

**1978/245****THE PARLIAMENTARY SALARIES AND ALLOWANCES  
DETERMINATION 1978**


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PURSUANT to section 27 of the Civil List Act 1950 and to the Higher Salaries Commission Act 1977, the Higher Salaries Commission hereby makes the following determination (to which is appended an Explanatory Memorandum).

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**DETERMINATION**

**1. Title and commencement**—(1) This determination may be cited as the Parliamentary Salaries and Allowances Determination 1978.

(2) This determination shall be deemed to have come into force on the 1st day of April 1978.

**2. Salaries**—(1) The salaries payable pursuant to section 27 of the Civil List Act 1950 shall be those set out in the First Schedule to this determination.

(2) On and after the 17th day of July 1978 the general order of the Arbitration Court which came into force on that date shall be applied to the salaries set out in the First Schedule to this determination by paying, in addition to each of those salaries, an allowance at the rate of \$365 a year.

**3. Allowances**—(1) The other allowances payable pursuant to section 27 of the Civil List Act 1950 shall be those set out in the Second Schedule to this determination.

(2) Each expense allowance provided for in clause 1, clause 2, clause 5 (a), clause 6 (a), clause 7 (a), clause 8 (a), or clause 9 (a) of the Second Schedule to this determination shall be paid to the recipient for the purpose of providing for expenses incurred by that recipient in connection with his official and parliamentary duties.

**4. Existing salaries and allowances replaced**—The salaries and allowances fixed by this determination—

(a) Shall be paid to the persons entitled to those salaries and allowances in terms of section 27 of the Civil List Act 1950 and of this determination; and

(b) Are in substitution for the salaries and allowances payable to those persons by virtue of their respective offices immediately before the commencement of this determination, which salaries and allowances so payable include—

(i) The salaries and allowances payable to those persons pursuant to determinations of the Higher Salaries Commission made under the Wage Adjustment Regulations 1974; and

(ii) The cost of living allowance payable to those persons pursuant to regulation 28 of the Wage Adjustment Regulations 1974 as that regulation stood immediately before the

commencement of the Wage Adjustment Regulations 1974, Amendment No. 13 (the effect of which regulation was preserved by regulation 8 (2) of the Wage Adjustment Regulations 1974, Amendment No. 13).

**5. Revocations**—The following determinations of this Commission fixing salaries and allowances of Members of the House of Representatives are hereby consequentially revoked, namely:

- (a) Determination dated the 11th day of February 1975:
- (b) Determination dated the 14th day of November 1975:
- (c) Determination No. 144/1976, dated the 22nd day of July 1976:
- (d) Determination No. 150/1977, dated the 1st day of July 1977:
- (e) Determination No. 214/1977, dated the 23rd day of August 1977.

## SCHEDULES

### FIRST SCHEDULE

Cl. 2 (1)

#### SALARIES PAYABLE PURSUANT TO SECTION 27 OF THE CIVIL LIST ACT 1950

Office	Yearly Rate of Salary Payable on and After 1 April 1978 §
<i>Members of the Executive</i>	
Prime Minister .....	45,000
Deputy Prime Minister .....	35,000
Each Minister of the Crown holding a portfolio or portfolios (other than the Prime Minister or the Deputy Prime Minister) .....	31,000
Each Minister of the Crown without portfolio .....	25,000
Each Parliamentary Under-Secretary .....	24,000
<i>Officers of the House of Representatives</i>	
Speaker of the House of Representatives .....	28,750
Chairman of Committees of the House of Repre- sentatives .....	24,750
<i>Leader and Deputy Leader of the Official Opposition</i>	
Leader of the Official Opposition .....	31,000
Deputy Leader of the Official Opposition .....	24,000
<i>Whips</i>	
Chief Government Whip .....	22,000
Chief Opposition Whip .....	22,000
Junior Government Whip .....	20,500
Junior Opposition Whip .....	20,500
<i>Members of the House of Representatives</i>	
Each member of the House of Representatives to whom the foregoing provisions of this Schedule • do not apply .....	18,000

