



REPORT
OF THE
Royal Commission
Upon Parliamentary Salaries
and Allowances
1961

*Presented to the House of Representatives by Command of
His Excellency the Governor-General*

CONTENTS

	PAGE
The Powers and Obligations of the Commission	6
Evidence	7
Basis for Determination of Salaries and Allowances	8
Adjustments of Salaries	10
Recommendations as to Increases in Salaries	11
Adjustment of Allowances	12
Recommendations as to Increases in Allowances—	
Basic Allowance for all Except Members	15
Allowance for Members	16
Extended Period of Payments to Defeated Members	16
Superannuation	17
Workers' Compensation	18
Date of Variations	18
Summary of Recommendations—	
Annual Salaries and Allowances	19
Superannuation	20
General	20
Summary of Members' Privileges	21
Extract from Memoranda Dated 28 April 1961 from Chairman, Public Service Commission	22
Statistics from Government Statistician	23

Royal Commission to Inquire Into, and Report Upon, Parliamentary Salaries and Allowances

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, New Zealand and Her Other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

To our Trusty and Well-beloved EDWARD DENIS BLUNDELL, Esquire, B.A., Officer of the Most Excellent Order of the British Empire; GEORGE THOMAS BOLT, Esquire, Companion of the Most Distinguished Order of Saint Michael and Saint George; and JOHN ANDREW, Esquire, Commander of the Most Excellent Order of the British Empire:

GREETING:

WHEREAS by section 27 of the Civil List Act 1950 it is provided that the Governor-General, on the recommendation of a Royal Commission appointed in that behalf, may from time to time, by Order in Council, fix the salaries and allowances to be paid to the Prime Minister and other Ministers of the Crown or Members of the Executive Council, to Parliamentary Under-Secretaries, and to the Speaker and Chairman of Committees and other Members of the House of Representatives:

And whereas by subsection (1A) of the said section 27 it is provided that a Royal Commission shall be appointed for the purposes of that section within three months after the date of every general election of Members of Parliament, and a general election was held on the 26th day of November 1960:

Now, know ye, that We, reposing trust and confidence in your impartiality, integrity, and ability, hereby nominate, constitute, and appoint you, the said

EDWARD DENIS BLUNDELL,
GEORGE THOMAS BOLT, and
JOHN ANDREW

to be a Commission to inquire into and report upon the salaries and allowances paid to our Prime Minister and other Ministers or Members of the Executive Council, to Parliamentary Under-Secretaries, to the Speaker and Chairman of Committees, and to the Leader of Our Official Opposition, and to other Members of the House of Representatives; and if it be reported that it is necessary or desirable to alter those salaries and allowances or any of them, then to recommend to His Excellency the Governor-General the nature and extent of the alterations that should be made:

And generally to inquire into and report upon any other matters arising out of or affecting the premises which may come to your notice in the course of your inquiries and which you may consider should be investigated in connection therewith:

And We do hereby appoint you, the said

EDWARD DENIS BLUNDELL

to be Chairman of the said Commission:

And for the better enabling you to carry these presents into effect you are hereby authorised and empowered to make and conduct any inquiry under these presents at such time and place as you deem expedient, with power to adjourn from time to time and place to place as you think fit, and so that these presents shall continue in force, and the inquiry may at any time and place be resumed although not regularly adjourned from time to time or from place to place:

And you are hereby strictly charged and directed that you shall not at any time publish or otherwise disclose save to His Excellency the Governor-General in pursuance of these presents or by His Excellency's directions, the contents of any report so made or to be made by you or any evidence or information obtained by you in the exercise of the powers hereby conferred upon you except such evidence or information as is received in the course of a sitting open to the public:

And We do further ordain that you have liberty to report your proceedings and findings under this Our Commission from time to time if you shall judge it expedient so to do:

And using all due diligence, you are required to report to His Excellency the Governor-General in writing under your hands not later than the 31st day of July 1961, your findings and opinions on the matters aforesaid, together with such recommendations as you think fit to make in respect thereof:

And, lastly, it is hereby declared that these presents are issued under the authority of the Letters Patent of His late Majesty King George the Fifth, dated the 11th day of May 1917, pursuant to section 27 of the Civil List Act 1950, and under the authority of and subject to the provisions of the Commissions of Inquiry Act 1908, and with the advice and consent of the Executive Council of New Zealand.

In witness whereof we have caused this Our Commission to be issued and the Seal of New Zealand to be hereunto affixed at Wellington this 23rd day of February 1961.

Witness Our Right Trusty and Well-beloved Cousin Charles John, Viscount Cobham, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, upon whom has been conferred the Territorial Decoration, Governor-General and Commander-in-Chief in and over New Zealand; acting by and with the advice and consent of the Executive Council of New Zealand.

COBHAM, Governor-General.

By His Excellency's Command—

J. R. MARSHALL, for Prime Minister.

Approved in Council—

[L.S.] T. J. SHERRARD, Clerk of the Executive Council.

