



REPORT
OF THE
Royal Commission Upon
Parliamentary Salaries and
Allowances
1959

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

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 ROBERT McKEEN, Esquire; the Honourable Sir MATTHEW HENRY ORAM, Member of Our Most Excellent Order of the British Empire; and CARL VICTOR SMITH, Esquire, Commander of Our 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 1957:

And whereas on the 31st day of March 1958, a Royal Commission* was issued appointing you, the said ROBERT McKEEN and CARL VICTOR SMITH and JOHN HENRY BOYES to be a Commission for the purposes of the said section 27, but the said JOHN HENRY BOYES died on the 1st day of July 1958 and it is desirable to revoke that Commission and to issue a new Commission in its place:

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

ROBERT McKEEN,
The Honourable Sir MATTHEW HENRY ORAM and
CARL VICTOR SMITH

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

*Gazette, 2 April 1958, p. 419

And generally to inquire 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

ROBERT McKEEN

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 1959, your findings and opinions on the matters aforesaid, together with such recommendations as you think fit to make in respect thereof:

And We hereby revoke the said Royal Commission issued on the 1st day of March 1958:

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 4th day of May 1959.

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

[L.S.]

COBHAM, Governor-General.

By His Excellency's Command—

W. NASH, Prime Minister.

Approved in Council—

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

Report of the Royal Commission Upon Parliamentary Salaries and Allowances

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

MAY IT PLEASE YOUR EXCELLENCY:

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

Before commencing our deliberations we endeavoured to obtain as much information as possible regarding parliamentary salaries and allowances, and to this end advertisements were inserted in the press inviting the public to make submissions. As on previous occasions, the response was very disappointing and no useful data was received.

We did, however, obtain a considerable amount of information (confidential and otherwise) including evidence from the following:

The Prime Minister,
 The Minister of Finance,
 The Leader of the Opposition,
 Mr Speaker,
 The Attorney-General,
 Various members of Parliament from both parties,
 The Secretary to the Treasury,
 The Public Service Commissioner,
 The Superintendent of the Superannuation Branch,
 The Government Statistician.

Last year the Commission, after considering the economic conditions of the country, decided that the time was inopportune to make any adjustments to parliamentary salaries and allowances, and recommended an adjournment for 12 months.

In 1951 the original Royal Commission traversed in great detail the historical background and the general principles underlying the remunerations of members and Ministers. The 1955 Commission related these findings to the conditions then existing, having regard to changes in the cost of living, etc.

The present Commission felt that it should review the past recommendations and make a fresh examination of the matters included in the order of reference. It was decided that undue weight should not be given to price and wage indicators but that more consideration should be given to such basic principles as:

- (a) That the occupation is a full-time one and not confined to a five-day week.
- (b) That the wife of the member must necessarily share fully in her husband's work.
- (c) That it is contrary to public interest that members should be underpaid to the point of financial embarrassment.

- (d) That remuneration should be such as to ensure that a man of good ability, but with no private means, can serve his country by entering Parliament. On the other hand, we subscribe to the views expressed in the recent report of the Committee of Inquiry into the Salaries and Allowances of Members of the Commonwealth Parliament, Australia, namely:
- “That in the remuneration of Ministers, as in that of members, there should always be an element of sacrifice for the privilege of serving and of working for the intrinsic interest and importance of the job.”
- (e) That the salary scale should not be such as in itself to be an inducement to seek to enter Parliament.
- (f) That allowances should be such as to cover reasonable expenses and should contain no element of income.

