



Intended for All Ministers
All Chief Executives

Copies to All Senior Private Secretaries
All Private Secretaries

Revised Fees Framework for members appointed to bodies in which the Crown has an interest

This circular has been updated to include minor amendments.

- 1 Cabinet has recently approved a modified Fees Framework for determining or reassessing the fees paid to members of statutory and other bodies in which the Crown has an interest [APH-18-MIN-0271].
- 2 This circular and the attached Framework will take effect from 1 July 2019, replacing Cabinet Office Circular CO (12) 6.
- 3 The modified Framework covers all statutory bodies, non-statutory bodies and committees in which the Crown has an interest, that are outside the Remuneration Authority's or other fee-setting bodies' jurisdiction. The Framework therefore covers most Crown entities (including Crown Agents, Autonomous Crown Entities (ACEs) and tertiary education institutions), trust boards, advisory bodies and committees, Royal Commissions, Public Inquiries, Government Inquiries and Ministerial Inquiries, statutory tribunals, individuals appointed as statutory bodies that are not covered by the Remuneration Authority and some subsidiary bodies.
- 4 The Framework provides guidance on the classification and remuneration of statutory and other Crown bodies. Since the Framework covers a varied array of bodies, it is not intended to be prescriptive, and judgement will be required to determine best fit.
- 5 The purpose of the Framework is to provide a basis for judgement in setting fees that will:
 - ensure a consistent approach to remuneration across all statutory and other Crown bodies;
 - contain expenditure of public funds within reasonable limits;
 - provide flexibility within clear criteria.
- 6 The main changes to the previous Framework are:
 - a new category for Audit and Risk Committees;
 - a modest increase to the fee ranges for Groups 2, 3 and 4 bodies;

- for chief executive or governance board established bodies, the chief executive or governance board of the agency may agree to fee increases of up to 3 per cent, within the applicable fee range and not more frequently than once a year;
 - the responsible Minister may agree to fee increases of up to 5 per cent, within the applicable fee range and not more frequently than once a year, without referral to the Minister of State Services or the Cabinet Appointments and Honours Committee and Cabinet;
 - the Minister of State Services may agree to fee increases of up to 10 per cent within the applicable fee range and not more frequently than once a year, without referral to the Cabinet Appointments and Honours Committee and Cabinet;
 - a new section clarifying that Cabinet may agree standing exceptions to the Cabinet Fees Framework;
 - expanding the purpose statement to reflect the importance of diversity of board members;
 - updating the sections on taxation, allowances and expenses and public servants serving on Crown bodies;
 - adding a new glossary of terms and an additional flow chart.
- 7 Ministers and chief executives should ensure that all staff involved in appointments to bodies covered by the Framework are familiar with the requirements of this circular.

Further information

- 8 For advice on the application and interpretation of the Fees Framework, contact the State Services Commission, email: fees@ssc.govt.nz or phone (04) 495 6600.
- 9 For advice on taxation on fees, contact Mark Murphy, Team Lead, Significant Enterprises, email: mark.murphy@ird.govt.nz or phone (04) 890 3079.

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Executive summary

- 1 The Cabinet Fees Framework (the Framework) should be used:
 - **before** an appointment is submitted to the Cabinet Appointments and Honours Committee (APH);
 - when a new body or committee is being established;
 - if there is a proposed significant change in board duties;
 - when the classification of the body or the current fees are being reviewed; and
 - for guidance about the administration of fees and other reimbursement payments for bodies covered by the Framework.
- 2 The purpose of the Framework is to provide a basis for judgement in setting fees that will:
 - ensure a consistent approach to remuneration across all statutory and other Crown bodies;
 - support the appointment of appropriately qualified and diverse body members;
 - contain expenditure of public funds within reasonable limits; and
 - provide flexibility within clear criteria.
- 3 The Framework enables fees to be determined by Ministers and other fee-setting authorities who are most familiar with the work of particular bodies. It provides for:
 - responsibility for setting fees for statutory and other bodies in which the Crown has an interest, within clearly defined parameters, to rest with the responsible Ministers or another fee-setting authority;
 - a system for the classification of bodies for fee-setting or reviewing purposes (section [D](#));
 - a range of fee levels for each category of body (section [D](#));
 - a process for setting and reviewing fees, and for proposing fees outside the Framework (sections [B](#), [E](#) and [F](#));
 - an outline of administrative principles to be followed in applying the Framework (sections [C](#) and [G](#));
- 4 The role of the State Services Commission (SSC) includes:
 - administering the Framework;
 - conducting surveys of fee levels and other information to inform an annual report to Cabinet;
 - conducting regular reviews of the Framework and recommending changes for consideration by Cabinet;
 - advising the Minister of State Services about exceptions to the Framework;

- advising agencies about any aspects of the Framework; and
 - assisting in the interpretation and application of the Framework if required.
- 5 Agencies apply the Framework in making recommendations and/or setting fees for body members.
- 6 Agencies are strongly advised to consult the SSC on any fee matter (such as an exception) that the responsible Minister will need to refer to the Minister of State Services, before formally submitting this to the responsible Minister. SSC can advise on precedents and the information required to support the recommendation.
- 7 Please refer to the summary flow charts in section [B](#) for setting or reviewing fees and, if required, in section [E](#) for seeking an exception to the Framework.
- 8 The Framework should be read in conjunction with the:
- [Board Appointments and Induction Guidelines](#)
 - [CabGuide: The appointments process](#), and
 - relevant Cabinet circulars:
 - [CO \(02\) 5: Appointments of Public Servants to Statutory Boards](#)
 - [CO \(02\) 16: Government Appointments: Increasing Diversity of Board Membership](#)
 - [CO \(11\) 7: Role of the Remuneration Authority in Setting Remuneration for Individuals appointed to Statutory Bodies and Other Positions](#).

Section A: Coverage by the Framework

Bodies covered by the Framework

9 The Framework is one of three fee setting mechanisms for statutory and other “bodies in which the Crown has an interest”. A broad array of agencies and individual officers come within this scope, as indicated in the table below. The term “bodies in which the Crown has an interest” is used in several Acts to apply the Framework to a body or bodies named in the Act, but the term is not defined. It is understood generally to:

- be broader than ‘government agency’ if that term is synonymous with agencies that operate within the executive branch of government, or that operate as instruments under direct or indirect Ministerial control or direction, or where the body or individual is appointed by a Minister or an agency;
- encompass certain bodies and individuals in the judicial branch of government;
- include bodies and individuals that carry out some aspect of the business or responsibilities of central government, or that scrutinise or investigate or assist the agencies that do so directly;

An element of judgement is needed in particular cases to determine whether or not a body fits within the scope of the Framework;

10 The Framework complements the fee-setting role of the Remuneration Authority (under the Remuneration Authority Act 1977) and the Crown Company Fees Methodology administered by The Treasury. The Framework is used to set the fees for government-related bodies and their subsidiaries that are outside the jurisdiction of the Remuneration Authority, the Treasury, or a separate fee mechanism such as applies to School Boards of Trustees (where the Minister sets the fees under the Education Act 1989) and local authorities (where the Remuneration Authority sets the fees under the Local Government Act 2002).

11 Consultation with the Minister of State Services should take place about fees when trans-Tasman bodies have been established, as specific provisions may apply to such bodies that override the general application of the Framework.

12 Establishment by statute is not the only criterion for coverage by the Framework, nor is it a necessary requirement that there be a responsible Minister. It should also be noted that the Framework covers bodies that are self-funded, where a responsible Minister appoints some or all of the members. The Minister should apply the Framework in circumstances where the body has the responsibility for setting fees and the Minister approves them.

Exclusions

Consultancies

- 13 The Framework does not cover individual consultancies that would fall outside any of the categories listed in section D, paragraph [95](#). Such individual consultancies involve contractors appointed by a body in which the Crown has an interest under a contract for services for a specific project, usually within a specified timeframe.
- 14 In general, the key distinctions between a consultancy and a body covered by the Framework are that a consultancy has:
- defined deliverables for a finite period of time;
 - no ownership or governance in relation to the implementation and operation of the deliverables of the project.
- 15 It is possible, however, that in some cases there may be a judgement involved between using a consultancy on the one hand, or using a body referred to under paragraph [95](#), Group 4 (All Other Committees and Bodies), notably an advisory committee.
- 16 Where agencies are unclear about whether an advisory committee or other Group 4 body would be more appropriate than a consultancy, particularly in cases of high public profile, they are encouraged to contact the SSC for advice in the first instance and then refer the issue to the responsible Minister and Minister of State Services. Where a Group 4 body is appointed, its remuneration would be set under the Framework.
- 17 Refer to paragraph [148](#) regarding payments to body members where it is proposed that they also receive payments as consultants to the same body.

Other exclusions

- 18 The Framework is not used for bodies where the fees are set by the Remuneration Authority, for School Boards of Trustees, or for local authorities, where the fees are set using a separate mechanism.
- 19 Fees for directors of Crown entity companies and State Owned Enterprises are subject to separate guidance from the Crown Company Fees Methodology.

