



REPORT
OF THE
Royal Commission
Upon Parliamentary Salaries
and Allowances
1964

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

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*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 SIR JOHN ANDREW, Knight 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 30th day of November 1963:

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
SIR JOHN ANDREW

to be a Commission to inquire into and report upon the salaries and allowances paid to Our Prime Minister and other Ministers of the Crown 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 August 1964, 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 24th day of February 1964.

Witness Our Right Trusty and Well-beloved Cousin Sir Bernard Edward Fergusson, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross in the Royal Victorian Order, Companion of the Distinguished Service Order, Officer of the Most Excellent Order of the British Empire, Brigadier on the Retired List of Her Majesty's Army, 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.

BERNARD FERGUSSON, Governor-General.

By His Excellency's Command—

KEITH HOLYOAKE, Prime Minister.

Approved in Council—

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

[L.S.]

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 SIR JOHN ANDREW, Knight Commander of the Most Excellent Order of the British Empire:

GREETING:

WHEREAS by Our Warrant dated the 24th day of February 1964, 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, 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 are required to report to His Excellency the Governor-General not later than the 31st day of August 1964 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 30th day of September 1964, 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, pursuant to section 27 of the Civil List Act 1950, 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 19th day of August 1964.

Witness Our Right Trusty and Well-beloved Cousin, Sir Bernard Edward Fergusson, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross in the Royal Victorian Order, Companion of the Distinguished Service Order, Officer of the Most Excellent Order of the British Empire, Brigadier on the Retired List of Her Majesty's Army, 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.

BERNARD FERGUSSON, Governor-General.

By His Excellency's Command—

KEITH HOLYOAKE, Prime Minister.

Approved in Council—

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

[L.S.]

Report of the Royal Commission Upon Parliamentary Salaries and Allowances

To His Excellency Brigadier Sir Bernard Edward Fergusson, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross of the Royal Victorian Order, Companion of the Distinguished Service Order, Officer of the Most Excellent Order of the British Empire, 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.

Pursuant to the provisions of section 7 (2) of the Parliamentary Commissioner (Ombudsman) Act 1962, we are required also to inquire into and report upon the salary of the Ombudsman and to make such recommendations as we think fit.

I. INTRODUCTION

The intention of the Legislature as enacted by section 27 of the Civil List Act 1950 is that at approximately three-yearly intervals, and in each case following a general election, the salaries and allowances of Ministers and other members of Parliament should be reviewed by an independent tribunal. There is implicit in this and in the order of reference the right, and indeed the duty, of each Commission to arrive at its conclusions independently paying only such regard as is thought fit to the reports of its predecessors. In point of fact, however, there

Inset 1*

have been established by now certain basic principles which previous Commissions have applied and which appear to have been acceptable to Parliament and the public. We have applied them also as a guide to conclusions we have reached through a combination of the evidence we have read and heard together with our own knowledge and opinions. In so proceeding we have been conscious that in a sense we represent the public in recommending what is a proper remuneration for Ministers and members to receive and for the State to pay.

It is an important matter of background to our conclusions and to the compilation of this report that we were entrusted with the same responsibility in 1961. In the course of our report of that year we made a number of general observations which in our opinion are equally valid today. Repetition of some of them is essential for due understanding of our reasons. To the extent we do so we think it more convenient to restate them here rather than merely to refer the reader to the appropriate passage in our earlier report.

In 1961 also, we stated that the adjustments we then recommended, and primarily those relating to salaries, were influenced materially by the then adverse financial position and the uncertain economic outlook of the country. It is a matter of general knowledge, and has been confirmed to us by authoritative opinion, that in the interim the position has improved to a marked extent. In these circumstances we have felt justified in considering our recommendations freed from that particular restraint.

Recently there have been added to the normal trend of increases in wages, salaries, and the cost of living the specific impact of a general wage order and of the substantial increases in the salaries of senior officers and others in the State Services. The effect of all these factors certainly is most material in determining the matters to which we must have regard. In recognising that we have realised that the repercussions will extend throughout the entire parliamentary group of '80. If, as we believe is necessary, increases in the salaries of Ministers should be made if for no other reason than to maintain a proper balance between them and the permanent heads of the Departments they administer, consequential adjustments in other parliamentary salaries are warranted as otherwise the relative positions established in the past by other Commissions and ourselves also would not be maintained. Alternatively, any increase in the remuneration of the ordinary member based solely on these economic trends would require for the same reason some increase in the salaries of those at present on a higher scale.

Having stated that, however, we wish to emphasise that in our consideration of what is appropriate for salaries and allowances we have not limited ourselves to merely adding to the existing remuneration some proportionate increase to keep in line with increases in wages and salaries since 1961. We are firmly of the opinion that at the present time this alone is not sufficient and that we should examine again those other factors for and against in determining what are appropriate for salaries and allowances. Some of these, we believe, are peculiar to Ministers and members and detailed reference to them will be made later. The point we make is that these recent economic trends, though important, are only one of many matters to be taken into account.

II. EVIDENCE

We have adopted the course pursued by us in 1961 and by the preceding Commissions in deciding not to hold public hearings nor to ask for oral evidence except as we thought necessary. Thus the inquiries we have made and the information we have received are open to the objections inherent in any investigation conducted in camera or in relying upon evidence which is not given on oath and has not been subjected to cross-examination. Yet the experience we gained in 1961 and which has been repeated this year satisfies us that on balance this is the most effective way of obtaining that information and general background of knowledge so essential before any conclusions may be reached. It has been manifest that many persons have felt free to record in writing or to express orally various matters bearing on their personal position and opinions to an extent which it would have been difficult, if not impossible, to have obtained by normal procedures. This comment certainly applies in the main to those Ministers and members who made written submissions or were interviewed by us and who, of course, are parties interested personally in the outcome; but it is by no means confined to them. There has been generally a frankness of disclosure and a willingness to supply detailed information which we have found most helpful.

In all we have received some 54 written statements or submissions. In addition we have questioned some 35 persons including the Prime Minister, several present and former Ministers, the Leader of the Opposition, the Speaker, many members on both sides of the House and from all categories of electorates, the Ombudsman, the Clerk of the House, and certain departmental officers such as the Commissioner for Inland Revenue, the Superintendent of the Government and Parliamentary Superannuation Funds, and a representative from Treasury. Written reports from sources outside Parliament which we have requested and obtained are from:

1. The House of Commons, relating to salaries and allowances paid to Ministers and members.
2. The Commonwealth Parliament and the Parliaments of New South Wales, Victoria, and South Australia, relating to salaries and allowances of Ministers and members.
3. The Treasury.
4. The State Services Commission.
5. The Government Statistician.
6. The Labour Department.
7. The Monetary and Economic Council.
8. The Superintendent of the Parliamentary Superannuation Fund.
9. The report of the Advisory Committee on Higher Salaries in the State Service.
10. The Ombudsman.

Wide publicity was given through the press to our invitation to the public to make submissions in writing. The response was even more limited than we experienced in 1961. We did not consider it necessary to question any of those who wrote to us.

We attach at the end of this report:

1. A summary of our recommendations.
2. A summary of the present privileges of members and of their superannuation rights.

