

**THE PARLIAMENTARY SALARIES AND ALLOWANCES
DETERMINATION 1994**

PURSUANT to section 16 of the Civil List Act 1979 and to the Higher Salaries Commission Act 1977, the Higher Salaries Commission hereby makes the following determination (to which is appended an Explanatory Memorandum).

DETERMINATION

1. Title and commencement—(1) This determination may be cited as the Parliamentary Salaries and Allowances Determination 1994.

(2) This determination shall be deemed to have come into force on the 1st day of July 1994.

2. Expiry—This determination shall expire on the 30th day of June 1995.

3. Salaries—(1) The salaries payable pursuant to section 16 of the Civil List Act 1979 shall be those set out in the First Schedule to this determination.

(2) The rates of salary fixed by this determination result from the review of salaries made as at the 1st day of July 1994.

4. Allowances—(1) The allowances payable pursuant to section 16 of the Civil List Act 1979 shall be those set out in the Second Schedule to this determination.

(2) Each allowance provided for in the Second Schedule to this determination shall be paid to the recipient for the purpose of reimbursing the recipient for expenses arising from that recipient's official and Parliamentary duties.

5. Revocation—The Parliamentary Salaries and Allowances Determination 1993* is hereby revoked.

SCHEDULES

FIRST SCHEDULE

Cl. 3

SALARIES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT 1979

| Office | Yearly Rate of Salary \$ |
|--|--------------------------------|
| <i>Members of the Executive</i> | |
| Prime Minister | 181,500 |
| Deputy Prime Minister | 138,500 |
| Each member of the Executive Council (other than the Prime Minister or the Deputy Prime Minister) who is a Minister of the Crown holding a portfolio or portfolios and who is a member of Cabinet .. | 123,500 |
| Each member of the Executive Council (other than the Prime Minister or the Deputy Prime Minister) who is a Minister of the Crown holding a portfolio or portfolios but who is not a member of Cabinet .. | 120,000 |
| Each other member of the Executive Council .. | 97,000 |
| Each Parliamentary Under-Secretary | 95,500 |
| <i>Officers of the House of Representatives</i> | |
| Speaker of the House of Representatives | 123,500 |
| Deputy Speaker (who also holds office as Chairman of Committees of the House of Representatives) .. | 98,000 |
| Deputy Chairman | 76,000 |
| <i>Leader and Deputy Leader of the Opposition</i> | |
| Leader of the Opposition | 123,500 |
| Deputy Leader of the Opposition | 95,500 |
| <i>Whips</i> | |
| Senior Government Whip | 84,500 |
| Senior Opposition Whip | 84,500 |
| Junior Government Whip | 80,000 |
| Junior Opposition Whip | 80,000 |
| <i>Members of Parliament</i> | |
| Each member of Parliament to whom the foregoing provisions of this Schedule do not apply .. | 71,000 |

Cl. 4

SECOND SCHEDULE

ALLOWANCES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT
1979*Members of the Executive*

1. Expenses allowance—There shall be paid to each member of the Executive Council and to each Parliamentary Under-Secretary an expenses allowance in accordance with the following table:

| Office | Yearly Rate of Expenses Allowance \$ |
|--|--|
| Prime Minister | 29,500 |
| Deputy Prime Minister | 13,000 |
| Each member of the Executive Council (other than the Prime Minister or the Deputy Prime Minister) who is a Minister of the Crown holding a portfolio or portfolios, whether or not a member of Cabinet | 12,000 |
| Each other member of the Executive Council | 9,500 |
| Each Parliamentary Under-Secretary | 9,500 |

2. Additional allowance for Minister of Foreign Affairs and Trade—There shall be paid to the Minister of Foreign Affairs and Trade, in addition to that Minister's expenses allowance under clause 1 of this Schedule, an allowance at the rate of \$6,000 a year to provide for expenses incurred in connection with that Minister's official duties.

3. Travelling allowance—(1) There shall be paid to each member of the Executive Council and to each Parliamentary Under-Secretary a travelling allowance in respect of each occasion on which the member of the Executive Council or Parliamentary Under-Secretary is, in the course of travelling within New Zealand on public service, absent both—

- (a) From the Wellington commuting area; and
- (b) From the suburb, town, or other place where the member of the Executive Council or Parliamentary Under-Secretary normally resides when not living in a residence provided at public expense.

