

Coversheet: Members of Parliament Remuneration

Advising agencies	Ministry of Business, Innovation and Employment
Decision sought	Agreement to amend the <i>Remuneration Authority Act 1977</i>
Proposing Minister	Minister for Workplace Relations and Safety

Summary: Problem and Proposed Approach

Problem Definition

What problem or opportunity does this proposal seek to address? Why is Government intervention required?

Summarise in one or two sentences

The way that the Remuneration Authority (the Authority) determines the salaries and allowances of Members of Parliament (MPs) has been amended on a couple of occasions over the past ten years. These amendments have largely been responding to countervailing economic conditions where the Government and/or MPs do not feel justified in receiving the percentage increases that have been determined under the *Remuneration Authority Act 1977* (the Act).

The Authority is due to release the *Parliamentary Salaries and Allowances Determination 2018* (the 2018 Determination) which proposed increases of 3.08 per cent for MPs' salaries and 1.5 per cent increases for MPs' allowances, as determined by a set formula under the Act. The Government doesn't consider this increase justifiable.

Since the formula's introduction in the Act in 2015, pay increases for MPs have ranged from 2.46% to 4.06%. In the five years prior to the formula's introduction the increase in pay averaged 1.65%. These increases call into question whether the current settings for determining MPs' pay are fit for purpose.

Proposed Approach

How will Government intervention work to bring about the desired change? How is this the best option?

Summarise in one or two sentences

The proposed option is to freeze the current salary, superannuation subsidies and expenses allowance rates of MPs at 2017 levels, while a review is conducted into whether the existing settings for determining the remuneration of MPs' is fit for purpose.

This option will preserve existing salary and allowance settings as per the Government's objective of not receiving pay increase, while the review is undertaken.

If any legislative changes were to be made to the existing settings, this would be undertaken with a full Parliamentary process where the public will be able to submit on any new proposals for setting pay.

Section B: Summary Impacts: Benefits and costs

Who are the main expected beneficiaries and what is the nature of the expected benefit?

Monetised and non-monetised benefits

Proposed pay increases of approximately \$750,000 will be saved by progressing with the preferred option. A longer term review into the settings in determining MPs remuneration could lead to less legislative intervention at a benefit to the taxpayer.

Where do the costs fall?

Monetised and non-monetised costs; for example, to local government, to regulated parties

The primary cost is borne by MPs who will not receive a pay increase from 1 July 2018 to 30 June 2019.

What are the likely risks and unintended impacts, how significant are they and how will they be minimised or mitigated?

There is a minor risk that the 2018 determination is issued before the freeze takes effect and any money paid out under the 2018 determination may have to be offset in future pay runs.

There is a risk that any proposed review into how salaries and allowances are determined produces an outcome that does not satisfy successive governments, and further refinement to the process under the Act could result.

Identify any significant incompatibility with the Government's 'Expectations for the design of regulatory systems'.

No incompatibility identified.

Section C: Evidence certainty and quality assurance

Agency rating of evidence certainty?

How confident are you of the evidence base?

We have relied on the past determinations made by the Remuneration Authority to understand the percentage increase in wages that MPs have received. We have relied on the percentage increases in base salaries to determine the costs and benefits from the preferred option. This information (apart from the 2018 determination) is publically available and is considered reliable.

To be completed by quality assurers:

Quality Assurance Reviewing Agency:

Quality Assurance Assessment:

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Reviewer Comments and Recommendations:

Impact Statement: Members of Parliament Remuneration

Section 1: General information

Purpose

The Ministry of Business Innovation and Employment is solely responsible for the analysis and advice set out in this Regulatory Impact Statement, except as otherwise explicitly indicated. This analysis and advice has been produced for the purpose of informing final decisions to proceed with a policy change to be taken by or on behalf of Cabinet.