III. ASSESSMENT OF PARLIAMENTARY SALARIES (MEMBERS)

While it is true that different considerations apply when determining what is appropriate to pay as salary and to allow as tax-free expenses, inevitably the two are closely linked. This we have recognised and applied in our deliberations. Yet in submitting our report we consider it both convenient and advisable to deal with each matter separately. This, we hope, will assist in a better understanding of our reasons.

We discuss members' salary first for two reasons. In the first place the determination of this difficult and controversial question has been our starting point for the consideration of other parliamentary salaries. We believe also that this matter is the one of major interest and concern to the public.

As indicated already, we are in a sense committed to some increase because of what was said in our 1961 report. We were satisfied at that time both on the evidence before us and from our own knowledge and opinion that the then salary payable to members, £1,400, was substantially too low. But for the economic position of the country the recommended increase to £1,550 would have been appreciably greater. This was because of our conviction that, having regard to the status, duties, and work of a member, justice to him and the best interests of the country required that the salary be higher. If, as a result of second thoughts since then, we felt that opinion was wrong we would have had no hesitation in saying so. As it is, however, we are still of the same view. It would, of course, be absurd to assert that the economic position of the country has improved to such an extent that dangers and uncertainty no longer exist. Yet the change for the better since 1961 has been sufficient to enable us to regard the present time as opportune to re-examine the whole position of parliamentary salaries free from that particular problem and also to arrive at an amount which we regard as fair and reasonable in all the circumstances.

An initial difficulty is in arriving at a satisfactory common denominator. It is inevitable that amongst members of Parliament there will always be wide differences in their personal financial position, family commitments, abilities as a member and the manner in which they discharge their obligations within electorates, to Parliament and to the country. Yet, as no other course is practical, some basic standard must be determined from which to proceed to other considerations which also bear upon what is appropriate by way of salary.

In arriving at this we, like all previous Commissions, consider that two fundamental propositions should be accepted. These are as follows:

- (a) *That a Member of Parliament is Wholly Dependent on His Salary and Allowances and has Family Commitments:* In the first place this is in fact substantially correct. In the present Parliament rather more than one-half of all members have no income other than their parliamentary salary and no capital. A further

15 approximately are mainly dependent upon this salary. Virtually all are married and many have dependent children. The tendency in recent years has been for a greater proportion of younger members with young families.

Further, it seems to us that unless this proposition is accepted and given effect to, there would inevitably be the alternative results of closing the door against many otherwise prospective candidates or of members having to rely upon gratuitous assistance from other sources. These should be avoided at all costs.

(b) *That the Occupation of a Member of Parliament Should be Regarded as Virtually Full Time and Professional in Nature:*

This also is substantially correct in practice. We believe it is not generally understood how hard the great majority of members work, how extensive are the demands upon their time and the long hours they are engaged. For them there is no eight-hour day or 40-hour week. When Parliament is in session the work is often onerous and their hours of attendance often well into the night. They must study proposed legislation, play their part in the extensive work of Committees, and be in or at call while the House is sitting. Most have still to find the additional time to attend to matters within their electorate requiring prompt attention. For many each week involves the burden of long travel to and from Wellington. When they return home for the weekend there is still much to be done and many people to be seen. Thus their time for leisure with their families is greatly restricted. Over this period in particular a greater burden falls on their wives. When Parliament is in recess they have much leeway to make up moving around their electorates. For many there is additional work of sitting on or attending at Parliamentary committees. At all times they must endeavour to keep abreast with current affairs and to acquire that wide general knowledge essential to help them in dealing with the problems raised by their constituents.

It would be unreal to assert that all members are so fully occupied or so diligent in the discharge of their duties. Indeed it is plain from our questioning of some that this is not so. Yet we think it clear beyond doubt that no member may discharge adequately his duties as such and have sufficient time available to carry on satisfactorily any occupation or profession requiring his personal attention.

We believe, therefore, that these two propositions are a necessary starting point from which to examine other factors which also must be taken into account. Here, in particular, are there considerations which make the determination of the amount of salary so difficult and so controversial. Broadly, they may be placed in two categories, viz, those which support a higher salary than in the past and those which warrant no increase or possibly even a reduction. We deal with each of these in turn.

Factors Supporting an Increase

(a) *The Need to Encourage Suitable Persons to Offer their Services:*

Here we repeat verbatim the views we expressed on pp. 9 and 10 of our report in 1961 as follows—

"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."

The more we have thought and heard about this aspect the more important do we regard it. The business of Government is so vast and affects so much of the ordinary life of the individual that the aim should always be to have our Parliament and our Executive comprised of men and women fully representative of the whole community and with the best qualifications to act as members and Ministers.

The evidence we have heard supports overwhelmingly the likelihood that, if the total remuneration payable to members was higher and thus more realistic, the source of possible candidates would be increased widely and a greater number of those with the proper qualifications would submit themselves as candidates for election. Certain results in the last general election may indeed be some pointer in support of this for there were quite a number of instances where the results in electorates differed so markedly from trends elsewhere as to suggest that many voters were influenced more by their view of the quality of the candidate than by slavish adherence to a particular party. Be that as it may, this factor alone seems to us of sufficient importance to warrant some increase above the tendency to minimal standards which has been accepted in the past.

(b) *Increases in Wages and Salary Structures:* In 1961 we were aware that in the previous year there had been substantial increases in the salaries of senior officers in the State Services. We were aware also of a like trend in industry and commerce. By the time of our inquiry in that year, however, there was more general recognition of the adverse economic situation of the country. Consequently at that time we gave less regard to those factors than otherwise would have been the position.

At the present time there have been the further increases to which reference has been made already. Thus, if full regard is had to these trends over recent years, which we add have been confirmed by statistics laid before us, on this ground alone a substantial increase would have been warranted.

(c) *Comparison with Salaries Paid Elsewhere:* There are a great many persons in other occupations involving far less in responsibility, ability, and demands upon their time who receive an appreciably higher salary than at present is paid to members. Recognition of this and a narrowing of the gap seems both reasonable and just.

(d) *The Sacrifices a Member has to Make in His or Her Ordinary Family Life:* We have made the point already that the demands upon the time of members extends so often beyond ordinary working hours as to restrict their leisure. This is a very real loss and one which cannot be confined to the member only. It must be shared by his wife and, where there are young children, by them as well. While Parliament is in session the member is absent from his home for most of each week. During any weekend it is common for him and his wife to be working on correspondence, answering the telephone, and seeing people about their problems. Most people would not put up for long with such a disruption of their family life and would demand extra pay for doing so. For the member, however, once his salary has been fixed that determines the matter, at least for three years.

(e) *The Inherent Uncertainty of Remaining a Member of Parliament:* This has been mentioned in the earlier quotation from our previous report. It must be of itself an important deterrent to many who otherwise would seek to enter politics.

- (f) *When any Increase in Remuneration is Warranted Primarily this Should be in Salary Rather than in Allowances:* To the extent that any such increase is warranted because of past economic trends, members should be in no different position from others who have received their increase in the form of wages or salaries. It is, of course, fundamental that members should bear in full their share of the burden of taxation. There should be no escape under the guise of expense allowances. While payment of these is proper it should be remembered that it is common for many persons to pay out of income either voluntarily or by compulsion of circumstances amounts which are similar in nature to some of the expenses which members incur by reason of their office.

If the inquiry stopped at this point the foregoing arguments, in our view, would have supported a much higher salary than what we recommend. Against them, however, must be weighed others, the effect of which must be taken into account and operate in the nature of a discount.