## SECOND SCHEDULE

## Cl. 3

ALLOWANCES PAYABLE ON AND AFTER 1 APRIL 1978 PURSUANT TO  
SECTION 27 OF THE CIVIL LIST ACT 1950*Members of the Executive*

**1. Expense allowance**—There shall be paid to each Minister of the Crown and to each Parliamentary Under-Secretary an expense allowance in accordance with the following table:

Office	Yearly Rate of Expense Allowance \$
Prime Minister .....	9,750
Deputy Prime Minister .....	4,250
Each Minister of the Crown holding a portfolio or portfolios (other than the Prime Minister or the Deputy Prime Minister) .....	4,000
Each Minister of the Crown without portfolio .....	3,150
Each Parliamentary Under-Secretary .....	3,150

**2. Additional allowance for Minister of Foreign Affairs**—There shall be paid to the Minister of Foreign Affairs, in addition to his expense allowance under clause 1 of this Schedule, an allowance at the rate of \$3,500 a year to provide for expenses incurred in connection with his official duties.

**3. Travelling allowances**—(1) There shall be paid to each Minister of the Crown and to each Parliamentary Under-Secretary an allowance for every day on which he is travelling within New Zealand on public service.

(2) The allowance payable in accordance with this clause shall be \$40 a day:

Provided that the allowance shall be \$80 for any day on which the person entitled attends by reason of the duties of his office an official function to which the person is invited or is required to go primarily because he holds the office and which his wife necessarily attends and which involves him and his wife in requiring overnight accommodation away from home.

**4. House allowance**—There shall be paid to each Minister of the Crown or Parliamentary Under-Secretary who is not provided at the public cost with a residence at the seat of Government a house allowance at the rate of \$600 a year.

*Officers of the House*

**5. Speaker**—There shall be paid to the Speaker of the House of Representatives—

- (a) A basic expense allowance at the rate of \$3,500 a year; and
- (b) An additional allowance at the rate of \$3,200 a year to provide for expenses incurred in connection with his office as Speaker; and
- (c) An electorate allowance at the appropriate rate specified in clause 10 of this Schedule; and

SECOND SCHEDULE—*continued*

- (d) A day allowance, where it is payable in accordance with clause 11 of this Schedule, at the rate specified in that clause; and
- (e) A travelling allowance, at the rate prescribed by clause 3 (2) of this Schedule, for every day on which he is travelling away from Wellington or his electorate but within New Zealand on official business.

**6. Chairman of Committees**—There shall be paid to the Chairman of Committees of the House of Representatives—

- (a) A basic expense allowance at the rate of \$3,500 a year; and
- (b) An additional allowance at the rate of \$1,900 a year to provide for expenses incurred in connection with his office as Chairman of Committees of the House of Representatives; and
- (c) An electorate allowance at the appropriate rate specified in clause 10 of this Schedule; and
- (d) A day allowance, where it is payable in accordance with clause 11 of this Schedule, at the rate specified in that clause.

*Leader and Deputy Leader of the Opposition*

**7. Leader of the Opposition**—There shall be paid to the member of the House of Representatives who is for the time being Leader of the Official Opposition—

- (a) An expense allowance at the rate of \$4,000 a year; and
- (b) Where he resides in Wellington, a house allowance at the rate of \$600 a year; and
- (c) Where he does not reside in Wellington—
  - (i) A day allowance, where it is payable in accordance with clause 11 of this Schedule, at the rate specified in that clause; and
  - (ii) A night allowance, where it is payable in accordance with clause 12 of this Schedule, at the rate specified in that clause; and
- (d) A travelling allowance, at the rate prescribed by clause 3 (2) of this Schedule, for every day on which he is travelling outside his electorate but within New Zealand in connection with his official duties.