Extending the Time Within Which the Royal Commission to Inquire Into and Report Upon Parliamentary Salaries and Allowances May Report

ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, New Zealand, and Her Other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

To our Trusty and Well-beloved EDWARD DENIS BLUNDELL, Esquire, B.A., Officer of the Most Excellent Order of the British Empire; GEORGE THOMAS BOLT, Esquire, Companion of the Most Distinguished Order of Saint Michael and Saint George; and JOHN ANDREW, Esquire, Commander of the Most Excellent Order of the British Empire:

GREETING:

WHEREAS by Our Warrant dated the 23rd day of February 1961, issued under the authority of the Letters Patent of His late Majesty King George the Fifth dated the 11th day of May 1917, and under the authority of and subject to the provisions of the Commissions of Inquiry Act 1908, and with the advice and consent of the Executive Council of New Zealand, you were appointed to be a Commission to inquire into and report upon the matters in Our said Warrant set out being matters concerning Parliamentary salaries and allowances:

And whereas by Our said Warrant you were required to report to His Excellency the Governor-General not later than the 31st day of July 1961 your findings and opinions on the matters aforesaid, together with such recommendations as you might think fit to make in respect thereof:

And whereas it is expedient that the time for so reporting should be extended as hereinafter provided:

Now, therefore, We do hereby extend until the 31st day of August 1961 the time within which you are so required to report without prejudice to the continuation of the liberty conferred upon you by Our said Warrant to report your proceedings and findings from time to time if you should judge it expedient to do so:

And We do hereby confirm Our said Warrant and the Commission thereby constituted save as modified by these presents:

And it is hereby declared that these presents are issued under the authority of the said Letters Patent of His late Majesty and under the authority of and subject to the Commissions of Inquiry Act 1908 and with the advice and consent of the Executive Council of New Zealand.

In witness whereof We have caused these presents to be issued and the Seal of New Zealand to be hereunto affixed at Wellington this 26th day of July 1961.

Witness Our Right Trusty and Well-beloved Cousin, Charles John, Viscount Cobham, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, upon whom has been conferred the Territorial Decoration, Governor-General and Commander-in-Chief in and over New Zealand; acting by and with the advice and consent of the Executive Council of New Zealand.

COBHAM, Governor-General.

By His Excellency's Command—

KEITH HOLYOAKE, Prime Minister.

Approved in Council—

T. J. SHERRARD, Clerk of the Executive Council.

Report of the Royal Commission Upon Parliamentary Salaries and Allowances

To His Excellency Charles John, Viscount Cobham, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, upon Whom has been conferred the Territorial Decoration, Governor-General and Commander-in-Chief in and over New Zealand:

MAY IT PLEASE YOUR EXCELLENCY:

We, the undersigned members of the Royal Commission constituted by virtue of section 27 of the Civil List Act 1950, to inquire into and report upon parliamentary salaries and allowances, respectfully submit our report as follows:

The order of reference authorises and instructs the Commission to inquire into and report upon the salaries and allowances payable to:

1. The Prime Minister;
2. Ministers or members of the Executive Council;
3. Parliamentary Under-Secretaries;
4. The Speaker;
5. The Chairman of Committees;
6. The Leader of the Opposition;
7. Members of the House of Representatives, and if it is necessary or desirable, to alter these salaries and allowances or any of them, then to recommend to His Excellency the Governor-General the nature and extent of the alteration that should be made;

and generally to inquire into and report upon any other matters arising out of or affecting the premises which may come to the Commission's notice in the course of its inquiries and which the Commission may consider should be investigated in connection therewith.

1. THE POWERS AND OBLIGATIONS OF THE COMMISSION

Within the limits imposed by the order of reference and by law the Commission has complete freedom of approach to this responsible and onerous task. This we have recognised and applied in some measure. In particular, we have rejected the approach that really all we have to do is to equate the salaries and allowances as they now are to changes in the cost of living and in wages and incomes which have occurred since these came into effect in July 1959. If that was all that was required there would be little, if any, need for a Commission.

Since 1955, the inquiry we have conducted must be made after every general election. There is implicit in this the intention of the Legislature that at approximately three-yearly intervals the remuneration of members of Parliament and Ministers is to be examined by an impartial tribunal to ensure that there is maintained as closely as possible a proper balance between what is fair to them personally and what in the general interests of the State is a reasonable amount to be paid. This involves consideration of many factors beyond those which bear upon the cost of living. Important therefore as these matters are, in our view they may be accepted as no more than one of the many factors to be taken into account.

In particular, do we think regard must be had to the general financial position and outlook of the country at the time an inquiry such as this is conducted. We agree that members and Ministers are not to be penalised unfairly because of conditions which so largely are beyond the control of any individual. Yet in relation to their remuneration the State in a sense is in the position of an employer. The reasonable employer will aim to pay a fair remuneration for services rendered, but when he comes to consider any adjustment obviously one matter of vital importance is the prosperity of his business.

At the present time the finances and the business of the country are passing through a difficult phase, the outcome of which is uncertain. This factor alone has influenced materially our recommendations and primarily in regard to salaries.

Under this heading there is one other topic we should mention. The principles to be applied and the considerations to be taken into account by the Commission may now be regarded as firmly established and in general accepted by the community. For this all succeeding Royal Commissions owe much to the careful analysis made by the 1951 Commission under the chairmanship of the late Sir Arthur Donnelly. Nevertheless, in our view we, as a Commission, would not be fulfilling the responsibility reposed in us if we did not feel free to adopt differences in approach or even to apply additional principles if we thought it proper to do so. In adhering to this one result is that in some respects we have differed from the conclusions of the 1959 Commission.