Key Limitations or Constraints on Analysis

Describe any limitations or constraints, for example:

- *Scoping of the problem*
- *Evidence of the problem*
- *Range of options considered*
- *Criteria used to assess options*
- *Assumptions underpinning impact analysis*
- *Quality of data used for impact analysis*
- *Consultation and testing*

Scoping

The scoping of the problem has been limited to an immediate fix to respond to the Government's position that MPs should not receive a pay rise. This Impact Assessment does not explore options around whether the settings of how MPs receive pay increases are fit for purpose, but does contemplate options for a longer term review of those settings.

Evidence of the problem

We have relied on the past Determinations made by the Remuneration Authority to understand the percentage increase in wages that MPs have received. However, the ultimate evidence is the perception of Governments and MPs that increases in salaries are unreasonable in comparison to other employees in New Zealand.

Consultation

Consultation has been limited due to the time constraints. MBIE has consulted with the Remuneration Authority, the Ministry of Justice, the Parliamentary Service, the Department of Internal Affairs and the Treasury.

Responsible Manager (signature and date):

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Tracy Mears

Employment Relations Policy

Labour and Immigration Policy

Ministry of Business, Innovation and Employment

Section 2: Problem definition and objectives

2.1 What is the context within which action is proposed?

Set out the context, eg:

- *Nature of the market*
- *Industry structure*
- *Social context*
- *Environmental state, etc.*

How is the situation expected to develop if no further action is taken? (This is the Counterfactual against which you will compare possible policy interventions in sections 4 and 5).

The Remuneration Authority determines MPs salaries, superannuation subsidies and expenses allowances

The Remuneration Authority is an independent statutory body established under the *Remuneration Authority Act 1977*. Under section 12 of the Act, the Authority must consider and determine the salaries, superannuation subsidies and expenses allowances of the members of the House of Representatives, as well as the remuneration of many other office holders (such as the members of the Electoral Commission, the Waitangi Tribunal and the Commerce Commission), and Judges (under section 12B).

Previous changes to the Act to address how MPs salaries are determined

2009 pay freeze

In light of the economic recession, MPs voted to pass a resolution that a submission be provided to the Authority asking it to refrain from raising salaries in light of the economic climate. The legislation at the time provided that MPs salaries had to be reviewed at least every three years. In light of this discretion to set salaries every three years, the Authority was able to choose to take on board the submission from MPs and not issue a determination for the 2009 year.

The Act was amended in December 2009 to introduce new section 18A which obliges the Authority to take into account any prevailing adverse economic conditions, based on evidence from an authoritative source and, as a result, the Authority may determine the remuneration at a rate lower than it would have otherwise have determined.

2015 change in how salaries are set

Prior to 2015, the Authority was required to review and issue determinations of MPs' salaries and allowances at least once every three years, considering information from a range of sources relevant to the criteria in sections 18 and 18A of the Act, which included:

- fair relativity with comparable positions
- the need to be fair both to the individuals whose pay is being set, and to taxpayers
- the requirements of the job
- the need to recruit and retain competent individuals
- any prevailing adverse economic conditions.

As is the current approach, the total remuneration was made up of the base salary plus the value of the superannuation subsidies to members plus the personal benefit of entitlements to members and their families. The base salary is the salary set out in the Authority's determination.

The Authority released the *Parliamentary Salaries and Allowances Determination 2015*, which provided for an increase in the total remuneration package received by MPs of 3.56 per cent, effective from 1 July 2014. The government considered that this increase was disproportionate to salary movements in the wider public sector and the current rate of inflation. As a result, the government amended the Act in 2015 to introduce the current formula which pegs the rate of increases for MPs salaries to the average increase in public sector wage movements for the previous 12 month period. The criteria as set out in section 18 and 18A was removed from consideration for the setting of MPs salaries, removing any discretion that the Authority had in setting salaries for MPs and requiring a new determination to be made on an annual basis.

