

REPORT  
OF THE  
Royal Commission  
Upon Parliamentary Salaries  
and Allowances  
1970

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

BY AUTHORITY:

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

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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 DENIS McGRATH, Esquire, LL.B., ERIC WILLIAM McCALLUM, Esquire, Commander of the Most Excellent Order of the British Empire, and JOHN BLUNDELL PRICE, Esquire:

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 3 months after the date of every general election of Members of Parliament, and a general election was held on the 29th day of November 1969:

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

DENIS McGRATH,  
ERIC WILLIAM McCALLUM, and  
JOHN BLUNDELL PRICE

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

DENIS McGRATH

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 1970, 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 9th day of February 1970.

Witness Our Right Trusty and Well-beloved Cousin, Sir Arthur Espie Porritt, Baronet, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Knight Commander of Our Royal Victorian Order, Commander of Our Most Excellent Order of the British Empire, Governor-General and Commander-in-Chief in and over New Zealand.

ARTHUR PORRITT, Governor-General.

By His Excellency's Command—

KEITH HOLYOAKE, Prime Minister.

Approved in Council—

P. J. BROOKS, Clerk of the Executive Council.

## Report of the Royal Commission on Parliamentary Salaries and Allowances

To His Excellency the Right Honourable Sir Richard Wild, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Chief Justice, Administrator of the Government of 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. Other 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. Other 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.

## I. PRELIMINARY MATTERS

The present Commission, on entering into its deliberations, found it necessary to make a detailed examination of the conditions which existed when the previous Commission made its review. That Commission faced problems of an unusual nature. It was initially required to complete its report by 31 July 1967 but at its first meeting in March 1967 a decision was reached that the economic outlook at the time was so obscure that it was advisable for the report to be delayed for 1 year so that the full impact of various actions then being taken by the Government could be assessed. The Commission therefore sought and with the approval of the party leaders was granted an extension of the time for the completion of the report to 30 April 1968.

Early in 1968 the Commission, on becoming aware that in March 1968 the Court of Arbitration would commence a hearing of an application for a general wage order, decided that it was advisable that before reaching its decision it should know the result of this application, and accordingly it sought and was granted a further extension to 30 June 1968. On 17 June 1968 the Arbitration Court refused to make a general wage increase. This led to a serious industrial situation because of the almost universal rejection by the trade unions of the Court's decision.

On 27 June 1968, 10 days after the Arbitration Court's pronouncement, and at the height of the critical industrial situation which then existed the Commission completed its report in which it stated:

While we recognise that statistics themselves can be misleading unless all factors upon which they are based are studied and assessed, it does seem from those we have quoted, from others which have been supplied to us, and from our own knowledge that on the basis suggested by the 1964 Commission members would be entitled to an increase in salary of something between 15 percent and 20 percent. This, it is to be remembered, would do no more than bring their relative position in line with increases in wages and salaries paid elsewhere. As we have pointed out earlier, members are likely to receive no further increase until the next review some two years hence.

The Commission then dealt with the difficulties of the current economic conditions, and the views expressed by most of the ministers and members interviewed that if there were to be any increase in salaries at all, it should be small. The Commission also believed that there would at that time be widespread public resentment of any substantial increase in parliamentary salaries, and reached the following conclusion:

Taking all these matters into consideration and believing that in the current circumstances a flat percentage increase is more fair to all, we recommend that all parliamentary salaries from the Prime Minister to the member be increased by  $7\frac{1}{2}$  percent, such increase to be taken to the nearest \$50 upwards.

In reaching this conclusion the Commission took into account the improvements in the allowances for expenses.

On 15 July 1968 a new application was filed for a general wage order, such application being heard on 24 July 1968. On 5 August the Court of Arbitration gave the following decision:

- (a) An order will be made increasing rates of remuneration of all awards and industrial agreements by 5 percent subject to limitations as to scope as set out hereunder.

- (b) There shall be excluded from the scope of the order such portion of the remuneration in each week of the workers affected by the order as exceeds the amount of \$40 in the case of adult male workers, the amount of \$30 in the case of adult female workers, and the amount of \$25 in the case of junior workers.

The Court also decided that the effective date should be 19 August 1968.

In the 39 days which elapsed between the presentation of the Commission's report and the order of the Court of Arbitration the situation had very substantially changed.