2. EVIDENCE

We have adopted the course pursued by previous Commissions in deciding not to hold public hearings nor to ask for oral evidence except as we thought necessary. It is of first importance that all concerned, including members of the public, should be able to inform us fully and in confidence of their own personal problems and of any opinions which they hold regarding the inquiry generally or as to any specific adjustments which ought to be made. We requested the Prime Minister and the Leader of the Opposition each to submit a memorandum and that has been done. To ensure that we would have the full benefit of their experience and judgment we included in our request a number of specific questions. Through them also we indicated our desire to have the free and frank expression of opinion and experience from a number of Ministers, from officers of Parliament, and from a wide group of members fully representative of both parties and the different types of electorates. Subsequently to receiving these statements we have interviewed the Prime Minister, the Leader of the Opposition, several present and former Ministers, the Clerk of the House, and several others to have their views on various aspects which concern us. As a result we have obtained not only a good general picture of the factual position but also have had some thoughtful observations which have been of much value to us. In making this comment we do not overlook that, as much of the evidence comes from persons directly interested in the outcome, acceptance of it must be with caution.

We followed the same procedure of giving extensive notice through the press inviting written submissions from members of the public. While the response was neither widespread nor of substantial value, it was sufficient to be at once some small indication of the opinions held

by the public and a reason to regret that a greater number of replies has not been received. We are keenly aware that we represent the public and a more responsible and impartial expression of opinion from them would have lightened our burden. In two cases we have had statements from former members.

We made also direct requests to Sir William Sullivan, the Hon. T. Bloodworth, the Hon. F. Jones, and Sir David Smith for an expression of their opinions. Each has replied and we record our appreciation for the assistance they have given. Finally we sought and obtained reports from the following:

1. The Secretary to the Treasury.
2. The Public Service Commission.
3. The Government Statistician.
4. The Secretary of Labour.
5. The Superintendent, Superannuation Branch.
6. The Legislative Departments of the Commonwealth and of some of the States of Australia.

In view of the direct responsibility of the Secretary to the Treasury as the principal custodian of public funds, it is proper to record that the opinions and suggestions advanced by Treasury appealed to us as broad-minded and realistic and having much in common with the views we hold.

We attach to the end of this report the following:

1. Summary of Recommendations.
2. Summary of Present Privileges of Members.
3. An extract from the report to us of the Public Service Commission showing certain increases in Public Service scales and what would be the corresponding increase in the salaries of members and others.
4. A return showing movement since 1950 in certain statistics submitted by the Government Statistician.

3. BASIS FOR DETERMINATION OF SALARIES AND ALLOWANCES

Both the terms of the order of reference and the essential differences in concept require separate consideration of salaries and allowances. This we have done but in our view the two may not be entirely divorced. It is the combination of them which matters to the individual and in the final analysis represents what is just and equitable for him to receive and the State to pay. While it is recognised that in some respects the determination of a fair remuneration to members and Ministers involves aspects which do not arise for the average salary or wage earner, there still remain many matters common to them both. For example, it may not be disputed that many persons pay out of income either voluntarily or by compulsion of circumstances amounts for purposes similar in nature to some of those which members pay in the discharge of their duties. Some recognition of what is so common with others should be had in respect of payments to members.

We believe this to be one of the matters the 1951 Commission had in mind when setting out on pages 10 and 11 of their report the various considerations to which they had regard and further observations.

The first two considerations stated by that Commission are really matters of principle. Subject to one addition, we agree with them and they state the position so admirably we respectfully quote them in full as follows:

“(1) Payments should be high enough—

“(a) To ensure that men and women whose abilities would command a reasonable reward in other occupations do not lose too heavily by entering Parliament.

“(b) To enable a person in any occupation to accept office as a Minister or election as a member with no outside income or capital means. Payments should not be so high as to be the chief or only motive. We adopt a statement made in England that payments should maintain the holder of any office comfortably and honourably, but not luxuriously, while he holds his office.

“(2) Payments should be fixed with proper regard to the responsibility, authority, and dignity of each office, should be related solely to the office not the person, and private or outside income should not therefore be taken into account. It should be assumed that every office is held by a man with family responsibilities.”

The addition we have in mind is in respect of what was said in paragraph (1) (a) that persons should not lose too heavily by entering Parliament. Probably in expressing the matter in this way that Commission had in mind the later observation, with which we also respectfully agree, namely, that in assessing salaries in particular regard must always be had to the need for some discount because of the sense of public duty and service involved.

In our opinion, however, there is a further consideration which we regard of great importance in the public interest. This is that the payment ought to be such as to encourage suitable persons to accept the financial hazards of entering public political life. Our system of parliamentary Government by the party holding the majority of seats is firmly established. We should think of this not merely in terms of Parliament's primary purpose of enacting legislation or of the obligations of individual members to their electorates, their party, and the country. It should also be remembered, we think, that from a group comparatively small in numbers, that is, the total of members of the party in power, are to be chosen those 18 to 20 persons upon whose shoulders as Ministers or Under-Secretaries devolve the immense responsibility of Government or, as Speaker or Chairman of Committees, the special and delicate duty of due conduct of parliamentary debate and procedure. We should not forget either the need for a strong Opposition and that from their ranks may come the Ministers and officers of Parliament in the future. Most plainly, it seems to us, is it in the interests of the country as a whole that within reason there should be some encouragement given to persons who by their integrity, ability, and experience are well suited to be legislators and principal executive officers.