Factors Tending Against any Increase

- (a) Acceptance of the fact that public political life is in every sense the voluntary act of the individual.
- (b) It should be accepted that there is some element of sacrifice inherent in the discharge of public duty and service.
- (c) The intangible but very real rewards in prestige and reputation and the receipt of valuable privileges by reason of being a member of Parliament.
- (d) Just as when a person enters a profession and hopes to receive the increased remuneration by rising to the top, so is there the lure for any person entering Parliament that in the course of time he may become a Minister or occupy some other office for which a much higher salary is paid.
- (e) The valid objection that too high a salary will tend to encourage some to seek election merely because of financial reward or, if elected, to remain a member at all cost.
- (f) Contributions of members to the Parliamentary Superannuation Scheme are subsidised pound for pound from the Consolidated Fund.

Weighing as best we can all these factors for and against we have come to the conclusion that the salary of the member of Parliament should be increased from £1,550 to £2,150 and we recommend accordingly. We express the hope, for we can do no more, that this figure, if accepted by Parliament, will be regarded for several years as an appropriate basic salary for a member of Parliament so that future changes will be related more directly and solely to changes which have occurred during each three-year period in regard to wages, salaries, and the cost of living.

We cannot leave this topic without recording our recognition that this substantial increase is likely to evoke hostile criticism from many people. We have not overlooked some of the reasons commonly advanced in support of the view that members are already too highly paid. There is the fact that if the remuneration is so low as to cause financial embarrassment it is at least surprising that members rarely

retire from politics voluntarily and that generally several persons offer their services as a candidate through each of the main political parties. There are many who resent certain legislation or, more generally, the ever-increasing encroachment of the State upon the rights and freedom of the individual. There is the comment that too often principle gives way to political expedience. These and other points of criticism are made often with sincerity and considerable truth in support of the conviction that no increase in the remuneration of members should be made.

It is matters such as these which add to the problems of any one endeavouring to be fair to the individual and to the State. They have certainly not been ignored. Yet in our position it would be wrong to penalise merely because we also may be critical. The ultimate sanction is first with those who select candidates and then the public who elect them. We believe from the experience we have gained from two inquiries of this nature that the average member of Parliament is conscientious and diligent in the discharge of duties and obligations which require considerable knowledge, ability, judgment, and sheer hard work. We believe also that the great majority of the public will wish that a member of Parliament, as any other person who works for his living, should receive due reward for the service he gives.

IV. SALARY OF THE PRIME MINISTER, MINISTERS, AND OTHERS

We recommend the following increases:

Prime Minister	.....	.....	.....	From £4,750 to £5,750.
Deputy Prime Minister	.....	.....	.....	From £3,350 to £4,250.
Each Minister	.....	.....	.....	From £3,150 to £4,000.
(For any Ministers appointed without portfolio)	.....	.....	.....	£3,250.
Parliamentary Under-Secretaries	.....	.....	.....	From £2,250 to £3,000.
Leader of the Opposition	.....	.....	.....	From £2,600 to £3,400.
Deputy Leader of the Opposition	.....	.....	.....	From £1,700 to £2,400.
The Speaker	.....	.....	.....	From £2,700 to £3,400.
Chairman of Committees	.....	.....	.....	From £2,100 to £2,750.
Chief Government and Opposition Whips				Salary as members plus £100.
Junior Government and Opposition Whips				Salary as members plus £65.

We make the following comments on the above recommendations:

(a) We have been influenced in these increases, except those relating to the Whips, by three main factors, namely, the recommended increases in the salaries of members, the recent substantial increase in the salaries of senior officers in the State Services, and the effect of taxation.

It is our belief that a realistic salary for members is of paramount importance. If that was the only comparison to make the increase in the higher salaries need not have been such as to maintain precisely the same relative position as in the past. Some small narrowing of that gap would have been, we think, reasonable.

It is the effect of the other two factors which, in our view, must be recognised. Whether one agrees or disagrees with what has been recommended to and adopted by the Government regarding salaries in the State Services, we are faced with the reality of what has happened. It is true that Ministers and Under-Secretaries, for example, have additional benefits by way of tax-free allowances and privileges, the advantages of which must be taken into account in any precise comparison with the salaries paid to the heads of the Departments they administer. Yet if these allowances and privileges are justified, as we believe they are, one has still to make some comparison purely as to salary. There can be no doubt, we think, that without the substantial increase we recommend the relative positions would not be maintained. For example the present salary of the Prime Minister is below what is paid to the Secretary to the Treasury. The status and the responsibilities of the office of Prime Minister are so immense and so fundamental to our entire system of Government that his salary, in our view, ought always to be substantially higher than that paid to any person in the State Services and to any other person in Parliament.

It is as well to note in passing that, quite apart from their great responsibilities or from any comparison with the salaries of general managers in commerce, Ministers have the same inherent insecurity of office which applies to members.

The net result of the increases, particularly where these involve moving into the sphere of maximum tax, will be much less than appears from the amount of the increase. Here, as with members, it is important that any increase warranted should be directed primarily to salary with the consequential obligation to pay full tax.

Having decided upon the increases recommended for the Prime Minister, Ministers, and Under-Secretaries comparable increases are justified in our opinion for the Leader of the Opposition, the Deputy Leader of the Opposition, the Speaker, and the Chairman of Committees.

- (b) It has been urged upon us that the Leader of the Opposition should be paid the same salary as a Minister. This has given us anxious concern for we recognise so fully the vital part he plays in our parliamentary system and how extensive are his duties and responsibilities. If it was the position that Parliament was in session for a much longer period than is the present practice, a greater increase would have been warranted for that reason alone. In our view, however, the responsibilities of a Minister should be regarded as greater for they are in the dual fields of legislation and administration of the affairs of the country. Further, they extend throughout the whole of the year to a much greater extent than applies to the Leader of the Opposition while Parliament is in recess. Some such distinction as we make appears to have been recognised for many years both in the House of Commons and in the Parliaments of the Commonwealth and several of the Australian States. Comparatively the increase recommended for him is higher than most of the others, but we feel that is as far as we should go.

We have also recommended a substantial increase in the salary of the Deputy Leader of the Opposition. We have been satisfied on the evidence available to us and indeed it is a matter of common knowledge that necessarily he must assume many of the duties and much of the responsibilities which technically lie with the Leader of the Opposition but which, for valid reasons, cannot be discharged by him.

- (c) It will be noted that the salary we recommend for the Speaker is now the same as that recommended for the Leader of the Opposition. To this extent we have departed slightly from what we recommended in 1961. As in the case of the Leader of the Opposition, we would have recommended a higher increase had Parliament been in session for substantially longer periods. We do not wish to denigrate in any way the great importance and the status of the office of Speaker. Nevertheless, it is a fact that when Parliament is in recess his duties or the obligations upon him by virtue of his office are substantially less than those of the Leader of the Opposition.
- (d) As a result of our recommendation in 1961 the Under-Secretaries received proportionately the highest increase in salary. We accept that their duties and responsibilities are in many ways closely akin to those of a Minister. However, in the ultimate it is the latter who carries the greater degree of responsibility, and, in our view, there should always be a substantial gap between the salaries payable for the two offices. It is to be remembered that a Parliamentary Under-Secretary has many of the same benefits by way of house allowance, use of Government cars, and travelling expenses as are available to Ministers.

