



THE LOCAL GOVERNMENT (HOSPITAL BOARDS ANNUAL ALLOWANCES AND REMUNERATION) DETERMINATION 1986

PURSUANT to section 214B of the Local Government Act 1974, the Minister of Local Government (having due regard to the changes in certain annual allowances determined by the Higher Salaries Commission in a determination dated the 19th day of March 1986 and made under section 214A of the Local Government Act 1974, and acting with the consent of the Minister of Health), hereby makes the following determination.

ANALYSIS

1. Title and commencement
2. Interpretation
3. Population
4. Annual allowances of Chairmen

5. Annual allowances of Chairmen of standing committees
6. Remuneration of members
7. Application of daily remuneration
8. Higher Salaries Commission determination Schedules

DETERMINATION

1. Title and commencement—(1) This determination may be cited as the Local Government (Hospital Boards Annual Allowances and Remuneration) Determination 1986.

(2) This determination shall take effect on and from the 1st day of April 1985 (being the date on and from which the determination of the Higher Salaries Commission dated the 19th day of March 1986 takes effect).

2. Interpretation—In this determination, unless the context otherwise requires,—

“Act” means the Local Government Act 1974:

“Board” means a Hospital Board constituted under the Hospitals Act 1957:

“Committee” means any committee appointed under section 44 or section 59 (6) of the Hospitals Act 1957; and includes any subcommittee of any such committee.

3. Population—For the purposes of this determination the population of a district is,—

(a) Subject to paragraph (b) of this clause, the greater of—

(i) Its population as shown by the last census of population for which results have been published:

(ii) Its population, as assessed by the Government Statistician, on a date subsequent to the date of that census; or

(b) Where a district was not constituted on the date of the last census of population for which results have been published or has had its boundaries altered by the inclusion of additional land since the date of that census, its population as assessed by the Government Statistician, as at the date of its constitution or the date of the boundary alteration, as the case may be.

4. Annual allowances of Chairmen—(1) A Board may pay to the Chairman of the Board an annual allowance not exceeding that specified in Part I of the First Schedule to this determination.

(2) By virtue of section 214B (1) (a) of the Act, nothing in this clause applies in respect of any Chairman whose annual allowance has been determined by the Higher Salaries Commission under section 214A of the Act.

5. Annual allowances of Chairmen of standing committees—A Board may pay to each person who is the chairman of any standing committee appointed by it (other than the Chairman of the Board) an annual allowance not exceeding that specified in Part II of the First Schedule to this determination.

6. Remuneration of members—(1) Subject to subclause (2) of this clause and clause 7 of this determination, a Board may pay to each of its members (other than the Chairman of the Board or a member who is entitled to receive an allowance under clause 5 of this determination) remuneration not exceeding that specified in Part III of the First Schedule to this determination in respect of each day on which the person attends a meeting of the Board or a committee of the Board either as a member or, where the person is not a member of the committee, as a person who is required to attend in the person's capacity as a member of the Board.

(2) The remuneration that may be paid under the authority of subclause (1) of this clause shall not be paid to any person in respect of more than 104 days in any calendar year.

7. Application of daily remuneration—In determining the remuneration payable to any person who is a member of a Board—

(a) Remuneration may be paid only once in respect of any one day (being a period of 24 hours beginning at midnight) irrespective of the number of meetings attended by the person on that day:

(b) Where a meeting is adjourned to a subsequent day or days, remuneration may be paid in respect of each day on which the meeting is held:

(c) A meeting that continues past midnight shall be deemed to have concluded before midnight.

8. Higher Salaries Commission determination—The determination of the Higher Salaries Commission dated the 19th day of March 1986, being a relevant current determination of that Commission preceding this determination, is set out in the Second Schedule to this determination as required by section 214B (5) (a) of the Act.