Candidates do and always should come from all sections of our community. In general those with the best qualifications will be persons who have achieved some success in whatever vocation they have followed. They will have the ordinary family commitments and

be accustomed to a certain standard of living. With taxation so high their savings, if any, will be small. There must be very many people eminently suitable as candidates for election to Parliament for whom the present rates of salaries and allowances would be a reduction in their earnings which they just cannot afford to accept. In addition there is the risk that at the next election they may lose their seat while in the intervening period their former business has largely, if not entirely, disappeared or their former position of employment has been taken by another. For these reasons alone they refrain from offering their services. In the long run it is the country which really is the loser.

We are certainly not suggesting that for this reason the payments should be in the nature of an allure; nor do we suggest there is any formula which would meet the average case. We go no further than to assert that this is one important consideration to be taken into account.

No doubt there are many with whom this approach would not find favour and they can adduce arguments to show that, however worthy it may be as an ideal, the results in practice appear to the contrary. They can point to the fact that rarely is there a scarcity of candidates for any constituency. They may draw attention to the increases in payments to members over the last 10 years and that despite these there is still widespread and often justifiable complaint at the standard or the conduct of parliamentary debate. Many people believe that the demands of the party, too, often seem to be paramount over the interests of the country. If it be the fact that for many members remuneration has been inadequate to the point of hardship, it is strange how few members retire voluntarily other than for reasons of health.

It is arguments such as these which result in continual opposition to any payment to members beyond the bare minimum, whatever that may be. This is something which we do not ignore; yet to some extent these very criticisms serve to emphasise the point we make for the continual need to encourage persons to offer their services as members of Parliament.

4. ADJUSTMENTS OF SALARIES

Additional to or repeating in somewhat different form the principles and considerations we have discussed already, we have had regard to the following factors:

- (a) It is well established that the work of members is virtually full time and professional in nature. There is inadequate additional time available to them to carry on satisfactorily an occupation or a profession which requires their personal attention. They have to engage in much study and where possible ought to travel beyond their electorates and Wellington to gain first-hand knowledge of conditions elsewhere in the country.
- (b) These observations apply with greater force to Ministers, Under-Secretaries, and the Leader of the Opposition. In addition, of course, they have very great responsibilities to bear and important decisions to make.
- (c) The duties of members and Ministers are such that the assistance of their wives is more necessary than in most other occupations.

- (d) Comparisons with increases since July 1959 in the salaries paid to senior officers in the Public Service, to University professors, and in outside industry indicate that payments to members and Ministers have lagged behind.

We do not overlook here the need to recognise how different in many respects is the person on a set salary or income with limited tax-free expenses as compared with the total payments made to members.

- (e) Increases in the cost of living.
 (f) Comparisons with salaries paid in the Commonwealth Parliament and some of the States in Australia.

The foregoing in the main tend to support a comparatively high increase. As against them we have also had regard to:

- (g) Our belief that, while the great majority of people expect that an adequate remuneration should be paid to members and Ministers in the present circumstances any substantial increase would not be received favourably.
 (h) That regard should be had to the element of sacrifice inherent in the discharge of public duty and service.
 (i) The prestige and the valuable privileges which go with being a member or a Minister.
 (j) Acceptance of the public political life is in every sense the voluntary act of the individual.

Having regard to all these factors and to the evidence submitted to us it is our opinion that on balance the general standard of payments is low to the point of being unfair and increases are therefore necessary.

5. RECOMMENDATIONS AS TO INCREASES IN SALARIES

Prime Minister .....	.....	.....	.....	From £4,250 to £4,750
Deputy Prime Minister .....	.....	.....	.....	£3,350
Each Minister .....	.....	.....	.....	From £2,800 to £3,150
Under-Secretaries .....	.....	.....	.....	From £1,700 to £2,250
Leader of the Opposition .....	.....	.....	.....	From £2,200 to £2,600
Deputy Leader of the Opposition .....	.....	.....	.....	£1,700
The Speaker .....	.....	.....	.....	From £2,400 to £2,700
Chairman of Committees .....	.....	.....	.....	From £1,825 to £2,100
Chief Government and Opposition Whips				Salary as members plus £75.
Junior Government and Opposition Whips				Salary as members plus £50.
For each member of Parliament .....	.....	.....	.....	From £1,400 to £1,550

(NOTE—If a Minister without portfolio is appointed his salary should be £2,500. No separate provision has been made for members of the Executive Council.)

For the purposes of comparison only we refer to the attached extract from the report of the Public Service Commission showing what would have been the increases had they corresponded with those given in the Public Service during the same period. It will be observed from the increases we recommend that we have used this as a guide only. One of the many reasons for this is that we have had regard to the value of allowances and other privileges; another is that in one case at least a corresponding increase in our view would be inadequate.

The submission has been made that the salaries of Ministers as a matter of principle ought not to be appreciably less than the salaries of the Permanent Head of the Department which they control. We do not subscribe to that view without reservation, but in any event it seems to us that the sum total of the monetary payments to Ministers and the value of other concessions in fact achieve this position in most if not all cases.