**8. Deputy Leader of the Opposition**—There shall be paid to the member of the House of Representatives who is for the time being Deputy Leader of the Official Opposition—

- (a) A basic expense allowance at the rate of \$4,600 a year; and
- (b) An additional allowance at the rate of \$1,600 a year to provide for expenses incurred in connection with his office as Deputy Leader of the Official Opposition; and
- (c) An electorate allowance at the appropriate rate specified in clause 10 of this Schedule; and
- (d) A day allowance, where it is payable in accordance with clause 11 of this Schedule, at the rate specified in that clause; and
- (e) A night allowance, where it is payable in accordance with clause 12 of this Schedule, at the rate specified in that clause.

SECOND SCHEDULE—*continued**Members*

**9. Allowances**—There shall be paid to each member of the House of Representatives to whom the foregoing provisions of this Schedule do not apply—

- (a) A basic expense allowance at the rate of \$4,600 a year; and
- (b) An electorate allowance at the appropriate rate specified in clause 10 of this Schedule; and
- (c) A day allowance, where it is payable in accordance with clause 11 of this Schedule, at the rate specified in that clause; and
- (d) A night allowance, where it is payable in accordance with clause 12 of this Schedule, at the rate specified in that clause.

*Particular Allowances*

**10. Electorate allowances**—(1) The electorate allowance payable under clauses 5 (c), 6 (c), 8 (c), and 9 (b) of this Schedule, in the case of a member for a general electorate, shall be—

- (a) In the case of a member for a wholly urban electorate or for a substantially urban electorate, \$475 a year;
- (b) In the case of a member for a partially urban and partially rural electorate, \$1,060 a year;
- (c) In the case of a member for an ordinary rural electorate, \$2,040 a year;
- (d) In the case of a member for a predominantly rural electorate, \$2,340 a year.

(2) The electorate allowance payable under clauses 5 (c), 6 (c), 8 (c), and 9 (b) of this Schedule shall be—

- (a) In the case of the member for the Southern Maori electorate, \$3,100 a year;
- (b) In the case of the member for any other Maori electorate, \$2,720 a year.

(3) For the purposes of this clause an electorate is—

- (a) A wholly urban electorate; or
- (b) A substantially urban electorate; or
- (c) A partially urban and partially rural electorate; or
- (d) An ordinary rural electorate; or
- (e) A predominantly rural electorate,—

if it is classified as such by the Representation Commission established under the Electoral Act 1956 in its report dated the 18th day of March 1977 (Parliamentary Paper H. 1 of 1977).

**11. Day allowance**—The rate of the day allowance under clauses 5 (d), 6 (d), 7 (c) (i), 8 (d), and 9 (c) of this Schedule shall be \$8 for—

- (a) Each sitting day while Parliament is in session, being a day on which the member attends the sittings of Parliament or of any Select Committee of Parliament; and

SECOND SCHEDULE—*continued*

- (b) Each day, while Parliament is not in session, on which the member attends the sittings of a Select Committee of Parliament of which he is a member or which he is required to attend because of being in charge of a Bill or other matter under consideration by the Committee or for any other valid reason relating only to the business of the Committee, or on which the member attends a properly notified meeting of a party caucus or of a committee of a party caucus (being a committee with a quorum of not less than 3), or on which the member attends in Wellington any ceremony or official function or national or international conference as a representative of Parliament or with the authority of the House of Representatives; and
- (c) Each day on which the member is in Wellington, but is unable to attend any such sittings because of sickness or some other reason accepted by the Speaker of the House of Representatives as sufficient; and
- (d) In the case of any Whip, any other day on which he is in Wellington on parliamentary business.

