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Report of the

# **REMUNERATION AUTHORITY**

## **TE MANA UTU MATUA**

for the year ended 30 June 2023

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



G.17



15 August 2023

Hon Carmel Sepuloni  
Minister for Workplace Relations and Safety  
Parliament Buildings  
**WELLINGTON**

Tēnā koe Minister

I am pleased to submit the Annual Report on the operations of the Remuneration Authority | Te Mana Utu Matua for the year ended 30 June 2023, in accordance with section 27 of the Remuneration Authority Act 1977.

Nāku iti noa, nā

A handwritten signature in blue ink, appearing to read 'Geoff Summers', is written over a faint circular watermark.

Geoff Summers  
**Chair**



# REPORT OF THE REMUNERATION AUTHORITY TE MANA UTU MATUA FOR THE YEAR ENDED 30 JUNE 2023

## Introduction

This report covers the 12 months to 30 June 2023.

The Remuneration Authority | Te Mana Utu Matua (**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 2023, the Authority issued 184 determinations covering around 2500 role-holders. This has included determinations for elected members of local government bodies following the local government elections in October 2022 and an additional 13 roles which previously came within the Cabinet Fees Framework or are new roles.

## Jurisdiction

The Authority is established under the Remuneration Authority Act 1977 (**the Act**). 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, also known as the Authority's clients, include the Governor-General, members of Parliament (MPs), judicial officers, elected members of local authorities and a wide range of statutory officers.

In carrying out its duties the Authority is required to balance a number of statutory criteria (section 18 and 18A of the Act and clause 7 of schedule 7 of the Local Government Act 2002), which include the need to:

- achieve and maintain fair relativity with the levels of remuneration received elsewhere;
- be fair both to the person, persons or group of persons whose remuneration is being determined and 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 or persons whose

remuneration is being determined and those of persons in comparable roles;

- take into account any prevailing adverse economic conditions.

In all cases, the person, persons or client groups covered by a determination were consulted before a determination was issued. They are also entitled under the Act to make written or oral submissions to the Authority in relation to their determinations.

Any person or any organisation can make written submissions to the Authority in relation to its functions under the Act.

Where permitted by legislation, determinations are published on the Authority's website: [www.remauthority.govt.nz](http://www.remauthority.govt.nz)

## **Increasing coverage**

During 2022/23 the responsibility for determining the remuneration for nine existing roles, previously within the Cabinet Fees Framework, was transferred to the Authority. Four new roles came within its jurisdiction. In all these determinations cover, or will cover, close to 200 individuals.

### *Roles transferred*

- Community Magistrates
- Referees of the Disputes Tribunal
- Tenancy Adjudicators of the Tenancy Tribunal
- Environment Court Commissioner
- Deputy Environment Court Commissioners
- Human Rights Review Tribunal Chairperson
- Human Rights Review Tribunal Deputy Chairperson
- Immigration and Protection Tribunal Deputy Chairperson
- Immigration and Protection Tribunal members

### *New roles*

- Associate Coroner
- Family Court Associate
- Acting Deputy Public Services Commissioner
- Deputy Police Commissioner (second role)

As a result of these decisions, which are almost all statutory officer roles coming within the Authority's mandate, the Authority's workload has grown over the past year. The Authority has experienced an increase of close to 9% in the number of roles for which it has made determinations in this group, up from 115 in 2021/22 to 125 in 2022/23, and it expects this growth to continue.

## Economic Conditions

As required under section 18A of the Act, when making its determinations the Authority must take account of any prevailing adverse economic conditions, based on evidence from authoritative sources. In an environment of an emerging but uneven recovery from the COVID-19 pandemic, the Authority decided to make either no or only modest adjustments to its determinations during the 2021/22 year.

However, the year covered by this annual report has seen relatively high consumer price and wage inflation as measured by Stats NZ and continuing interest rate rises, compared to previous years, although wage inflation in the public sector has been less strong than in other sectors, as have public sector increases in total remuneration shown by market surveys such as those of Korn Ferry and Strategic Pay Ltd. A number of clients have noted these factors in their submissions to the Authority.

In this context, and consistent with the principals it must work to, the Authority has generally made conservative, but higher than in the 2021/22 year, increases to its determinations during the 2022/23 year.