(2) Except where subclause (4) or subclause (5) of this clause applies, the travelling allowance payable in respect of each occasion on which the member of the Executive Council or Parliamentary Under-Secretary is absent from Wellington shall, subject to subclause (3) of this clause, be a sum equal to the actual and reasonable cost of the expenses incurred but not exceeding \$260 per day or part thereof.

(3) The travelling allowance payable under subclause (2) of this clause shall be a minimum of \$40 in respect of each occasion on which the period of absence is at least 6 hours.

(4) Where the occasion involves the attendance of the person entitled and the spouse of that person at an official function, being an official function—

- (a) Which the person entitled attends by reason of the duties of his or her office; and
- (b) Which the person entitled is invited to attend or is required to attend primarily because of the office that the person entitled holds; and
- (c) Which the spouse of the person entitled necessarily attends,—

SECOND SCHEDULE—*continued*ALLOWANCES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT
1979—*continued*

the travelling allowances payable in respect of each such occasion shall, subject to subclause (5) of this clause, be a sum equal to the actual and reasonable costs of the expenses incurred but not exceeding the sum of \$390 per day or part thereof.

(5) The travelling allowance payable under subclause (4) of this clause shall be a minimum of \$50 in respect of each occasion on which the period of absence is at least 6 hours.

(6) In this clause “day” means a period of 24 hours.

4. House allowance—There shall be paid to each member of the Executive Council or Parliamentary Under-Secretary who is not provided at the public cost with a residence a house allowance at the rate of \$2,000 a year.

5. House and grounds maintenance allowance—(1) There shall be paid—

(a) To each member of the Executive Council or Parliamentary Under-Secretary who is entitled to a house allowance under clause 4 of this Schedule; and

(b) To each member of the Executive Council or Parliamentary Under-Secretary—

(i) Who represents an electorate outside the Wellington commuting area; and

(ii) Who retains a residence, for personal use or electorate purposes or both, in the electorate that the member of the Executive Council or Parliamentary Under-Secretary represents,—

a house and grounds maintenance allowance at the rate of \$1,500 a year.

(2) In this clause, and in clauses 3 and 4 of this Schedule, “residence” includes any flat or town house, whether or not occupied pursuant to a licence to occupy within the meaning of Part VIIA of the Land Transfer Act 1952.

Officers of the House of Representatives

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

(a) A basic expenses allowance at the rate of \$12,000 a year; and

(b) An additional allowance at the rate of \$8,500 a year to provide for expenses incurred in connection with the office of Speaker; and

(c) A day allowance in accordance with clause 13 of this Schedule; and

(d) Except in the case of travel wholly within the Speaker’s electorate, the travelling allowance that would be payable to the Speaker under clause 3 of this Schedule if the Speaker were a member of the Executive Council; and

(e) The house and grounds maintenance allowance (if any) that would be payable to the Speaker under clause 5 of this Schedule if the Speaker were a member of the Executive Council.

SECOND SCHEDULE—*continued*ALLOWANCES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT
1979—*continued*

7. Deputy Speaker (who also holds office as Chairman of Committees)—There shall be paid to the Deputy Speaker (who also holds office as Chairman of Committees of the House of Representatives)—

- (a) A basic expenses allowance at the rate of \$9,500 a year; and
- (b) An additional allowance at the rate of \$7,500 a year to provide for expenses incurred in connection with the office of Deputy Speaker or the office of Chairman of Committees of the House of Representatives; and
- (c) A day allowance in accordance with clause 13 of this Schedule; and
- (d) Except in the case of—
 - (i) Travel wholly within the electorate of the person who holds office both as the Deputy Speaker and as the Chairman of Committees of the House of Representatives; or
 - (ii) Travel wholly within the Wellington commuting area,—
 a night allowance in accordance with clause 14 of this Schedule.

8. Deputy Chairman—There shall be paid to the Deputy Chairman—

- (a) A basic expenses allowance at the rate of \$6,200 a year; and
- (b) An additional allowance at the rate of \$675 a year to provide for expenses incurred in connection with the office of Deputy Chairman; and
- (c) An electorate allowance at the appropriate rate specified in clause 12 of this Schedule; and
- (d) A day allowance in accordance with clause 13 of this Schedule; and
- (e) A night allowance in accordance with clause 14 of this Schedule.