These increases we consider are the minimum required to adjust the position of those concerned having regard to all the factors we have mentioned. We have not made the increases on any basis of a uniform percentage because in our view each office must be considered separately.

We make these additional comments:

- (i) *Differentiation in Ministers' Salaries*—The 1959 Commission expressed the strong opinion that senior Ministers should be recompensed for the additional burdens they assume. We have examined that closely and have obtained a number of opinions on it. In the result we are satisfied that adoption of this proposal would be contrary to the interests of the Ministers and of good Government.
- (ii) *Leader of the Opposition and the Speaker*—Comparatively the increase recommended for the Leader of the Opposition is higher than for all except Under-Secretaries and his salary is now brought closer to that of the Speaker. The Commissions of 1951 and 1955 recommended that the salaries for the Leader of the Opposition and for the Speaker be the same. In 1959 the Commission placed the salary of the Speaker above that of the Leader of the Opposition. Without in any way detracting from the status or importance of the office of Speaker, we are inclined to favour the view of the 1951 and the 1955 Commissions bearing in mind that the official duties of the Leader of the Opposition extend over a much longer period than do those of the Speaker. Because of this we recommend the proportionately higher increase, the amount of which we regard as reasonable under present circumstances and having regard also to the later recommendation regarding allowances.
- (iii) *Under-Secretaries*—There have been strong and reasonable representations that the rate of salary for them has been much too low. Our inquiries satisfy us that theirs is in fact an office carrying with it many responsibilities together with demands upon their time and ability somewhat similar to Ministers. In our view a substantial increase in their salary is warranted.

6. ADJUSTMENT OF ALLOWANCES

It is now well established that, as an essential part of the duties and obligations inherent in their position or office, members and Ministers incur expenses under a variety of headings justifying the payment of a tax-free allowance. We agree with this and also with the fundamental principle that as far as possible these should be fixed so that they involve no element of income.

The case made out for substantial increases is a strong one. There have been no increases in the basic allowances since 1955 and indeed the 1959 Commission recommended the reduction of the allowance to Ministers from £550 to £450. It is beyond dispute that in this period there have been material increases in some of the items of expense, notably in respect of car, accommodation, and food.

While conceding the force of this we realise that this part of the total remuneration demands examination with meticulous care. We must avoid any variation which would place members and Ministers in an unduly favourable position. It has to be borne in mind that there is no reliable means of testing the evidence submitted and that what is a reasonable payment depends only in part upon the nature of the electorate or of the office held. The need varies with the individual. For some what we have in mind would be adequate and possibly over-generous; for others a similar payment genuinely would prove inadequate. There are the special problems of those members who are women.

It seems to us the only practical approach is to assume what would be reasonable to allow the average member or Minister to compensate him in those additional expenses he or she would incur in the proper performance of his duties and unavoidable obligations. To that end we have considered not only the existing basic allowances and what ought to be paid under present conditions but also the value in terms of cash of other benefits, allowances, and privileges.

With these thoughts in mind we are satisfied that the case for an increase is established.

Our attention has been drawn to a number of anomalies in the existing provisions and these we have endeavoured to rectify.

(i) *Further Observations on Basic Allowances:*

(a) In point of fact the total of tax-free allowances and other benefits received by members of our Parliament compares favourably with those paid to members of the Parliaments in England, Australia, most of the Australian States, and in many other parts of the Commonwealth. The same observation, again in general, does not apply to salaries.

(b) With the idea sound in principle of relating some of the expenses to those actually incurred, some representations were made that car and other expenses should be paid in part or in whole on production of the necessary evidence. We do not favour this system. It is one which obviously can be open to abuse and would be difficult to administer. With all its faults, we think the existing system of a lump sum is preferable.

(c) There are at present four categories of electorates graded as to size. For each such category there are differentiations in the electorate allowance based primarily on variations in the extent of travelling and accommodation expenses which the member is expected to incur. We have considered whether some modification or extension of this classification is desirable. On the whole we are opposed to any change or to prescribing any special exemptions such as now exist for a few named electorates.

(d) Proportionately the travelling expenses in the larger electorates ought to be rather higher than in most of the others. This we have recognised to some extent and in addition we make specific recommendations regarding the Maori electorates. The area of Southern Maori, for example, extends over the entire South Island together with a substantial part of the North Island.

At the same time the general upward trend in costs is reflected universally in all electorates and account has been had of this together with the fact that for all members there are the common expenses such as typing, donations, and hospitality, which inevitably result from the position.

(e) The present system of assigning to the Chairman of Committees an allowance for his office in lieu of his electorate allowances as a member has been shown to be anomalous and tending to defeat the very purpose for which the allowance was granted. This results from the differences in the basic expenses allowance for members according to the size of electorates and consequently the Chairman of Committees, who has his normal duties as a member when the House is not sitting, could receive less by way of allowances. We think, therefore, that in his case the allowance should be primarily that which is payable to him as a member with an addition in respect of his added obligations while the House is in session.

We have considered whether the same approach should be made in respect of Mr Speaker. In his case, however, we think the present method of basic allowance is more appropriate and, subject to the increase recommended, we do not recommend any change.