**12. Night allowance**—The rate of the night allowance under clauses 7 (c) (ii), 8 (e), and 9 (d) of this determination shall be \$20 for each night on which the member requires overnight accommodation away from his home outside Wellington—

- (a) By reason of his proceeding by the ordinary means of transport available to him for the purpose of attending the sittings of Parliament or of a Select Committee of Parliament, or a properly notified meeting of a party caucus or of a committee of a party caucus (being a committee with a quorum of not less than 3), or for the purpose of attending in Wellington any ceremony or official function or national or international conference as a representative of Parliament or with the authority of the House of Representatives, on an occasion when he is entitled to the day allowance for the attendance:  
Provided that the night allowance shall not be payable under this paragraph in respect of any night on which accommodation is included in the fare paid on behalf of the member out of money appropriated by Parliament; or
- (b) For the purpose of attending the sittings of Parliament or of a Select Committee of Parliament, or a properly notified meeting of a party caucus or of a committee of a party caucus (being a committee with a quorum of not less than 3), or for the purpose of attending in Wellington any ceremony or official function or national or international conference as a representative of Parliament or with the authority of the House of Representatives, on an occasion when he is entitled to the day allowance for the attendance; or
- (c) In the case of any Whip, by reason of his attendance in Wellington on parliamentary business.

SECOND SCHEDULE—*continued*

**13. Setting-up allowance**—There shall be paid to each member of the House of Representatives who is elected for the first time, to provide for the cost of establishing an office and obtaining the equipment necessary to enable him to carry out his duties, a setting-up allowance of \$250.

Dated at Wellington this 31st day of August 1978.

R. S. V. Simpson, Chairman

E. A. Missen, Member

W. L. Birnie, Member

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**EXPLANATORY MEMORANDUM****INTRODUCTION**

With the passing of the Wage Adjustment Regulations 1974 and subsequently the Higher Salaries Commission Act 1977, responsibility for the determination of parliamentary salaries and allowances was vested solely in the Higher Salaries Commission. Thus since 1974 Members of Parliament have no longer been the arbiters of their own salaries.

A basic problem in fixing parliamentary salaries is that it seems to be commonly held here and elsewhere that Members of Parliament should live under a continuing self-denying ordinance as an example to the country at large. Indeed, Parliamentarians themselves have tended to foster this attitude by declining or delaying increases in salaries and allowances recommended in the past by successive Royal Commissions. This has happened in New Zealand, the United Kingdom, and Australia. As a result, parliamentary salaries have frequently fallen behind the levels which, after detailed investigation, independent authorities have regarded as properly rewarding their duties and responsibilities.

**PRINCIPLES AND CRITERIA**

The reports of successive Royal Commissions upon parliamentary salaries and allowances in New Zealand have set out at length the principles upon which they have based their recommendations. We fully accept the four fundamental propositions established by these Royal Commissions, namely—

- (a) That the occupation of a Member of Parliament should be regarded as virtually full-time and professional in nature;
- (b) That it should be assumed that a Member of Parliament has no other income;
- (c) That it should be accepted that members are married with family commitments;
- (d) That regard should be had to the sacrifices a member and his wife (or husband) have to make in respect of their enjoyment of leisure and family life.

EXPLANATORY MEMORANDUM—*continued*

In making its determinations, the Commission has applied these principles within the framework of the criteria given in section 18 (1) (a) of the Higher Salaries Commission Act 1977 which states:

**“18. Criteria for Commission—**(1) In determining any salaries under section 12 of this Act, the Commission shall have regard in particular to the following criteria:

“(a) The need to achieve and maintain fair relativity with the private sector in the levels of rates of salaries:”

The other provisions of this section do not apply to parliamentary salaries.

## SALARIES

As a base for the whole General Review exercise, the Commission undertook a detailed investigation of salaries and allowances in nearly 80 large industrial and commercial enterprises. In addition, the Commission had at its disposal the recent reports of tribunals and other information dealing with judicial, parliamentary, and top level State Service salaries in the United Kingdom, Canada, and Australia.

In looking at the whole field of its jurisdiction, the Commission has concluded that a conscious effort must be made towards widening top-level salary margins in order to reward more appropriately work-loads and responsibilities where these are major and heavy. The onerous demands made upon the Prime Minister and members of his Cabinet in terms of sheer volume of work and major decision-making are patently evident and this fact must be appropriately reflected in their salary levels.

