Members (2019/20) Determination 2019
- Local Government Members (2019/20) Amendment Determination 2019
- Local Government Members (2019/20) Amendment Determination 2020
- Local Government Members (2019/20) Amendment Determination (No 2) 2020
- Local Government Members (2019/20) Amendment Determination (No 3) 2020
- Local Government Members (Temporary Reduction—COVID-19) Determination 2020
- Local Government Members (Temporary Reduction—COVID-19) Amendment Determination 2020
- Individual independent statutory officers and members of boards – 113 separate determinations

Website

www.remauthority.govt.nz