Salaries

The existing salary scale has been in operation since 1 August 1955, and, taking the matters mentioned above into consideration, the Commission recommends the following increases in salaries:

(a) For the Prime Minister	.....	.....	from £3,750 to £4,250
(b) For each Minister with portfolio	.....	.....	from £2,500 to £2,800
(c) For the Speaker	.....	.....	from £1,950 to £2,400
(d) For each Minister without portfolio	.....	.....	from £2,000 to £2,200
(e) For the Leader of the Opposition	.....	.....	from £1,950 to £2,200
(f) For the Chairman of Committees	.....	.....	from £1,575 to £1,825
(g) For Parliamentary Under-Secretaries	.....	.....	from £1,500 to £1,700
(h) For the Chief Government and Opposition Whips	.....	.....	from £1,100 to £1,450
(i) For the Junior Government and Opposition Whips	.....	.....	from £1,100 to £1,430
(j) For a member of Parliament	.....	.....	from £1,100 to £1,400

At first sight, an increase of £500 per annum in the salary of the Prime Minister may appear to be substantial, but we feel that the responsibility, dignity, and prestige of the office should be recognised more adequately, as is the case in other Commonwealth countries.

Similarly, in the case of the Speaker the Commission feels that his status is inadequately recognised in New Zealand and it therefore recommends an increase in salary of £450.

The volume and complexity of the nation's business is expanding rapidly, and, as a corollary, the work falling on the senior Ministers such as the Minister of Finance and the Deputy Prime Minister is increasing correspondingly. The Commission feels strongly that the time must soon arrive, if it has not already arrived, when such senior Ministers should be recompensed for these additional burdens. We appreciate that there are practical difficulties in connection with the matter, but we strongly suggest that this is a matter to which the next Commission which sits in 18 months' time should address itself.

An increase of £300 has been recommended in the case of the salary of Ministers. The Commission would direct attention to the fact that a downward adjustment of £100 has been made in their expense allowance. The reasons for this are explained later on in the report.

It was established to the satisfaction of the Commission that the Party Whips are involved in additional duties as compared with an ordinary member of Parliament. We felt that this position should be recognised by the payment of an additional sum by way of salary.

Allowances

Bearing in mind that allowances should be solely referable to the nature and circumstance of the office, and should contain no element of income, the Commission made detailed investigations into the various allowances at present paid.

The Commission felt that, with one exception, the present allowances were adequate, and recommends no change.

In the case of Ministers, taking into account the other privileges attached to a Minister's office, it was felt that the scale of expense allowance laid down by the previous Commission was more than adequate, and we recommend that the allowance of £550 be reduced to £450.

On the other hand, we feel that the travelling allowance for Ministers of £3 3s. a day is quite inadequate under present-day conditions, and we recommend that it be increased to £4 4s. a day.

Date of Variation

We recommend that the variations of salaries and allowances should date from 1 July 1959.

Superannuation

Part V of the Superannuation Act 1947, as amended by the Superannuation Amendment Act 1955, and consolidated in 1956, introduced a contributory superannuation scheme for members of the House of Representatives. The scheme now provides for a minimum retiring allowance of £350 per annum for a member with service of nine years (or eight years if a member has served throughout the duration of not less than three Parliaments), the allowance increasing by £50 per annum for every year's service in excess of that period* until a maximum allowance of £700 per annum is reached after 15 years' service.

A member must be 50 years of age before he qualifies, on ceasing to be a member, to receive the allowance. The annual contribution, which is compulsory, is £85 per annum, but a member may if he so desires receive a refund of his contributions upon ceasing to be a member.

In the case of a male member dying and leaving a widow surviving she becomes entitled during her widowhood to receive an annuity of two-thirds of the retiring allowance to which her husband was entitled at the time of his death.

No subsidy or contribution to the scheme is made from Government funds.

In 1955 the Royal Commission considered the Members' Superannuation Scheme, and at that time the fund appeared to be financially strong and self-supporting. However, over the past four years there have been heavy calls on the fund, and should this continue, as is likely to be the case, the fund will be seriously weakened and soon will not be self-supporting.

The Commission feels that Members of Parliament are servants of the State and as such are entitled to assistance. At present a member contributes 7·2 per cent of his salary. We suggest that this contribution should be increased to 10 per cent of the basic salary of a member, and that the State should contribute 5 per cent and also make up such balances as are needed to keep the fund solvent. The hope that this suggestion would be implemented was one of the factors taken into account by the Commission in recommending the increases in salaries.