As authorised by the Act, written and oral submissions were made to the Commission by the Members' Services Committee of the House—a Committee representing all members of Parliament. Those submissions recommended what amounted to flat salary increases at all levels with some adjustments for additional responsibilities.

It was stated in the submissions that Members' salaries had lost ground with salary levels in the private sector, and in particular with State Service salaries since 1973. That such was the case was evidenced by the facts. Again, there was clearly a case for greater recognition of the additional work and responsibilities of Whips and of the increasing load carried by Parliamentary Under-Secretaries. Over the scale as a whole, the increases determined for other than Members' salaries are generally above the levels requested by the Members' Services Committee. To have acted otherwise would, in the opinion of the Commission, have negated the criteria to which previous reference has been made. Even so, the levels that have been determined are, if anything, conservative, having regard to the general movement of salaries and to the need, as we see it, to establish wider margins and provide more adequate rewards for positions of top responsibility.

## ALLOWANCES

The Commission emphasises that allowances payable to members of Parliament are reimbursement of expenses incurred. They are not additional emoluments in the way of fringe benefits. It is true that arrangements entered into by individual members differ, particularly



EXPLANATORY MEMORANDUM—*continued*

in regard to accommodation in Wellington while the House is in session. Accordingly, the Commission must seek to strike a balance that, on all the evidence available, can be regarded as reasonable and sufficient to meet the majority of cases. The alternative of a system of cash refunds for expenses actually incurred has been considered and rejected as administratively impracticable, and in the long run much more costly than the provision of specific allowances.

The Act provides for the annual review of allowances and the last was at 1 April 1977. Determinations as at 1 April 1978 generally reflect increases which have already occurred in the relevant items of the Consumers Price Index over the twelve months period.

The various types of allowances are as follows:

1. *Members' basic allowance*—This allowance is provided to meet costs of administrative and typing services in the electorate, additional expenses above the normal in respect of clothing, hospitality, donations and the like, and car running on parliamentary as distinct from purely electorate business. Under this heading, car-running expenses have assumed greater proportions over recent years and adjustments have been made accordingly.

2. *Electorate allowance*—The electorate allowance covers transport costs on electorate business and accordingly varies with the nature and geographical extent of the electorates. For the purpose of determining allowances under this heading the “wholly urban” and “substantially urban” categories of electorates were combined.

Because of their size, there are special loadings for the Southern Maori and other Maori seats.

The increases determined are based broadly on motor vehicle allowance rates for the State services.

3. *Members' day and night allowances*—During attendances at the House, Members are paid day and night allowances as applicable to cover costs of meals, entertainment, and accommodation. There was no evidence to justify any increase in the present level of the day allowance, but the night allowance has been increased to reflect rises in accommodation costs.

4. *Executive Members' expense allowance*—Ministers of the Crown, Parliamentary Under-Secretaries, and the Leader of the Opposition do not receive the members' basic allowance. Much of their travel is covered by the provision of Ministerial cars. However, they do face considerable expense in respect of hospitality and entertainment, clothing, donations, and secretarial services in their electorates. For other than official guests of Government, all costs of entertainment by the Prime Minister and Ministers are met from this allowance.

5. *Allowances: Speaker, Chairman of Committees, and Deputy Leader of the Opposition*—The allowances payable to the Speaker, the Chairman of Committees, and the Deputy Leader of the Opposition are tailored to meet their special circumstances. They are shown in detail in the determination itself.

EXPLANATORY MEMORANDUM—*continued*

6. *Ministerial travel allowance*—The rate determined for this allowance which is for travel and accommodation out of Wellington takes account of increased hotel tariffs.

7. *Setting-up allowance*—The setting-up allowance is payable to a member when first elected in order to assist in the establishment of an office in the home or elsewhere in the electorate. The allowance has remained unchanged since it was established in 1973. It is now increased to a more realistic figure.