Summary

20 A summary of bodies covered and not covered by the Framework is outlined below:

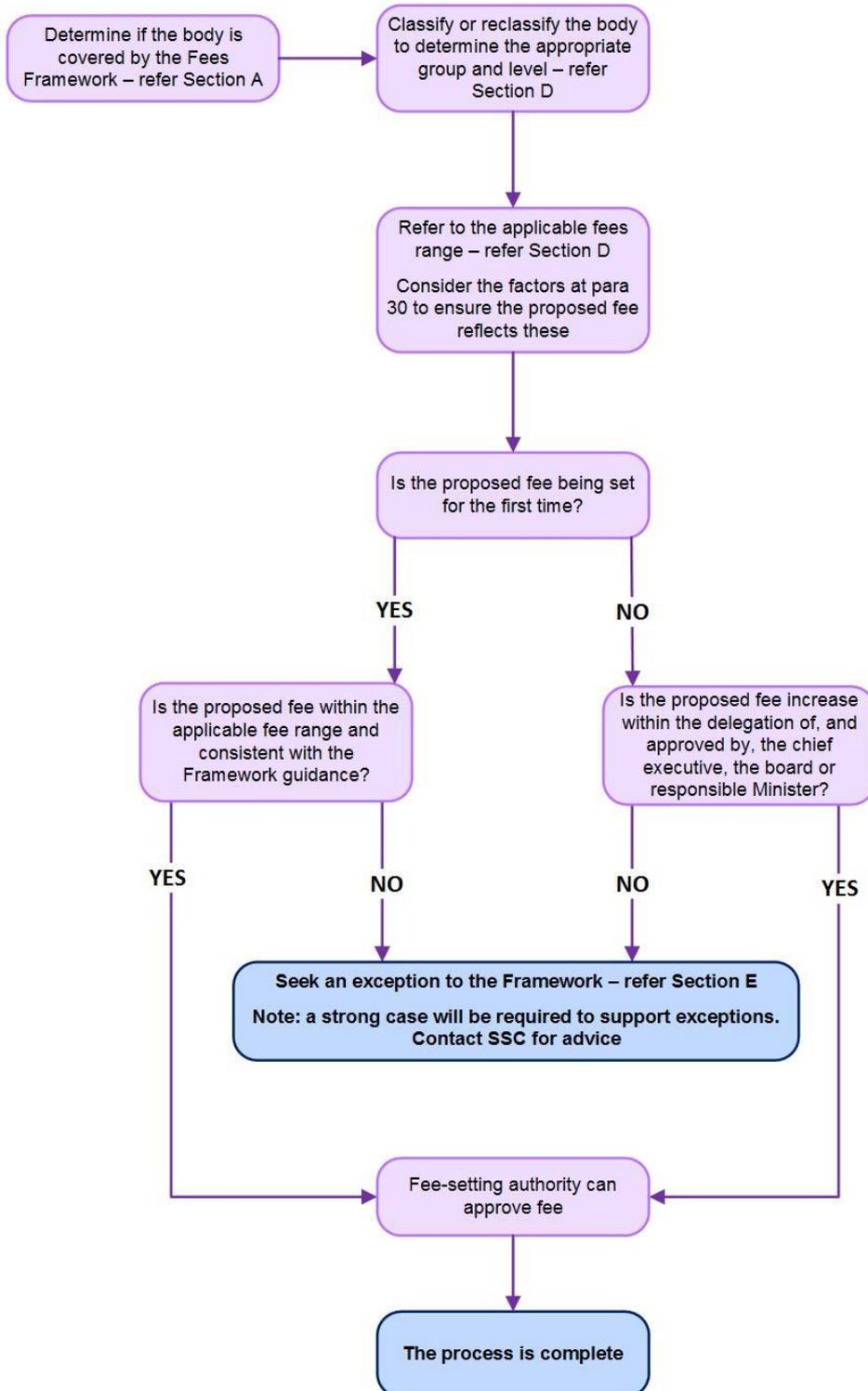
Bodies covered by the Framework	Bodies not covered by the Framework
<p>Royal Commissions, public inquiries, government inquiries and ministerial inquiries.</p> <p>Statutory Tribunals and Authorities.</p> <p>Individuals appointed as statutory bodies (that are separate from statutory officer roles in an agency, e.g. Registrar of Companies; Director of Mental Health) or to specified advisory posts e.g. lay members of courts.</p> <p>Advisory bodies, committees and taskforces established by Cabinet or a Minister or agency, whose role is generally to oversee or review or provide advice to a Minister or Ministers, or an agency.</p> <p>Boards of Trusts settled by the Crown or specified in statute or the Trust Deed as covered by the Framework.</p> <p>Bodies to which the Framework applies as provided for in legislation:</p> <ul style="list-style-type: none"> • Crown Agents (named in Schedule 1 Part 1 of the Crown Entities Act 2004 [CEA], including District Health Boards) • Autonomous Crown entities (named in Schedule 1 Part 2 of the CEA) • Expenses, not remuneration, of members of Independent Crown entities (named in Schedule 1 Part 3 of the CEA) and of a Crown agent or Autonomous Crown entity that is a corporation sole • Subsidiaries (as defined in the CEA) of Crown agents, Autonomous Crown entities and Independent Crown entities • Tertiary Education Institutions (established under Part 14 of the Education Act 1989) • Diverse bodies covered by the Framework in accordance with an individual Act, e.g. The Archives Council. <p>Bodies to which the Fees and Travelling Allowances Act 1951 (FTAA) applies:</p> <ul style="list-style-type: none"> • About 100 separate Acts apply the FTAA to bodies specified in those Acts • the rights to entitlement provided for in the FTAA are implemented in practice through the Framework 	<p>Remuneration Authority coverage:</p> <ul style="list-style-type: none"> • Members of Parliament • the Judiciary • independent Crown entities (remuneration, not expenses) • a Crown agent or autonomous Crown entity that is a corporation sole (remuneration, not expenses) • specified statutory officers and members of local authorities and community boards • other bodies and officers whose fees and/or allowances and expenses are specified in statute to be set by the Remuneration Authority. <p>Crown Company Fees Methodology, approved by Cabinet and administered by the Treasury:</p> <ul style="list-style-type: none"> • State-owned enterprises (named in Schedule 1 of the State-Owned Enterprises Act 1986) and their subsidiaries • Crown entity companies (named in Schedule 2 of the Crown Entities Act 2004, and which includes Crown Research Institutes) and their subsidiaries • Companies named in Schedule 4A or Schedule 5 of the Public Finance Act 1989, and their subsidiaries. <p>Bodies explicitly covered by a separate regime, e.g.:</p> <ul style="list-style-type: none"> • School Boards of Trustees (section 88 of the Education Act 1989) and their subsidiaries • Reserve Bank (section 63 of the Reserve Bank of New Zealand Act 1989) • Air New Zealand Limited • Christchurch International Airport Limited • Dunedin International Airport Limited • Hawke’s Bay Airport Limited. <p>A consultancy (generally contracted to provide services to an agency).</p> <p>Agencies and individuals consulted during the normal course of business (e.g. on a policy proposal) or who make a submission on a proposal.</p>

Section B: Process for setting or reviewing fees

- 21 The steps to be taken in order to set or review fees under the Framework are:
- Determine whether the body is covered by the Framework (see section [A](#));
 - Decide or re-assess which group the body fits into (see section [D](#));
 - Determine which level within the group is most appropriate by “scoring” the body according to the factors listed (see section [D](#));
 - Decide on the appropriate fee (see section [D](#)) referring particularly to paragraph [30](#) regarding factors to be considered in setting fees;
 - If the fee is being set for the first time, the fee setting authority approves the fee within the applicable Framework fee range (note section [F](#) regarding reviewing fees), and within other guidance contained in the Framework. If the fee-setting authority wishes to set the fee outside the Framework, an exception must be sought, unless a standing exception has been approved. Please refer to section [E](#) for guidance on setting fees outside the Framework;
 - If the fee is being reviewed (note section [F](#) regarding reviewing fees), the chief executive or governance board of the agency, may agree to fee increases of up to 3% per cent, within the applicable fee range and not more frequently than once a year, for bodies they have established;
 - For all bodies, the responsible Minister may approve increases of up to 5 percent within the applicable Framework fee range, not more frequently than once a year;
 - The Minister of State Services must be consulted on any increase above 5 percent and may approve fee increases up to 10 percent, and minor and technical changes to fees;
 - Any increase above 10 percent, or that takes the fee above the applicable Framework fee range, must be referred to APH and Cabinet for consideration;
 - For guidance on setting fees outside the Framework, please refer to section [E](#);
- 22 It is strongly recommended that when existing fees are being reviewed, the above steps be undertaken to re-assess the classification and level of the body;
- 23 Note that fees should be increased no more frequently than once a year;
- 24 The following flow chart summarises the process to use when setting or reviewing fees. Other sections of the Framework should be read in addition to the summary chart as they provide more detailed advice about the process the fee setting authority should follow when setting or reviewing fees:

SETTING FEES: FLOWCHART

The following flowchart summarises the process to use when setting or reviewing fees. Other sections of the Framework should be read in addition to the summary chart as they provide more detailed advice about the process.



Section C: Guidance about fees

Who sets the fees

- 25 The fee setting authority is the position or organisation that has the authority to establish a body covered by the Framework. This may be set in legislation.
- 26 In many cases, responsible Ministers set fees within the applicable framework range, except for subsidiary bodies of statutory entities and bodies established by agencies. (Refer also to section [E](#) regarding Ministers' roles in setting fees outside the parameters of the Framework and section F regarding reviewing fees.)
- 27 For members of subsidiary bodies of statutory entities, (i.e. of Crown Agents, ACEs, Independent Crown Entities (ICEs)) the board of the parent entity sets the fees within the applicable framework range. Exceptions to the Framework (see section [E](#)) for subsidiary bodies require **prior** consultation with the parent entity's responsible Minister, and the Minister of State Services (with advice from the SSC). It is advisable to discuss proposed exceptional fees with the SSC in the first instance.
- 28 The default process for some Group 4 bodies where there is no responsible Minister or relevant legislation (e.g. bodies established by chief executives or governance boards of agencies) is that the fee-setting authority (e.g. the chief executive or governance board) should apply the Framework in order to determine the fee. If the proposed fee is outside the parameters of the Framework, it must be treated as an exception under the Framework (see section [E](#)).
- 29 For those bodies covered by the Fees and Travelling Allowances Act 1951, the Minister of State Services has delegated responsibility for setting fees within this Framework to Ministers responsible for the particular appointments and/or setting the remuneration levels. If the proposed fee is outside the parameters of the Framework, the agreement of the Minister of State Services is required, and the matter may need to be considered by APH and Cabinet (see section [E](#)).

Factors to be considered in setting or reviewing fees

- 30 Ministers, agencies and other fee setting authorities should refer to section [D](#) to classify the body under the Framework and then ensure the actual fees reflect an element of public service and community commitment, the personal contribution and recognition of the intangible benefits to the member, balanced by:
- the complexity of the functions and the expertise required;
 - recruitment and retention issues;
 - the extent to which an individual member needs to insure against personal liability;
 - the potential risk to reputation;
 - the degree to which the role is in the public eye;
 - affordability; and
 - period since the fees were last reviewed.