## Governor-General and Former Governors-General

Under the Governor-General Act 2010, the Authority determines the remuneration of the Governor-General and determines the rates of annuities for former Governors-General and their surviving spouses or partners.

The Authority made two determinations under the Act:

- The first increased the salary for the Governor-General by 2.0% from 1 November 2022.
- The second increased the annuities payable to former Governors-General (or surviving spouses or partners) by 3.6 % from 1 April 2023.

## Members of Parliament

MPs' salaries and allowances are set pursuant to section 8 of the Members of Parliament (Remuneration and Services) Act 2013 (the MOP Act) and to the Remuneration Authority Act 1977.

The current ***Parliamentary Salaries and Allowances Determination (No 2) 2020*** came into force on 18 October 2020 (the day after polling day for the 2020 General Election). In accordance with sections 19 (7) and (8) of the Act, the Authority makes a determination once in each term of Parliament as follows:

- for the period beginning on the day after polling day and ending on the next 30 June the following year;

- for the next annual year period beginning on 1 July;
- for the following annual period beginning on 1 July; and
- for the period beginning on 1 July of the year of the next general election year and ending on polling day.

As required under the Act, the Authority must begin a review of the salaries and allowances of MPs within three months from the return of the writ after the General Election, based on the information that is available to the Authority at the time of its review. Hence the next review will commence following the General Election in October 2023 and will be implemented according to the schedule above. This will be a significant commitment in the Authority's 2023/24 work programme.

MPs' salaries will stay at their 2017 levels until the next General Election.

### ***Accommodation and Travel Services***

The Authority is also responsible for determining, under the MOP Act, the:

- 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; and the
- d) extent to which the above services may continue to be provided after an MP vacates their seat or, in the case of a Minister, ceases to be a member of the Executive Council.

The MOP Act specifies that once in each term of Parliament the Authority must make a determination on the above services. As 2020 was a general election year, the Authority completed a substantial review of those services and in August 2020 issued the ***Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Determination 2020***. This determination applied from the day after the 2020 General Election. A review has been undertaken this year and an updated determination will be issued before Parliament dissolves for the 2023 General Election.

An amendment was made to the principal MPs accommodation and travel services determination in August 2022. The ***Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Amendment Determination 2022*** enables additional accommodation support to be paid to an MP who, because of a circumstance that is unavoidable and beyond the MP's control, is temporarily unable to use their usual accommodation whether within or outside the



Wellington commuting area, for which they receive a continuous payment, and must pay for alternative accommodation. An example of a circumstance in which additional support may be payable under this provision would be where security risks had temporarily prevented a member from accessing their usual Wellington accommodation. This change was deemed to have come into force on 1 February 2022.

## Former Prime Ministers

Under section 43 of the MOP Act, the Authority is required to determine the annuities of former Prime Ministers and their surviving spouses or partners.

In making its determination ***Parliamentary Annuities Determination 2022*** for the year commencing 1 January 2023, the Authority continued its practice of adjusting the annuities by having regard to changes in public sector salary and wage rates as shown in the Labour Cost Index as published by Stats NZ for the September 2022 quarter. The Authority adopted a conservative approach and increased their annuities by 3.1% for the 2023 year.

In addition to determining the annuities, the Authority also has the responsibility to determine the entitlements to travel services within New Zealand for former Prime Ministers and their spouses or partners. The determination applies to former Prime Ministers who ceased to hold office on or after 21 September 2014.

During the 2022/23 year, the travel service entitlements of the former Prime Ministers and spouses and partners were reviewed and guided by the following principles:

- former Prime Ministers and spouses or partners should not personally have to meet the expenses related to performing their role and functions; and
- any personal benefits to former Prime Ministers and spouses or partners should be kept to a minimum.

After consultation, as an outcome of the review, no changes were made to the travel services entitlements and their rates, and the ***Members of Parliament (Former Prime Ministers Travel Services) Determination 2017*** remains current.

## 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 Court Martial Appeal Court, the District Court (including the Family Court, Youth Court and Environment Court), the Court Martial, the Employment Court and the Māori Land Court, as well as for coroners.