V. ADJUSTMENT OF ALLOWANCES FOR MEMBERS

Basic Expense Allowance

It is now well established that, as an essential part of the duties and obligations inherent in their office, members incur expenses under a variety of headings justifying the payment of a tax-free allowance. These include car or other travelling expenses within the electorate, donations and contributions, hospitality, extra expenses for clothes for the member and his wife, and for typing facilities within the electorate. Of these by far the major expense for almost all members is that relating to the use of a car. Under modern conditions it must be accepted that a car is a necessity.

The attitude of the Inland Revenue Department is that the only items recognised for tax purposes are those included in the tax-free allowances. Members and Ministers are regarded as being in the like position of a salaried employee who should look to his employer to reimburse him for the expenses incurred in the employer's business. We make no criticism of that. However, it leaves us, as with other Commissions, in the position that a reasonably adequate allowance to cover these items should be provided. In terms of tax-free payments their total may seem high. The amount, however, is brought into better perspective if it is appreciated, for example, how much more an

employer would have to pay a salesman or stock agent if they paid all the running expenses of the car and were reimbursed for these in a lump sum each year. There is also the further problem that no depreciation for tax purposes is allowed on a member's car and many are hard put to find the money to buy a replacement.

It is fundamental that expense allowances be fixed to ensure as far as possible that they involve no element of income. As is the case with salaries it is quite impractical to determine these for each individual electorate and member. Thus, inevitably, differences will result in practice with some perhaps receiving too much and others too little. Yet we, as have previous Commissions, have strived for some reasonable degree of uniformity and bearing in mind always that for tax-free allowances the approach should be for minimum and not generous standards. The classification of electorates for this purpose goes a long way though that is by no means a perfect solution.

Universally the submission has been made that the present allowances are too low. The major ground of complaint is in respect of car expenses and replacement of car. Even in compact urban electorates the evidence shows that an annual mileage of 7,000 or more on parliamentary work is quite common. In some of the larger rural electorates this rises to 20,000 miles or more. No doubt some of the figures supplied us do not have adequate regard to purely personal use or that some of the mileage was incurred for party political reasons rather than in the discharge of members' duties to all their constituents. Nevertheless, we are quite satisfied that on this ground alone a case has been established for a further increase. Of less importance, but not to be ignored, is the increase in the cost of clothing, of accommodation expenses within the larger electorates, and in those transport expenses which members have to pay when not using their car.

There are some who renew the submission that the only fair way of dealing with car expenses is that members should produce to the appropriate authority records of their actual use on parliamentary or electorate business and be reimbursed on the scales allowed in the State Services. We can only repeat what we said in 1961 in this regard that, attractive as that may sound in principle, we do not think it is a system which would operate satisfactorily in practice. It is one which obviously can be open to abuse and would be difficult to administer.

It was brought to our notice by certain members that there is an additional use of their car for no other reason than as a means of transport in getting to an airport or railway station as the first part of their trip to Wellington. For example, one member in a large rural electorate said the nearest airport was approximately 65 miles from his home and there was no reasonably convenient public transport available for his use. In the result, he had to use his car. It seems to us that in principle if members should have free transport in travelling to and from Wellington in discharge of their parliamentary duties then this additional cost of transport also should be free of charge. The trip the member makes is basically to and from his home. Again, in principle, if this be accepted for the extreme type of case as mentioned, then it should also be accepted in all other electorates where there is no convenient public transport available to the nearest air centre or railway station as the case may be.

It is pertinent to mention this topic while on the matter of car expenses, but we regard it as additional to ordinary electorate expenses and propose to make a recommendation in regard to it when dealing later with travelling expenses.

For the purpose of the basic expense allowances, electorates are at present classified under four headings having regard to such matters as size, distribution of population, and facilities of communication. In their report of 1961, following ours of the same year, the Representation Commission recommended that there be a fifth category as they found it impossible to make proper allowance for the large rural electorates in relation to others. Some members made a like submission. Typical of these are the electorates of Westland, Buller, and Hobson. We consider this recommendation should be adopted.

With these considerations in mind we recommend that the existing basic expense allowance of £350 payable to members be increased to £425. In addition there be paid to form part of that allowance the following amounts in accordance with the classification of the electorate:

(a) For electorates which are wholly urban	An increase from £20 to £25.
(b) For electorates which are substantially urban	An increase from £40 to £50.
(c) For electorates which are partially urban and partially rural	An increase from £100 to £125.
(d) For ordinary rural electorates	An increase from £200 to £250.
(e) For predominantly rural electorates (new category)	£300.

As previously, the classification under these five headings should be made by the Representation Commission. We discussed the matter informally with the Surveyor-General and the Chief Electoral Officer and conveyed to them our opinion that the differentiation in the last two categories should be based primarily on difficulties and added expenses in fully servicing the electorate.

The four Maori electorates have special problems owing to their size. Southern Maori, for example, includes the whole of the South Island and a substantial part of the lower half of the North Island. We intend that each of these come under the new category (e) with a consequential increase in the basic expense allowance. On the other hand the number on the electoral roll in each of these electorates is substantially less than in other electorates. We recommend no change in the existing additional allowance, namely, £125 in respect of the Southern Maori electorate and £50 in each of the other three Maori electorates.

There is specifically included in the universal increase of £75 a proportion to assist in typing and accommodation expenses within electorates. That item is discussed more fully later.

Sessional Allowance (Members)

As a result of representations made to us at the time we recommended in 1961 that the then flat payment of £165 per annum be replaced by a daily allowance for each day a member was in Wellington on parlia-

mentary business. The rate fixed was £2 10s. per day and that recommendation was adopted. Strong representations have been made that this amount is inadequate. Certainly the evidence disclosed that too many members attending in Wellington during a parliamentary session live under conditions which fall short of what we believe should be the minimum standard for members of Parliament. Indeed, we think the public would be disagreeably surprised if they were acquainted with some of the details. It was said, and no doubt is true, that when members travelled to Wellington on other Government or local authority business the allowance is greater. The amount was too low to permit hotel accommodation for those without other means. Several members urged that the Government should erect a block of flats as the only effective means of coping with the position. That is a matter of policy on which we express no opinion.

Examining the matter solely on this basis we are satisfied that the allowance should be increased. Suitable accommodation in Wellington other than in hotels is difficult to obtain and fairly expensive. On the other hand most visiting members have their meals at Bellamy's, the prices for which are very cheap. We have the doubt whether some members, if they received the extra payment, would in fact seek better accommodation and instead would simply pocket the difference. There have been examples of this being done even on the existing allowance, though to be fair it seems to us that in some of these cases this has been due to the member's precarious financial position.

On the whole we believe that the great majority of members would obtain better accommodation if they could afford to do so and this should be encouraged. We recommend that the total sessional allowance be increased to £3 5s. per day, but subject to the subdivision and observance of the conditions which we shall mention.