Leader and Deputy Leader of the Opposition

9. Leader of the Opposition—There shall be paid to the Leader of the Opposition—

- (a) A basic expenses allowance at the rate of \$12,000 a year; and
- (b) Where the Leader of the Opposition resides in Wellington,—
 - (i) A house allowance at the rate of \$2,000 a year; and
 - (ii) A house and grounds maintenance allowance at the rate of \$1,500 a year; and
- (c) Where the Leader of the Opposition does not reside in Wellington,—
 - (i) A day allowance in accordance with clause 13 of this Schedule; and
 - (ii) A night allowance in accordance with clause 14 of this Schedule; and
- (d) The travelling allowance that would be payable to the Leader of the Opposition under clause 3 of this Schedule if the Leader of the Opposition were a member of the Executive Council.

10. Deputy Leader of the Opposition—There shall be paid to the Deputy Leader of the Opposition—

- (a) A basic expenses allowance at the rate of \$6,200 a year; and

SECOND SCHEDULE—*continued*ALLOWANCES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT
1979—*continued*

- (b) An additional allowance at the rate of \$4,800 a year to provide for expenses incurred in connection with the office of Deputy Leader of the Opposition; and
- (c) A day allowance in accordance with clause 13 of this Schedule; and
- (d) A night allowance in accordance with clause 14 of this Schedule.

Members

11. Allowances—There shall be paid to each member of Parliament to whom the foregoing provisions of this Schedule do not apply—

- (a) A basic expenses allowance at the rate of \$6,200 a year; and
- (b) An electorate allowance at the appropriate rate specified in clause 12 of this Schedule; and
- (c) A day allowance in accordance with clause 13 of this Schedule; and
- (d) A night allowance in accordance with clause 14 of this Schedule.

Particular Allowances

12. Electorate allowance—(1) The electorate allowance payable under clauses 8 (c) and 11 (b) of this Schedule, in the case of a member for a General electorate, shall be,—

- (a) In the case of a member of an electorate listed in Group A in Schedule E to the report of the Representation Commission, \$7,600 a year;
- (b) In the case of a member for an electorate listed in Group B in Schedule E to the report of the Representation Commission, \$10,900 a year;
- (c) In the case of a member for an electorate listed in Group C in Schedule E to the report of the Representation Commission, \$13,100 a year;
- (d) In the case of a member for an electorate listed in Group D in Schedule E to the report of the Representation Commission, \$16,500 a year.

(2) The electorate allowance payable under clauses 8 (c) and 11 (b) of this Schedule shall be,—

- (a) In the case of the member for the Southern Maori electorate, \$18,600 a year;
- (b) In the case of the member for any other Maori electorate, \$17,500 a year.

(3) In this clause, “report of the Representation Commission” means the report of the Representation Commission dated the 16th day of December 1992 (Parliamentary Paper H. 1 of 1992).

13. Day allowance—(1) The rate of the day allowance payable under clauses 6 (c), 7 (c), 8 (d), 9 (c) (i), 10 (c), and 11 (c) of this Schedule shall be \$52 for each day on which—

- (a) The member attends a sitting of the House of Representatives; or
- (b) The member attends in New Zealand a meeting of a select committee of the House of Representatives of which the member is a member or which the member is required to attend because of

SECOND SCHEDULE—*continued*ALLOWANCES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT
1979—*continued*

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

- (c) The member travels in New Zealand on Parliamentary business (other than Parliamentary business of a kind described in paragraph (a) or paragraph (b) of this subclause); or
- (d) The member attends, in the Wellington commuting area, any ceremony or official function or national or international conference as a representative of Parliament or with the authority of the House of Representatives; or
- (e) The member is in Wellington but is unable to attend a sitting of the House of Representatives or a meeting of a select committee because of sickness or some other reason accepted by the Speaker of the House of Representatives as sufficient; or
- (f) In the case of a Whip, the Whip is in Wellington on Parliamentary business.