In the conditions prevailing at the time of its report the Commission took what appeared to be the appropriate and reasonable course. In the light of subsequent events, however, we are satisfied that the decision to recommend no increase in parliamentary salaries for the first year and 7½ percent (rounded off to nearest \$50 upwards) over the remaining 2 years, created an injustice to all those concerned.

The effect is illustrated by comparing salary movements of parliamentarians with those of other groups. For example, between 1964 and the beginning of this year the movement in the Department of Labour's half-yearly survey of average hourly earnings shows an increase of 38 percent. Similarly, the public servant receiving the same salary as a Member of Parliament in 1964 has had an increase of about 40 percent. On the other hand, the ordinary Member of Parliament has received an increase of about only 8 percent.

Having regard to the facts set out above we have come to the conclusion that the proper course for us to adopt is to take as a starting point of our consideration of this matter the salaries fixed as from 1 April 1964 rather than the salaries fixed at the last review.

## II. INTRODUCTION

We have read the reports of previous commissions and considered the procedure that has evolved from their deliberations and the principles they have established regarding the bases upon which salaries and allowances should be determined. We are happy to adopt the generally accepted position in these matters. We do not think it necessary to repeat in this report material which has been so well set out by our predecessors.

Notices were again published in the daily press inviting submissions from the public, producing a small but in some cases useful response. We requested the Prime Minister and a number of ministers and members to appear before us and we let it be known that we would welcome submissions from any minister or member, and many were received. We interviewed the Prime Minister, 5 ministers, the Speaker, the Leader of the Opposition, and 24 members, and we also had assistance from a number of departmental heads who have at our request provided us with material which has proved most valuable. In addition to this we had the benefit of submissions from members of the Faculty of the School of Political Science and Public Administration at the Victoria University of Wellington. We should like, too, to pay tribute to Mr H. N. Dollimore, the Clerk of the House, and his Deputy, Mr E. A. Rousell, who has also acted as Secretary of the Commission, for the constant and efficient help which they gave to us.

### III. RECOMMENDATIONS IN RESPECT OF PARLIAMENTARY SALARIES

We do not, for the reasons already set out, think it necessary to go into any detail regarding the now well-established principles which were applied in determining our salary recommendations, other than to state that we used as a basis the four fundamental propositions repeated in the 1968 report, namely:

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

We have paid particular attention to the view expressed by the last Commission that had circumstances been normal and the basis of assessment of salaries employed by the 1964 Commission been used, members would have received, not a  $7\frac{1}{2}$  percent increase in salaries, but one ranging between 15 and 20 percent, and that had this latter increase been granted it would have done no more than enable a member to maintain his relative position in line with wage and salary increases paid elsewhere.

The Prime Minister, in accordance with his usual practice, made no submission regarding his own position but we hold the view that his remuneration is quite inadequate having regard to the vital importance of his office in the Government of New Zealand and his massive burden of work and responsibility, and we have recommended the increase which we consider appropriate.

Further careful consideration has been given to the position of the Leader of the Opposition.

The previous Commission stated:

There was urged upon us again that the Leader of the Opposition should be paid the same salary and have the same allowances and privileges as a minister. Indeed we detect a more wide-spread support for this amongst members from both sides of the House. Needless to say the present incumbent of that office was silent on the topic. In 1964 the Commission had to consider the same submission and its views are recorded on page 16 of that report. We adhere to them. That does not mean that the two of us who were parties to that statement are inflexible in that opinion but all three of us believe that the present is not opportune to make so radical a change. It could well embarrass the Leader of the Opposition to be placed comparatively in so much more favourable a position than anyone else. Indeed it is fair to record that he favoured that any increase recommended should be on a flat percentage basis. There would be revived the difficult and controversial question of the relevant salaries of the Leader of the Opposition and the Speaker. We think the position should be left as it is.

Recognition of the position of the Leader of the Opposition has been slow to come in New Zealand—allowances were granted in Canada in 1905, in the Australian House of Representatives in 1920, and in New Zealand nothing substantial until 1951. Sir Ivor Jennings in his book *Parliament* has said, "The Leader of the Opposition is almost Her Majesty's alternative Prime Minister". He is required to hold himself



in constant readiness to provide an alternative Government, as our whole system assumes that at any moment when the Government resigns or is defeated on a major issue a new one can be formed by the Opposition. The proper discharge of the obligations of the Leader of the Opposition requires continuous study and planning for the future and constant travel and contact with his party organisation and with citizens generally throughout New Zealand, and there does appear to us to be justification for an improvement in his salary, staff, and allowances.