How the Act applies currently to set MPs salaries and expense allowances

Under the Act, for MPs, the Authority is required to issue a new determination every 12 months for salaries and at least every 3 years for expense allowances.

Section 18B of the Act sets out a formula for determining the salaries of MPs. Under the formula:

- the Authority would begin its consideration by identifying the total remuneration for MPs for the previous period and adjust this by the Quarterly Employment Survey (QES) index for the public sector. This is calculated by looking at the total remuneration paid over the last financial year and adjusting the remuneration by the percentage change in the Quarterly Employment Survey for the public sector, all industries combined, average ordinary time weekly earnings for full-time equivalent employees. The formula applies the average change for the year to June compared with the average for the previous year to June.
- The Authority can then deduct from the total package the value of the member superannuation and the personal benefit of entitlements to members and their families (as assessed by the Authority).
- The figure remaining after these deductions will be the base salary to be specified in the Authority's determination.

The latest decision from the Authority is the *Parliamentary Salaries and Allowances Determination 2017* that came into force on 1 July 2017 and expired on 30 June 2018. The 2018 increase in MPs' salaries is due to be set shortly by the Authority under a formula specified in the Act. The formula dictates an increase of 3.08 per cent to salaries and 1.5 per cent increase to expense allowances. This increase is to be backdated to 1 July 2018.

The Government considers that the formula for setting MPs pay is not fit for purpose and is contributing to the growing imbalance in pay between those on highly remunerated salaries and the rest of New Zealand.

Since the formula's introduction in 2015, pay increases for MPs have ranged from 2.46 per cent to 4.06 per cent. In the five years prior to the formula's introduction the increase in pay averaged 1.65 per cent.

The Government also considers that the QES may not be the best index because the Government can influence how the public sector is paid, and therefore can directly influence what MPs are paid.

2.2 What regulatory system, or systems, are already in place?

- *What are the key features of the regulatory system(s), including any existing regulation or government interventions/programmes? What are its objectives?*
- *Why is Government regulation preferable to private arrangements in this area?*
- *What other agencies, including local government and non-governmental organisations, have a role or other substantive interest in that system?*
- *Has the overall fitness-for-purpose of the system as a whole been assessed? When, and with what result?*

The independence of the Authority in setting remuneration is a key feature of the Act

The key feature of the Act is that the Remuneration Authority has been set up as an independent body to determine matters relating to remuneration for MPs (and other officers of the crown, Judges and local government as determined by section 12 of the Act). Section 21 of the Act allows any person or organisation to make a written submission in relation to their remuneration.

The objectives of the regulatory system, include:

- achieving fair and reasonable pay relevant to the position and levels of remuneration received elsewhere
- achieving fair and reasonable pay that balances the interests of the taxpayer and takes into account countervailing economic conditions
- achieving fair and reasonable pay that discourages persons from attempting to be remunerated through corrupt means
- maintain the ability to recruit and retain competent people.

The overall fitness-for-purposes of the setting of MPs salaries was reviewed in 2015 resulting in the current formula that the Remuneration Authority must apply. Since the formula's introduction in 2015, pay increases for MPs have ranged from 2.46% to 4.06%. In the five years prior to the formula's introduction the increase in pay averaged 1.65%.

2.3 What is the policy problem or opportunity?

- *Why does the Counterfactual constitute "a problem"?*
- *What is the nature, scope and scale of the loss or harm being experienced, or the opportunity for improvement? How important is this to the achievement (or not) of the overall system objectives?*
- *What is the underlying cause of the problem? Why cannot individuals or firms be expected to sort it out themselves under existing arrangements?*
- *How robust is the evidence supporting this assessment?*

The current formula under the Act results in a set increase for MPs salaries that is dictated by the average growth in wages for the public sector for the previous 12 month period. The formula does not provide the Authority with any discretion in setting pay. This formula may result in significant increases where the public sector has had significant increases in pay. The formula, because it is based on a percentage increase, may result in higher absolute increases in salaries because MPs salaries are higher than the average public sector pay (for example, a 3 per cent increase for a person earning \$70,000 is \$2,100, whereas for an MP earning a base salary of \$163,961, a 3 per cent increase would be \$4919).