(2) Where a member (in any case to which subclause (1) of this clause does not apply) is present at Parliament Buildings on any day for a period of not less than 4 hours, the rate of day allowance payable under clauses 6 (c), 7 (c), 8 (d), 9 (c) (i), 10 (c), and 11 (c) of this Schedule shall,—

- (a) Where the period is 6 hours or more, be \$52 for that day; and
- (b) Where the period is less than 6 hours but not less than 4 hours, be \$26 for that day.

(3) In this clause “day” means a period of 24 hours.

14. Night allowance—(1) The rate of the night allowance payable under clauses 8 (e), 9 (c) (ii), 10 (d), and 11 (d) of this Schedule shall be such sum, not exceeding \$118, as the member certifies is required to reimburse that member for actual and reasonable costs already incurred on each night the member is required to obtain overnight accommodation away from the member’s home for the purpose of—

- (a) Attending a sitting of the House of Representatives; or
- (b) Attending in New Zealand a meeting of a select committee of the House of Representatives of which the member is a member or which the member 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
- (c) Travelling in New Zealand on Parliamentary business (other than Parliamentary business of a kind described in paragraph (a) or paragraph (b) of this subclause); or
- (d) Attending, in the Wellington commuting area, any ceremony or official function or national or international conference as a representative of Parliament or with the authority of the House of Representatives; or
- (e) In the case of a Whip, attending in Wellington on Parliamentary business; or

SECOND SCHEDULE—*continued*ALLOWANCES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT
1979—*continued*

- (f) Proceeding, by the ordinary means of transport available to the member,—
- (i) To attend any sitting, meeting, function, or conference described in paragraph (a) or paragraph (b) or paragraph (d) of this subclause; or
 - (ii) In the case of a Whip, to attend in Wellington on Parliamentary business.
- (2) The member for Kapiti, if resident not less than 40 kilometres by road from Parliament, shall be deemed to require to obtain overnight accommodation away from that member's home—
- (a) For one night in each week during which the House sits; and
 - (b) For every night on which the House sits under urgency.
- (3) The maximum amount that may be paid to any member under this clause and clause 15 of this Schedule by way of reimbursement for overnight accommodation required by that member in the Wellington commuting area, in any period of 6 months beginning on the 1st day of July or on the 1st day of January shall not exceed \$6,500.

15. Wellington accommodation allowance—(1) A member of Parliament who—

- (a) Is entitled to be paid a night allowance under clause 8 (e) or clause 9 (c) (ii) or clause 10 (d) or clause 11 (d) of this Schedule; and
 - (b) Represents an electorate outside the Wellington commuting area; and
 - (c) Uses in the Wellington commuting area, when the member is in the Wellington commuting area for the purpose of carrying out that member's Parliamentary duties,—
 - (i) Accommodation owned by that member; or
 - (ii) Accommodation rented by that member on a continuous basis for use in lieu of overnight accommodation,—
- shall, if that member, by written notice to the General Manager of the Parliamentary Service, so elects, be paid a Wellington accommodation allowance which, subject to subclause (4) of this clause, shall be equal to the actual and reasonable costs that, as certified by that member from time to time, have already been incurred by that member in using that accommodation in lieu of overnight accommodation.

(2) A member who has elected to be paid a Wellington accommodation allowance shall cease to be entitled to be paid that allowance if that member, by written notice to the General Manager of the Parliamentary Service, revokes the election.

(3) At any time while an election under subclause (1) of this clause is in force, the member by whom that election was made shall not be entitled to be paid a night allowance under clause 8 (e) or clause 9 (c) (ii) or clause 10 (d) or clause 11 (d) of this Schedule in respect of any occasion on which the member obtains overnight accommodation in the Wellington commuting area.

(4) The maximum amount that may be paid to any member under this clause and under clause 14 of this Schedule by way of reimbursement for overnight accommodation required by that member in the Wellington

SECOND SCHEDULE—*continued*ALLOWANCES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT
1979—*continued*

commuting area in any period of 6 months beginning on the 1st day of July or on the 1st day of January shall not exceed \$6,500.