We are therefore making recommendations in respect of each of these matters.

In considering the salary of the Speaker in relation to the Leader of the Opposition we had regard to the English precedent, where the Speaker has a greater salary than the Leader of the Opposition, and the Australian precedent, where he has a lesser salary. We reached the conclusion that conditions in New Zealand are more closely comparable with Australia than with England, but we were satisfied that the present Speaker's salary is out of line with the status of the important office that he holds and the vital part he takes in the conduct of parliamentary activities. Certain other adjustments have been made to reflect what are considered to be appropriate margins.

### Salary Recommendations

In dealing with the salaries of members of Parliament not holding any other office, we examined the mass of statistical data which was made available to us, and the position of members of Parliament in relation to certain senior employees in the State Services, and to remuneration paid to persons outside the State Services.

The following schedule sets out our recommendations and also shows the relative position in 1964 and in 1968:

Position	Base Salary w.e.f.	Present Salary w.e.f.	Recommended Salary w.e.f.
	1 April 1964	1 April 1968	1 April 1970
	\$	\$	\$
Prime Minister .....	11,500	12,400	17,000
Deputy Prime Minister .....	8,500	9,150	12,500
Minister with portfolio .....	8,000	8,600	11,250
Minister without portfolio .....	6,500	7,000	9,650
Parliamentary under-secretaries	6,000	6,450	8,450
Leader of the Opposition .....	6,800	7,350	10,500
Deputy Leader of the Opposition	4,800	5,200	6,850
The Speaker .....	6,800	7,350	10,000
Chairman of Committees .....	5,500	5,950	7,750
Chief whips .....	4,500	5,050	6,600
Junior whips .....	4,430	4,850	6,400
Members .....	4,300	4,650	6,100

### Suggested Procedure for Future Review of Salaries

The Commission considers that this is an appropriate time for the introduction of a procedure for adjusting ministers' and members' salaries at more frequent intervals than at present, in order to avoid

the problems to which we have referred above. It is considered that the Commission should continue to review salaries and allowances of ministers and members as at present, but that provision should be made for interim automatic adjustments by Order in Council of salaries only during the normal triennial period between reviews by a Royal Commission.

The State Services Remuneration and Conditions of Employment Act 1969 provides for a review of State Service salaries as at April and October each year and empowers the employing authorities to make such adjustments to the pay scales as are considered necessary to reflect the movement in pay scales outside the State Services. The Department of Labour conducts the half-yearly surveys which form the basis for the adjustment of State Service salaries and the same source could be used for the suggested review of ministers' and members' salaries. The Commission, however, is of the view that it would be more appropriate for the adjustments in respect of parliamentary salaries to be made every 12 months and recommends that the Civil List Act 1950 be amended to enable these annual adjustments to be made.

As a basis for such automatic adjustments of ministers' and members' salaries between Royal Commission reviews, it is recommended that the Government Statistician provide the Prime Minister with a certificate specifying the percentage movements in pay scales outside the State Service (worked out on the basis of the State Services Remuneration and Conditions of Employment Act 1969). This certificate would be the authority for the preparation of the appropriate Order in Council prescribing the new salary incorporating the percentage increase.

The recommendations that we have made in regard to salaries, and which are set out in the schedule, include an element to cover the increase which has arisen from the April 1970 review. It is therefore recommended that the first automatic adjustment should be based on the percentage increase revealed in the April 1971 review over the April 1970 review. The application of the increase should take effect on and from 1 April 1971.

An adjustment should be made each succeeding year on the basis of the increase revealed by the April review over that of the previous April, except when a Royal Commission has been set up in accordance with the existing provisions of the Civil List Act to review the salaries and allowances of ministers and members within 3 months after the date of each general election.

#### IV. ADJUSTMENT OF ALLOWANCES AND PRIVILEGES OF MEMBERS

Except to the extent that they are replaced, varied, or increased by the recommendations hereunder, we recommend that no changes be made under this heading.

In the 1968 report the previous Commission set out the basic principles that should be applied in respect of the determination of tax-free allowances. Here again we are fully in accord with the views expressed therein and in prior reports, and we do not consider that any useful purpose would be served in any detailed re-statement by us of the views previously recorded.