The sessional allowance is primarily to meet expenses for food and lodging when the member must be away from his home for the purpose of attending while Parliament is sitting. It has come to our notice that under the existing order the allowance is paid for each day on which the member is in Wellington. That is in accordance with our recommendation in 1961. In practice, however, the position has developed that many members, by reason of air transport, are able to return to their homes on a Friday afternoon but nevertheless still receive whatever proportion of the £2 10s. should be allocated to lodging in respect of an absence from home on Friday night which has not occurred. Similarly, any member whose electorate was outside the prescribed Wellington Urban Area but whose home in fact was in Wellington received the full allowance. Conversely, there are members who by reason of difficulties in transport or if delayed because, for example, airports are closed, still have to stay the Friday night in Wellington and thus fairly incur the additional accommodation expense but receive nothing for part of Saturday. In accordance with our strong view that any tax-free allowance should contain no element of income we think anomalies such as these should be corrected though not with retrospective effect.

The point was made also that members for the Wellington and adjacent electorates incur while Parliament is in session as much or possibly more by way of daily expenses than do the members from elsewhere. Because of this and also for those members who have to be in Wellington either on the Monday or remain until the Saturday morning owing to

transport difficulties it was suggested that a more fair method of paying the allowance was to subdivide it so that a small proportion was a daily allowance and the balance a night allowance. We agree with this view.

Finally, the argument was raised that in most cases the attendance of members at Wellington for caucus meetings was inherently a part of their parliamentary duties. Their expenses were not paid by either party. To the extent that attendance in Wellington is required for parliamentary duties, such as a caucus shortly before a parliamentary session commences, we think this argument is valid.

In the result our recommendation regarding sessional allowances is that the existing provisions be abolished and that as from the date of the coming into effect of any order resulting from this report there be the following:

- (a) That all members in receipt of a basic expense allowance receive a sessional allowance of 15s. for each sitting day while Parliament is in session.
- (b) That in addition there be paid a night allowance of £2 10s. for each night that a member must be absent from his home outside Wellington by reason of his proceeding to or from Wellington by the ordinary means of transport available to him for the purpose of attending Parliament and for each additional night for which he must be absent from his home while he is in Wellington for that purpose. The first part of this provision should not apply to those cases where accommodation is already included in the fare officially paid, such as the Auckland-Wellington Limited and the Wellington-Lyttelton steamer ferry.
- (c) That the foregoing provisions should apply:
 - (i) When any member is required to be in Wellington while Parliament is in recess for the purpose of actually sitting as a member on a Parliamentary Committee or who, though not a member, is required to attend because of being in charge of a Bill or other matter under consideration by a Committee or for other valid reason relating only to the business of the Committee.
 - (ii) In the case of a member attending at Wellington for a properly notified party caucus which lasts for one day only, the aforesaid daily allowance of 15s. Where any such caucus extends beyond one day and as a result the member is involved in overnight accommodation expense in Wellington, the aforesaid nightly allowance of £2 10s. to be payable in respect of one night only.

We are informed that when Parliamentary Committees sit elsewhere than in Wellington other arrangements are made administratively.

Where the Senior Government or Opposition Whip is required to be in Wellington a day before or a day after Parliament sits in any week he should receive the appropriate sessional allowance.

Members who are in Wellington but are unable to attend at Parliament because of sickness or other reason accepted by the Speaker as sufficient and who incur accommodation expenses as a result should be entitled to the nightly allowance during that period of absence.

The foregoing recommendations relating to sessional allowances should not apply to Ministers, Parliamentary Under-Secretaries, the Leader of the Opposition, Mr Speaker, and the Chairman of Committees for all of whom other provision is made.

(d) Additional recommendations relating to allowances and privileges of members in respect of the basic expenses allowance:

(i) *Toll Fees, Telegrams, and Stamp Allowance*: Members have substantial privileges already in that they pay only one-quarter of toll fees, may send telegrams up to 36 words for 6d., and have free franking on all mail posted from Parliament Buildings while Parliament is in session. To meet the additional expenses they are at present receiving £5 per month as a stamp allowance.

It has been submitted that the monthly allowance is inadequate. We think that is true in respect of the majority of electorates and that some small increase is justified.

On behalf of the members of Maori electorates it is claimed that their toll fees are particularly high due to the size of their electorates. On the other hand this should be offset to some extent by the lesser number of electors.

We are satisfied that there is a special additional expense under this heading on the member for Lyttelton by reason of his electorate including the Chatham Islands. Owing to the absence of any regular mail service he is obliged to make greater use of telegrams and tolls to the Chatham Islands.

There have been recent increases in postal rates but we are not clear to what extent these will affect the position of members.

We recommend that the monthly allowance be increased from £5 to £7 and that the member for Lyttelton be allowed a further £12 per annum.

It is convenient under this heading to deal also with the stamp allowance for the Leader of the Opposition. At present this is £12 10s. per month and we recommend that that be increased to £17 10s. per month.

(ii) *Secretarial and Office Accommodation*: Many representations were made to us that we recommend ways and means of improving the position of members with the aim that within their electorates they be provided with free and suitable accommodation and typing facilities. One suggestion urged strongly by many was that one of the Government Departments should make a room available and that the member have the services of one of the Department's typists. That has been raised and investigated before and found to be impractical administratively and we can fully appreciate why this is so. Another suggestion is that members be provided with a dictaphone

or tape recorder and be entitled to the free services of a public typist. This would be suitable for some but not for others.

The problem of a member's daily mail within his electorate in most cases is a very real one. Some have to write their correspondence in longhand; others either attempt typing themselves or are fortunate in having wives who can type for them. It is certain that dealing with correspondence is one of the more burdensome obligations of most members.

If we could see some practical means for all members to have specific assistance towards this problem we would recommend accordingly. As we cannot we think the fairer way is to add more to the basic expense allowance and leave it to members to make their own arrangements. We add the suggestion that consideration be given to providing a dictaphone or tape recorder to those members who desire one.

In 1961 we recommended that an additional typist be made available to each of the parties to assist members in Wellington while Parliament was in session. That was done but we are satisfied that there is still a genuine demand for more assistance. We suggest for consideration, therefore, that one further typist for each of the particular parties be provided during the time Parliament is in session.

(iii) *Rail, Sea (inter-Island), and Air Travel*: While we regard this as primarily an administrative matter it was the subject of a recommendation in 1961 and representations once again have been made to us. These have been confined to air travel. At present, members may travel free by air at any time between their home airport and Wellington and within their own electorates. In addition each is entitled to an allowance of £100 for travel for himself and his wife anywhere within New Zealand. Wives are entitled free to six single trips to Wellington while Parliament is in session.

The submission is made that air travel has now become so essentially a means of transport that it should be placed in the same category as others. Any novelty in it no longer exists and members should be encouraged to visit other areas in New Zealand.

We consider there is substance in these submissions and we recommend the following:

- (a) That members have free air travel anywhere within New Zealand provided this be on a regular and authorised scheduled or non-scheduled service.
- (b) That the existing privilege in respect of wives or husbands of members having six free single trips from their constituencies to Wellington while Parliament is in session be continued.
- (c) That the air travel allowance of up to £100 per annum be abolished as from 1 April 1965 and thereafter be up to £25 per annum for the use by a member's wife (or husband) accompanying the member on his official duties.

- (d) That if within his electorate only a member uses recognised air travel as above for the purposes of attending a function in connection with his parliamentary duties and the attendance of his wife at that function is reasonably necessary, there should be free travel for the wife.