- 31 Fees will continue to be set on a fair but conservative basis to reflect a discount for the element of public service involved.
- 32 Where the fee is paid as an annual rate, it should also reflect the time involved (see paragraph [38](#)).
- 33 Members occupying identical positions on the same body should be paid the same fee rate. The fee rate is varied only to reflect additional responsibility such as that assumed by chairpersons (and deputies and the chair of a substantial sub-committee where appropriate) who may receive an extra margin for additional responsibilities that go with the role. The exception to this is when fees have been grand-parented (refer paragraph [146](#)).
- 34 In cases where it is necessary to secure people with scarce specialist skills, consideration may be given to paying a fee higher than the applicable range. Please refer to section [E](#).
- 35 It is possible to pay fees below the range, provided they reflect the factors noted in paragraph [30](#).

Payment basis

- 36 There are two approaches to expressing fee levels - annual rates and daily rates. Any other variations, including annualising daily rates, are regarded as exceptions to the Framework and require prior consultation at Ministerial level (see section [E](#)).

Annual rate

- 37 For Group 3 bodies, the fee is usually expressed as an annual rate. This is consistent with the approach taken in the private sector and is most appropriate where the workload is predictable and/or substantial.
- 38 The annual fee is set on the following assumptions:
- the work is such that the chair and members are required on a part-time basis;
 - for general governance boards, the assumed annual workload for meetings and other responsibilities associated with the role is that:
 - a member works around 30 days a year, which is in line with the amount of time spent by board directors in private sector companies;
 - chairs have a higher workload than members, with the assumption that a chair works around 50 days per year. Therefore, the fee for chairs is set at twice the rate of the members to take account of both the differences in responsibility and in workload.
- 39 Where it is anticipated that a chair or members will have a lesser workload than above, it is expected that this be reflected in the fee level. The workload expectation covers all authorised work undertaken by members including subcommittee work and preparation time. This excludes work for the three District Health Board statutory advisory committees established under sections 34, 35, and 36 of the New Zealand Public Health and Disability Act 2000 (see paragraph [116](#) regarding fees that apply to these three committees).
- 40 For those situations where a greater workload is expected, please seek advice from the State Services Commission. Where significant additional work is required, it may be appropriate to negotiate additional payments.

- 41 **Payment for additional work should be agreed by the fee-setting authority before** the work is undertaken. The key objectives for the additional work must be clearly specified, and evaluated on completion. A higher annual rate for a fixed period, and based on defined goals, may also be appropriate where chairs are required to undertake significant additional work (e.g. where they are required to guide the reorientation or restructuring of a Crown entity, or where the situation of a Crown entity requires the chair to act more in the nature of an executive director). However, such additional work should otherwise relate to the governance role of the board, and should not cover activities that are more properly within the role of management.
- 42 The fee-setting authority is required to consult with the Minister of State Services before committing to payments for additional work and is responsible for monitoring progress against the negotiated objectives.
- 43 For members of Group 3b subsidiary bodies of statutory entities (i.e. of Crown Agents, ACEs, and ICEs) who receive an annual fee, there is no assumed annual workload specified for the members. Time is one of the factors to be considered by the parent entity when setting the fees, with reference to paragraph [30](#).
- 44 Where it is possible to predict the workload of bodies other than governance boards, the annual fee should be calculated by multiplying the daily rate by the number of days that will be worked during the year.
- 45 Proposals for an annual fee for a Group 1, 2 or 4 body should be treated as technical exceptions, and referred to the responsible Minister and Minister of State Services. In making submissions to Ministers or reporting to the SSC, it will be necessary to specify the annual fee if this has been agreed, and provide the daily rate on which the proposal is based, and the number of days that will be worked per annum.

Daily rate

- 46 For Groups 1, 2 and 4 bodies, fee levels are generally expressed as a daily rate, as this works best for those bodies that have an unpredictable workload. Where a chair or member of a Group 2 body that is administered by the Ministry of Justice, works full time consistently, the daily rate will be multiplied by 230. This number will be pro-rated for those who work substantially full time.
- 47 For Group 3 governance boards that pay a daily rate due to an unpredictable workload, the maximum annual rate provided in the range that applies to the classification must not be exceeded unless an exception to the Framework is agreed.
- 48 It is expected that a working day is about 8 hours, and the daily fee is calculated on this basis. Work for longer than 8 hours in one day must not attract an extra payment, unless the combination of travel and work is frequently longer than 8 hours. (see para 81).
- 49 Hourly pro-rata rates should be calculated by dividing the daily rate by 8 and multiplying by the number of hours worked.
- 50 The daily fee applies to all work, including that performed outside of meetings (e.g. preparation, representing the board at other forums, or administrative work) that is required for the body to carry out its role. All work that is required to be performed for the body by the member should be paid at the approved daily rate.

- 51 Where a total of 6 hours is worked in one day, a daily fee **may** be paid. It is accepted that it **may** not be possible for a member having worked 6 hours in one day on body business to return to other paid work. Where a member spends time, for example one evening, preparing for a meeting the next day, if the preparation and meeting time combined were between 6 and 8 hours, then one daily fee would be paid for the combined preparation and meeting time.
- 52 Work other than preparation for meetings/sittings must be approved and minuted by the body **before** it is undertaken. Individual members should not be in a position where they could be considered to be setting their own work programmes without the endorsement of the body.

Other fee payment methods/other types of payments

- 53 Other fee payment methods such as a base honorarium and/or a fee for additional services, or Crown bodies setting their own fees from a total pool, are regarded as exceptions to the Framework. If such fee payment methods are proposed, refer to section [E](#). Early discussion with SSC is recommended.
- 54 Where a member is a self-employed professional, locum fees are not to be paid unless an exception has been approved. The self-employed professional receives payment for body business only and reimbursement of travel expenses where relevant to body business. Additional payments are not provided to pay for the use of a locum or the business overheads since the body is not responsible for funding members' own business costs. Issues such as the potential loss of income and maintenance of a professional practice (including business overheads) need to be considered by the individual prior to accepting appointment to a body.
- 55 Payment of compensation or any benefit for loss of office must not take place.
- 56 Ex gratia payments and other benefits or rewards, which are in addition to fees, must not be paid to members of statutory boards, subsidiary bodies of statutory entities, statutory tribunals, authorities or other Crown bodies or committees.

Rates for sub-committees

- 57 Depending on its enabling legislation, a body may set up a sub-committee or sub-committees to carry out part of the body's business.
- 58 Members who receive an annual fee for membership do not receive any additional payment for membership of sub-committees. The only exception is that members of the three District Health Board statutory advisory committees established under sections 34, 35, and 36 of the New Zealand Public Health and Disability Act 2000 receive an additional fee as provided for in section D (see paragraph [116](#)).
- 59 Members who receive a daily fee can receive payment for additional days spent on sub-committee work. If the sub-committee has been set up to consider an issue and report to the main body, then a lesser daily fee may be appropriate. Sub-committees must be properly constituted under the authorising legislation or terms of reference for the body before a meeting fee is paid.

Independent members of sub-committees

- 60 Independent members of sub-committees are those members who are not members of the parent body. They may be paid up to a maximum of the daily equivalent of the full member fee, depending on the assessment by the main body of the skills required for the independent sub-committee member/s to perform their role.
- 61 The daily fee for bodies whose members are paid an annual fee should be calculated by dividing the annual fee by the appropriate number of days worked, e.g. 30 for a general governance board (refer to paragraph [38](#) regarding assumption about workload for members paid an annual fee).
- 62 The total annual fee paid to an independent member of a sub-committee should not exceed 50 percent of the total annual fee paid to a member of the main body.
- 63 Any proposal to pay higher daily fees or total annual fees outside this guidance should be treated as an exception (see section [E](#)). This section does not apply to ex-officio members.

Rates for deputy chairs and sub-committee chairs

- 64 Where the legislation provides for the appointment of a deputy chair and/or where the work of the body is such that the appointment of a deputy chair is required due to the complex nature or size of the responsibilities, then a fee additional to the member rate may be paid to the deputy chair.
- 65 The fee for the responsibilities of a deputy chair is an additional 25 percent of the member rate. (This is consistent with the rates paid to deputy chairs in Crown companies and in the private sector.) If this takes the deputy chair fee above the fee range, it is not an exception.
- 66 Where there is no deputy appointed, and a member is required to chair a meeting, then the member should be paid a daily rate equivalent to that of the chair.
- 67 Where an annual fee is paid, it is usual practice for the chair, and the deputy chair, where one is appointed, to have responsibility for chairing one or more sub-committees. No additional fee is payable to the chair and deputy chair for chairing sub-committees. Where there are sub-committees that are not chaired by either the chair or deputy chair, then an additional 10% of the member's rate may be paid to one other member with responsibility for chairing a sub-committee. This does not apply to the three District Health Board statutory advisory committees because additional fees are paid to members of those committees (refer to paragraphs [39](#) and [116](#)). Any case for further additional payments for chairing sub-committees must be treated as an exception to the Framework (see section [E](#)).

One person committees

- 68 Where an individual member constitutes a committee and there are decision-making or recommendatory powers, that member should receive the rate applicable to the chair of a body at that level.

Payments to public sector employees appointed to bodies covered by the Framework

- 69 Paragraphs [69](#) to [78](#) apply in relation to public sector employees including public servants who may be appointed to a body covered by the Framework. In these paragraphs, the term “public sector employee” covers employees in all the agencies in the wider state sector as well as other agencies associated with a Ministerial portfolio and any local authority as defined under section 5(1) of the Local Government Act 2002. The term “public servant” applies to all employees of public service departments. Public servants are a sub group of public sector employees.
- 70 These paragraphs reflect Cabinet’s agreement in 2012 that the Framework provides that any employee of a government agency, appointed in their own right to a body covered by the Framework, must not retain both the fee and his/her ordinary pay, where the duties of the outside organisation are undertaken during his/her ordinary working hours.