SCHEDULES

Clauses 4, 5, 6

FIRST SCHEDULE

ALLOWANCES AND REMUNERATION

Part I—Scale of Maximum Annual Allowances Payable to Chairmen

Operating Grants (in millions of dollars)	Maximum Annual Allowance
	\$
1. Not exceeding \$2.5 m	4,550
2. Exceeding \$2.5 m but not exceeding \$5.0 m	5,650
3. Exceeding \$5.0 m but not exceeding \$9.0 m	6,950
4. Exceeding \$9.0 m but not exceeding \$18.0 m	8,300
5. Exceeding \$18.0 m but not exceeding \$36.0 m	10,600
6. Exceeding \$36.0 m but not exceeding \$72.0 m	13,850
7. Exceeding \$72.0 m but not exceeding \$144.0 m	17,650
8. Exceeding \$144.0 m	25,000

Part II—Scale of Maximum Annual Allowances Payable to Chairmen of Standing Committees

Population of Board District	Maximum Annual Allowance
	\$
1. Not exceeding 50,000	3,000
2. Exceeding 50,000 but not exceeding 300,000	4,500
3. Exceeding 300,000	7,000

Part III—Scale of Maximum Remuneration Payable to Members

Population of Board District	Maximum Remuneration Per Day
	\$
1. Not exceeding 50,000	35
2. Exceeding 50,000 but not exceeding 300,000	50
3. Exceeding 300,000	60

SECOND SCHEDULE

Clause 8

REPORT BY THE HIGHER SALARIES COMMISSION ON ITS DETERMINATION OF
ANNUAL ALLOWANCES FOR CERTAIN MAYORS AND CHAIRMEN

The Higher Salaries Commission drew attention in Chapter 13 of its Report on the General Review as at 1 April 1985 that, with the passing of the Local Government Amendment Act (No. 2) 1985 (1985, No. 60), the Commission is required to determine the maximum or actual allowance to be paid to Mayors and Chairmen of selected local government authorities. The relevant section of the Act (section 214A) was also quoted.

Criteria

No mention is made in that Act of the criteria to be used in making determinations. Nor can the criteria set out in the Higher Salaries Commission Act 1977 be easily related to fixing the allowances for Mayors and Chairmen, except that of "fairness to the tax paying public and to the employees of the State services". The Commission therefore has had to use its judgment in regard to the criteria on which it has based its determinations.

General

It is generally recognised that Mayors and Chairmen do not allow their names to go forward for election for the purpose of obtaining paid employment, and that they do so in a genuine desire to serve their respective communities. Nevertheless the Commission believes:

- that in major cities the occupation of Mayor can be a full-time one;
- that incumbents have family commitments; and
- that they (and their spouses) make considerable sacrifices in respect of their enjoyment of leisure and family life.

Factors Considered

Population: In the past, population appears to have been used as a base for determining allowances. It has been represented to the Commission that this basis is too narrow and does not necessarily indicate the size and complexity of the wide range of duties carried out in a multi-purpose/multi-functional local authority. Size of population to be served is important, but other factors are too.

Locality: Irrespective of size of population, some localities demand greater involvement than others, e.g., traditional international or domestic tourist centres, centres of central government or provincial offices and, in some areas, a central relationship to a wide rural and small town catchment.

Types of Community: Communities are different and so responsibilities differ.

Functional Responsibilities: The demands made on individual Mayors and Chairmen vary widely. All Mayors and Chairmen are responsible for the quality of their council or board decisions. Without a doubt their positions require them to be "on call" to their various publics.

All Mayors and Chairmen are expected to represent the authority on all significant government and ceremonial occasions, particularly in the reception of distinguished visitors. The ceremonial aspects of the positions are demanding for the Mayors of major urban centres. Many of these duties are performed in conjunction with spouses, with all the associated

SECOND SCHEDULE—*continued*REPORT BY THE HIGHER SALARIES COMMISSION ON ITS DETERMINATION OF ANNUAL ALLOWANCES FOR CERTAIN MAYORS AND CHAIRMEN—*continued*

costs of wearing appropriate dress, and involve inconveniences, particularly where young families are involved.

The Commission received many submissions about all these as well as other relevant matters from individual Mayors and Chairmen, and from various associations. The Municipal Association of New Zealand (Incorporated) was particularly helpful in its submission. The Commission is most grateful for the help it received.

Previous Adjustments

In making its determinations, the Commission has regard to the fact that, apart from the addition of a cost-of-living adjustment of up to \$8 a week on 1 April 1984, there has been no change in the allowances paid to the vast majority of Mayors and Chairmen of the local authorities concerned since 1982, and, in some cases, since 1980. Clearly these allowances were due for reappraisal.