16. Allowance payable to member travelling within New Zealand on public business—A member of Parliament who, at the request of a Minister of the Crown, travels within New Zealand on public service shall (except where the travel is undertaken by the member wholly within the member's own electorate) be entitled to be paid—

- (a) The travelling allowance that would be payable to the member of Parliament under clause 3 of this Schedule if that member of Parliament were a member of the Executive Council; and
- (b) Where the member travels by public transport, an allowance equal to the amount of any fares paid by the member; and
- (c) Where the member uses any other mode of transport that is reasonable in the circumstances, an allowance equal to the actual and reasonable cost to the member of using that mode of transport (which allowance shall not exceed in respect of the use by the member of a private motorcar, the allowance payable in accordance with the scale applied by the State Services Commission in relation to the use by persons employed in the State Services Commission of private motorcars on official business).

17. Allowance for purchase of motor vehicle—(1) A member of Parliament, following each election at which the member is elected or re-elected as a member of Parliament, shall be paid an allowance (to be applied in or towards the purchase by the member of a motor vehicle) if—

- (a) The member is a member of Parliament to whom clause 8 or clause 11 of this Schedule applies; and
 - (b) The member, within two months after the date of the return of the writ for the election of the member, notifies the General Manager of the Parliamentary Service, in writing, that the member wishes to be paid an allowance under this clause.
- (2) The allowance payable under this clause, in the case of a member for a General electorate, shall be,—
- (a) In the case of a member for an electorate listed in Group A in Schedule E to the report of the Representation Commission, \$6,840;
 - (b) In the case of a member for an electorate listed in Group B in Schedule E to the report of the Representation Commission, \$9,810;
 - (c) In the case of a member for an electorate listed in Group C in Schedule E to the report of the Representation Commission, \$11,790;
 - (d) In the case of a member for an electorate listed in Group D in Schedule E to the report of the Representation Commission, \$14,850.

SECOND SCHEDULE—*continued*ALLOWANCES PAYABLE PURSUANT TO SECTION 16 OF THE CIVIL LIST ACT
1979—*continued*

(3) The allowance payable under this clause shall be,—

(a) In the case of the member for the Southern Maori electorate,
\$16,740:

(b) In the case of the member for any other Maori electorate, \$15,750.

(4) Where a member of Parliament to whom clause 8 or clause 11 of this Schedule applies elects to be paid an allowance under this clause, the member shall not be entitled to receive or to be paid an electorate allowance under clause 8 (c) or clause 11 (b) of this Schedule in respect of the period of 12 months beginning on the day after polling day for the election at which the member was elected.

(5) In this clause, “report of the Representation Commission” means the report of the Representation Commission dated the 16th day of December 1992 (Parliamentary Paper H. 1 of 1992).

18. Wellington commuting area—For the purposes of this Schedule the Wellington commuting area comprises the Cities of Wellington, Lower Hutt, Upper Hutt, and Porirua and the Paraparaumu Ward of the Kapiti Coast District.

Dated at Wellington this 17th day of October 1994.

T. W. BLENNERHASSETT, Chairman.

M. A. FITZGERALD, Member.

R. J. McARLEY, Member.

EXPLANATORY MEMORANDUM

This determination results from a review by the Higher Salaries Commission as at 1 July 1994 of Parliamentary salaries and allowances.

1. Background

1.1 The previous determination of Parliamentary salaries and allowances provided for an expiry date of 30 June 1994.

1.2 The Commission met the Members Services Committee and considered submissions from a number of quarters. The Commission had available to it a wide range of survey and other material including the results of a remuneration survey conducted by the Commission itself. All this information has been taken into account for the purposes of the present determination, as well as in the wider context of all the positions under the Commission's jurisdiction.

2. Preliminary and General

2.1 The process of determining Parliamentary salaries is necessarily a process of compromise.

2.2 The Commission is required by the Higher Salaries Commission Act 1977 to take into account several specific criteria. They include the need to achieve and maintain fair relativity with the levels of remuneration received elsewhere; the need to be fair, on the one hand, to the person whose remuneration it determines and, on the other, to the taxpayer; and the need to recruit and retain competent people. The criteria apply not only to the determination of Parliamentary salaries but to all the Commission's other determinative functions as well.

2.3 It is no part of the Commission's role to pass judgment on the performance of any member of Parliament. The task is to determine a rate for the job, no matter who happens to hold it. The evaluation of a politician's performance lies with the electors and is not to be usurped by the Commission.

