

House of Representatives

Supplementary Order Paper

Tuesday, 17 March 2015

Remuneration Authority (Members of Parliament Remuneration) Amendment Bill

Proposed amendment

Metiria Turei, in Committee, to move the following amendment:

Clause 7

In *clause 7*, replace *new section 18B* (page 3, line 14 to page 4, line 35) with:

18B Fixing salaries of members of Parliament

- (1) For the purpose of any determination under section 12(1)(a)(i), the Authority must fix the salaries of members of Parliament in accordance with this section.
- (2) A salary rate for a 12-month period from 1 July to 30 June (the **relevant 12-month period**) must be fixed so that—

$$S_r + Su_r = (S_p + Su_p) \times (a \div b) - P_r$$

where—

S_r is the salary rate for the relevant 12-month period

Su_r is the amount of the superannuation subsidy that will be payable (in accordance with the determination made under section 12(1)(b) and (ba)) in the relevant 12-month period

S_p is the salary rate for the 12-month period immediately before the relevant 12-month period (the **previous 12-month period**)

Su_p is the amount of the superannuation subsidy that was payable (in accordance with the determination made under section 12(1)(b) and (ba)) in the previous 12-month period

a is the median weekly income from all sources as determined by the New Zealand Income Survey for the previous 12-month period

- b is the median weekly income from all sources as determined by the New Zealand Income Survey for the 12-month period immediately before the 12-month period referred to in **item a**
- P_r is the amount of any change in the personal benefit or potential personal benefit that the Authority is required to take into account under **section 16(2)(b)** of the Members of Parliament (Remuneration and Services) Act 2013.
- (3) In **subsection (2)**, **New Zealand Income Survey** means the New Zealand Income Survey published by Statistics New Zealand or, if that survey ceases to be published, any measure certified by the Government Statistician as being equivalent to that survey.
- (4) If the Authority is fixing a salary rate for the first time for a position for which there is no previous determination, the Authority must fix the rate consistently with a comparable position or positions for members of Parliament.
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Explanatory note

This Supplementary Order Paper amends *clause 7, new section 18B* of the Remuneration Authority (Members of Parliament Remuneration) Amendment Bill to change the sole criterion for the Remuneration Authority to consider when reviewing the total remuneration of members of Parliament. The proposed new criterion is the median weekly income from all sources as determined by the New Zealand Income Survey published by Statistics New Zealand. Indexing members' salaries to movements in the nominal median individual income is a fairer and more transparent way for the Remuneration Authority to calculate members' salaries. It would mean that if the median income of New Zealanders goes up, then members' salaries would go up by the same dollar amount. If the median income of New Zealanders goes down, then members' salaries would go down by the same dollar amount too.