Travel Expenses Between Home and Commencement of Trip to Wellington: We referred to this matter when dealing with the basic expense allowance. In order to ensure that there is adequate free travel from a member's home to Wellington we recommend as follows:

That where the normal public transport is either not available between a member's home and the commencement of his trip to and from Wellington by air, rail, road, or sea or is so inconvenient that it is reasonable for a member to use his car or other means of transport, the member should be reimbursed for that additional expense to the same extent and subject to the same conditions as would apply to a public servant travelling on official business.

VI. ALLOWANCES FOR MINISTERS AND OTHERS

Basic Allowance:

Prime Minister	.....	.....	No change from existing £1,600.
Deputy Prime Minister	.....	.....	No change from existing £600.
Ministers	.....	.....	No change from existing £550.
Under-Secretaries	.....	.....	No change from existing £450.
Leader of the Opposition	.....	.....	No change from existing £550.
Mr Speaker	.....	.....	Basic expense allowance as a member plus £350.
Chairman of Committees	.....	.....	Basic expense allowance as a member plus £200.

(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.

(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 house allowance of Ministers, Under-Secretaries, and the Leader of the Opposition.

The basic allowance for Ministers, Under-Secretaries, and the Leader of the Opposition is in lieu of what they would otherwise receive as members. While in some respects they continue to incur the same obligations as if they were members, for example, in donations, their other allowances and privileges make it desirable that their basic allowances be determined separately. This has been accepted in the past. For example, there is no need for them to have any car allowance as they have the official use of cars at all times. On the other hand they should have higher expenses in other directions, such as for entertainment.

There was no evidence adduced before us indicating that the existing allowances are inadequate and, particularly in view of additional allowances we are about to recommend, we see no reason to recommend any change.

In the case of Mr Speaker we have been persuaded that it is more fair in his case for him to receive, as does the Chairman of Committees, the basic expense allowance for his electorate and then to add the additional £350 to meet his considerable entertainment expenses as Speaker and his ordinary living expenses while in Wellington. The same applies to the Chairman of Committees who, like the Speaker, is provided with free accommodation in Parliament Buildings.

We make the following additional recommendations:

- (a) *The Prime Minister*: We are aware that the Prime Minister has essential obligations for entertainment in his own home. We appreciate also that his wife participates, to a very great extent, in that wide variety of activities which are the consequence of being the wife of the Prime Minister. We believe that for one in his position there should be provided free of charge the full-time domestic assistance of one person. We recommend accordingly. What particular form that assistance should take should be determined by the Prime Minister.
- (b) *Travel Allowance for Prime Minister, Ministers, and Under-Secretaries and their Wives*: The present travel allowance for Ministers is at the rate of £4 4s. per day or part of a day. This has been the position for several years. Although in 1961 the cost of accommodation had increased since that allowance was first determined we decided not to recommend any change. That decision was due partly to the economic situation and partly to the allowance being payable for part of a day only. Since then the upward trend in hotel tariffs has increased and for almost all the better-class hotels £4 4s. per day is inadequate merely to pay the actual hotel account. There are, of course, other incidental expenses incurred.

We recommend that the travelling allowance be increased to £5 5s. per day or part of a day.

The point was made here, as with members travelling within their electorates, that there are many occasions when a Minister must be accompanied by his wife. Undoubtedly this is so. It seems to us that to this extent the additional expense which a Minister incurs for the accommodation of his wife and which in the past he has paid himself is in reality incurred by reason of his business as a Minister.

We recommend that when a Minister travels to attend an official function by reason of his duties as a Minister and which involve him in requiring overnight accommodation and it is necessary that his wife should attend as well he be paid an additional allowance of £5 5s. per day for the period only for which attendance of the wife at that function is necessary.

- (c) *Leader of the Opposition—Car and Travelling Allowances*: It was submitted strongly that the Leader of the Opposition should have the same travelling allowances and free use of official cars as a Minister. We have been informed that the major part of his travels throughout the country, other than immediately before a general election, are occasioned primarily because of his office and that a comparatively small percentage is for purely political purposes. This may be so but it seems to us that it cannot be said of the Leader of the Opposi-

tion, as for many years it has been accepted for Ministers, that when he is travelling he is always deemed to be on the business of the State. Provided the allowance is reasonable we consider it preferable to adhere to the distinction which has been accepted in the past. The Leader of the Opposition has a car allowance of £300. This is devoted mostly to the use of official cars which are appropriate for his office but which are more costly than taxis. We recommend:

- (i) That the car allowance be increased from £300 to £600 per annum.
- (ii) That for travelling expenses outside his electorate the allowance be increased from £215 to £400.
- (iii) Where the Leader of the Opposition uses air travel to attend an official function and it is necessary that his wife should attend the additional air fare should be free.

The substantial increase for travelling expenses outside the electorate is intended to cover two matters. The first is to recognise the increase in accommodation costs dealt with specifically in respect of Ministers. The second is to place the Leader of the Opposition in a like position as a Minister when the attendance of his wife is necessary for official functions.

We have considered representations for an additional travelling allowance in respect of the Private Secretary of the Leader of the Opposition but make no recommendation.

- (d) *Deputy Leader of the Opposition*: By reason of the expenses which he incurs in sharing the official duties of the Leader of the Opposition we recommend that in addition to his basic expense allowance as a member he receive £150.
- (e) *Mr Speaker*: In addition to the existing provision relating to the use of official cars we recommend that he also have free use of official cars between airports, railway stations, bus terminals, or wharves to hotels and incidental running for journeys arising out of his official duties.

When the Speaker is travelling away from his electorate or from Wellington on official business he should be entitled to the same travelling allowance as a Minister and a like allowance for his wife as we have recommended for a Minister.

In respect of air travel the existing privilege in respect of the wives of members relating to trips to Wellington should be increased in the case of the Speaker's wife to 24 and a like provision as made for the wife of the Leader of the Opposition as set out above also apply to the wife of the Speaker.

(Primarily, we think, because of the family commitments of the present Speaker and to the limitations in this regard to the otherwise suitable accommodation assigned to the Speaker in Parliament Building, it is urged that he should have the same house allowance as for Ministers and the Leader of the Opposition. We do not think it wise to depart from the accepted practice and consider such a matter must be looked at from the point of view of the office and not the individual. Accordingly we recommend no change.)

VII. FORMER PRIME MINISTERS

In the United Kingdom, the Commonwealth of Australia, and in certain Australian States recognition is paid to the nature and extent of the services a Prime Minister gives to his country by granting him a payment in the nature of a pension after he retires from that office. So far as we are aware, this has never been the practice in New Zealand. No representation has been made to us on this question but we feel strongly that like recognition should be given in this country. As was said so truly by the 1951 Commission, "the Prime Minister is the keystone of the Parliamentary arch". Upon his shoulders rests to a tremendous extent the ultimate responsibility not only for good Government but also for the attitude of New Zealand in international affairs.

Approaching the matter on more mundane and practical grounds, we think it inevitable that the office of Prime Minister attracts to it obligations of a social nature which do not disappear entirely with retirement. They continue to involve him in extra expense.

Fundamentally, however, what prompts us to make any recommendation in this matter is our conviction that the country should give tangible recognition for the great services he has rendered.

Further, we do not think that the payment should terminate on the death of a Prime Minister but, with the appropriate reduction, should extend to his widow. The wife of the Prime Minister shares his political life so fully that some recognition should be given to her as well.