We are satisfied from the evidence that was so frankly given to us by members that the serious inadequacies in the present remuneration in respect of salaries do not extend to the sphere of tax-free allowances and privileges. This is confirmed by the previous Commission's report when it stated that the increases which it recommended in this sphere "must assist in lessening the sacrifice which we think our recommendation as to salary involves". The general principle as stated by the 1964 Commission must be that "it is fundamental that expense allowances be fixed to ensure as far as possible that they involve no element of income".

A number of submissions were made to the Commission regarding specific problems in individual electorates which were not adequately met by the present allowances. We have examined these submissions carefully, but we have come to the conclusion that we must agree with the view expressed in the 1964 report that it is quite impractical to determine these matters for each electorate and that inevitably differences will result in practice with some perhaps receiving too much and some too little. We feel that these individual problems have become accentuated because of inadequate salaries, and that they will be considerably lessened if our salary recommendations are adopted. The Commission gave consideration to the possibility of eliminating some of the allowances by the provision for members of the services that they are intended to cover, in particular with relation to the provision of accommodation in Wellington and secretarial services in electorates. We came to the conclusion, however, that the difficulties and the expense of providing these services for members were so great that it was preferable that the existing system should be maintained. In the result we recommend the following changes:

### (A) Adjustment of Allowances and Services to Members

#### (a) *Basic and Electorate Allowances for Members*

We recommend that—

- (1) The basic expense allowance be increased from \$1,000 to \$1,250 of which \$100 is to be a payment additional to that already provided, to enable a member to engage typing services in his electorate. Although it was not expressly stated, the previous allowance included \$150 for this purpose.
- (2) The additional allowance depending on classification of electorates be:
  - (a) Electorates which are wholly urban, an increase from \$80 to \$90.
  - (b) Electorates which are substantially urban, an increase from \$200 to \$230.
  - (c) Electorates which are partially urban and partially rural, an increase from \$450 to \$520.
  - (d) Electorates which are ordinary rural, an increase from \$800 to \$920.
  - (e) Electorates which are predominantly rural, an increase from \$1,000 to \$1,150.
- (3) Special additional allowance for Southern Maori electorate of \$350 (previously \$300) and for each of the other Maori electorates \$175 (previously \$150).

(b) *Sessional Allowance*

Having regard to the representations made to us by members and to the recent increases that have taken place in the cost of hotel and other accommodation and in living costs generally, we are of opinion that the present sessional allowance should be increased and we recommend that the present daily portion of that allowance which is payable to all private members be increased from \$2.25 to \$3 per day and that the night allowance portion which is payable to all private members residing outside Wellington be increased from \$6 to \$8 per day.

We further recommend that the payment of the sessional allowance, which at present extends to cover attendance in Wellington by a member—during a parliamentary recess—at a properly notified meeting of a select committee or of a caucus or a caucus committee meeting, be further extended to include the attendance in Wellington of a member at any ceremony or official function or any national or international conference (e.g., National Development Conference, SEATO Conference) when such member attends as a representative of Parliament or with the authority of the House of Representatives.

(c) *Provision of Shorthand-typing Facilities*

*During the session*—The introduction of sessional typing pools for Government and Opposition members has given a measure of relief to members in dealing with the persistent problem of their mounting volume of correspondence and their typing needs. The number in each of the two pools has been increased from time to time and each pool now comprises five shorthand typists, but one from each of the pools is required to deal almost exclusively with the demands of the senior and junior whips, leaving four shorthand-typists to deal with the demands of the remaining members.

We are satisfied that a further measure of relief should be afforded.

The requirements of ministers, under-secretaries, the Speaker, the Chairman of Committees, the Leader and Deputy Leader of the Opposition, are now provided for. So far as the private members are concerned, we realise that there are difficulties in respect of accommodation, but consider that it is desirable, as soon as is practicable, to provide for typing services for private members on a basis of one typist to each four members in separate pools for each party, and we recommend accordingly.