- (ii) *Recommendation Regarding Sessional Allowance*—Strong representations have been made that the present sessional allowance of £165 is inadequate to enable members to have accommodation reasonably suitable having regard to their position. Further, it is urged by many that the present system of a flat payment is not satisfactory and does not have regard, for example, to variations in the length of sessions of Parliament nor to those occasions when there is a second session in any year.

In our opinion there is substance in these submissions. We recommend that the present provision for sessional allowances be abolished and that in lieu thereof there should be payable an amount determined on a daily rate for each day the member is in Wellington and attends the sittings of Parliament. Members who are in Wellington but unable to attend because of sickness or other reason accepted by the Speaker as sufficient should be entitled to the daily allowance. This recommendation applies only to those members whose attendance in Wellington necessitates absence from their home overnight.

We recommend that this provision should apply when a member is required to be in Wellington during the recess for Select Committee work.

7. RECOMMENDATIONS AS TO INCREASES IN ALLOWANCES

A. Basic Allowance for all Except Members

Prime Minister	.....	.....	.....	From £1,500 to £1,600
Deputy Prime Minister	.....	.....	.....	£600
Ministers	.....	.....	.....	From £450 to £550
Under-Secretaries	.....	.....	.....	From £400 to £450
Leader of the Opposition	.....	.....	.....	From £490 to £550
Mr Speaker	.....	.....	.....	From £600 to £675
Chairman of Committees	.....	.....	.....	Normal allowances as for a member plus an additional tax-free allowance of £100.

(NOTE—(i) Where the office of Minister of External Affairs is held by a Minister other than the Prime Minister an additional expense allowance of £180 should be paid in lieu of the present £165.

(ii) If a Minister without portfolio is appointed, his allowance should be £450 together with the other allowances as for Ministers.)

We recommend no change in the travelling or house allowances of Ministers and Under-Secretaries.

It will be observed that we recommend a separate allowance for the Deputy Prime Minister of £50 in excess of his ordinary ministerial allowance. We have been satisfied that from time to time there devolves upon him expenses which otherwise would be incurred by the Prime Minister.

We make the following additional recommendations:

- (a) *Leader of the Opposition*—In view of the importance and responsibility of his office we think that the Leader of the Opposition should have like privileges as a Minister in respect of a house allowance. We recommend therefore that he be entitled to the same allowance.

At present the Leader of the Opposition is entitled to an allowance of £215 for travel outside his electorate on official business. We recommend that this be continued.

It has been represented to us that the present car allowance of £250 per annum for the use of official cars is substantially inadequate. While this is primarily an administrative matter, we think some increase is justified and recommend that the allowance be £300.

- (b) *Mr Speaker*—At present Mr Speaker has the use of official cars to a value per annum of £150. We recommend that in lieu of this Mr Speaker be entitled to the unrestricted free use of official cars in and adjacent to Wellington during the whole of any session plus one week before and an additional week at the conclusion of the session. Mr Speaker ought also to have the free use of an official car to travel to and from his home and the nearest airport.

B. Allowance for Members

(i) *Basic Expenses Allowance*—We recommended that this be increased from the present £275 to £350. In addition, there be paid the following in accordance with the classification of electorates:

- | | |
|---|------|
| (a) For electorates which are wholly urban | £20 |
| (b) For electorates which are substantially urban | £40 |
| (c) For electorates which are partially urban and partially rural | £100 |
| (d) For electorates which are predominantly rural | £200 |

As in the past the classification of electorates under these four headings is to be made by the Representation Commission. It will be noted that we have abolished the former category (aa) and replaced this by category (b) with consequential alterations incorporating (c) and (d).

(a) *Maori Electorates*—In addition to the appropriate foregoing allowance there should be paid £125 in respect of the Southern Maori electorate and £50 in respect of each of the other three Maori electorates.

(b) *Sessional Allowance*—We recommend that the daily rate referred to in paragraph 6 (ii) be £2 10s.

(ii) *Additional Recommendations*

(a) *Typing Facilities*—We recommend for favourable consideration an increase of one typist per party during the session if in the opinion of Mr Speaker the present position is inadequate for either party.

(NOTE—In increasing the basic expenses allowance to £350 we have had regard to the expense of obtaining typing facilities within the electorate during the recess.)

(b) *Rail, Sea (Inter-Island), and Air Travel*—As have previous Commissions, we regard this as an administrative matter but as representations have been made to us for increases in privileges, particularly in respect of air travel, we record that we regard these as reasonably generous and that no alteration is warranted. We do suggest for favourable consideration, however, that in those areas where the New Zealand Rail or Road Services are not available or reasonably convenient a like concession for free travel should be extended for the use of licensed public road transport.

(c) *Toll Fees, Telegrams, and Stamp Allowances*—This also we regard as an administrative matter but offer the opinion that the existing arrangements are adequate.

8. EXTENDED PERIOD OF PAYMENTS TO DEFEATED MEMBERS

We are satisfied on the evidence that the automatic cessation of payments and allowances to members on the day of their defeat at the general election frequently results in hardship. Many of them have a carry-over of work and for a number of months is required to obtain employment or to renew their previous occupations or professions. We recommend that the payment of salaries only should be continued to the end of the calendar month next after the month in which a general election is held.

9. SUPERANNUATION

This subject has not been specially mentioned in the matters to which the Commission is required to give attention. We have, however, received representations from various members as to improvements which they believe would be justified. We note that previous Commissions have given some thought to this matter.