Locomotion Expenses

Section 24 of the Civil List Act 1950 provides as follows:

- (1) There may be paid to any member of the House of Representatives his expenses of locomotion as hereinafter defined, together with the sum of £2 for each day of 24 hours occupied in travelling to and returning from a meeting of Parliament. In cases where a period of less than 24 hours is so occupied the full sum of £2 shall be paid.
- (2) For the purposes of this section the expression "expenses of locomotion" means the expenditure actually and reasonably incurred by any member in respect of passage money or fares for the conveyance of the member when travelling as aforesaid.
- (3) Payments under this section shall be made in respect of one journey only to and from each separate meeting of Parliament.

The Commission points out that this provision relates to a time prior to members of Parliament having free travel facilities and that there appears to be no valid reason why the allowance should be continued under present-day conditions. It is possible that the Government may desire to consider the advisability of repealing the provision.

Office Accommodation and Typing Facilities for Members During Recess

Representations were made on these matters and a good case was established for the provision of some assistance for members to help them with their constituency work during the recess. A suggestion which appealed to the Commission was that a room should be made available to the member in the local post office or some other departmental office and that one of the typists in such Department should give assistance with the member's correspondence. The proposal could be carried out administratively and the Commission commends it to the Government for consideration.

Toll Fees, Stamp Allowances, and Travelling Concessions

Some representations were made on these subjects, but, as mentioned by the 1955 Commission, these are matters which should be decided by the Government which can review the adequacy or otherwise of the allowances at any time in the light of changed circumstances.

We note that the Government has in fact reviewed these matters within the last few weeks.

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

ROBERT MCKEEN, Chairman.

MATTHEW ORAM, Member.

C. V. SMITH, Member.

Wellington, New Zealand, 26 August 1959.

SUMMARY OF RECOMMENDATIONS

Executive

Prime Minister—

Salary	£4,250
Expense allowance	£1,500

Ministers with portfolio—

Salary	£2,800
Expense allowance	£450

(NOTE—Where the ministerial office of Minister of External Affairs is held by a Minister other than the Prime Minister an additional expense allowance of £165 to be paid.)

Ministers without portfolio—

Salary	£2,200
Expense allowance	£350

Ministerial travelling allowance—

Ministerial travelling allowance to be increased from £3 3s. per day to £4 4s. per day.

Parliamentary Under-Secretaries—

Salary	£1,700
Expense allowance	£400

Officers of the House

Mr Speaker—

Salary	£2,400
Expense allowance	£600

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

Chairman of Committees—

Salary	£1,825
Expense allowance	£500

(NOTE—Sessional sleeping quarters are provided in Parliament House for the Chairman.)

Leader of the Opposition

Salary	£2,200
Expense allowance	£490
Allowance for travel outside electorate arising from his official position	£215

Members

Salary	£1,400
Expense allowance: £275-£705, according to classification of electorate.	

Notes

1. A basic expense allowance payable to all members of £275
2. A sessional accommodation allowance payable to all members other than those representing Onslow, Hutt, Petone, and the electorates in or around the Wellington city area of £165

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| 3. A special additional allowance payable to the member for Onslow to meet extra travelling costs of | £50 |
| 4. A special additional allowance payable to members representing "aa" class electorates (i.e., substantially urban) and including the electorates of Heretaunga, Petone, and Karori to meet extra travelling costs of | £25 |
| <i>or,</i> | |
| A special additional allowance payable to members representing "b" class electorates to meet additional travel costs of | £82 10s. |
| <i>or,</i> | |
| A special additional allowance payable to members representing "c" class electorates to meet the extra travel costs involved of | £165 |
| 5. A special additional allowance to the member for Southern Maori of | £100 |
| 6. A special additional allowance to the members of the other three Maori seats of | £50 |

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

Date of Variations—Variations of salaries and allowances to be made effective as from 1 July 1959.

BY AUTHORITY:

R. E. OWEN, GOVERNMENT PRINTER, WELLINGTON, NEW ZEALAND—1959

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