*During the recess*—The difficulty of providing shorthand-typing facilities for the private member in the recess, when the member spends as much time as his duties will permit in his electorate dealing with the problems of his area and conferring with his constituents and securing firsthand information on those problems, has never really been solved to the satisfaction of the member. A number of suggestions have been made to former commissions to meet this problem and were carefully considered but for various reasons none of them was found wholly acceptable. In these circumstances, it was felt more appropriate to incorporate in the member's basic allowance a sum which it was felt would go some part of the way to meet the cost of such assistance during the recess. In addition, the last Commission recommended that one of the

shorthand-typists from each sessional pool be retained during the recess to take members' dictation and to provide a limited recess shorthand-typing service for each party.

We have been impressed with the further representations which have been made to us on this subject and, in increasing the member's basic allowance as above, provision has now been made for increasing this element to \$250 to assist members in meeting the costs of such typing services in the electorate during the recess.

In regard to the recess typing pools we recommend that the existing arrangements be improved to the extent that the ratio be one typist for each nine private members, and our previous remarks in regard to the sessional typing pools apply.

In view of the increasing number of occasions on which members visit Wellington during the recess, it is felt that the proposed recess shorthand-typing services will become increasingly useful and helpful to members who may also find it convenient, as has been the experience in New South Wales, to deliver or forward an increasing volume of routine correspondence to Parliament House for the preparation of appropriate replies for later signature and dispatch by members.

#### (d) *Research Assistance for the Private Member*

It has been represented to us that the demands upon the sessional and recess time of the private member are now such that he cannot find sufficient time for the research that is necessary to enable him to cope adequately with the daily problems of his office and that he needs access to background information on a multiplicity of subjects. Not only were representations made by members from both sides of the House, but strong supporting views were expressed by members of the Faculty of the School of Political Science and Public Administration at Victoria University of Wellington. The demand for this type of service or assistance is increasing in all Commonwealth Parliaments and is being met or partially met in a variety of ways.

In our view, the needs of the New Zealand private member can best be met by the establishment at public expense of two separate full-time research units, one for the Government party and one for the Opposition party. As some members have observed "it is not possible for this assistance to be fully provided from the existing General Assembly Library reference service, particularly in the preparation of speeches and material for partisan debates. Members need background material on legislation seen through political eyes. . . . The work needs to reflect the members' political interest and not be confined to an anti-septic gathering of facts." It may well be that the establishment of these units may later require consideration to be given to an increase in the reference establishment of the General Assembly Library.

We recommend that the Clerk of the House be authorised to appoint a research officer and an assistant research officer to each unit with such supporting staff as may appear reasonable or necessary, such appointments to be made from within or from outside the State Services on the recommendation of the respective leaders, the appointees to serve under the immediate direction of the Senior Government and Opposition Whips respectively.

(e) *Taxi Expenses at Wellington*

Provision was made in 1968 for free taxi transport for private members to and from the point of arrival or departure at the airport, railway station, bus terminal, or wharf in Wellington and Parliament House or their residence in Wellington while Parliament was in session and also during the recess when members were visiting Wellington to attend meetings and for official functions. We are now informed that there are other occasions during the year when members are required to visit Wellington to attend national or international conferences or to confer with ministers and departments concerning the problems of their electorates or their constituents, and it seems reasonable that free transport should be extended to cover these cases. Indeed in the Commission's view, the occasions when a member visits Wellington for purposes other than those mentioned above are so infrequent that it would be administratively more convenient and certainly more satisfactory to the member if any existing restrictions on the use of free taxi transport to and from the point of arrival or departure at Wellington were removed and the member from outside Wellington were free to use such taxi orders on any occasion throughout the year when he visits Wellington.

We recommend accordingly.

(f) *Air Travel for the Wives of Private Members*

From the evidence made available to us, we are of opinion that the present arrangement for the provision of free air travel up to a maximum of \$50 per annum for the member's wife or husband is inadequate and we recommend that the allowance be increased to \$100 per annum.

We further recommend that the maximum air travel allowance of \$70 at present provided for the member's wife or husband when travelling by air within the electorate with the member to attend a function in connection with the member's parliamentary duties and at which function the attendance of the wife or husband is reasonably necessary be increased to \$120 per annum.

(g) *Tolls and Stamps*

We recommend that the existing monthly allowance of \$14 be increased to \$18. The member for Lyttelton and the member for Southern Maori have some special problems in their electorates in connection with toll calls, and in these two cases we recommend that the allowance be increased to \$20.