In keeping with previous practice, the Authority invited submissions from all the benches. The Authority carefully considered the submissions it received and met with bench representatives to discuss the issues raised in their individual submissions.

### ***Judicial Officers Salaries and Allowances (2022/23) Determination 2022***

In determining the judicial officers' remuneration for the 2022/23 year, the Authority applied the mandatory criteria, that it must take into account, listed in sections 18 and 18A of the Act.

As a result of considering these criteria, most judicial officers received a modest increase to their remuneration of 2.0%.

#### *Associate coroner*

In April 2023 an amending determination was issued to cover the position of associate coroner, established by the Coroners Amendment Act 2023. This determination sets the salary and additional payments for the associate coroner.

Because the associate coroner has a fixed-term appointment, they will be entitled to receive an additional payment per annum in recognition of the fact that an associate coroner is not entitled to receive superannuation contributions under the Judicial Officers Superannuation Determination 2019. This is consistent with the treatment of relief coroners, who also have fixed-term appointments.

Should the associate coroner carry out the functions of a duty coroner as prescribed in the Coroners Act 2006 they will be entitled to receive the allowance stipulated in clause 13 of the principal determination. The allowance is paid in recognition of the fact that each associate coroner, from time to time, may be rostered to act as the national duty coroner.

### **Local Government Elected Members**

The Authority determines, under clauses 6 and 7A of schedule 7 of the Local Government Act 2002, the remuneration, allowances and expenses payable to local authority elected members.

#### ***Local Government Members (2022/23) Determination 2022***

A determination for the remuneration of local government councillors was issued in June 2022 commencing 1 July 2022. Subsequently, the triennial local government election took place in October 2022. Consistent with usual practice, local government bodies were invited to make submissions on matters that should be taken into account in making a new determination effective from the day after the election and the governance remuneration pools (which specify the total sum for each local government body to be allocated to elected members) were reviewed. Bodies were then invited to submit proposals for the allocation of their pools to reflect their post-

election governance structures and role responsibilities. A series of amending determinations implementing the proposals agreed to by the Authority, covering the period from 12 October 2022 to 30 June 2023, were then issued by the Authority.

As allowances were adjusted in the 1 July 2022 determination no further changes to these were made in amending determinations.

In March 2023, the Authority sought feedback from local government bodies on the process used to determine elected members remuneration following an election, to inform changes that it may need to put in place for the determination issued following the 2025 election.

The Authority also sought their views on any matters that it should consider in making the 2023/24 principal determination.

### ***Local Government Members (2023/24) Determination 2023***

A new determination for the 2023/24 year, issued in late June 2023, came into force on 1 July 2023 and expires on the close of 30 June 2024, which:

- maintained the allowances and hearing fees covering the elected members of local authorities, local boards, and community boards at their post-2022 local elections levels (see [Local Government Members \(2022/23\) Determination 2022](#)), except for the vehicle-kilometre allowance, which has been adjusted to reflect the rates prescribed by the Inland Revenue Department for the 2023 year;
- applied a 4.0% increase to the remuneration of all elected members of community boards because they did not receive any increase to their remuneration following the 2022 local elections;
- maintained the remuneration of elected members at their post-2022 local elections levels with a small number of exceptions because most elected members of local authorities and local boards had received an increase to their remuneration following the local elections.

## **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 a corporation sole, and the heads and members of certain tribunals. These statutory officers are listed in schedule 4 of the Act, in the Crown Entities Act 2004 or within their own legislation.

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

The Authority has no statutory ability to consider performance in the role when determining a statutory officers' remuneration.

Section 15(6) of the Act does not allow the Authority to publish the determinations of statutory officers.

The Authority wrote to each statutory officer inviting them to make a submission on any matters which they thought it should take into account in its review of their remuneration.

Last year, a number of statutory officers requested that the Authority make no adjustment to their remuneration for 2021/22, given the context of pay restraint within the public sector. However, this year, very few continued to do so, with a number of others raising the inflationary pressures mentioned earlier and relativity with perceived like-sized roles as factors to be considered in setting their remuneration.