2.4 It would nevertheless be idle to pretend that public disenchantment with Parliament and its Members, and the degree of public hostility with which even minimal adjustments to Parliamentary salaries are invariably greeted, have not influenced the work of all independent remuneration tribunals like the Commission in seeking a result which is fair both ways. Similar influences doubtless account for the propensity of Parliamentarians, when awarded an adjustment, to decline it. Parliamentary salaries, as the Commission has noted before, have tended increasingly to lag behind those which a totally dispassionate job measurement assessment would produce. As a recent report by a Canadian Commission observes, "what Members should be paid is quite a bit different from what they can be paid."

2.5 This is not to say that Members should be remunerated solely by reference to market rates. All public office carries with it an element of public service which, in money terms, means a discount. While there may be reason to doubt whether existing terms and conditions of Parliamentary service are acceptable to all candidates of high quality, there is no lack of candidates. Finally, the Commission does not see its way to produce a totally detached and cold-blooded assessment of the monetary worth of Parliamentary workloads and responsibilities without regard to those many people who are out of work or, if employed, have lately achieved only minimal increases or none. They are all, in one way or another, taxpayers, and the Commission is required to be fair to them as well as to those whose remuneration it fixes.

2.6 It remains nevertheless the case that salary movements, where comparisons can reasonably be drawn with the work requirements imposed on members of Parliament, have again occurred during the past year. Thus the gap already discussed has widened further. As the Commission noted in its 1992 determination, the gap cannot realistically be bridged, but justice demands that it be at least recognised.

2.7 Many of the representations made to the Commission for the purposes of the present determination have been found, on analysis, to anticipate the implementation of the MMP electoral system. The Commission has itself been concerned, following the 1993 referendum, to examine the way in which an MMP Parliament, once elected, is likely to operate. Considerations of that kind have, however, no bearing on this determination which relates solely to the Parliament we now have.

3. Salaries

3.1 On this occasion there is no global adjustment of Parliamentary salaries applicable to all positions. Such adjustments as have been made vary from one position to another with a view to tempering some of the more serious anomalies as the Commission sees them.

3.2 As to Ministers of the Crown, the Commission has recognised on this occasion, albeit minimally, the additional workload and responsibility carried by Ministers of Cabinet rank as distinct from other Ministers.

EXPLANATORY MEMORANDUM—*continued*

3.3 In the particular circumstances flowing from the result of the 1993 general election the Commission has considered carefully the role and responsibility of those Members who not only represent their electorates but also act as leaders of minority parties (each comprising two Members) in the House. It may well be said that their responsibilities, in the particular circumstances now obtaining, exceed those of an ordinary Member; on the other hand, their position is not without precedent, and the established practice has been to recognise only the Leader and Deputy Leader of the Opposition in salary terms. On balance, the Commission has decided against introducing at present a salary level specific to the minority party leaders.

3.4 Another role which has demanded careful thought is that of the chairpersons of the select committees. The importance of select committee work continues to increase, and in some instances the role of the chairperson is onerous. As against that, the workload varies markedly as between some committees and others. If a line is to be drawn it is difficult to know where to draw it. As in the case of minority party leaders, there is a widespread expectation that the importance of select committee processes will be enhanced under the MMP regime, but that is for the future and the Commission has decided against specific salary recognition for chairpersons this year.

4. Allowances

4.1 The allowances for Members determined by this Commission are reimbursement allowances related to the provision by Members of the services expected of them by the electorate. The Commission has no involvement in the provision of administrative and support services to the House and its Members by the Parliamentary Service.

4.2 The allowances for which the Commission has responsibility have remained generally unchanged since 1990. During that time the Consumer Price Index (All Groups) has disclosed an overall increase of the order of 6.35%. Thus there is a case for a corresponding increase in the basic expense and electorate allowances which do not require to be vouched on an "actual and reasonable" basis. As against that, however, the electorate allowance relates substantially to car running costs entailed in servicing the Member's electorate, and these have moved little, if at all.

4.3 The topic of allowances is another which may require comprehensive re-examination in the context of the MMP regime. For the purposes of this year's determination the Commission is not persuaded of the need for upward adjustment and has decided that all allowances as determined last year will remain unaltered.