Taxation

Various representations were made to the Commission concerning the “tax-free” element of the allowances under review. It is clear that the allowances contain elements of position-related costs which otherwise would not be incurred. It is not a function of the Commission to determine what the “tax-free” element of the allowances should be, nor is it able to make recommendations in this regard. It believes this is a matter for each Mayor or Chairman to take up with the Commissioner of Inland Revenue.

Nature and Effect of Determinations

Almost a full year has passed since the date from which these determinations will take effect. Local authorities may not have anticipated the effect of the Commission’s determinations, and the Commission has determined maximum annual allowances for the year beginning 1 April 1985 and left it to the individual local bodies to determine the actual amount of allowance to be paid for that year. For the year beginning 1 April 1986, however, the Commission’s determinations are for actual annual allowances.

Pursuant to section 214A of the Local Government Amendment Act (No. 1) 1985 (1985, No. 60), therefore, the Higher Salaries Commission has made the following determinations:

<u>Office held by Chairman</u>	<u>Maximum Annual Allowance from 1 April 1985</u> \$	<u>Actual Annual Allowance from 1 April 1986</u> \$
The Mayor of Auckland ..	40,000	40,000
The Mayor of Wellington ..	40,000	40,000
The Mayor of Christchurch ..	40,000	40,000
The Mayor of Manukau ..	40,000	40,000
The Mayor of Waitemata ..	37,500	37,500
The Mayor of Hamilton ..	37,500	37,500
The Mayor of Dunedin ..	37,500	37,500
The Mayor of Palmerston North	32,500	32,500

SECOND SCHEDULE—*continued*

REPORT BY THE HIGHER SALARIES COMMISSION ON ITS DETERMINATION OF
ANNUAL ALLOWANCES FOR CERTAIN MAYORS AND CHAIRMEN—*continued*

<u>Office held by Chairman</u>	<u>Maximum Annual Allowance from 1 April 1985</u> \$	<u>Actual Annual Allowance from 1 April 1986</u> \$
The Mayor of Rotorua ..	32,500	32,500
The Mayor of Takapuna ..	30,000	30,000
The Mayor of Waimairi ..	30,000	30,000
The Mayor of Lower Hutt ..	30,000	30,000
The Chairman of Auckland Regional Authority ..	40,000	40,000
The Chairman of Wellington Regional Council	30,000	30,000
The Chairmen of the following United Councils:		
Waikato	6,500	6,500
Bay of Plenty	6,500	6,500
Manawatu	6,500	6,500
Canterbury	6,500	6,500
Coastal-North Otago ..	6,500	6,500
The Chairman of Auckland Harbour Board	15,000	15,000
The Chairman of Auckland Electric Power Board ..	13,000	13,000
The Chairman of Auckland Hospital Board	25,000	25,000
The Chairman of Otago Catchment Board	10,000	10,000

In each case, the maximum and actual annual allowances determined are deemed to incorporate any cost-of-living adjustments which may have been payable prior to 1 April 1985.

J. DUNMORE, Chairman.
J. T. F. FRANCIS, Member.
G. L. JACKSON, Member.

Dated this 19th day of March 1986.

Note: The Higher Salaries Commission has issued a correction sheet changing a reference to the Mayor of Waimairi to a reference to the Chairman of the Waimairi District Council.

Dated at Wellington this 30th day of June 1986.

MICHAEL BASSETT,
Minister of Local Government.

EXPLANATORY NOTE

This note is not part of the determination, but is intended to indicate its general effect.

This determination fixes the maximum allowances and remuneration that may be paid to Chairmen, chairmen of standing committees, and members of Hospital Boards. The determination does not apply to the Chairman of the Auckland Hospital Board whose annual allowance was determined by the Higher Salaries Commission in the determination set out in the Second Schedule to this determination.

In addition to increases in all allowances and remuneration, chairmen of standing committees are now to receive an annual allowance (but not daily remuneration) for holding that office, but may not receive additional remuneration for attending meetings as an ordinary member.

The determination takes effect on and from 1 April 1985 and fixes the maximum annual allowances and remuneration payable on and from that date. The actual allowances and remuneration payable up to those maxima are to be set by each Board.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 3 July 1986.

This determination is administered in the Department of Internal Affairs.