All public sector employees appointed to bodies covered by the Framework

- 71 Public sector employees may be appointed to a body covered by the Framework either ex officio (someone who has a right because of an office held), or as a representative of their department or agency, or, where there are special circumstances, in their own right.
- 72 All public sector employees appointed to statutory and other public bodies must be able to do their primary job unhindered and without detriment to the public interest. They must not be double-paid for their job and their membership of a body covered by the Framework.
- 73 A public sector employee should not retain both the board fee and their ordinary pay where the duties of the board are undertaken during their ordinary working hours. Public sector employees taking annual leave or leave without pay for board activities may receive a fee. The arrangements, including the employer’s approval and the justification for any fee payment i.e. where all board duties are undertaken in the employee’s own time, should be confirmed in the appointment documentation.
- 74 Any reimbursement of expenses incurred in relation to participation in a body is the responsibility of the body and should be paid to the member.
- 75 Where a public sector employee is appointed to a body covered by the Framework either ex officio or as a representative of their department or agency, they must not profit financially from their involvement on a board. The public sector employee will receive his/her ordinary pay and will not be paid a daily or annualised fee for participating as part of the board. Where there are out of pocket expenses such as airfares or accommodation, these should be reimbursed to the employee on the same basis as for other members of the board.

Special considerations for appointments of public service employees in their own right

- 76 Cabinet has recognised that there may be special circumstances in which employees of Public Service departments may be appointed to statutory and other public bodies: Cabinet Office Circular CO(02)5 applies to public servants of statutory bodies¹. However, as a general rule, public servants of a monitoring agency should not serve on a Crown entity board that their agency monitors, nor should public servants serve on a board that has the same responsible Minister(s) as their agency.

¹ The SSC maintains an up to date [list of all of the organisations of the state sector and their categorisation](#).

- 77 Before any public service employee seeks to be appointed to a body in his/her own right, the employee must first obtain the agreement of his/her agency chief executive. Such appointments are treated as secondary employment and, in the case of public servants, are subject to the oversight of the State Services Commissioner.
- 78 The chief executive must be satisfied that there are no unmanageable conflicts of interest in relation to a potential appointment to a body and that financial and leave arrangements will be appropriate. The chief executive must decide whether the public servant will undertake board activities in their own time (for example, by taking annual leave or leave without pay) or in the employer's time.

Payment for time spent in travel to meetings/sittings or on board business (daily fees only)

- 79 Members are not paid for time spent in travel to and from meetings or on body business, except in instances where a daily fee is paid and the member has to travel for more than a total of three hours in the course of a normal business day of approximately 8 hours.
- 80 The purpose of paying for travel time that is greater than three hours is to compensate for lost income during the business day. For example, a member may spend a few hours at a meeting but in doing so spends all day away from normal business activity, due to spending several hours travelling to and from the meeting.
- 81 In circumstances where considerable time is involved in travel, this can be recognised by the chair, with the agreement of the servicing/accountable organisation. In these cases (and particularly where air travel is involved) the preparation and travelling time need to be considered together for payment purposes. Where considerable travel is frequently necessary to meet the requirements of the role, this should be recognised either by reducing the working time or paying for some or all of the travel time (see para 48).
- 82 In considering payments for travelling time, the chair and servicing agency need to consider issues of equity, the government's intention for geographical representation, and ensure that attendance at meetings does not result in undue personal hardship.

Childcare expenses

- 83 Under exceptional circumstances a contribution may be made to childcare expenses with the agreement of the chair (or another member if the chair is claiming expenses) and the servicing agency. However, it is generally expected that the daily fee paid is adequate to meet out-of-pocket expenses of individual members as well as reimbursing them for their time spent. An example where a contribution to childcare expenses may be made is where an additional meeting is called at short notice (e.g. less than 48 hours). In determining whether payment is warranted, consideration should be given to issues of equity and ensuring that attendance at meetings does not result in undue personal hardship.

Payment of a fee for a cancelled meeting/sitting

- 84 Where a meeting or other activity of a statutory or other body is cancelled or takes fewer days than planned, in exceptional cases payment of the fee to certain members may be approved.

85 Each case would need to be considered on its merits and this should only occur where:

- the cancellation was unforeseeable;
- the member was unable to reschedule other work to take advantage of the time made available; and
- the member suffered real loss of income as a result of the cancellation.

86 An affected member would need to make a case to the body on each separate occasion. Payment should not be approved if it is believed the member had not tried to reschedule other work. Partial payment might be appropriate if rescheduled appointment fees do not fully compensate a member for the lost fee from the meeting.

87 If appropriate and the body did, on application from a member for a specific instance, resolve to pay the fee for part or all of the time a meeting was cancelled by, that resolution would need to be noted in the minutes.

Payment for meetings by teleconference

88 Where a meeting is held by teleconference or video conference, the usual fees apply.

89 Where a member is unable to attend a meeting in person but joins the meeting by teleconference or videoconference, with the agreement of the chair, the usual fees apply. If the member receives daily fees and participates in less than half of the meeting, an hourly pro-rata rate would apply (see paragraph [49](#)).

Absence

90 Where an individual receives an annual fee and is absent from body business for a period of greater than two months, then the annualised fee should be pro-rated to take account of this absence (e.g. an absence of 2 months would result in payment of 10/12 of the annual fee). Where there are frequent absences over the period of a year, the annual fee should also be pro-rated to take account of those absences. (This does not apply to members who work full time or substantially full time).

91 Where a member fails to attend a significant number of meetings, or otherwise perform their duties as a member, the chair needs to raise the issue of expectations about performance with the member and if necessary with the responsible Minister. Consideration should be given at the time of reappointment of members to the issue of continued absences from body business.

Reimbursing expenses

92 Members travelling to and from meetings, or on the business of the body in which the Crown has an interest (where the members are required to be away from their normal places of residence), are entitled to reimbursement of out of pocket travelling, meal and accommodation expenses actually and reasonably incurred. The expectation is that standards of travel, accommodation, meals and other expenses are modest and appropriate to reflect public sector norms.

93 Actual and reasonable travel, meals, accommodation and other expenses incurred by the member in carrying out the business of the body in which the Crown has an interest may be reimbursed provided they are supported by appropriate documentation.

94 Where it would not be reasonable to travel by public transport and a member's private motor vehicle is used for travel to and from meetings, or on the business of the body in which the Crown has an interest, reimbursement will be at the [mileage rate specified by Inland Revenue](#).

Section D: Classification of bodies and fee scales

95 The Framework provides for the classification of bodies into one of the following groups:

- **Group 1:** Royal Commissions, Public Inquiries, Government Inquiries and Ministerial Inquiries;
- **Group 2:** Statutory Tribunals and Authorities;
- **Group 3:** Governance Boards:
 - Group 3a: General Governance Boards (including TEIs and DHBs);
 - Group 3b: Subsidiary Bodies of Statutory Entities (i.e. of Crown Agents, ACEs, ICEs);
- **Group 4:** All Other Committees and Other Bodies;
 - Audit and Risk Committees.

96 Cabinet has agreed to a schedule of fees for all categories that reflects the nature of their business environment and the role requirements.

97 Once a decision has been made on which group the organisation best fits into, establish the level within the group (see classification process below for each group), and then find the fee range for that level in the appropriate table. A decision is then required on what amount, within (or below) the ranges provided, is most appropriate. Section C, particularly paragraph [30](#), provides guidance on how to make these decisions. Further assistance is available from the SSC.

98 Refer to section E if the proposed fee is above the ranges provided, or an alternative method of payment is proposed.

Group 1: Royal Commissions, Public Inquiries, Government Inquiries and Ministerial Inquiries

99 Royal Commissions, public inquiries, government inquiries and Ministerial inquiries are time-limited bodies established to inquire into and report on specific matters. Royal Commissions and public inquiries are generally chaired by a judge or a retired judge.

100 The key distinction between a Royal Commission, a public inquiry, government inquiry and a Ministerial inquiry lies in the form of the instrument of appointment and the nature of the authority under which it is established:

- Royal Commissions are appointed by the Governor-General, pursuant to the Letters Patent Constituting the Office of the Governor-General of New Zealand 1983 and the Inquiries Act 2013. Royal Commissions are, therefore, generally regarded as having greater prestige and standing than public inquiries appointed under the Inquiries Act 2013 alone. A Royal Commission is generally appointed when the subject matter to be investigated is one of particular public importance. The final report is presented to the Governor-General and the House of Representatives.

- Public inquiries are established by the Governor-General by order in Council pursuant to the Inquiries Act 2013. The final report is presented to the Governor-General and the House of Representatives.
- Government inquiries are established by a Minister or Ministers by notice in the Gazette pursuant to the Inquiries Act 2013. The final report is presented to the appointing Minister.
- Ministerial Inquiries are non-statutory inquiries established by a Minister. The Prime Minister’s agreement must be sought on all matters to do with the establishment of a Ministerial Inquiry. (Refer [DPMC Guidance on inquiries](#)).

101 A Minister must consult the Prime Minister and the Attorney-General when assessing whether to establish a Royal Commission, public inquiry or government inquiry prior to submitting any proposal to Cabinet ([chapter 4](#) of the Cabinet Manual).

102 If a Royal Commission, public inquiry, government inquiry or ministerial inquiry is proposed, the SSC should be contacted for advice about the proposed fee, prior to the appointment being considered by APH and Cabinet. All fees for Royal Commissions, public inquiries, government inquiries and ministerial inquiries must be referred to the Minister of State Services for consideration as an exception.

Group 2: Statutory Tribunals and Authorities

103 Statutory tribunals and authorities are a broad and diverse group of adjudicative bodies that decide or resolve some form of question or dispute affecting the rights of parties. They exercise a defined specialist jurisdiction under legislative authority and decide cases by considering facts and evidence and applying settled rules or principles. They are not courts but equally are independent from the executive (that is, their members are not departmental officers).

Factors – choose one score from each of the following categories

104 Expertise required

Skills, knowledge and experience may vary between members on a particular tribunal. The score below should reflect the level of skill **required by the majority of members**, and should not be based on any particular individual. This factor has a higher weighting than others, to reflect that it is the application of the skills, knowledge and experience in carrying out their responsibilities that is a major contributor to the successful operation of the tribunal or authority.

If a member is a sole member, the Chair fee range may be used, but in setting the actual fee level, the factors to be considered in setting or reviewing fees (paragraph [30](#)) should be taken into account.

Expertise required	Score
Expert and highly regarded in a particular field or discipline.	9
Senior professional providing expertise in a particular field or discipline.	7
Broad general or professional experience. May include community leadership.	5

105 Complexity

This dimension measures the problems typically faced by the tribunal and the mental processes required to arrive at the solution.