(h) *Miscellaneous*

A number of miscellaneous matters were the subject of representations to the Commission. Some of them were considered to be outside the terms of reference of the Commission. Others were of a minor nature only and it was felt that they did not warrant special recommendations but would be adequately taken care of by the increases in members' salaries and allowances recommended in this report.

**(B) Adjustment of Allowances and Services for Ministers and Others***(a) Expense Allowance*

We recommend the following changes in the expense allowance:

Prime Minister, from \$3,500 to \$4,000.

Deputy Prime Minister, from \$1,400 to \$1,625.

Ministers with portfolio, from \$1,300 to \$1,500.

Ministers without portfolio, from \$1,100 to \$1,275.

Parliamentary under-secretaries, from \$1,100 to \$1,275.

Leader of the Opposition, from \$1,300 to \$1,500.

Mr Speaker, normal allowance as a member plus \$1,300 instead of \$1,000.

Chairman of Committees, normal allowance as a member plus \$700 instead of \$600.

Deputy Leader of the Opposition, normal allowance as a member plus \$575 instead of \$500.

(NOTE—Where the office of Minister of Foreign Affairs is held by a minister other than the Prime Minister an additional expense allowance of \$500 instead of \$450 should be paid.)

*(b) Travel Allowances for Prime Minister, Ministers, Under-Secretaries, and their Wives*

The present rate of daily travelling allowance is \$12 per day. In view of the upward trend in hotel tariffs we recommend that this daily rate be increased to \$14.

*(c) Leader of the Opposition*

Having regard to increases in accommodation and other expenses since 1968 we think some increase in the existing provision of \$1,100 for expenses incurred in travelling outside his electorate in connection with his official duties is warranted. We recommend that the sum be increased to \$1,275.

At present the Leader of the Opposition receives a house allowance of \$600 a year. This allowance was satisfactory while the Leader of the Opposition was representing a Wellington electorate as has been the case for the last two Leaders of the Opposition. However, the present Leader of the Opposition represents a Christchurch constituency and it was pointed out to us that he was seriously disadvantaged by not receiving the usual sessional allowance paid to an ordinary member. We feel that this is an anomaly which should be rectified and we therefore recommend that in lieu of his existing house allowance of \$600 the Leader of the Opposition receive the normal sessional allowance (day and night) as paid to an ordinary member.

By virtue of his office it is necessary for the Leader of the Opposition to attend a number of official functions both in Wellington and elsewhere in New Zealand. At present he receives the free use of an official car in Wellington and an allowance of \$1,000 per annum as a car allowance for travel outside Wellington. The Commission considered the advisability of placing the Leader of the Opposition in the same position as a

Minister of the Crown so far as official cars were concerned. However, it was felt that this step was unjustifiable at this stage, but the Commission recommends that the existing allowance for travel outside Wellington be increased to \$1,100.

*Office establishment of the Leader of the Opposition*—In view of the importance of the office held by the Leader of the Opposition and also in view of the representations that have been made to us, we are of the opinion that his office establishment should be improved. We recommend that an additional shorthand-typist be appointed to the staff of the Leader of the Opposition where she should also be available to assist the Deputy Leader with his sessional and recess correspondence.

(d) *Mr Speaker*

At the present time Mr Speaker receives the normal allowance paid to an ordinary member with the exception of the sessional allowance. He is provided with residential quarters in Parliament House, so it is reasonable that he should not receive the night portion of the allowance which is intended to defray the cost of lodgings for members from outside Wellington. However, he is faced with at least the same expenses as an ordinary member for meals and incidental expenses, so it seems anomalous that he does not receive the day portion of the sessional allowance which is paid to all members, including those living in the Wellington area.

We recommend that Mr Speaker should receive the day allowance of \$3 per day.

(e) *Chairman of Committees*

The same remarks apply to the Chairman of Committees, and we similarly recommend that he receive the day allowance.

## V. PARLIAMENTARY SUPERANNUATION SCHEME

In essence the submissions received on the Parliamentary Superannuation Scheme come under three headings and they are discussed below:

(a) *An Increased Payment to Widows*

It was submitted to us that the widow's benefit under the scheme should be increased from one-half of the deceased husband's entitlement to two-thirds. Submissions for an improvement to this benefit were made to the two previous Royal Commissions but both times no recommendation was made. We agree with the conclusions reached on those occasions.

