

House of Representatives

Supplementary Order Paper

Wednesday, 11 March 2015

Remuneration Authority 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—

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

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

P_r is the amount of any element of personal benefit or potential personal benefit assessed under section 16(2) of the Members of Parliament (Remuneration and Services) Act 2013 for 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

- P_p is the amount of any element of personal benefit or potential personal benefit assessed under section 16(2) of the Members of Parliament (Remuneration and Services) Act 2013 for the previous 12-month period
- a is the change in salary and wage rates for the public service as determined by the Labour Market Statistics for each of the 4 quarters of the previous 12-month period, added together and divided by 4
- b is the change in salary and wage rates for the public service as determined by the Labour Market Statistics for each of the 4 quarters of the 12-month period immediately before the 12-month period referred to in **item a**, added together and divided by 4.
- (3) In **subsection (2)**, **Labour Market Statistics** means the Labour Market Statistics 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.

Explanatory note

This Supplementary Order Paper amends *clause 7, new section 18B* of the Remuneration Authority 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 change in salary and wage rates for the public service as determined by the Labour Market Statistics published by Statistics New Zealand. The Labour Market Statistics is a more accurate measure of the actual rate of increase than the Quarterly Employment Survey because it measures what people are actually paid by employers rather than income.