Complexity	Score
Very complex issues with no past decisions for guidance. Each situation will be significantly different to others and the solution required is often unique. Decisions may affect the application of multiple statutes.	5
Some issues will be very complex with few previous decisions for guidance. Decisions will usually be limited to a single statute but may involve the application of international conventions and covenants.	4
Complex issues requiring analysis and consideration of potential alternative solutions. While each case will be treated on its merits there will often be previous decisions for guidance.	3
Some issues will be complex requiring analysis and careful judgement but other issues will be straightforward and may be resolved quickly through consistent application of established decisions.	2
Situations require consideration and judgement, but usually under one statute and established guidelines.	1

106 Decision-making

Decision-making	Score
Prime function is as an appellate body. Decisions will usually be published. May have the power to fine, award costs etc.	5
Prime function is as a determining body. Decisions will be usually be published. No penalty provisions. Judicial review of decisions may exist.	4
Power to make decisions – appeal processes available. Has power to fine, award costs etc.	3
Power to make decisions – appeal processes available. No penalty or fining authority.	2
Recommendatory powers only.	1

107 Impact of decisions

Impact of decisions	Score
An immediate impact on groups of people or sector/s of society.	5
An immediate, critical impact on an individual or small number of people.	4
Decisions have an immediate, but not critical effect on a small number of individuals or a single Corporate entity.	3
Decisions have a longer term impact on groups of people or sector/s of society.	2
Decisions affect internal policies within a Department/Ministry.	1

108 Public profile

Public profile	Score
High profile; broad public interest and scrutiny likely. May involve challenging status of legislation. Potential impact on New Zealand's international reputation.	5
Moderate profile; strong interest likely from large sectors of the public. Decisions of the Tribunal may have a major effect on the supervising Government Department.	4
Medium profile; public interest likely to be localised to area, sector or discipline.	3
Limited profile; usually non- controversial determinations but of interest to small pressure groups.	2
Low profile; generally non-controversial findings or recommendations.	1

Add the scores for each factor together to give a total score. Then refer to the table below for the ranges of fees payable for Group 2 bodies.

109 Group 2 - daily fees

Total score	Level	Fees range – chair	Fees range – members
26-29	1	\$695 - \$1,085	\$445 - \$690
22-25	2	\$630 - \$925	\$410 - \$570
17-21	3	\$575 - \$780	\$365 - \$510
13-16	4	\$485 - \$605	\$315 - \$390
12 or less	5	\$365 - \$540	\$290 - \$350

Group 3: Governance Boards

- 110 These are boards that are primarily responsible for the governance of a Crown body or organisation (most Crown entities fall into this category). In many cases the body will be established by or under an Act that sets out its statutory purpose or objectives and principal functions.
- 111 Governance boards have responsibility for the strategic direction of the organisation, the determination of business objectives and formulation of policies to achieve these, and funding policy. A large number will also have the task to recruit, appoint and monitor the chief executive. Where the board is overseeing an interest owned by the Crown, the board is usually the link between the shareholder/owner (the Crown) and management, and its members are appointed either by a Minister /the government or the Governor-General. In some cases, boards have elected members, or members appointed by stakeholders other than the Minister. The organisation the board is overseeing may or may not be a company.
- 112 A number of Trust Boards also fit into this category.

Group 3a: General Governance Boards (including TEIs and DHBs)

Factors - choose one score from each of the following categories (noting paragraph 111).

113 Size

Select **either** the appropriate budget/turnover **or** asset magnitude figure that best represents the size of the organisation. Lower weighting is given for asset management than budget controlled as assets have been accumulated over time, are retained by the organisation and the Board's responsibility is the safe guardianship and the most effective and sustainable deployment of assets. Budgets on the other hand are expended over a twelve-month period and the Board's accountability for this spend, or revenue earned is more direct.

Please note that funding disbursements and purchases on behalf of the Crown are treated in the same manner as operating budgets.

Budget/turnover	Assets	Score
\$0-\$10m	\$0-\$100m	2
\$10m-\$50m	\$100m-\$500m	4
\$50m-\$100m	\$500m-\$1.0b	6
\$100m-\$300m	\$1.0b-\$3b	8
\$300m-\$600m	\$3b-\$6b	10
\$600m-\$1.2b	\$6b-\$12b	12
\$1.2b+	\$12b+	14

114 Business complexity/functionality

Select the prime function and then consider and assess the complexity of the prime function in accordance with the following tables. Where the organisation clearly has **more than one prime function** and the board is actively involved in decisions relating to both functions, the scores of the two functions may be added, but consultation with the SSC is required.

Option	Prime function
Developed Purchaser	An entity that specialises in making purchase decisions on behalf of the Crown. There will almost certainly be a contractual relationship between the entity and the provider of services.
Funding Disbursement	An entity established to distribute grants or funding.
Investment and Management of Funds	An entity involved in the investment and management of funds on behalf of the Crown or for beneficiaries.
Advisory to Crown	An entity advisory to the Crown at a significant level.
Regulatory	An entity exercising regulatory and/or quasi-judicial power in an independent and objective manner
Provider of Services and Environment	An entity established to provide services. The level of competition for the services will vary, and there may be limits on competition prescribed by statute or otherwise.
Holder of Ownership Interest	The holder of the Crown's ownership interest.
Social Influence	An entity established to improve a social outcome or outcomes through encouraging behaviour change (e.g. healthy lifestyle choices) by promotion of activities and increasing public awareness.

Devolved purchaser	
Prime function	Score
Devolved purchaser of goods and services (\$10b+)	5
Devolved purchaser (\$1b-\$10b)	4
Devolved purchaser (\$100m-\$1b)	3
Devolved purchaser (\$20m-\$100m)	2
Devolved purchaser (under \$20m)	1

OR

Funding disbursement	
Prime function	Score
Funding disbursement (\$10b+)	5
Funding disbursement (\$1b-\$10b)	4
Funding disbursement (\$100m-\$1b)	3
Funding disbursement (\$20m-\$100m)	2
Funding disbursement (under \$20m)	1

OR

Investment and management of funds	
Prime function	Score
Investment management of funds (over \$5b)	5
Investment management of funds (over \$1b)	4
Investment management of funds (over \$500m)	3
Investment management of funds (over \$100m)	2
Investment management of funds (under \$100m)	1

OR

Advisory to Crown	
Prime function	Score
Critical level with a comprehensive effect on most/all aspects of government activity, strategy and New Zealand society	5
Significant level with a widespread impact across many aspects of government activity, planning and strategy	4
Important level with generalised impact across major sectors	3
Generalised impact across several sectors	2
Local or single sector impact	1

OR

Regulatory	
Prime function	Score
National safety regulatory function for a commercial trading environment where significant international dimensions can impact on operating capability	5
National safety regulatory function for a commercial trading environment	4
National safety regulatory function for a non-commercial trading environment	3
Regulatory	2
Minor regulations required	1

OR

Provider of services and environment	
Prime function	Score
The lead provider of services in a commercial trading environment, where market leadership is important	5
A provider of services in a commercial trading environment	4
The major provider of services where there is limited competition	3
A provider of services where there is limited competition	2
Provider of services (not in a competitive environment or protected by statute)	1

OR

Holder of ownership interest	
Prime function	Score
The holder of the Crown’s ownership interest	1

OR

Social influence	
Prime function	Score
Promote behaviour change and increase public awareness for all or most of the population, and have a measurable, beneficial, influence on a substantial segment of the population	5
Promote behaviour change and increase public awareness for all or most of the population, or have a significant influence on a more limited but still substantial segment of the population	4
Promote behaviour change and increase public awareness in a substantial segment of the population, and have a significant influence on a limited segment of the population	3
Promote behaviour change and increase public awareness in a substantial segment of the population	2
Promote behaviour change and increase public awareness in a limited segment of the population	1

Add the scores for “size” and one “business complexity/ functionality” together to give a total score. (Consult with SSC about having more than one prime function.) Refer to the guidance in section [C](#) and the table below for the ranges of fees payable for Group 3a bodies.

115 Group 3a – annual fees

Total score	Level	Fees range – chair	Fees range – board
21-24	1	\$36,905 - \$81,930	\$18,450 - \$40,595
15-20	2	\$31,475 - \$66,865	\$15,735 - \$33,430
11-14	3	\$28,220 - \$48,845	\$14,110 - \$24,390
7-10	4	\$26,050 - \$36,470	\$13,025 - \$18,410
6 or less	5	\$13,025 - \$27,350	\$6,510 - \$14,195

District Health Boards Statutory Committees

- 116 Under sections 34 to 36 of the NZ Public Health and Disability Act 2000, each DHB is required to establish permanent advisory committees on community and public health, disability support, and hospitals. An additional \$2,500 a year is paid to each DHB member who is a member of an advisory committee. If a member attends less than 10 meetings per annum, the fee is pro-rated. The fee for the chair of each of these committees is \$3,125 per annum. These fees are paid to DHB members who are also on DHB audit, risk and finance committees.

Group 3b: Subsidiary Bodies of Statutory Entities

- 117 The boards of statutory entities (i.e. the parent boards) set the fees for their subsidiary board members. The statutory entities are Crown Agents, ACEs and ICEs listed in [Schedule 1](#) of the Crown Entities Act 2004.

- 118 Size

The following two size criteria are consistent with the protocol for General Governance Boards (Group 3a) above (see paragraph [113](#)).

Select **either** the appropriate budget/turnover **or** asset magnitude figure that best represents the size of the organisation. Lower weighting is given for asset management than budget controlled as assets have been accumulated over time, are retained by the organisation and the body's responsibility is the safe guardianship and the most effective and sustainable deployment of assets. Budgets on the other hand are expended over a twelve month period and the body's accountability for this spend, or revenue earned is more direct.

Please note that funding disbursements and purchases on behalf of the Crown are treated in the same manner as operating budgets.

Budget/turnover	Assets	Score
\$0-\$10m	\$0-\$100m	2
\$10m-\$50m	\$100m-\$500m	4
\$50m-\$100m	\$500m-\$1.0b	6
\$100m-\$300m	\$1.0b-\$3b	8
\$300m-\$600m	\$3b-\$6b	10
\$600m-\$1.2b	\$6b-\$12b	12
\$1.2b+	\$12b+	14

Refer to the guidelines in section [C](#) and the table below for the ranges of fees payable for Group 3b bodies.

