



Report of the

REMUNERATION AUTHORITY

TE MANA UTU MATUA

for the year ended 30 June 2024

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

G.17



2 October 2024

Hon Brooke van Velden
Minister for Workplace Relations and Safety
Parliament Buildings
WELLINGTON

Dear Minister

In accordance with section 27 of the Remuneration Authority Act 1977, 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 2024.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Geoff Summers', written in a cursive style.

Geoff Summers
Chair

REPORT OF THE REMUNERATION AUTHORITY TE MANA UTU MATUA FOR THE YEAR ENDED 30 JUNE 2024

Introduction

This report covers the 12 months to 30 June 2024.

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 2024, the Authority issued 148 determinations covering around 2500 role-holders. This has included the determination for elected members of Parliament following the general election in October 2023, which has been a significant undertaking for the Authority. Its comprehensive green-fields review of Parliamentary salaries and allowances was completed in April 2024. The Authority also undertook a significant review of the Governor-General's remuneration in late 2023.

The number of determinations issued is lower than for 2022/23. This number will vary from year to year and is affected by how many determinations are required for new appointments and the number of amending determinations made, where, for example, a local authority has changed its governance structure or in the year immediately following local elections. Additionally for 2024, the Authority moved the effective date for a number of determinations from 1 July to 1 October, to better align the timing of like roles, in particular tribunal members with judicial officers. The determinations whose effective dates were moved are not captured in the number of determinations shown as being issued during the 2023/24 year.

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 (sections 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.

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 relation to its 2023/24 decisions, from the information available to it, the Authority formed the view that there was not a compelling case that meets the test in section 18A(2) of the Act that would have led the Authority to determine remuneration at a rate lower than it would have otherwise. However, the Authority decided that prudence was required to be exercised in all decisions.

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.

Increasing Coverage

Last year the Authority noted that the responsibility for determining the remuneration for several new or existing roles was assigned to the Authority. This trend is continuing with further transfers underway.

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.

In October 2023 the Authority completed a major review of the approach and processes that it uses to determine the Governor-General's salary and the annual amount of the salary. This was the first such review since 2010. The Authority also committed to reconsider the salary once it had set the salary of the Prime Minister following its review of parliamentary salaries. This review resulted in no further change.

See the Authority's report *Report into a review by the Remuneration Authority of its approach to determining the salary of the Governor-General* on its website: www.remauthority.govt.nz.

The Authority made two determinations under the Governor-General Act:

- The **Governor-General (Salary) Determination 2023** increased the salary for the Governor-General by 14.4% from 1 November 2023.
- The second increased the annuities payable to former Governors-General (or surviving spouses or partners) by 5.7% from 1 April 2024 (**Governor-General (Annuities) Determination 2024**).

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.

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.

2023 General Election

As required under s 19(6) of 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. The 2023 general election took place on 14 October 2023 and the Authority commenced its review on 17 November 2023 immediately following the return of the writ and completed it in April 2024.

The Review

The Authority decided to take a green-fields approach to the review of MPs' salaries and allowances because there had not been a full review of MPs' remuneration for over twenty years. MPs' salaries, allowances and personal benefits as well as the structure of the salaries and allowances' schedules were reviewed to determine their contemporary appropriateness. The Authority has applied a methodology and exercised its judgement in making decisions but at critical points, it has also applied a 'felt fair test'.

The Authority investigated the requirements of the position of MPs, the pay of MPs in other Westminster style democracies and remuneration paid elsewhere within New Zealand in both the public and private sectors. These comparisons showed that (with some caution) the New Zealand ordinary MP's salary was less than the salaries of almost all those comparisons.

The Authority calculated the baseline salary of the ordinary MP as a multiple of the average wage published for the June quarter 2023 by Stats NZ and then compared a selection of multiples of the average wage with roles in the wider marketplace that are paid around that multiple. It then determined the level of annual salary for the ordinary MP to be \$168,600 per annum (rounded) for the 2023/24 year. This was an increase of 2.8%.

The position and salary of an ordinary MP was used as the baseline for all the other Parliamentary positions. The Authority decided to maintain the ratio between the salary of an ordinary MP with the salaries of the Prime Minister, Ministers and most other roles with additional responsibilities as paid under previous determinations. The only roles where different decisions were made was the Leader of the Opposition, party leaders, deputy leaders, co-leaders and party whips.

A more straightforward and comprehensible structure to recognise the additional responsibilities of party leaders, deputy leaders, co-leaders, and whips in parties of differing sizes has been introduced. The Authority also determined, for the first time, the salary for a party co-leader, and decided that co-leaders should be paid half the sum of the salaries that apply to a party leader and a deputy leader.

The Authority is also required to determine salaries for the out-years of a parliamentary term following an election. This is challenging as obtaining reliable information on which to base decisions is difficult as forecast data must be treated with caution. The Authority concluded that market forecasts of wage inflation from authoritative sources were suitable to use, but due to their increasing unreliability over time, needed to be applied with prudence.

See the Authority's full report *Review of MPs salaries and allowances 2023/24 report* on its website: www.remauthority.govt.nz.

The Determination

Following the completion of the review the Authority issued a new determination, the ***Parliamentary Salaries and Allowances Determination 2024***, in June 2024 which covers the period commencing on 15 October 2023 and expiring at the end of the polling day for 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. A review was undertaken in 2023 and the ***Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Determination 2023*** was issued in August 2023 before Parliament was dissolved for the 2023 General Election.