Details of Allowances

5. Members' Basic Expenses Allowance

5.1 The basic expenses allowance is the equivalent of recognised reimbursement practices in the private sector and is not unusual in the public sector. It is a convenient and economical way of providing for a wide range of expenses that are necessarily incurred.

5.2 Expenses intended to be covered include entertainment (constituents, visitors, officials, etc.), the cost of maintaining the standard of dress expected of a member in the House and elsewhere, subscriptions and fees, donations, koha, journals, and miscellaneous expenses.

6. Electorate Allowance

6.1 This largely covers the cost of travel within members' electorates on official business, including the many functions a member is expected to attend, and travel to places where problems have arisen for which a member's intervention is requested. Car operating costs are a major component of this allowance which is not payable in cases where a car is supplied to a member.

6.2 Electorates are classified, at the Commission's request, by the Representation Commission into four categories for General electorates, having regard to the difficulties and cost of providing a service to electors, Group A comprising electorates where travel is least onerous and Group D, at the other extreme, comprising those electorates where travel is most onerous. Maori electorates are divided into two categories in accordance with the same criteria.

7. Members' Day Allowance

7.1 This covers the costs of meals, hospitality, and related costs incurred by members on Parliamentary business.

7.2 Members have two main functions: to represent electors in Parliament and to serve electors within the geographical area they represent. Expenses related to the former function are linked essentially to attendance at the House for Parliamentary sessions, Select Committee hearings, Caucus Committees, and other meetings. In addition, members are frequently required to host visitors to Parliament from various organisations as well as their own constituents.

EXPLANATORY MEMORANDUM—*continued***8. Members' Night Allowance**

8.1 This allowance relates to overnight accommodation costs where members are required to be away from their homes on Parliamentary business.

8.2 In certain cases, members have purchased accommodation in Wellington. Provision is again made for these members and those who rent accommodation on a continuous basis to be reimbursed for such costs as rent, mortgage interest, rates, insurance, power and similar outgoings (but not capital payments) as an alternative to the nightly allowance reimbursement procedure.

8.3 Both the night allowance and the Wellington accommodation allowance are payable by way of reimbursement of actual and reasonable costs within prescribed limits.

9. Allowance for the purchase of a motor vehicle

9.1 This allowance provides for the capitalisation of the first year's electorate allowance payable to a member in the year following an election to enable the purchase of a motor vehicle for electorate purposes. The member taking up this option foregoes the first year's electorate allowance and receives an abated capital sum in lieu of that allowance.

10. Allowances for Members of the Executive and other office holders

10.1 Ministers of the Crown, Parliamentary Under-Secretaries, the Speaker, the Deputy Speaker (who also holds office as the Chairman of Committees), and the Leader and Deputy Leader of the Opposition do not receive the electorate allowance payable to members. They have access to chauffeur-driven cars and are provided with self-drive cars. They incur expenses including hospitality and entertainment, clothing, donations, and miscellaneous items. The expenses allowance they have received for many years remains unchanged.

10.2 The additional allowance to the Minister of Foreign Affairs and Trade remains payable as before.

11. Ministerial Travelling Allowance

11.1 The rates determined for this allowance, which is for travel and accommodation expenses incurred outside Wellington, remain as before.

12. Ministerial House Allowance

12.1 For many years, Ministers of the Crown have been provided with a house in Wellington, or, where a Minister is normally resident in Wellington, a modest house allowance. This allowance, together with a grant towards reimbursing a member of the Executive for expenses incurred in the maintenance of home and grounds in the member's electorate, is provided at the rate previously in force.

12.2 It should be noted that the provision of ministerial residences is not a function of the Higher Salaries Commission.

13. Definition

13.1 The term "Wellington commuting area" comprises the Cities of Wellington, Lower Hutt, Upper Hutt and Porirua and the Paraparaumu Ward of the Kapiti Coast District. Special circumstances applicable to the Kapiti electorate have been recognised in the provision of a limited night allowance.

Issued under the authority of the Acts and Regulations Publication Act 1989 and section 16 (2) of the Higher Salaries Commission Act 1977.
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