The way MPs pay has been determined has been relatively settled from 1977 until the economic recession in 2008, since this time the Act has been amended in response to countervailing economic conditions or the perception that any set increases were set too high. The formula introduced in 2015 removed any discretion from the Authority and based any future salary determinations on the QES index. Since the formula's introduction in 2015, pay increases for MPs have ranged from 2.46 per cent to 4.06 per cent. In the five years prior to the formula's introduction the increase in pay averaged 1.65 per cent per annum.

The Government considers that a 3.08 per cent increase in salaries, mandated by the formula set out in the Act, would contribute to the growing imbalance in pay between those on highly remunerated salaries and the rest of New Zealand. The policy concern is whether the current settings for determining MPs salaries and allowances are fit for purpose.

2.4 Are there any constraints on the scope for decision making?

- *What constraints are there on the scope, or what is out of scope? For example, ministers may already have ruled out certain approaches.*
- *What interdependencies or connections are there to other existing issues or ongoing work?*

The Government has decided in principle to freeze pay at 2017 levels, pending reviewing this Regulatory Impact Assessment. The Government has also indicated that they would like to review the settings under the Act which determine the increase in salaries and expense allowances for MPs.

2.5 What do stakeholders think?

- *Who are the stakeholders? What is the nature of their interest?*
- *Which stakeholders share the Agency's view of the problem and its causes?*
- *Which stakeholders do not share the Agency's view in this regard, and why?*
- *What consultation has already taken place and with whom?*

Consultation has not taken place due to the time constraints in preparing this Regulatory Impact Analysis. The below insights are taken from the media in response to the Governments in principle decision to freeze pay and review MPs remuneration.

MPs

MPs will be directly affected by any options proposed to alter the amount that they are remunerated. It appears that MPs agreed that a pay increase of 3.08 per cent may be unwarranted.

Public consensus

People in New Zealand appear supportive of the option to freeze MPs pay. A poll held by Newshub, of approximately 2900 voters, indicated that 92 per cent of respondents thought that MPs did not need a pay rise.

Section 3: Options identification

3.1 What options are available to address the problem?

Options to address immediate proposed MP pay increases

Option 1: Freeze MPs salaries and expense allowances at 2017 levels until the next determination is due in 2019

Under this option, the Act would be amended so that MPs salaries, superannuation subsidies and expense allowances will remain set at 2017 levels until 30 June 2019. The Authority would then issue a new determination for the 2019 year in accordance with the current formula. This would mean MPs would not receive any increase in salaries, superannuation subsidies or expense allowances for the period 1 July 2018 until 30 June 2019.

Option 1 could proceed alongside option 3 or 4.

Option 2: MPs could resolve to pass on increases determined by the Authority to salaries and expense allowances to charity until the next determination is due in 2019

Under this option, MPs would receive the planned 3.08 per cent pay increase to salaries, and 1.5 per cent increase to expense allowances, as determined by the formula for the 2018 year. However, MPs could pass a unanimous resolution to voluntarily give the increase in salaries and expense allowances to a nominated charity. This option would not require amending the Act.

Option 2 could proceed alongside option 3 or 4.

Options for consideration after addressing concerns regarding immediate increases in pay

Option 3: Review the settings for how remuneration is determined

Under this option a review would be undertaken into whether the current settings for determining MPs remuneration are fit for purpose. Any legislative outcome from the review would take effect from 1 July 2019, so that any changes to how the Authority would determine salaries and allowances would apply for the 2019 determination, applying from 1 July 2019.

Option 4: No change to existing settings.

Under this option the Remuneration Authority would be required to determine salaries and expenses allowances according to the Act as it is currently once the freeze has lifted from 1 July 2019.

