



## **Parliamentary Salaries and Allowances Determination (No 2) 2020**

Pursuant to section 8 of the Members of Parliament (Remuneration and Services) Act 2013 and to the Remuneration Authority Act 1977, the Remuneration Authority makes the following determination (to which is appended an explanatory memorandum).

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### **Determination**

- 1 Title**  
This determination is the Parliamentary Salaries and Allowances Determination (No 2) 2020.
- 2 Commencement**  
This determination is deemed to have come into force on 18 October 2020.

### 3 Expiry

This determination expires at the end of the polling day for the next general election.

### 4 Interpretation

In this determination,—

**party** means a parliamentary political party whose members in the House of Representatives include at least 1 member elected as a constituency or list candidate for that party

**select committee** means a committee that is established by, or in accordance with,—

- (a) Standing Order 185(1) or (2) of the Standing Orders of the House of Representatives (with effect on 7 September 2020); or
- (b) the corresponding provision of those Standing Orders (with effect on an earlier or a later date).

### 5 Salaries

- (1) The salaries set out in Schedule 1 are payable under section 8 of the Members of Parliament (Remuneration and Services) Act 2013 for each of the following periods:
  - (a) the period beginning on 18 October 2020 and ending on 30 June 2021:
  - (b) the period beginning on 1 July 2021 and ending on 30 June 2022:
  - (c) the period beginning on 1 July 2022 and ending on 30 June 2023:
  - (d) the period beginning on 1 July 2023 and ending on polling day for the next general election.
- (2) No member of Parliament may be paid more than 1 salary at any one time under any of the provisions of Schedule 1 and, if a member holds 2 or more offices, the salary payable to that member is that payable for the office for which the highest salary is payable.

### 6 Allowances

- (1) The allowances set out in Schedule 2 are payable under section 8 of the Members of Parliament (Remuneration and Services) Act 2013 for each of the following periods:
  - (a) the period beginning on 18 October 2020 and ending on 30 June 2021:
  - (b) the period beginning on 1 July 2021 and ending on 30 June 2022:
  - (c) the period beginning on 1 July 2022 and ending on 30 June 2023:
  - (d) the period beginning on 1 July 2023 and ending on polling day for the next general election.

- (2) An allowance is paid to the recipient for the purpose of reimbursing the recipient for expenses that arise from that recipient's official and parliamentary duties and that are not otherwise covered by the determinations made under the Members of Parliament (Remuneration and Services) Act 2013.

**7 Temporary reduction determination applies**

For the period beginning on 18 October 2020 and ending on 6 January 2021, this determination is subject to the Parliamentary Salaries and Allowances (Temporary Reduction—COVID-19) Determination 2020.

**Schedule 1**  
**Salaries payable under section 8 of Members of Parliament**  
**(Remuneration and Services) Act 2013 for periods specified in clause**  
**5(1)**

	cl 5(1) Yearly rate of salary payable (\$)
<b>Office</b>	
<i>Members of the Executive</i>	
Prime Minister	471,049
Deputy Prime Minister	334,734
Each member of the Executive Council who is a Minister of the Crown holding 1 or more portfolios and who is a member of Cabinet	296,007
Each member of the Executive Council who is a Minister of the Crown holding 1 or more portfolios but who is not a member of Cabinet	249,839
Each other member of the Executive Council	217,676
Each Parliamentary Under-Secretary	194,374
<i>Officers of the House of Representatives</i>	
Speaker of the House of Representatives	296,007
Deputy Speaker	209,471
Each Assistant Speaker	179,713
<i>Leader of the Opposition</i>	
Leader of the Opposition	296,007
<i>Other party leaders</i>	
Each member of Parliament who is the leader of a party—	
Base salary	179,713
<i>plus</i>	
For each additional member of the party in the House of Representatives up to a maximum of 5	2,138
<i>plus</i>	
For each additional member of the party in the House of Representatives over 5 up to a maximum of 23	1,430
<i>plus</i>	
For each additional member of the party in the House of Representatives over 23	709
<i>Deputy leaders</i>	

<b>Office</b>	<b>Yearly rate of salary payable (\$)</b>
Each member of Parliament who is the deputy leader of a party whose members in the House of Representatives number not less than 25—	
Base salary	206,627
<i>plus</i>	
For each additional member of the party in the House of Representatives over 25 up to a maximum of 35	710
<i>plus</i>	
For each additional member of the party in the House of Representatives over 35 up to a maximum of 45	410
<i>Whips</i>	
In respect of each party whose members in the House of Representatives number not less than 4—	
One Whip	
Base salary	179,713
<i>plus</i>	
For each member of the party in the House of Representatives over 6 up to a maximum of 24	1,430
<i>plus</i>	
For each member of the party in the House of Representatives over 24 up to a maximum of 35	709
<i>plus</i>	
For each member of the party in the House of Representatives over 35 up to a maximum of 45	410
<i>Senior Government Whip</i>	
If a Whip referred to in one of the provisions under the heading <i>Whips</i> is also the Senior Government Whip, an additional sum is added	5,108
In respect of each party whose members in the House of Representatives number not less than 25—	
One Junior Whip (separate from, and additional to, that party's One Whip)	179,713
In respect of each party whose members in the House of Representatives number not less than 45—	
One Additional Junior Whip	179,713
<i>Chairpersons of select committees</i>	
Each member of Parliament who is the chairperson of a select committee	179,713
<i>Deputy chairpersons of select committees</i>	
Each member of Parliament who is the deputy chairperson of a select committee	168,992
<i>Other members of Parliament</i>	
Each other member of Parliament	163,961

**Schedule 2**  
**Allowances payable under section 8 of Members of Parliament**  
**(Remuneration and Services) Act 2013 for periods specified in clause**  
**6(1)**

<b>Office</b>	<b>Yearly rate of expenses allowance payable (\$)</b>
Prime Minister	22,606
Speaker	21,136
Each other member of Parliament	16,980

cl 6(1)

Dated at Wellington this 17th day of December 2020.