We have noted that in certain cases overseas some equivalent provision has been made in respect of Ministers. We do not recommend this. We think the Prime Minister should be regarded in a special and indeed a unique position.

It would not be right, we think, for this recommendation, if adopted, to apply to every person who has held the office of Prime Minister no matter how brief the period. There should be some minimum period for qualification and we consider two years in office would be reasonable. While we have in mind primarily the position after a Prime Minister retires from public political life, we believe that, if the premise we state is correct, retirement in that full sense ought not to be the only criterion. Nothing need be done, of course, when the turn of the political wheel results in a Prime Minister becoming the Leader of the Opposition but what, if instead of this or at some later stage, as with the Right Hon. Sir Winston Churchill, he becomes an ordinary member? We think our proposal should apply in this case also.

It will be manifest from this latter comment that we are thinking of the particular case of the Right Hon. Walter Nash. We believe the public generally would support appropriate recognition of his great services to the country. At the present time there are two other persons to whom this recommendation also applies, namely Mrs Gordon Coates and Lady Holland.

The present position is that if a Prime Minister retires from Parliament he receives only his pension which is based on his salary as a member only. When he reverts to an ordinary member he receives only the salary and allowances as such. In both cases other valuable privileges, such as the provision of a free house and the use of official cars, disappear.

We recommend therefore:

- (a) That where a Prime Minister who has held office as such for a total minimum period of two years either retires voluntarily or, if still in Parliament, is a member only he should be paid out of the Consolidated Fund by way of salary and additional to any superannuation or other parliamentary salary a sum at the rate of £200 for each full year he has held office as Prime Minister but with a maximum of £1,000 per year.
- (b) If, after a Prime Minister has qualified under (a) or if he dies before so qualifying and leaves a widow, there should be paid to the widow for her life one-half of the amount referred to in (a).
- (c) That provision should be made for a limited free use of official cars for the former Prime Minister or his widow as the case may be. In general, we think this should be determined in the light of the particular circumstances. Specifically, however, we recommend in the case of the Right Hon. Walter Nash that he be given the right to use official or private cars up to a value of a maximum of £200 per annum.

VIII. PARLIAMENTARY SUPERANNUATION SCHEME

Amending legislation following our report in 1961 appreciably improved the scheme and as a result submissions on this question were not as extensive as they were three years ago. In essence they come under four headings as follows:

- (a) *A Relaxation of the Requirement that a Member be Aged 50 Before he Qualifies for a Superannuation Allowance:* It was maintained by some members that by reason of the increased proportion of younger members and the comparatively high rate of contribution at 10 per cent of salary the allowance should be paid irrespective of age provided the member otherwise qualifies. We are not prepared to recommend this. It is to be remembered that the period of contribution in those cases will be comparatively short. Further, any member retiring from Parliament before attaining the age of 50 in general ought to be able to obtain gainful employment. Finally, on this topic, the age of 50 is lower than is customary in other schemes where the retiring allowance is payable on an age basis.
- (b) *An Increased Payment to Widows:* The opinion was expressed that, in view of the many duties falling to the lot of a member's wife, the allowance for widows should be two-thirds instead of one-half. Sympathetic as we are with the reasons for this, we still consider we should not recommend it. We believe that the appropriate place to reflect the great assistance given by most wives of Ministers and members is primarily in salaries and allowances. Many other persons may assert with equal force that they also owe much in their work to the assistance they receive from their wives. The effect of acceding to this request would be greatly to improve the allowances in a scheme already generous in comparison to many others. One

point in that regard is that under the Parliamentary Scheme superannuation is based on salary at retirement whereas in most other schemes the calculation is on an average salary for some years prior to retirement.

- (c) *Extension of the Scheme to Dependent Children*: The need for this appears to have been overlooked in the past. One possible explanation is that in former years the average age of members was higher and thus this was no practical problem. Whatever the reason, we think this submission should be adopted. We recommend therefore that the appropriate amendment be made to the Parliamentary Scheme so that there be payable thereunder a like children's benefit as is provided under the Public Service Superannuation Fund for the children of a deceased contributor.
- (d) *Extension of the Scheme to the Widowers of Members*: It was rightly brought to our notice on behalf of members who are married women that there should be some provision for their husbands who may prove to be in need of it. This is only just.

Since the implementation of "equal pay" in the State Services the Superannuation Act 1956 has been amended to provide for payment of an allowance to a widower in the event of the death of his wife who was a contributor to the Fund and in the opinion of the Superannuation Board was totally or partially dependent on his wife at the time of her death.

We recommend that *mutatis mutandis* like provision be made in the Parliamentary Scheme.

IX. OMBUDSMAN

In considering our recommendation regarding any adjustment of the salary of the Ombudsman we think it essential that we should apply the same standard as in parliamentary salaries, that is, to have regard to the office and not to the individual.

The office is a new concept in this country. In the discharge of his duties as laid down by statute the Ombudsman is given within a restricted sphere a wide power of investigation. Necessarily in reaching his conclusions on a complaint he must at times exercise functions judicial in nature. His ultimate responsibility is to Parliament.

It has been submitted that it is consistent with the status and duties of the office that the Ombudsman should be given the status and salary of a Judge of the Supreme Court. It appears this has been accepted in the Scandinavian countries and in West Germany although in certain important respects the duties of the Ombudsman in those countries are somewhat different in character. We have been informed that those who support the introduction of a like office in the United Kingdom and in Canada hold the view that the Ombudsman should be given the status and salary of a Judge.

We are not belittling in any way the importance of the office or the value of the work done to date both for individuals and for the country generally when we say we are unable to accept this submission.

This is so for two reasons. We do not think that in this country there is any valid comparison between the status or the duties of a Judge of the Supreme Court and those of the Ombudsman. The former symbolises in practice and in precept the administration of justice according to law. His responsibilities extend to all phases of human activity and in most cases he has the power of final decision subject only to any right of appeal. The Ombudsman on the other hand is specifically prohibited from adjudicating on any complaint which involves a determination of legal rights and his ultimate authority is the degree of support his recommendations may receive from Parliament.

Our second reason flows from the fact that the present salary of £3,500 was determined only some two years ago. We accept without question that before reaching this decision the Government gave careful consideration to all relevant factors including the status and the salaries accepted in the other countries which we have mentioned. Since then there have been no material changes in the duties of the Ombudsman. After so short a period we think it would be wrong for us with our imperfect knowledge of the reasons which influenced the Government in fixing the present salary to say, in effect, that theirs was the wrong approach and their decision incorrect.

In these circumstances we are not prepared to recommend an increase more than is appropriate to keep the salary substantially in line with the recent increases in the salaries of senior officers of the State Services. In particular, we have in mind the salary payable to the other officer directly responsible to Parliament, the Auditor-General. This is not to imply by any means that we are making a comparison between the two offices. They are so dissimilar that this is not possible; but we think the position of the Auditor-General offers a useful guide.

We recommend, therefore, that the salary be increased to £4,100, this to backdate to when the increase in the salary of the Auditor-General became effective, namely, to 1 April 1964.

We have considered whether a tax-free expense allowance should be recommended. We appreciate that the Ombudsman by virtue of his office has at least certain additional entertainment expenses in respect of visitors from outside Wellington and from overseas. We are not satisfied, however, that the existing administrative provision to meet these and other items of expense allowance are inadequate. Accordingly we make no recommendation under this heading.