## COMPARATIVE TABLES

## (1) SALARIES AND EXPENSE ALLOWANCES

	Previous Rates*	Rates Determined as at 1/4/78
	\$	\$
<i>Executive—</i>		
Prime Minister—		
Salary .....	41,177	45,000
Expense allowance .....	8,500	9,750
Deputy Prime Minister—		
Salary .....	31,912	35,000
Expense allowance .....	3,700	4,250
Minister with portfolio—		
Salary .....	27,588	31,000
Expense allowance .....	3,500	4,000
Minister of Foreign Affairs—		
An additional allowance of .....	3,300	3,500
Minister without portfolio—		
Salary .....	23,882	25,000
Expense allowance .....	2,750	3,150
Parliamentary Under-Secretary—		
Salary .....	20,794	24,000
Expense allowance .....	2,750	3,150
<i>Officers of the House—</i>		
Mr Speaker—		
Salary .....	26,353	28,750
Expense allowance—an allowance as a member plus .....	2,800	3,200
(NOTE—Residential quarters and certain services are provided in Parliament House.)		
Chairman of Committees—		
Salary .....	22,647	24,750
Expense allowance—an allowance as a member plus .....	1,680	1,900
(NOTE—Residential quarters are provided in Parliament House.)		
<i>Leader of the Opposition—</i>		
Salary .....	27,588	31,000
Expense allowance .....	3,500	4,000

EXPLANATORY MEMORANDUM—*continued*COMPARATIVE TABLES—*continued*

	Previous Rates*	Rates Determined as at 1/4/78
<i>Deputy Leader of the Opposition—</i>		
Salary .....	\$ 20,794	\$ 24,000
Expense allowance—normal allowance as a member plus .....	1,400	1,600
<i>Member—</i>		
Salary .....	17,088	18,000
Salary for Government and Opposition Whips—		
Chief .....	19,250	22,000
Junior .....	18,323	20,500

## (2) OTHER ALLOWANCES

1. *Basic and electorate allowances\**—(1) The basic expense allowance to be increased from \$4,000 to \$4,600, except in the case of the Speaker and the Chairman of Committees, to be each increased from \$3,060 to \$3,500.

(2) In respect of general electorates, the additional allowance depending on classification of general electorates to be increased to (previous figures shown in brackets):

- (a) Electorates which are wholly urban or substantially urban, \$475 (\$415):
- (b) Electorates which are partially urban and partially rural, \$1,060 (\$935):
- (c) Electorates which are ordinary rural, \$2,040 (\$1,815):
- (d) Electorates which are predominantly rural, \$2,340 (\$2,125).

(3) In respect of the Southern Maori electorate, the additional allowance to be increased from \$2,785 to \$3,100:

(4) In respect of each of the other Maori electorates, the additional allowance to be increased from \$2,455 to \$2,720.

2. *Day and night allowances\**—The daily allowance to remain at \$8 and the night allowance for members entitled thereto to be increased from \$18 to \$20.

3. *Setting-up allowance*—The grant to each member on election to Parliament for the first time to be increased from \$100 to \$250. This allowance has not previously been increased since its introduction in 1973.

4. *Travelling allowance\**—The daily rate payable to Ministers, Under-Secretaries, the Speaker of the House of Representatives, the Leader of the Opposition and their spouses to be increased from \$35 to \$40.

\*The previous rates of salaries shown include the application from 11 October 1977 of the 12.6 percent increase applied to State Service salaries consequent upon the Department of Labour April 1978 survey of wage rates in the private sector. The previous rates of allowances shown are with effect from 1 April 1977.

EXPLANATORY MEMORANDUM—*continued*COMPARATIVE TABLES—*continued*

5. *House allowance*—(1) Minister of the Crown or Parliamentary Under-Secretary—\$600 a year.

(2) Leader of the Opposition—\$600 a year, or day and night allowances as may be appropriate.

These house allowances remain unchanged.

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Issued under the authority of the Regulations Act 1936 and section 16 (2) of the Higher Salaries Commission Act 1977.

Date of notification in *Gazette*: 5 September 1978.