Fran Wilde,  
Chairperson.

Geoff Summers,  
Member.

Len Cook,  
Member.

### Explanatory memorandum

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

In 2015, Parliament inserted a provision into the Remuneration Authority Act 1977 (the **Act**) requiring the Remuneration Authority (the **Authority**) to use a particular formula for calculating the salaries of members of Parliament (**MPs**). In the years from 2015 to 2017 the Authority, as required by the amendment, adhered to the formula. During that period, MPs' salaries rose by a total of 8.54% while the annualised weekly average earnings in the public sector grew by 3.08%.

In 2018, a provision was inserted into the Act that froze MPs' salaries and allowances for the period 1 July 2018 to 30 June 2019 at the levels determined in the Parliamentary Salaries and Allowances Determination 2017 (the **2017 Determination**). That provision was removed in a December 2019 amendment to the Act.

After that change to the Act, in 2020, the Authority made a determination (effective from 1 July 2019) that maintained MPs' salaries and allowances at the levels of the 2017 Determination. The 2020 decision on the determination was made at the beginning of the COVID-19 pandemic.

As well as the changes to the Act referred to above, the amendments made in December 2019 changed some of the processes that the Remuneration Authority has historically used to set MPs' salaries and allowances. Under section 19 of the Act, the Authority must now begin a review of the MPs' salaries and allowances within 3 months from the return of the writ after a general election (which in this case was returned on 20 November 2020). The review must be based on the information that is available to the Authority at the time of the review.

The Authority must also link its review to the electoral cycle, so that its determination sets out MPs' salaries for the entire term of Parliament in 4 tranches. For the current Parliament, the periods for which MPs' salaries must be set are as follows:

- the period beginning on the day after polling day (18 October 2020) and ending on 30 June 2021:
- the period beginning on 1 July 2021 and ending 30 June 2022:
- the period beginning on 1 July 2022 and ending 30 June 2023:
- the period beginning on 1 July 2023 and ending on polling day for the next general election.

As required under the Act, the Authority has consulted the Speaker of the House and the Minister Responsible for Ministerial Services and has also consulted all MPs, who were invited to provide the Authority with any comments that they wished to make on their salaries and allowances.

In reviewing the MPs' salaries and allowances for the next 3 years, the Authority, as required under the Act, took into account—

- fair relativity with comparable positions:
- the need to be fair both to the individuals whose pay is being set and to the taxpayer:
- the requirements of the job:
- the need to recruit (attract) and retain competent individuals:
- the conditions of service enjoyed by the persons whose remuneration is being determined:
- any prevailing adverse economic conditions based on evidence from an authoritative source.

The information made available to us at the time of the review, from a range of authoritative sources (including the Reserve Bank of New Zealand and the Treasury), suggests that New Zealand's economic outlook remains highly uncertain due to COVID-19 and its impact on global economic conditions. Modelling and projecting salary movements for the 3 out years (as is now required by the Act) proved to be a

significant challenge. Both domestically and internationally, it appears that economic recovery from COVID-19 and its related disruption will be slow and uneven, with the pace of the recovery during the current term of Parliament largely determined by the containment and management of the virus.

Therefore, for the period beginning on the day after polling day (18 October 2020) and ending on 30 June 2021, the Authority has decided to maintain the salaries and allowances of MPs at the levels in the determination that was effective from 1 July 2019 (which is effectively at 2017 levels), as set out in *Schedule 1* of this determination.

It should be noted that the Remuneration Authority (COVID-19 Measures) Amendment Act 2020, which was enacted earlier this year, enabled the Authority to temporarily reduce MPs' salaries by up to 20% for a defined period. The Authority made a temporary reduction determination that commenced on 9 July 2020 and that ends on 6 January 2021 (*see* the Parliamentary Salaries and Allowances (Temporary Reduction—COVID-19) Determination 2020). That temporary reduction determination will continue to prevail until 6 January 2021 and, when it expires, MPs' salaries will revert to the salaries shown in this determination (which are the same as in the previous determination effective from 1 July 2019, which set MPs' salaries at the same level as was set on 1 July 2017).

When considering the out years, as is now required under the legislation, and after taking into account the advice received regarding prospective changes in New Zealand's economic situation, the Authority could find no compelling evidence that pointed to when the economy might recover to pre-COVID levels, regardless of some recent good economic news. It has therefore decided the following with regard to MPs' salaries for the out years:

- 1 July 2021 to 30 June 2022—no change:
- 1 July 2022 to 30 June 2023—no change:
- 1 July 2023 to polling day of the next general election—no change.

It should be noted that if there is a marked change in the economy in any of those periods the Authority can consider at that time whether the change meets the statutory criteria for the Authority to amend this determination. If so, the Authority can make a change.

Since 2002, MPs have been entitled to a tax-free allowance intended to cover out-of-pocket expenses incurred in the pursuit of parliamentary business, which may include the following:

- the entertainment of visitors, staff, constituents, and officials:
- memberships, sponsorships, and fees:
- koha:
- donations and raffle tickets:
- gifts and prizes:

- flowers (excluding wreaths for public commemorative events):
- passport photos:
- briefcases and luggage:
- meals.

No change has been made to this allowance for the entire period of this determination.

This determination is effective from 18 October 2020 and expires at the end of polling day for the next general election.

Issued under the authority of the Legislation Act 2012.  
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