When the parliamentary scheme was introduced in 1947 the widow's benefit was on the two-thirds basis. However, in 1961 when the proportion was amended to one-half this was not a change in isolation but was contemporaneous with a major improvement in the method of computing the basic retiring allowance. At the same time, and this was an important change, it was agreed that the scheme be aligned with the Government employees' scheme in that there be a widow's cover from the outset. Previously there had been no widow's annuity payable if the member died during his first 9 years. This alignment with the State



employees' scheme was deliberate, and as the reduction from the two-thirds basis to the half basis was compensated for by counteracting advantages, we do not think that it would be reasonable to amend the current provision in this respect.

(b) *Reduction in the Period Before the Maximum Retiring Allowance Becomes Payable*

Retiring allowances under the parliamentary scheme are calculated on the basis of one thirty-second of the salary of an ordinary member at the date of retirement for each year of membership. The maximum retiring allowance which may be paid is two-thirds of that salary and this maximum is reached after 22 years. It has been represented to us that this period before the maximum is reached is too long and that it would be more reasonable if, say, six terms or 18 years' membership were considered a full parliamentary career and the maximum pension reached at that point. This would, of course, be a major change and a costly one. From the experience of the scheme to date it has been estimated that the long-term effects of such a change would be to increase overall costs by something like 18.5 percent.

We are not prepared to recommend such an amendment. As stated in the 1968 report, the parliamentary scheme, from the point of view of the contributor, compares favourably with other special schemes such as those for judges and magistrates. In the judges' scheme (retiring age 72) the maximum retiring allowance is not attained until 20 years' service, and in the magistrates' scheme (retiring age 68) until 24 years' service. While some members enter Parliament at an age where there is little if any prospect of their completing the service for the maximum pension, the facts are that quite a number of judges and magistrates are similarly in the position where their allowances will be less than the maximum.

(c) *Adjustments to Retiring Allowances*

The Superannuation Amendment Act 1969 introduced a permanent systematic contributory scheme within the Government Superannuation Fund Scheme whereunder annual adjustments are made to retiring allowances to compensate for changes in the cost of living. In essence employees contribute 1 percent of salary more than under the previous scale and those who pay this extra contribution throughout their service will receive adjustments to their retiring allowances in accordance with changes in the consumers' price index which occur after their 60th birthday. For those who were contributing prior to the introduction of the scheme the adjustments represent proportionately less than the equivalent of the cost of living movement while in the case of those who were already retired the adjustments are equivalent to 60 percent of cost of living changes.

The scheme also applies to widows' annuities, the adjustments being made in respect of the period after their 55th birthday.

We had representations that this adjustment scheme should be extended to members of Parliament. After giving this matter careful and detailed consideration we came to the conclusion that this request should be granted.

The contributions to superannuation of the present State Services employees were graduated according to the age of entry into the scheme from 5 percent to 10 percent. In every case they are now required to pay an additional 1 percent which will, of course, cover part only of the cost of the benefits provided for in the 1969 legislation. Having regard to the fact that members of Parliament in general retire at a later age than members of the State Services we consider that they should both contribute the same additional 1 percent of salary. This would result in an improvement in the present position of existing parliamentary superannuitants and their widows. We recommend accordingly.

## VI. EFFECTIVE DATE OF IMPLEMENTATION

We recommend that all the foregoing variations in salaries and allowances be made effective on and from 1 April 1970.

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

DENIS McGRATH, Chairman.  
E. W. McCALLUM, Member.  
J. B. PRICE, Member.

Wellington, 28 July 1970.

## VII. SUMMARY OF RECOMMENDATIONS

### Annual Salaries and Allowances

	\$
<i>Executive—</i>	
Prime Minister—	
Salary .....	17,000
Expense allowance .....	4,000
Deputy Prime Minister—	
Salary .....	12,500
Expense allowance .....	1,625
Minister with portfolio—	
Salary .....	11,250
Expense allowance .....	1,500
(NOTE—Where the ministerial office of Minister of Foreign Affairs is held by a minister other than the Prime Minister an additional allowance of \$500 to be paid)	
Ministers without portfolio—	
Salary .....	9,650
Expense allowance .....	1,275
Parliamentary under-secretaries—	
Salary .....	8,450
Expense allowance .....	1,275
<i>Officers of the House—</i>	
Mr Speaker—	
Salary .....	10,000
Expense allowance, normal allowance as a member plus	1,300
(NOTE—Residential quarters and certain services are provided in Parliament House for Mr Speaker)	