- 119 Group 3b – annual fees

Total Score	Level	Fees range – Chair	Fees range - Members
10 – 14	1	\$24,965 - \$39,855	\$12,480 - \$19,925
6 – 9	2	\$23,335 - \$37,365	\$11,665 - \$18,680
5 or less	3	\$20,080 - \$33,490	\$10,040 - \$16,745

Group 4: All Other Committees and Other Bodies

120 This category covers a vast array of bodies from advisory committees, to technical review committees to professional regulatory bodies. These bodies may have their functions described in statute, or alternatively have been established by a Minister under a general statutory power to establish advisory committees or by the Cabinet. In other cases, the bodies will have been established by chief executives or governance boards of agencies to provide advice on the agency's functions and responsibilities on a general basis or on specific areas or issues.

121 The level within this category are determined by:

- skills, knowledge and experience required for members;
- function, level and scope of authority;
- complexity of issues;
- public interest and profile.

Factors – choose one score from each of the following categories

122 Skills, knowledge and experience

Skills, knowledge and experience will vary between members on a particular body. The score below should reflect the level of skill required by the majority of members, and should not be based on any particular individual. This factor has a higher weighting than others, to reflect that it is the application of the skills, knowledge and experience in carrying out their responsibilities that is a major contributor to the successful operation of the committee or body.

Skills, knowledge and experience	Definition	Score
Pre-eminent	Outstanding and authoritative knowledge, recognised nationally and internationally for expertise in a particular field.	12
Distinguished	Deep and broad knowledge in a specific area or as a leader. Widely respected as a subject matter expert or authority in their field.	10
Substantive	Substantial range of knowledge and experience in a field or professional discipline sometimes associated with senior level functional or technical leadership, executive management or governance roles. May include widely respected people with broad community support.	8
Technical	A number of years' experience in a technical, professional field or in a leadership role is a pre-requisite.	6
Specialised experience	No specific experience is required but members would have broad general knowledge and may represent a body of opinion.	4

123 Function, level and scope of authority

Function, level and scope of authority	Score
Sets policy or work programme for a major area of economic activity or policy area of importance to the Government's strategic priorities.	6
Sets policy or work programme and/or exercises regulatory/disciplinary powers at an industry level.	5
Provides expert counsel and advice direct to Ministers, agency governance boards or CEOs and/or multi-agency task forces on technical or major policy issues, where issues are of strategic importance. At this level the body would be expected to be proactive in identifying emerging issues and contributing to policy direction and to inform the Government's agenda	4
Exercises regulatory/disciplinary powers at the individual/professional level. This will include the power to impose fines and suspend or prohibit professional practice by the individual. (NB: This would include an individual corporate member.)	3
Provides a broad range of advice on technical and/or policy issues (multi outputs) to an agency governance board/CEO or Minister where issues affect Government policy.	2
Provides ad hoc advice to an agency governance board/CEO or Minister on minor matters. Generally a limited focus at a single output level.	1

124 Complexity of issues

Complexity of issues	Definition	Score
Innovative	The development of new concepts is required to find innovative and pathfinding solutions. There will be little or no external guidance (NZ or internationally) to aid resolution of these issues.	5
Constructive	The development of new policy or advice is required where the issues are complex, multi- dimensional and involve substantial research, consideration of possible alternatives and their consequences. The body may commission research or utilise the findings to inform their policy development or advice.	4
Evaluative	Issues will include circumstances, facts and concepts different to those that have been experienced in the past. Analytical thinking and evaluative judgement will be required to identify realistic alternatives and apply/recommend a solution.	3
Judgement	Solutions will be found from application of professional or personal judgement and generally guided by previous decisions. Circumstances may be different from those previously experienced but there will be a sufficient frame of reference to make a considered decision/recommendation.	2
Operational	Issues to be resolved are generally within existing policy and prior decisions. Decisions can generally be made quickly and with reasonable certainty.	1

125 Public interest and profile

Public interest and profile	Score
Widespread public interest in outcomes would be expected. Member/s will attract strong media interest. Potential risk to personal and/or the body’s reputation is high.	5
Strong public and stakeholder interest and importance would be associated with these issues. Media interest would also be expected, but potential risk to personal or the body’s reputation is unlikely.	4
Moderate but widespread public interest is likely. Reputational risk is minimal.	3
Public interest is likely to be limited, but the issues would be of interest to other members of the particular profession or sector.	2
There is likely to be little or no wider public interest in the decisions.	1

Add the scores for each factor together to give a total score. Then refer to the guidance in section C and the table below for the ranges of fees payable for Group 4 bodies.

126 Group 4 – daily fees

Total Score	Level	Fees range – chair	Fees range - members
24-28	1	\$540 - \$1,150	\$405 - \$865
20-23	2	\$390 - \$885	\$290 - \$560
15-19	3	\$280 - \$575	\$205 - \$395
10-14	4	\$250 - \$365	\$190 - \$270
9 or less	5	\$205 - \$265	\$150 - \$205

Audit and Risk Committees - Government Departments

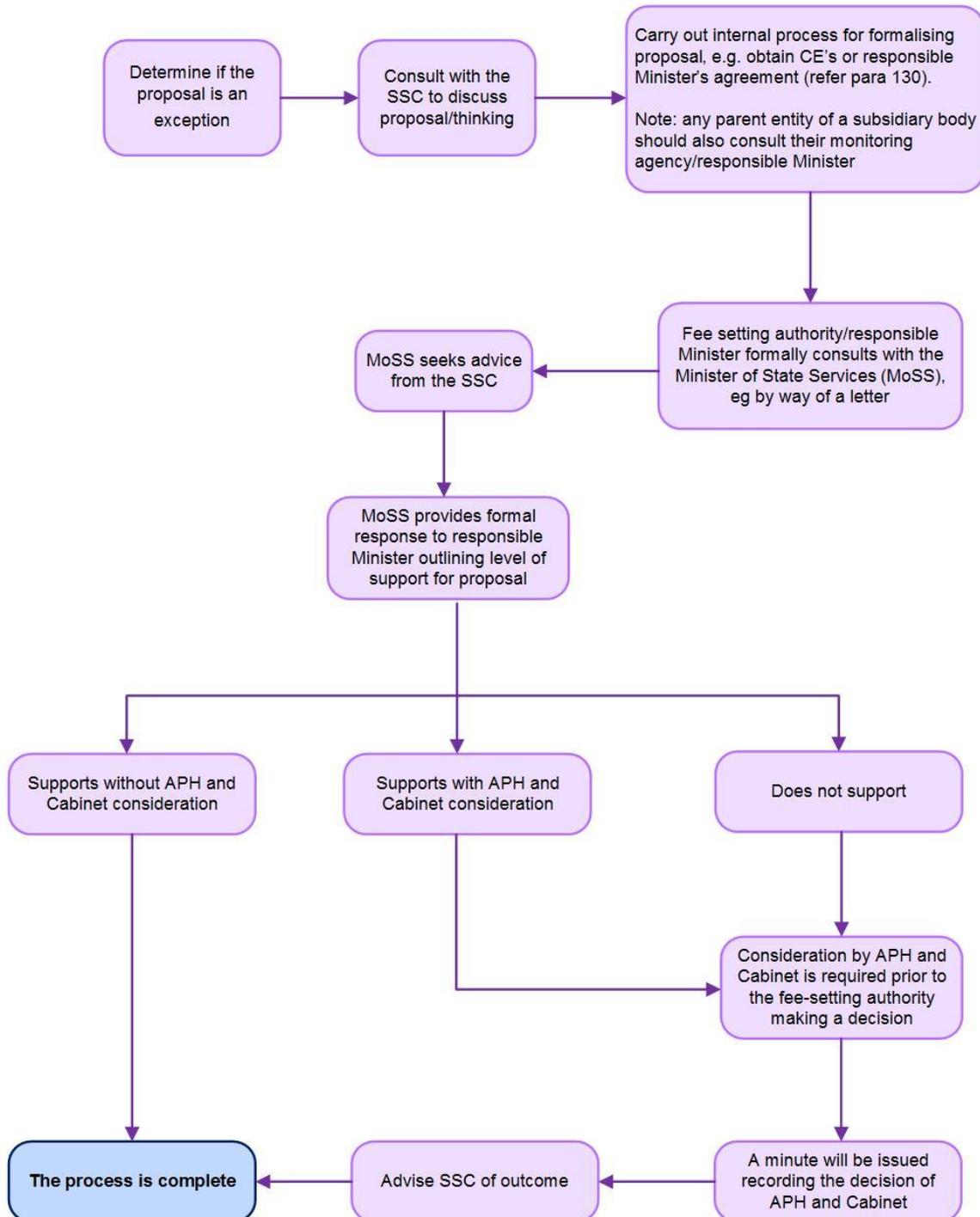
- 127 Most agencies have established audit and risk committees (or their equivalent). All or almost all of the chairs and members of these committees are external to the agency and they are generally not public sector employees. Due to the skill and expertise required of external chairs and members of these committees and the complexity of the matters on which they advise, higher fees for agency audit and risk committees have been approved. (The Office of the Auditor-General provides [advice on audit committees](#).)
- 128 Fees for chairs of audit and risk committees can be up to \$1,300 per day and fees for members can be up to \$1,085 per day (up to a maximum of 30 days per annum in both cases).

Section E: Operating outside the parameters of the Framework/ exceptions to the Framework

- 129 Operating outside the parameters of the Framework includes situations where it is proposed to:
- pay fees above the levels set in the fee scales;
 - increase existing fees by more than 5% (even within the applicable fee range);
 - use alternative methods for paying or setting fees (for example, payment of a base honorarium plus a fee for additional services, Crown bodies setting their own fees from a total pool, a full time fee);
 - make additional payments for work in excess of the ordinary demands on body members;
 - make additional payments to chairs of sub-committees (see paragraphs [64](#) to [67](#)).
- 130 Where Ministers, agencies or other fee-setting authorities believe there is a case to operate outside the parameters of the Framework (except where proposed fees are below the Framework fee ranges), they must consult with the Minister of State Services. Proposals to pay fees outside the parameters of the Framework range should first be discussed with the SSC.
- 131 The following flowchart summarises the process to use when there is a need to operate outside the parameters of the Framework and for fees for all Group 1 bodies.