DATE OF VARIATIONS

We recommend that the foregoing variations in salaries and allowances, unless otherwise stated in this report, be made effective as from 1 July 1964 subject to the following exceptions:

1. The sessional and stamp allowances of members and the allowance for additional travel expenses to and from Wellington, as referred to at the end of Part V, to come into effect on 1 October 1964.
2. All recommendations relating to accommodation expenses for wives to come into effect on 1 October 1964.

3. Increases in travelling allowances for Ministers, Under-Secretaries, the Speaker, and the Leader of the Opposition (being the allowance when the Leader of the Opposition travels outside his electorate) to come into effect on 1 October 1964.
4. The recommendation in Part VII relating to former Prime Ministers and their widows to come into effect on 1 October 1964.
5. That amending legislation giving effect to the recommendations for amendments to the Parliamentary Superannuation Scheme be retrospective to 1 October 1964.

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 September 1964.

SUMMARY OF RECOMMENDATIONS

(A) Annual Salaries and Allowances

Executive

Prime Minister—

Salary	£5,750
Expense allowance (no change)	£1,600
Domestic staff of one to be paid for officially.	

Deputy Prime Minister—

Salary	£4,250
Expense allowance (no change)	£600

Ministers with portfolio—

Salary	£4,000
Expense allowance (no change)	£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	£3,250
Expense allowance (no change)	£450

Parliamentary Under-Secretaries—

Salary	£3,000
Expense allowance (no change)	£450

Officers of the House

Mr Speaker—

Salary	£3,400
Expense allowance	Basic expense allowance as a member plus £350.

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

Chairman of Committees—

Salary	£2,750
Expense allowance	Basic expense allowance as a member plus £200.

(NOTE—Residential quarters provided in Parliament House.)

Leader of the Opposition—

Salary	£3,400
Expense allowance (no change)	£550

Deputy Leader of the Opposition—

Salary	£2,400
Expense allowance	Normal allowance as a member plus £150.

Members—

Salary	£2,150
Special salary allowance for Government and Opposition	

Whips:

Chief	£100
Junior	£65

Basic expense allowance £450 to £750 according to classification of electorate plus additional allowances for Maori electorates as per Note 3.

NOTES relating to basic expense allowance of members:

1. The basic expense allowance to be increased from £350 to £425
2. The additional allowance depending on classification of electorates to be:

(a) Electorates which are wholly urban	.....	.....	£25
(b) Electorates which are substantially urban	.....	.....	£50
(c) Electorates which are partially urban and partially rural	.....	.....	£125
(d) Electorates which are ordinary rural	.....	.....	£250
(e) Electorates which are predominantly rural (new category)	.....	.....	£300
3. Special additional allowance for Southern Maori Electorate of £125 and for each of the other Maori electorates £50.

Date of Variations: Variations of salaries and allowances to be made effective as from 1 July 1964.

(B) Sessional Allowance (Members)

That in lieu of the present daily allowance of £2 10s. there be a daily allowance for all members of 15s. and an additional £2 10s. night allowance for members entitled thereto and subject to the conditions as set out under this heading in Part V.

(NOTE—This does not apply to Ministers, Parliamentary Under-Secretaries, the Leader of the Opposition, Mr Speaker, or the Chairman of Committees.)

Date of Variations: 1 October 1964.

(C) Travelling Allowances and Expenses

Ministers and Under-Secretaries

That the daily allowance for Ministers be increased from £4 4s. to £5 5s. per day or part of a day.

That when a Minister travels to attend an official function by reason of his duties as a Minister and which involve him in requiring overnight accommodation and it is necessary that his wife should attend as well, an additional allowance of £5 5s. per day for the period only for which attendance of the wife at that function is necessary.

Leader of the Opposition

Car allowance be increased from £300 to £600 per annum.

That for travelling expenses outside his electorate the allowance be increased from £215 to £400.

That when the Leader of the Opposition uses air travel to attend an official function and it is necessary that his wife should attend the additional air fare should be paid officially.

Mr Speaker

- (i) Additional use of official cars when engaged on official duties.
- (ii) Like travelling allowance of £5 5s. per day as for a Minister when engaged on official duties, including similar additional payment for wife.
- (iii) Wife entitled to 24 single trips per annum between Mr Speaker's electorate and Wellington.
- (iv) When Mr Speaker uses air travel on official business and his wife required to be present, free air travel for the wife.

Date of Variation: 1 October 1964.

Members

- (i) *Additional Travelling Expenses to Wellington on Parliamentary Business*: Reimbursement as would apply for public servants travelling when no public transport to nearest airport, etc., available or reasonably suitable.
- (ii) *Air travel*: Unrestricted free travel within New Zealand for member and free air travel for wife within electorate when attending functions of official nature.

Date of Variations: 1 October 1964.

- (iii) Air travel subsidy of £100 reduced to £25.

Date of Variation: 1 April 1965.

(D) Tolls and Stamps

That the monthly allowance for members be increased from £5 to £7 worth of stamps with these exceptions:

Leader of the Opposition: From £12 10s. to £17 10s. worth of stamps each month.

Member for Lyttelton: From £5 to £8 worth of stamps each month.

Date of Variation: 1 October 1964.

(E) Typing and Office Accommodation

Suggested for favourable consideration:

- (i) One additional typist for each party while Parliament in session;
- (ii) Dictaphones or tape recorders to be supplied free of charge to members requiring same.

(F) Superannuation

Provisions retrospective to 1 October 1964 similar to those provided in superannuation legislation relating to State servants should be included in the Parliamentary Superannuation Scheme to provide for:

- (i) Dependent children on the death of a contributor;
- (ii) A widower totally or partially dependent on a deceased female contributor immediately prior to her death.

(G) Former Prime Ministers

(i) Subject to minimum qualification of two years in office, an annual payment at the rate of £200 for each full year in office but with a maximum of £1,000 per annum after retirement or when a member only:

(ii) Subject to (i), one-half to widow:

(iii) Limited free use of official cars, including widows:

(iv) Free use of official cars up to £200 per annum for the Right Hon. Walter Nash.

Date to come into effect: 1 October 1964.

(H) Ombudsman

Salary to be increased to £4,100, effective from 1 April 1964.

**SUMMARY OF MEMBERS' EXISTING PRIVILEGES
AND SUPERANNUATION RIGHTS**

<i>Member</i>	<i>Wife</i>
<i>Rail Travel</i>	
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.
Free travel on <i>Aramoana</i> (passenger only - not cars)	Same as for member.
<i>Inter-Island Steamer Travel</i>	
Free travel by Lyttelton - Wellington and Picton - Wellington steamers	Same as for member.
<i>Air Travel</i>	
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	Six 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

Members have—

- (a) Unlimited use of franking stamp during session 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

One 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 four additional and plus 9d. for "Urgent".

Members' Families

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

Superannuation Rights

(i) One thirty-second part of salary as member at date contributor ceased to be a member for each year's service as a member with a maximum of two-thirds of salary:

(ii) Qualification: Nine years as a member and attaining 50 years of age or dying before 50:

(iii) Widow entitled to one-half of allowance payable to deceased husband.

(iv) Right to refund of contributions when ceases to be a member without qualifying.

(NOTE—Member's contribution, 10 per cent of salary subsidised pound for pound by Government.)

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