Chairman of Committees—		
Salary	.....	7,750
Expense allowance, normal allowance as a member plus	.....	700
(NOTE—Residential quarters provided in Parliament House)		
<i>Leader of the Opposition—</i>		
Salary	.....	10,500
Expense allowance	.....	1,500
<i>Deputy Leader of the Opposition—</i>		
Salary	.....	6,850
Expense allowance, normal allowance as a member plus	.....	575
<i>Members—</i>		
Salary	.....	6,100
Salary for Government and Opposition whips:		
Chief	.....	6,600
Junior	.....	6,400

### Annual Review of Salaries

Civil List Act 1950 to be amended to enable annual adjustments of parliamentary salaries to be made based on the movement in pay scales outside the State Services.

### Allowances of Members

#### 1. *Basic and Electorate Allowances*

(a) The basic expense allowance to be increased from \$1,000 to \$1,250.

(b) The additional allowance depending on classification of electorates to be:

- (i) Electorates which are wholly urban, \$90.
- (ii) Electorates which are substantially urban, \$230.
- (iii) Electorates which are partially urban and partially rural, \$520.
- (iv) Electorates which are ordinary rural, \$920.
- (v) Electorates which are predominantly rural, \$1,150.

(c) Special additional allowance for Southern Maori electorate of \$350 and for each of the other Maori electorates \$175.

#### 2. *Sessional Allowance*

The daily allowance to be increased to \$3 and the night allowance for members entitled thereto to be increased to \$8.

Payment of sessional allowance extended to include attendance in Wellington to attend ceremony or official function or any national or international conference (e.g., National Development Conference, SEATO Conference).

#### 3. *Taxi Expenses at Wellington*

Existing restrictions on the use of free taxi transport to and from point of arrival or departure at Wellington removed.

#### 4. *Air Travel for Wives of Members*

- (a) Present maximum of \$50 per annum for free air travel for wives to be increased to \$100 per annum.
- (b) Present maximum of \$70 per annum for wife attending official function in electorate to be increased to \$120.

### 5. *Tolls and Stamps*

Existing monthly allowance to be increased from \$14 to \$18. Members for Lyttelton and Southern Maori to receive \$20 per month.

### **Travelling Allowance of Ministers**

Daily rate payable to ministers, under-secretaries, and their wives to be increased from \$12 to \$14.

### **Leader of the Opposition**

(1) Allowance for travel outside his electorate to be increased from \$1,100 to \$1,275.

(2) In lieu of existing house allowance of \$600 per annum to receive sessional allowance (day and night) as paid to an ordinary member.

(3) Existing car allowance of \$1,000 for travel outside Wellington to be increased to \$1,100.

(4) An additional shorthand typist to be added to staff.

### **Mr Speaker**

To receive day allowance of \$3 as paid to ordinary member.

### **Chairman of Committees**

To receive day allowance of \$3 as paid to ordinary member.

### **Sessional Typing Facilities for Members**

Existing pools for each party to be extended when practicable to provide a service on the basis of one typist to each four members.

### **Recess Typing Facilities for Members**

The element in the basic allowance to meet this service to be increased to \$250.

The recess typing pools to be increased when practicable to provide a service on the basis of one typist to each nine members.

### **Research Assistance for Members**

Two separate full-time research units to be established at public expense—one for Government party and one for Opposition party. Each unit to comprise a research officer and an assistant research officer and reasonable supporting staff.

### **Superannuation**

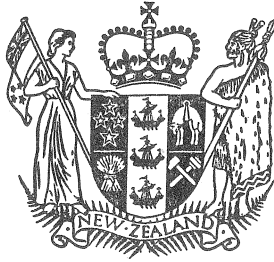
The parliamentary scheme to be amended to provide an adjustment of retiring allowances in the light of increases in the cost of living.

### **Effective Date of Implementation**

All changes of salaries and allowances to be effective on and from 1 April 1970.

BY AUTHORITY:

A. R. SHEARER, GOVERNMENT PRINTER, WELLINGTON, NEW ZEALAND—1970



# HORSE RACING, TROTTING AND DOG RACING IN NEW ZEALAND

REPORT OF THE ROYAL  
COMMISSION OF INQUIRY\*

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

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