3.2 What criteria, in addition to monetary costs and benefits, have been used to assess the likely impacts of the options under consideration?

The following criteria are used to assess the impacts of the options under consideration:

Options to address MPs' immediate proposed pay increases

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- **Simple to enforce** - the option is simple to enforce to achieve the objective of MPs not receiving unreasonable pay increases.
- **Transparency** – it is clear how much MPs are being remunerated
- **Costs are limited.**

Options for consideration after addressing concerns regarding immediate increases in pay

- **Settings are fit for purpose** - the settings for how MPs' salaries and allowances are determined is fit for purpose
- **Salaries and allowances of MPs are reasonable** - MPs receive pay increases that the Government considers reasonable.
- **Transparency** – it is clear how much MPs are being remunerated
- **Costs are limited.**

3.3 What other options have been ruled out of scope, or not considered, and why?

- *List the options and briefly explain why they were ruled out of scope or not given further consideration.*

None.

Section 4: Impact Analysis

Marginal impact: How does each of the options identified at section 3.1 compare with the counterfactual, under each of the criteria set out in section 3.2?

Options to address MPs' immediate proposed pay increases

	No action	Option 1: Freeze MPs salaries and expense allowances at 2017 levels until the next determination is due in 2019	Option 2: MPs resolve to pass on any increases determined by the Authority in 2018 to charity until the next determination is due in 2019
Simple to enforce	0	<p>+</p> <p>This option would ensure that all MPs' salaries/allowances are frozen at 2017 levels until 30 June 2019.</p>	<p>-</p> <p>There is a possibility that not all MPs will resolve to give the increase they received in their pay to charity which could not be compelled, other than by political means.</p> <p>MPs would still receive the pay increase and any increases in salary will continue to compound the following year.</p> <p>MPs may benefit from interest if they don't move the money straight away. MPs could also receive tax credits for their charitable donations.</p>
Transparency	0	<p>0</p> <p>MPs' pay is transparent, set at 2017 levels until 30 June 2019.</p>	<p>--</p> <p>As this option is voluntary, there could be a lack of transparency around whether MPs provide their pay increases to charity and no ability to require MPs to comply (other than through political means).</p>
Costs are limited	0	<p>+</p> <p>One-off freeze would result in savings from MPs not receiving increases in salaries and allowances of approximately \$750,000. There would be no transaction costs for Parliamentary services, who would continue to</p>	<p>-</p> <p>This option may be complicated for MPs to actually do. They would have to work out the value of the increase per MP or Minister which could only be done in retrospect. This may be at a cost to MPs or Parliamentary Services.</p>

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		remunerate MPs as they currently do. Will create some cost to the taxpayer of developing Bill.	
Overall assessment	0	+ The freeze would minimise the risk that MPs salaries/allowances are increasing at an unjustifiable rate in the interim, but would not address long term concerns. There are minor net costs savings from this option, as the cost of developing the Bill are likely to be lower than the costs saved.	- The ability to achieve the policy objective is less certain under this option. As this option is voluntary, there could be a lack of transparency as to whether MPs provide their pay increases to charity and no ability to require MPs to comply (other than through political means). Any subsequent pay increases would also compound on the existing pay increases.

Options for consideration after addressing concerns regarding immediate increases in pay

	Option 3: Review the settings for how MPs’ salaries and allowances are determined	Option 4: Do not review existing settings for how MPs’ salaries and allowances are determined
Ensures settings for MPs remuneration is fit for purpose	++ This option would examine the current settings for determining salaries and allowances, any outcome of which would have the objective of ensuring that MPs’ remuneration is fit for purpose.	0 The settings would remain the same. Given that the existing formula is resulting in perceived pay increases that are unreasonable, this is an indication that the existing settings may not be fit for purpose.
Salaries and allowances do not increase unjustifiably	++ This option would examine the current settings for determining salaries and allowances. The outcome of the review should be settings that provide justifiable increases in MPs’ remuneration that do not require reactive amendments from future governments.	0 The status quo would remain unchanged, which could mean that the existing formula under the Act may result in perceived increases in MPs’ salaries and allowances that are unreasonable.
Transparency	++ The process will involve a full parliamentary process where the public will be able to make submissions on any proposed amendments to the Act, through a Bill process.	0 The existing process would be resumed.
Costs are limited	- Although there will be costs associated with a review and if	0 No cost. However, not reviewing the settings may result in future

