



## COVERSHEET

<b>Minister</b>	Hon Iain Lees-Galloway	<b>Portfolio</b>	Workplace Relations and Safety
<b>Title of Cabinet paper</b>	<b>Remuneration Authority (Members of Parliament Remuneration) Amendment Bill (No 2): Approval for Introduction</b> <b>Remuneration Authority (Members of Parliament Remuneration) Amendment Bill (No 2): Introduction to the House</b>	<b>Date to be published</b>	7 October 2019

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
20 August 2019	Remuneration Authority (Members of Parliament Remuneration) Amendment Bill (No 2): Approval for Introduction	Office of the Minister for Workplace Relations and Safety
20 August 2019	Cabinet Legislation Committee: Minute of Decision	Cabinet Office
26 August 2019	Remuneration Authority (Members of Parliament Remuneration) Amendment Bill (No 2): Introduction to the House	Office of the Minister for Workplace Relations and Safety
26 August 2019	Cabinet: Minute of Decision	Cabinet Office

**Information redacted**

**NO**



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Remuneration Authority (Members of Parliament Remuneration) Amendment Bill (No 2): Approval for Introduction

Portfolio                      Workplace Relations and Safety

On 26 August 2019, following reference from the Cabinet Legislation Committee, Cabinet:

#### Background

- 1        **noted** that the Remuneration Authority is an independent body responsible for determining the remuneration of key public office holders including Members of Parliament (MPs), the Governor-General, judicial officers and elected local government officials;
- 2        **noted** that for all office holders except MPs, the Remuneration Authority currently has the discretion to determine pay, based on criteria in sections 18 and 18A of the Remuneration Authority Act 1977;
- 3        **noted** that the current system for determining MPs' pay (based on public sector wage increases) is leading to higher pay increases than the previous criteria-based approach, and that since 2016 MPs have received higher pay increases than other office holders;
- 4        **noted** that the Remuneration Authority's next determination for MPs' salaries will take effect from 1 July 2019, and that from 6 August 2019 the Authority can begin more intensive work on this determination;

#### Agreement to policy

- 5        **agreed** that the government amend the Remuneration Authority Act 1977 (the Act) to restore the Remuneration Authority's discretion based on criteria in sections 18 and 18A to set the rate of MPs' pay;
- 6        **agreed** that the Remuneration Authority will be required to set MPs' salaries only once in each term of Parliament;
- 7        **agreed** that the Remuneration Authority must commence a review within three months of the return of the writ after a general election and that the determination from this review applies from the day after the polling day of that general election, and would set the pay for the entire term of parliament specified on a year-by-year basis;
- 8        **agreed** that the government amend the Members of Parliament (Remuneration and Services) Act 2013 to restore the requirement for the Remuneration Authority to consider the value of the personal benefit to members and their families when setting MPs' salaries;

- 9 **agreed** to make consequential amendments to the Members of Parliament (Remuneration and Services) Act 2013 to reflect the above changes;
- 10 **agreed** that the Remuneration Authority will be required to review and make a determination for the salaries and allowances of MPs applying from 1 July 2019 until polling day of the next general election, based on the criteria specified under the Act;
- 11 **noted** that there is a risk that returning to this system will not necessarily result in lower pay increases and does not prevent the Authority, which is independent, from determining high pay increases;

### **Agreement to introduce the Bill to the House**

- 12 **noted** that the Remuneration Authority Amendment Bill holds a category 2 priority on the 2019 Legislation Programme (to be passed in 2019);
- 13 **noted** that the Bill implements the proposals in paragraphs 5 to 10 above;
- 14 **approved** the Bill [PCO 21868/14.0] for introduction, subject to the final approval of the government caucuses and sufficient support in the House of Representatives;
- 15 **agreed** the Bill be introduced as soon as possible after Cabinet's agreement;
- 16 **agreed** that the Bill be referred to the Education and Workforce Committee for a truncated period of two months and through all other stages as normal;

### **Other matters**

- 17 **noted** that the proposals in the Bill will have financial implications which are difficult to quantify but which are intended to constrain the level of future MP salary adjustments;
- 18 **noted** that a Regulatory Impact Analysis is not required;
- 19 **noted** that the Minister for Workplace Relations and Safety will publicly announce the proposals, including the introduction of the Bill to the House.

Michael Webster  
Secretary of the Cabinet

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#### **Hard-copy distribution:**

Prime Minister  
Deputy Prime Minister  
Minister for Workplace Relations and Safety