SEEKING EXCEPTIONS: FLOWCHART

The following flowchart summarises the process to use when there is a need to operate outside the parameters of the Framework and for fees for all Group 1 bodies.



- 132 The details required to justify an exception to the Framework include the classification of the body, the existing fee levels (if applicable), the fee setting authority, and the reason for seeking an exception.
- 133 A compelling case is required to support the payment of fees above the levels set in the fee scales. Justification should include evidence of an adequate, robust and appropriate selection process and consideration of potential candidates, any difficulties in recruitment or retention, and/or particular skills and expertise that are required for a specific task. Further advice is available from the SSC.
- 134 The Minister of State Services may agree to the proposal, or may recommend to the responsible Minister that the fee needs to be referred to APH and Cabinet, where a responsible Minister proposes an exception is:
- minor (including but not limited to):
 - where an additional payment is indicated for specified additional work; or
 - where the additional cost involved in an exception is small; or
 - where the exception is of modest scope;
- or:**
- technical (including but not limited to):
 - where a change from a daily payment to an annual fee is proposed because of predictability of workload, or where a change from an annual fee to a daily payment is proposed;
- or where:**
- the proposed daily fees for Group 1, 2 and 4 bodies are above the Framework range but the rationale for the proposed fee is strong and does not exceed the daily fee payable to a High Court Judge; or
 - an increase up to 10 percent (see section [E](#)) is within the applicable fee range and supported by strong rationale.
- 135 Where an exception is more substantial, the responsible Minister will refer the proposal for consideration by APH and Cabinet, after consultation with the Minister of State Services.
- 136 For exceptions for agency bodies or committees, the agency consults the responsible Minister and the Minister of State Services.
- 137 If the fee setting authority is a statutory entity (i.e. Crown Agent, or ACE) then it should consult its monitoring agency, responsible Minister and the Minister of State Services (with advice from the SSC). For exceptions for subsidiary bodies, the parent entity consults its monitoring agency, the responsible Minister and the Minister of State Services (with advice from the SSC).
- 138 If there is a difference of view between the responsible Minister and the Minister of State Services about the appropriate fee levels, the options should be presented to APH.

Standing exceptions

- 139 A small number of exceptions to the fee ranges in the Framework have been approved by Cabinet where unusual circumstances, particularly the complexities and functions associated with membership, make it appropriate to pay fees outside the Framework range to the members of that body.
- 140 Standing exceptions are those exceptions where APH has agreed that those exceptional fees can be paid to all new appointments and re-appointments to that body without the need to refer to Cabinet for further approval.
- 141 Where an agency considers that a body for which they are responsible should be considered for a standing exception, they should discuss the justification for seeking a standing exception with the SSC in the first instance. The SSC will advise on whether the circumstances are likely to meet the threshold for approval as a standing exception. The responsible Minister, in consultation with the Minister of State Services, will then seek the agreement of APH to the standing exception.
- 142 The SSC maintains a record of standing exceptions.
- 143 Any proposal to increase the fees once the standing exception has been approved would be subject to additional approval.

Grandparenting of existing fees

- 144 When changes to a body's responsibilities lead to the body's reclassification to a lower fee range, approval may be given, on a case-by-case basis, for existing body members to retain their existing fees. Fees approved for an individual body member at a higher level than the fee range of this Framework may remain at the higher level for the duration of the member's term of appointment provided the basis for justifying the exception is still valid.
- 145 Where possible, a time limit should be set when grandparenting is approved (e.g. a specified period or until the position is vacated). Where the term of a grandparenting arrangement has expired but the basis for justifying the exception is still valid, the responsible Minister and the Minister of State Services may approve the extension of grandparenting as a technical exception.
- 146 Grandparenting of fees applies only to the individual member for whom it is approved and not to the position. It is an exception to the principle in paragraph [33](#) that members of the same body receive the same fee. A new member appointed to the body must not receive the grandparented fee unless this has been specifically approved for the new member.
- 147 Information about any grandparenting arrangements, including changes to or extensions to existing arrangements will be sought through the SSC annual fees survey.

Payment for consulting

- 148 Members or other appointees should not receive payments as consultants from bodies to which they are appointed. If, however, the responsible Minister agrees that there are overriding reasons for members and other appointees to carry out consulting assignments, any proposal to do so should be submitted to APH and Cabinet for consideration.

- 149 Where the arrangement results in the risk of a conflict of interest, the Minister should identify the conflict in the submission to APH, and propose a suitable regime for managing the conflict. See the SSC [Model Standards on Conflicts of Interest, Board Appointment and Induction Guidelines](#), sections 31 and 62 of the [Crown Entities Act 2004](#), and the appointments section of the [CabGuide](#) for further guidance on conflicts of interest.
- 150 If a person or their spouse or partner is a member of a local authority or public body listed in Schedule 1 of the Local Authorities (Members' Interests) Act 1968, their membership may be affected by entering into a contract with the local authority or public body if the total of all payments under such contracts exceeds the amount specified in that Act. In these cases approval of the Auditor-General must be obtained in addition to the Cabinet approval required by this Framework (see section 3 of the [Local Authorities \(Members' Interests\) Act 1968](#)).

Section F: Reviewing existing fee levels

- 151 Fee-setting authorities should review fees at regular, reasonable intervals, such as after a review of the Framework or when an appointment or reappointment is pending, and **not more frequently than once a year**. There is no obligation to automatically increase the fee as a result of the review.
- 152 Changes to existing fee levels should be made by the fee-setting authority if it is necessary to address recruitment and retention problems, where the current fee levels do not adequately reflect levels of responsibility, or where fees have not been reviewed for a number of years. Changes also need to reflect the government's expectation that increases in State sector remuneration will be modest.
- 153 This may mean that increases to reflect levels of responsibility are done incrementally (rather than in one step), but not more often than once a year. Where a proposed increase is up to 3 percent and within the applicable fee range, the chief executive or governance board of the agency may approve the increase for bodies established by the chief executive or governance board.
- 154 Where a proposed increase is up to 5 percent and within the applicable fee range, the responsible Minister may approve the increase. Any increase above 5 percent or outside the applicable fee range is an exception to the Framework and requires consultation with the Minister of State Services.
- 155 Where a proposed increase is up to 10 percent and within the applicable fee range, the Minister of State Services may approve the increase. Where a proposed increase is greater than 10 percent or the proposed increase takes the fees above the applicable fee range, the proposal must be referred to Cabinet for consideration (see section [E](#)). For further advice please contact the SSC.
- 156 When existing fees are being reviewed, the steps required to classify the body (see section [D](#)) should be undertaken to confirm the classification and level of the body.
- 157 Backdating of increases should generally be avoided. However in some cases, such as where there has been undue delay in approving the increases, backdating may be appropriate. Approval for backdating must be sought from the authority approving the fee increase. For guidance on particular cases please consult the SSC.

Section G: Other

Indemnity and insurance

- 158 The legislation establishing some Crown bodies provides board members with explicit protection from liability in some circumstances. The nature of the protection varies according to the body and reference should be made to the appropriate legislation.
- 159 The [Crown Entities Act 2004](#) contains standard provisions on immunity from liability, indemnity and insurance in relation to board members, employees, office holders, and committee members of statutory entities. Statutory entities are Crown Agents, ACEs and ICEs listed in [Schedule 1](#) of the Crown Entities Act 2004.
- 160 The extent to which a body in which the Crown has an interest may indemnify or purchase insurance for its personnel to meet their legal expenses while working for the body may be dealt with specifically in the body's enabling Act or document. Where it is not, then the general powers of the body must be checked to determine whether it has the power to indemnify or purchase insurance for its members.
- 161 The Crown Entities Act 2004 requirements for statutory entity indemnities and insurance provide a good yardstick for other bodies, subject to their own particular enabling Acts. The Crown Entities Act 2004 provides that entities may only indemnify their members for acts or omissions in good faith and in performance or intended performance of the entity's functions. Any such indemnity is limited to liability for conduct, and costs incurred in defending or settling any claim or proceeding relating to that liability. An entity may purchase insurance cover for its members in relation to acts or omissions unless they are in bad faith or not in performance or intended performance of the entity's functions.
- 162 In the event that insurance is not provided, the body must ensure that the individual is made aware that he or she is not covered, as well as of any relevant statutory protection from liability, so they can consider whether to make their own provision for such insurance.

Employment status

- 163 Members of boards of statutory bodies, statutory tribunals, authorities or other bodies are generally appointed by the Crown, governance boards or chief executives, or elected by voters. Members of the boards of subsidiary bodies of statutory entities (i.e. of Crown Agents, ACEs, ICEs) are generally appointed by their parent body. Members are not employees of the body or the Crown. The appointment as a member does not alter the individual's employment status prior to the appointment (e.g. self-employed, employee, not employed).

Tax on fees

- 164 Taxation matters depend on the personal circumstances of the individual board member (member) and the terms of their contract/appointment.
- 165 Members should be advised by the agency or parent entity to clarify their taxation status by reference to professional advice or Inland Revenue.