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	proposed, any legislative changes, these costs may be counter-balanced by the fact that the Act should not need to be amended as frequently because the settings for setting pay should be fit for purpose.	legislative fixes that attempt to limit perceived unreasonable pay increases.
Overall assessment	++ This option would examine the settings to ensure they are fit for purpose. This should mean that any subsequent increases in pay are justifiable and should future-proof the legislation.	0 The settings would remain the same. Given that the existing formula has resulted in perceived pay increases that are unreasonable, this is an indication that the existing settings may not be fit for purpose.

Key:

- ++** much better than doing nothing/the status quo
- +** better than doing nothing/the status quo
- 0** about the same as doing nothing/the status quo
- worse than doing nothing/the status quo
- much worse than doing nothing/the status quo

Section 5: Conclusions

5.1 What option, or combination of options, is likely best to address the problem, meet the policy objectives and deliver the highest net benefits?

Preferred option: freeze MPs’ salaries and expense allowances at 2017 levels until the next determination is due in 2019, while conducting a review of the settings for how MPs’ salaries and allowances are determined.

The preferred option is a combination of options 1 and 3. This deals with immediate concerns around potentially unjustified pay increases for MPs by freezing MPs pay at 2017 levels until 30 June 2019. While the freeze is in place a review can be undertaken to examine whether the current settings for determining MPs’ salaries and allowances are fit for purpose with any changes proposed to how pay is determined taking effect for the 2019 determination.

This option will ensure that future increases to MPs’ salaries and allowances will be justified according to the outcome of the review. As a result, this option should also help to future-proof the mechanism for determining salaries and allowances and minimise the need for legislative intervention in future years.

5.2 Summary table of costs and benefits of the preferred approach

Affected parties (identify)	Comment: nature of cost or benefit (eg ongoing, one-off), evidence and assumption (eg compliance rates), risks	Impact \$m present value, for monetised impacts; high, medium or low for non-monetised impacts	Evidence certainty (High, medium or low)
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Additional costs of proposed approach, compared to taking no action

Regulated parties	MPs will not receive a pay increase from 1 July 2018 to 30 June 2019.	Cost to MPs of not receiving determined pay rises of approximately \$750,000.	High
Regulators	None.		
Wider government	Cost of urgent legislative process and review.	Low. Policy advice paid from within baselines.	Low
Other parties	Cost of urgent legislative process and review.	Low	Low
Total Monetised Cost		\$750,000	
Non-monetised costs		Low	

Expected benefits of proposed approach, compared to taking no action

Regulated parties	In the longer term, MPs	Medium	Medium
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	receive salary increases and allowances that are justifiable.		
Regulators	None.		
Wider government	MPs will not receive a pay increase from 1 July 2018 to 30 June 2019.	Approximately \$750,000 will be saved from MPs not receiving pay increases over the year period.	High
Other parties	Review could lead to less legislative intervention and appropriate pay increases at a benefit to the taxpayer.	Medium	Medium
Total Monetised Benefit		\$750,000	
Non-monetised benefits		<i>Medium</i>	

5.3 What other impacts is this approach likely to have?

- *Other likely impacts which cannot be included in the table above, eg because they cannot readily be assigned to a specific stakeholder group, or they cannot clearly be described as costs or benefits*
- *Potential risks and uncertainties*

There is a minor risk that the 2018 determination is issued before the freeze takes effect and any money paid out under a 2018 determination may have to be offset in future pay runs.

