

Local Government (Salary Moderation) Amendment Bill

Member's Bill

Explanatory note

General policy statement

Generally, under section 38 of the State Sector Act 1988, public service chief executive remuneration is determined by agreement between the chief executive and the State Services Commissioner, subject to the agreement of the Prime Minister and the Minister of State Services.

At present, the remuneration of local authority chief executives is a matter for negotiation between the chief executive and the local authority. No statutory method exists to require that local authority chief executive remuneration be moderated by reference to other comparable positions.

This Bill proposes an amendment to the Local Government Act 2002 to add such a requirement by specifying that the terms and conditions, including the remuneration, of the chief executive of a local authority, must be approved in advance by the State Services Commissioner.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause and provides for the Bill's provisions to come into force on the day after the date on which it receives the Royal assent.

Clause 3 provides that the Local Government Act 2002 is the principal Act.

Clause 4 describes the purpose of the Bill.

Clause 5 amends Schedule 7, clause 34, of the Local Government Act 2002 by adding a requirement that the terms and conditions, including the remuneration, of the chief executive of a local authority, must be approved in advance by the State Services Commissioner.

Hon Annette King

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The Parliament of New Zealand enacts as follows:

- 1 Title**
This Act is the Local Government (Salary Moderation) Amendment Act **2012**.

- 2 Commencement** 5
This Act comes into force on the day after the date on which it receives the Royal assent.

- 3 Principal Act** 10
This Act amends the Local Government Act 2002 (the **principal Act**).

4 Purpose

The purpose of this Act is to provide for the moderation of the terms and conditions of local authority chief executives.

5 Schedule 7 amended

In Schedule 7, after clause 34(1), insert: 5

“(1A) The conditions of employment, including the remuneration of the chief executive, shall be determined by agreement between the local authority and the chief executive, but the local authority must obtain the prior written consent of the State Services Commissioner to any such agreement, and to any variation. 10

“(1B) In determining whether or not to give written consent to any agreement or variation of the type referred to in **subclause (1A)**, the State Services Commissioner must determine whether the agreement or variation provides for terms and conditions, including remuneration, that are comparable to those that apply in similar positions. 15

“(1C) No local authority may give effect to any agreement or variation of the type referred to by **subclause (1A)** until the State Services Commissioner consents to it in writing.”.