The most persistent request coming from both sides of the House is that Government's contribution should be at the same rate as that of members, i.e., 10 per cent. This is supported by the Superintendent of Superannuation Fund. A subsidy on a £1 for £1 basis is a common superannuation principle. We agree that this is reasonable and recommend its adoption.

Representations have also been made to the effect that allowances on retirement should be based on a percentage of the basic salary of a member rather than at a fixed sum increasing by a fixed amount year by year until a maximum of £700 is reached.

These and related questions have been considered in some detail by the Commission. We are reasonably satisfied that the provisions relating to the Fund can and should be amended to enable the purposes to be implemented more effectively. At the same time we fully appreciate there are many difficulties involved in any substantial change and our recommendations are made with no further intention than that they should be implemented if on more detailed examination that is reasonably possible.

With this qualification we suggest amendments be made to enable the Fund to be operated to incorporate the following:

- (a) An annual contribution of 10 per cent as at present from members on the member's basic salary. Government to provide a £1 for £1 subsidy on these contributions.
- (b) No allowance to be payable until after nine years' service and the attainment of 50 years of age except as in (f) below.
- (c) Retiring allowance for a member to be calculated at the rate of one thirty-second of the basic salary of a member as at the date of his ceasing to be a member for each year of service.
- (d) In no case should the retiring allowance exceed two-thirds of the basic salary for a member at the date of his ceasing to be a member.
- (e) In the case of a member dying and leaving a widow an allowance of one-half the amount to which the member would have been entitled had he retired at the date of his death.
- (f) In the case of a member dying before he has an entitlement to a retiring allowance (i.e., before completing nine years' service or attaining the age of 50 years) his widow would be entitled on his death to the minimum widow's pension under the Superannuation Act 1956 (at present £130 per annum) or half the amount calculated in terms of (c) above.
- (g) Variable retiring allowances should be permitted (see section 40, Superannuation Act 1956).
- (h) The scheme should not be retrospective in its effect.
- (i) In no case should the entitlement of a member, or of his wife should he die, be less than the allowance due prior to the passing of any amendment to the Superannuation Act 1956 necessary to bring these provisions into effect.

The Commission believes that the proposals made would provide a better scheme generally and one which would not be unreasonable from the taxpayer's viewpoint.

10. WORKERS' COMPENSATION

It appears that members and probably Ministers are not entitled to the benefits of the Workers' Compensation Act in the event of accidental injury or death when carrying out their duties. In principle, we can see no reason why they should not be placed in a like position to all other employed persons in the country. We recommend for favourable consideration therefore appropriate amendments to the Workers' Compensation Act to achieve this result.

11. DATE OF VARIATIONS

The foregoing variations of salaries and allowances to be made effective as from 1 July 1961.

We have the honour to be Your Excellency's obedient servants.

E. D. BLUNDELL, Chairman.

G. T. BOLT, Member.

J. ANDREW, Member.

Wellington, New Zealand, 30 August 1961.

SUMMARY OF RECOMMENDATIONS

Annual Salaries and Allowances

Executive

Prime Minister—						
Salary	..	..	..	..	..	£4,750
Expense allowance		..	..	..	..	£1,600
Deputy Prime Minister—						
Salary	..	..	..	..	..	£3,350
Expense allowance		..	..	..	..	£600
Ministers with portfolio—						
Salary	..	..	..	..	..	£3,150
Expense allowance		..	..	..	..	£550

(NOTE—Where the ministerial office of Minister of External Affairs is held by a Minister other than the Prime Minister an additional allowance of £180 to be paid.)

Ministers without portfolio—						
Salary	..	..	..	..	..	£2,500
Expense allowance		..	..	..	..	£450
Parliamentary Under-Secretaries						
Salary	..	..	..	..	..	£2,250
Expense allowance		..	..	..	..	£450

Officers of the House

Mr Speaker—						
Salary	..	..	..	..	..	£2,700
Expense allowance		..	..	..	..	£675

(NOTE—Residential quarters and certain services are provided in Parliament House for Mr Speaker.)

In lieu of the use of official cars to a maximum of £150 per annum, the unrestricted free use of official cars in or adjacent to Wellington during the whole of any session plus one week before and an additional week at the conclusion of the session. Also the free use of an official car to travel to and from his home and the nearest airport.

Chairman of Committees—						
Salary	..	..	..	..	..	£2,100
Expense allowance		..	..	Normal allowances due as a member plus	£100.	
Leader of the Opposition—						
Salary	..	..	..	..	..	£2,600
Expense allowance		..	..	..	..	£550
Allowance for travel outside electorate arising from his official position		..	..	..	..	£215
House allowance as for a Minister		..	..	..	..	£300
Use of official cars when travelling officially up to		..	..	..	..	£300
Deputy Leader of the Opposition—						
Salary	..	..	..	..	..	£1,700
Expense allowance		..	..	Allowance as a member		

Members—

Salary	£1,550
Expense allowance £370 to £675 according to classification of electorate plus sessional accommodation allowance when so entitled.	