The Authority does not consider that remuneration should be adjusted to meet cost pressures directly, but its decisions are informed by the prevailing economic indicators and forecasts, including wage inflation and market-related remuneration cost information. Accordingly, the Authority generally made conservative adjustments to remuneration of between 0.0% to 6.2%. Determinations were made at and near this upper limit for a small number of roles where the Authority considered current remuneration fell short of its fair and proper level.

Remuneration for new "statutory officer" roles was considered by the Authority and determinations issued as appropriate during the year. These roles are detailed in the preceding section entitled "increasing coverage".

### *Family Court Associates*

In early June 2023 a new Family Court Associate role was established in legislation. The Family Court Associate is considered a judicial role, but not for the purposes of section 12B of the Act. Instead, for the purposes of remuneration, the Family Court associate is a statutory officer, within schedule 4 of the Act. In making the determination issued in mid-June, given this anomalous legislative placement, the Authority had to reconsider its usual approach to determining remuneration for schedule 4 roles as an exception in this instance, to ensure that a fair and reasonable relativity to other roles with the judiciary was achieved.

## **Authority membership**

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 ensured that the Authority has available at all times a high level of technical competence as well as public management expertise. Consultants are engaged from time to time to draw on their specific advice and specialist services.

The former Deputy Chair, Geoff Summers was appointed Chair of the Authority for a term of three years in July 2022, and Vern Walsh was appointed a Member of the Authority for a term of three years, also in July 2022. In October 2022, Dallas Welch was reappointed as a Member of the Authority for three years, following an initial term of twelve months. Ms Welch was also appointed by the Authority as Deputy Chair in November 2022 in accordance with section 5(3) of the Remuneration Authority Act 1977.

## **Appreciation**

The Authority thanks the Parliamentary Counsel Office, Crown Law, Parliamentary Service, Ministerial Services, Inland Revenue Department, Stats NZ, Local Government Commission and Local Government New Zealand for the professional and timely advice, information and services they provided to it. It acknowledges the Ministry of Business, Innovation and Employment which provides the Authority with corporate and support services.

The Authority members also record their ongoing appreciation and thank the Executive Director of the Office of the Remuneration Authority and the Analyst/Administrator for their input and support during the last year.

Geoff Summers  
Chair

Dallas Welch  
Member

Vern Walsh  
Member

## Annex

### Membership of Authority

- Mr Geoff Summers (Chair)
- Ms Dallas Welch (Deputy Chair)
- Mr Vern Walsh (Member)

### Staff

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

### Determinations

The Authority issued and/or oversaw the following determinations during the 2022/23 year:

- Governor-General (Salary) Determination 2022
- Governor-General (Salary) Determination 2021
- Governor-General (Annuities) Determination 2023
- Governor-General (Annuities) Determination 2022
- Parliamentary Salaries and Allowances Determination (No 2) 2020
- Parliamentary Salaries and Allowances Determination (No 2) 2020 Amendment Determination 2021
- Parliamentary Superannuation Determination 2003
- Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Determination 2020
- Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Amendment Determination 2020
- Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Amendment Determination 2022
- Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Amendment Determination (no2) 2022
- Parliamentary Annuities Determination 2021

- Parliamentary Annuities Determination 2022
- Members of Parliament (Former Prime Ministers Travel Services) Determination 2017
- Judicial Officers Salaries and Allowances (2022/23) Determination 2022
- Judicial Officers Salaries and Allowances (2022/23) Amendment Determination 2023
- Judicial Officers Superannuation Determination 2019
- Judicial Officers Superannuation Amendment Determination 2023
- Local Government Members (2022/23) Determination 2022
- Local Government Members (2022/23) Amendment Determination (No 2) 2022
- Local Government Members (2021/22) Amendment Determination (No 3) 2022
- Local Government Members (2022/23) Amendment Determination 2023
- Local Government Members (2022/23) Amendment Determination (No 2) 2023
- Local Government Members (2022/23) Amendment Determination (No 3) 2023
- Local Government Members (2022/23) Amendment Determination (No 4) 2023
- Local Government Members (2023/24) Determination 2023
- Local Government Members (2023/24) Amendment Determination 2023
- Individual independent statutory officers and members of boards: 168 separate principal determinations

## Website

[www.remauthority.govt.nz](http://www.remauthority.govt.nz)