- 166 A payment of fees is generally made to and derived by the member and is in most cases classified as ‘payments of company directors’ fees, examiners’ fees, honoraria, and other payments’ which is a form of schedular payment. The tax rate for these payments is 33 cents in the dollar unless Inland Revenue has issued an exemption certificate or a special tax rate certificate to the recipient, or the recipient has chosen their own rate (a minimum of 10 cents in the dollar). The member must complete a Tax Rate Notification for Contractors (IR330C) form and select the appropriate rate, otherwise withholding tax must be deducted at the non-notification rate of 45 cents in the dollar.
- 167 If and only if, the member is performing the service (to which the payment of fees relates) as an agent or representative of another entity which has agreed to perform the services, then the payment of fees is derived by that entity and not by the member. A payment of fees to a company is not subject to withholding tax. A payment of fees to a Trust or Partnership is subject to withholding tax, unless they hold an exemption certificate.
- 168 If a member is paid a fee or another amount in relation to their engagement in circumstances in which they are required to account for the payment to their employer, the payment is treated as consideration for the services provided by the employer and in most cases is not subject to withholding tax.
- 169 A payment of fees to a member who is also an employee, with a contractual arrangement with the contracting Board to provide directorship duties as part of his or her employment contract is not a schedular payment subject to withholding tax. Such a payment is salary or wages or an extra pay. Payment must be taxed using the PAYE calculator.
- 170 A payment of fees to a member, in respect of their capacity as a board member, is not subject to GST. However, if a person is carrying on a taxable activity and accepts office as part of their taxable activity, any service supplied by that person as holder of that office is deemed to be supplied in the course or furtherance of that taxable activity. Accordingly, the member must return GST on fees they charge for services as a director.
- 171 If the member accepts office in their capacity as an employee of a third party or as a partner in a partnership, the director is not required to return GST on their fees. However, the employer or partnership may be required to return GST.
- 172 Reimbursement for expenditure incurred in relation to work or services performed by a board member is not subject to withholding tax.
- 173 The fee should include any income tax payable. Agencies or parent entities should ensure that total payment to the member (before deduction of any tax) does not exceed the maximum of the fee range that applies to the body’s classification under the Framework, unless an exception has been approved. Where the application of GST to a fee for a member of a non- statutory body puts the fee above the applicable Framework range, an exception is not required to be sought.
- 174 Note that:
- A board member cannot simply divert a payment to a company to avoid having withholding tax deducted. If the member wishes for no withholding tax to be deducted from payments received for directorship services they provide the board in their individual capacity, they must have applied for, and been granted, an exemption certificate;
 - The fact that the board member has a fiduciary or contractual duty to account for the fees to a third party (e.g. their employer) does not affect how the payer should apply

the schedular payment rules. The fact that a member has a fiduciary duty to account to a third party is irrelevant to the payer's withholding and payment obligations;

- Whether or not there is a withholding obligation will depend on who has been contracted to provide the service to the board, and in what capacity they have been contracted. It will not depend on who the member wishes the payments be made to. Even if a payment is directed to a third party at the request of the person providing director services, the payer should still treat the payment as being to the person who provided the services.

Disclosure

- 175 Any statutory requirements for the disclosure of fees and other benefits must be met. Crown entities, other than Tertiary Education Institutions or schools, must meet the disclosure requirements of section 152 of the [Crown Entities Act 2004](#). Where there are no statutory or other specified requirements, a level of disclosure consistent with public accountability should apply.

Fiscal implications

- 176 Any proposed fees or payments for bodies covered by the Framework should be met within existing baselines or appropriations unless approval for the additional expenditure has been appropriated or otherwise authorised.

Cabinet committee submissions

- 177 In general all but the most minor appointments made by Ministers or by the Governor-General on the recommendation of Ministers should first be considered by APH. Even where an appointment is the responsibility of a particular Minister, it is important that it is raised with colleagues to ensure the widest possible input into the appointment process. Please refer to the [CabGuide](#).
- 178 Section E “Operating outside the Parameters of the Framework” refers to the circumstances in which exceptions to this Framework are referred to APH and Cabinet before final decisions are made. In those cases where the responsible Minister proposes fees outside the parameters of the Framework, the submission should note that consultation with the Minister of State Services has taken place, and should outline the basis for going outside the parameters of the Framework.
- 179 If there is a difference of view between the responsible Minister and the Minister of State Services about the appropriate fee levels, the options should be presented to APH.
- 180 In these cases, appointments should not be made until fee levels have been agreed. Please also refer to the [CabGuide](#).

Further information

- 181 For advice on the application and interpretation of the fees framework, contact the State Services Commission, email: fees@ssc.govt.nz or phone (04) 495 6600.
- 182 For advice on taxation on fees, contact Neil Owen, Team Lead, Significant Enterprises, email: Neil.owen@ird.govt.nz or phone (04) 890 3061.

Glossary of Terms

Agency – a Public Service department, Crown agent, Autonomous Crown entity or Tertiary Education Institution that may support Ministers to establish bodies and / or establish bodies itself, and therefore is responsible for applying the Framework.

Autonomous Crown Entity – one of the three types of statutory entities defined in the Crown Entities Act 2004, Autonomous Crown entities must have regard to government policy that relates to their functions and objectives when directed by the responsible Minister. Autonomous Crown entities are listed in Part 2 of [Schedule 1](#) of the Crown Entities Act 2004 and are covered by the Framework.

Bodies in which the Crown has an interest – this term is used in several Acts to apply the Cabinet Fees Framework to a body or bodies named in the Act, but the term is not defined. It is generally understood to:

- be broader than ‘government agency’ if that term is synonymous with agencies that operate within the executive branch of government, or that operate as instruments under direct or indirect Ministerial control or direction, or where the body or individual is appointed by a Minister or department
- encompass certain bodies and individuals in the judicial branch of government
- include bodies and individuals that carry out some aspect of the business or responsibilities of central government, or that scrutinise or investigate or assist the agencies that do so directly.

Crown Agent – one of the 3 types of statutory entities defined in the Crown Entities Act 2004, Crown agents must give effect to government policy that relates to their functions and objectives when directed by the responsible Minister. Crown agents are listed in Part 1 of [Schedule 1](#) of the Crown Entities Act 2004 and are covered by the Framework.

Crown entity – includes any entity within the 5 categories specified in the Crown Entities Act 2004, i.e. statutory entities, Crown entity companies, Crown entity subsidiaries, school boards of trustees and tertiary education institutions. Only some Crown entities are covered by the Framework (see paragraph [20](#)).

Crown entity companies – companies incorporated under the Companies Act 1993 that are wholly owned by the Crown and named in [Schedule 2](#) of the Crown Entities Act 2004. Crown entity companies are not covered by the Framework.

Department – in the Framework the term “department” is used for Public Service departments including departmental agencies as specified in Section 27A of the [State Sector Act 1988](#). The term “agency” has been used in the generic sense. The term “monitoring agency” is used to refer to the entity responsible for ministerial support and administration.

District Health Board – a Crown entity established under section 19 of the [New Zealand Public Health and Disability Act 2000](#) to provide, or fund the provision of, health services and disability support services in a specified geographic area. District Health Boards are Crown Agents and covered by the Framework.

Exception – an exception applies when approval is given to vary the Framework fee-setting parameters for a particular body. Section E of the Framework sets out the circumstances that might give rise to an exception. In some circumstances, the responsible Minister and the Minister of State Services can approve the exception but other exceptions require approval by APH or Cabinet.

Minor exception – where an additional payment is appropriate for specified additional work, where the additional cost is small or the exception is of modest scope it may be approved by the responsible Minister and the Minister of State Services

Standing exception – an exception approved by APH for all members of an individual body without requiring further approval for each appointment or reappointment.

Technical exception – where an exception is cost neutral and supported by a sound rationale (e.g. the conversion from annual to daily fees or vice-versa due to a change in the meeting regime for a body) it may be approved by the responsible Minister and the Minister of State Services. Proposals for annual fees for Group 1, 2 and 4 bodies and extensions to grandparenting arrangements are also technical exceptions.

Expenses – provision for reimbursement of out-of-pocket expenses incurred on body business, including travelling, meal and accommodation expenses.

Fee-setting authority – the position(s) or organisation that has the authority to set fees for a body covered by the Framework. In most cases for Group 1, 2 and 3a bodies, the fee-setting authority is the responsible Minister, in consultation with the Minister of State Services or APH. In the case of subsidiaries and sub-committees it is the parent entity. In the case of Group 4 bodies, the fee setting authority may be the governance board or chief executive of an agency.

Fee range – the minimum and maximum fees applicable to the chair and members of a body within the particular category.

Governance board – the board that is responsible for the governance of a body that comes under the Framework.

Government inquiry – a time-limited body established to inquire into and report on specific matters whose members are appointed by a Minister or Ministers pursuant to the [Inquiries Act 2013](#).

Grandparenting – refers to payments where approval has been given, on a case-by-case basis and for a specified time period, for an existing body member(s) to retain their existing fees when changes to a body's responsibilities lead to the body's reclassification to a lower fee range.

Honorarium – a financial payment made to acknowledge a service provided which is considerably less than the value of that service.

Independent Crown Entity – one of the three types of statutory entities defined in the Crown Entities Act 2004, Independent Crown entities are generally independent of government policy directions. Independent Crown entities are listed in Part 3 of [Schedule 1](#) of the Crown Entities Act 2004 and are not covered by the Framework (apart from reimbursement for expenses), although their subsidiaries are covered by the Framework.

Monitoring agency – assists the responsible Minister in making appointments and applying the Framework, and monitoring the performance of the body. It may also provide administrative services to the body. The monitoring agency is usually a government department but may also be a Crown entity or the parent body of a subsidiary.

Non-statutory body – means a body that is subject to the Framework but is not established in legislation.

Parent entity – these are bodies to which a subsidiary or sub-committee is responsible.

Public inquiry – a time-limited body established to inquire into and report on specific matters whose members are appointed by the Governor-General, pursuant to the [Inquiries Act 2013](#).

Public sector employee - covers employees in all the agencies in the wider state sector as well as other agencies associated with a Ministerial portfolio and any local authority as defined under section 5(1) of the [Local Government Act 2002](#).

Public servant - applies to all employees of public service departments. Public servants are a sub group of public sector employees.

Remuneration – means the fees that members of bodies under coverage of the framework receive for their contribution to the body.

Responsible Minister – the Minister of the Crown with portfolio responsibility for the body – see the [Cabinet Office Directory of Ministerial portfolios](#).

Royal Commission – a time-limited body established to inquire into and report on specific matters whose members are appointed by the Governor-General, pursuant to the Letters Patent and the Inquiries Act 2013.

Statutory body – means a body that is subject to the Framework and is established in legislation.

Statutory entity – one of the 5 categories of Crown entities under the [Crown Entities Act 2004](#), it refers to Crown agents, Autonomous Crown entities and Independent Crown entities. Crown agents and Autonomous Crown entities are covered by the Framework, but Independent Crown entities are not (apart from reimbursement for expenses).

Statutory tribunal and authority – a diverse group of bodies independent of the executive whose predominant purpose is to exercise a defined specialist jurisdiction under legislative authority.

Sub-committee – in the Framework the term “sub-committee” is used to refer to any committee or sub-committee established by a parent body that is subject to the Framework.

Tertiary Education Institution – one of the 5 categories of Crown entities under the [Crown Entities Act 2004](#). It includes colleges of education, polytechnics, specialist colleges, universities and wānanga which are bodies corporate established under Part 14 of the [Education Act 1989](#). They are covered by the Framework.