There is a risk that any proposed review into how salaries and allowances are determined produces a new approach to calculating MPs' remuneration that is not favourable to successive governments, and further refinement to the process under the Act could result, mitigating the benefits that are assumed in the table above.

5.4 Is the preferred option compatible with the Government's 'Expectations for the design of regulatory systems'?

No incompatibility has been identified.

Section 6: Implementation and operation

6.1 How will the new arrangements work in practice?

- *How could the preferred option be given effect? Eg,*
 - *legislative vehicle*
 - *communications*
 - *transitional arrangements.*
- *Once implemented, who will be responsible for ongoing operation and enforcement of the new arrangements? Will there be a role for local government?*
- *When will the arrangements come into effect? Does this allow sufficient preparation time for regulated parties?*
- *How will other agencies with a substantive interest in the relevant regulatory system or stakeholders be involved in the implementation and/or operation?*

In order to implement the preferred option an urgent legislative process is required to freeze MPs salaries and expense allowances at 2017 levels until 30 June 2019. This is because the Authority is required to issue a determination annually and the 2018 determination is pending.

A review under the preferred option is planned to be undertaken of how MPs' remuneration is set, the outcome of this review would need to be implemented before the next determination is due in July 2019. Relevant stakeholders, including the Remuneration Authority, the Parliamentary Service and the Department of Internal Affairs will be consulted as part of this review.

6.2 What are the implementation risks?

- *What issues concerning implementation have been raised through consultation and how will these be addressed?*
- *What are the underlying assumptions or uncertainties, for example about stakeholder motivations and capabilities?*
- *How will risks be mitigated?*

There is a risk that the Remuneration Authority issues the 2018 determination and remuneration increases are implemented before the changes to legislation and freeze take effect. If that eventuates, any money paid out by the Parliamentary Service under a 2018 determination would need to be offset in future pay runs.

This risk is being mitigated by following an urgent parliamentary process and working closely with the Remuneration Authority and Parliamentary Service on earliest timeframes for their statutory functions.

Section 7: Monitoring, evaluation and review

7.1 How will the impact of the new arrangements be monitored?

- *How will you know whether the impacts anticipated actually materialise?*
- *System-level monitoring and evaluation*
- *Are there already monitoring and evaluation provisions in place for the system as a whole (ie, the broader legislation within which this arrangement sits)? If so, what are they?*
- *Are data on system-level impacts already being collected?*
- *Are data on implementation and operational issues, including enforcement, already being collected?*
- *New data collection*
- *Will you need to collect extra data that is not already being collected? Please specify.*

Once the legislation is passed, the freeze will automatically be given effect and the Remuneration Authority will have no remit to issue the 2018 Determination. As the Gazetting process is in the public domain, this can be easily monitored.

We will be working with the Remuneration Authority and Parliamentary Service as part of the review process to look in depth at what data is available and can be used as part of a new approach to calculating remuneration. The outcome of the review may identify changes to the mechanism for setting MPs remuneration. Any legislative options arising from the review would result in a further regulatory impact assessment examining the impacts of those options.

7.2 When and how will the new arrangements be reviewed?

- *How will the arrangements be reviewed? How often will this happen and by whom will it be done? If there are no plans for review, state so and explain why.*
- *What sort of results (that may become apparent from the monitoring or feedback) might prompt an earlier review of this legislation?*
- *What opportunities will stakeholders have to raise concerns?*

A review under the preferred option is planned to be undertaken of how MPs remuneration is set, the outcome of this review would need to be implemented before the next determination is due in July 2019. Relevant stakeholders, including the Remuneration Authority, the Parliamentary Service and the Department of Internal Affairs will be consulted as part of this review.

The proposals will be monitored and evaluated as part of MBIE’s over-arching responsibility to monitor the Act.