An amendment was made to the above determination in April 2024. This determination allows additional accommodation support to be paid to a member of Parliament who, for certain reasons beyond the member's control, is unable to book at short notice overnight accommodation within the payment limits set by the determination.

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 2023*** for the year commencing 1 January 2024, the Authority continued to have regard for changes in public sector salary and wage rates as shown in the Labour Cost Index as published by Stats NZ. Annuities were increased by 5.4% for the 2024 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.

As in previous years, during the 2023/24 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.

As a result of the review, and similarly to 2023, no changes were made to the travel services entitlements and their rates, and the rates contained in the ***Members of Parliament (Former Prime Ministers Travel Services) Determination 2017*** remains current. However, an amending determination was issued in April 2024, ***Members of Parliament (Former Prime Ministers Travel Services) Amendment Determination 2024*** which inserts a new clause into the principal determination to enable a former Prime Minister who currently holds an office in Parliament to retain the self-drive vehicle they had as Prime Minister.

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.

As in previous years, the Authority invited submissions from all the benches, met with a number of bench heads and representatives and other parties with relevant knowledge and experience, and considered a range of economic and remuneration-related data.

The Authority sought to understand the issues raised in the submissions received and to gain a greater awareness of the current context in which judicial officers undertook their roles, including the complexities of the environment, challenges faced, and changes that have occurred in recent times.

Judicial Officers Salaries and Allowances (2023/24) Determination 2023

In determining the judicial officers' remuneration for the 2023/24 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 an increase to their remuneration of 3.1% from 1 October 2023.

Local Government Elected Members

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

In March 2024 the Authority sought the views of all local authorities on the matters that should be taken into account in making its determination that would apply from 1 July 2024. A small number of submissions were received. It also took into account recent changes in public sector salary and wage rates as shown in the Labour Cost Index as published by Stats NZ.

Local Government Members (2024/25) Determination 2024

A determination for the remuneration of local government elected members was issued in June 2024 and commenced on 1 July 2024.

After considering the mandatory criteria listed in the LG Act that the Authority must have regard to the Authority decided to (from 1 July 2024):

- apply a 3.7% increase to the governance remuneration pools, which cover the councillors of each local authority:
- apply a 3.7% increase to the annual remuneration of most elected members of local authorities, local boards, and community boards.
- maintain the allowances and hearing fees covering the elected members of local authorities at the same levels as the previous local government determination.
- maintain the vehicle-kilometre allowance, which reflected the current rates prescribed by the Inland Revenue Department (**the IRD**) at the time that this determination was made. These rates were subsequently reviewed following updating by the IRD and an amending determination was issued in July 2024.

Prior to this determination being published, a series of amending determinations to the principal 2023/24 determination had been issued. These amending determinations implemented changes to governance arrangements as proposed by certain local authorities and agreed to by the Authority. Similar changes necessitating amending determinations are expected later in 2024 and into 2025.

Local Government Elections 2025

The Authority is signaling that, ahead of the local elections in October 2025, a substantial review of the framework and information it uses to determine the governance remuneration pools and remuneration, allowances and expenses payable to elected members of local authorities, community boards and local boards will commence in mid-2024. As part of this, local authorities will be invited to provide information relevant to the determination of remuneration.

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.

After considering these submissions received and the market and prevailing economic indicators and forecasts, including wage inflation and market-related remuneration cost information, the Authority generally made adjustments to remuneration of between 0% to 13.3% with an average movement of 1.9%¹. Continuing its usual practice, 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.

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.

Geoff Summers has been Chair of the Authority from July 2022, following over six years as a member. Dallas Welch has been a member since September 2021 and the Deputy Chair since November 2022. Vern Walsh was appointed a Member in July 2022.

¹ excludes a small number of roles where the incumbent is paid as a judicial officer.

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 provide 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 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 2023/24 year.

Governor-General

- Governor-General (Salary) Determination 2023
- Governor-General (Salary) Determination 2022
- Governor-General (Annuities) Determination 2024
- Governor-General (Annuities) Determination 2023

Members of Parliament

- Parliamentary Salaries and Allowances Determination 2024
- Parliamentary Salaries and Allowances Determination (No 2) 2020 Amendment Determination 2021
- Parliamentary Salaries and Allowances Determination (No 2) 2020
- Parliamentary Superannuation Determination 2003
- Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Amendment Determination 2024
- Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Determination 2023
- Members of Parliament (Accommodation Services for Members and Travel Services for Family Members) Determination 2020
- Parliamentary Annuities Determination 2023
- Parliamentary Annuities Determination 2022

- Members of Parliament (Former Prime Ministers Travel Services) Amendment Determination 2024
- Members of Parliament (Former Prime Ministers Travel Services) Determination 2017

Judicial Officers

- Judicial Officers Salaries and Allowances (2023/24) Determination 2023
- Judicial Officers Salaries and Allowances (2022/23) Amendment Determination 2023
- Judicial Officers Salaries and Allowances (2022/23) Determination 2022
- Judicial Officers Superannuation Determination 2019

Local Government Members

- Local Government Members (2024/25) Determination 2024
- Local Government Members (2023/24) Amendment Determination (No 2) 2024
- Local Government Members (2023/24) Amendment Determination 2024
- Local Government Members (2023/24) Amendment Determination (No 3) 2023
- Local Government Members (2023/24) Amendment Determination (No 2) 2023
- Local Government Members (2023/24) Determination 2023

Individual Independent Statutory Officers and Members of Boards

- 135 determinations were issued during the year.

Website

www.remauthority.govt.nz