Special allowance for Government and Opposition Whips:

Chief	£75
Junior	£50

NOTES

1. A basic expense allowance payable to all members of .. £350
2. A special additional allowance payable to members representing electorates:
 - (a) Which are wholly urban £20
or
 - (b) Which are substantially urban £40
or
 - (c) Which are partially urban and partially rural .. £100
or
 - (d) Which are predominantly rural £200
3. An accommodation allowance of £2 10s. per diem payable to members attending sittings of the House and for Select Committee duties during the recess provided their attendance in Wellington necessitates their absence from home over night.
4. A special additional allowance to the member for Southern Maori of £125
5. A special additional allowance to the members of the other three Maori seats £50

The classification of electorates to be made by the Representation Commission which has a detailed knowledge as to area, population, topographical features, etc.

Date of Variations—Variations of salaries and allowances to be made effective as from 1 July 1961.

Superannuation

1. That Government's contribution should be at the rate of 10 per cent per annum.
2. The adoption of the scheme outlined on pages 11 and 12 provided this can be done without causing undue difficulties with other schemes coming under the Superannuation Act 1956.

General

1. That favourable consideration be given to an increase of one typist per party during session if, in the opinion of Mr Speaker, the present position is inadequate for either party.
2. That in the case of members defeated at a general election salaries only should be continued to the end of the calendar month next after the month in which a general election is held.
3. That appropriate amendments to the Workers' Compensation Act be made to cover Ministers and members.

SUMMARY OF MEMBERS' PRIVILEGES

*Member**Wife**Rail Travel—*

Free travel over all lines, Lake Wakatipu Steamer, and road services operated by Railways Department and free use of sleeper berths	Same as for member.
---	---------------------

Inter-Island Steamer Travel—

Free travel by Lyttelton-Wellington and Picton-Wellington steamers	Same as for member.
--	---------------------

Air Travel—

Free travel between Wellington and the airport most convenient to member's home; between Wellington and any airport in the member's electorate and between any two airports in electorate	6 single journeys per annum between Wellington and the airports available to the member.
---	--

In addition, member and wife can use up to £100 worth of air travel per annum at Government expense on routes not mentioned above.

Franking and Stamps—

During session, members have—

- (a) Unlimited use of franking stamp for dispatch of letters, papers, etc.
- (b) £5 worth of stamps each month except Leader of the Opposition who gets £12 10s. worth each month.

Telephone and Toll Charges—

1 telephone free of charge in residence and free telephone in Parliament Buildings. Pays quarter only of all toll calls.

Telegrams—

Special rate of 6d. for first 36 words plus 1d. for every 4 additional and plus 9d. for "Urgent".

Members' Families—

Unmarried members of family entitled to half-rate railway travel to visit Wellington during session.

**EXTRACT FROM MEMORANDA DATED 28 APRIL 1961 FROM
CHAIRMAN, PUBLIC SERVICE COMMISSION**

“There were no public servants at 1 July 1959 (the date from which the last parliamentary salary increase operated) on precisely the parliamentary salary rates. Had there been, however, and based on the rises granted for the nearest comparable Public Service salaries it is likely that their salaries would have increased as follows:

	Salary 1 July 1959	New Salary Based on Public Service Rise		
		12 October 1959	1 April 1960*	1 April 1961
	£	£	£	£
Prime Minister	4,250	4,290	4,775	5,250
Ministers with portfolios	2,800	2,840	3,200	3,500
Speaker	2,400	2,440	2,750	3,000
Leader of Opposition and Ministers with no portfolios	2,200	2,240	2,475	2,700
Chairman of Committees	1,825	1,865	2,000	2,100
Parliamentary Under-Secretary	1,700	1,740	1,850	1,950
Whips	1,450	1,490	1,575	1,650
Junior Whips	1,430	1,470	1,550	1,625
Members	1,400	1,440	1,525	1,575”

*One-half the rise between 12 October 1959 and 1 April 1961 rates rounded to nearest upward £25.

STATISTICS FROM GOVERNMENT STATISTICIAN

Date	Population (Including Maoris)	Number of Public Servants	Retail Price Index	Financial Year	National Income	Number of Taxpayers			
						£3,000 and Over	£4,000 and Over	£5,000 and Over	£6,000 and Over
1950	1,909,092	95,621	745	1949-50	£(m.) 482.4	..	..	..	..
1951 .. ..	..	93,039	828	..	..	..	..	..	..
1952 .. ..	..	94,817	892	1952-53	658.2	10,712	5,230	2,754	1,683
1953 .. ..	..	96,801	933	1953-54	735.3	12,582	5,952	3,323	2,026
1954	2,094,910	96,040	976	1954-55	802.0	14,521	6,701	3,695	2,185
1955	2,138,946	94,697	1000	1955-56	843.7	13,196	5,926	3,199	1,862
1956	2,182,833	97,700	1035	1956-57	886.0	15,619	6,979	3,779	2,202
1957	2,232,591	102,252	1057	1957-58	929.9	16,022	7,482	4,377	2,589
1958	2,285,852	104,247	1104	1958-59	964.5	..	..	..	..
1959	2,334,617	105,709	1146	1959-60	1044.9	..	..	..	..
1960	2,376,984	107,474	1154	..	..	..	..	..	..
1961 .. ..	..	..	1163	..	..	..	..	..	..
			(1st quarter) Base 1955 (= 1000)						

BY AUTHORITY: R. E. OWEN, GOVERNMENT PRINTER, WELLINGTON, NEW ZEALAND—1961

Price 1s.

43817—61 G