

TOWARDS A WORLD-LEADING DEMOCRACY

AHU ATU AI KI TĒTAHI
AO-MANAPORI ARATAKI

**Report of the Seventh Triennial
Appropriations Review Committee**
17 August 2018



FOREWORD

“But when you score a superb orange circle on a purple thought-base
I shake my head and say, hell, what is this thing called aroha.”

The closing lines of Hone Tuwhare’s poem to Ralph Hotere (called “Hotere”) are a beautiful metaphor for the representative parliamentary democracy New Zealand aspires to be – one where everyone is represented in a forum in which New Zealanders’ diverse skills, experience and background are harnessed to forge the best policy outcomes for New Zealand and its people through time.

In conducting the seventh triennial appropriations review, the Appropriations Review Committee has used the aspiration of New Zealand as the best representative parliamentary democracy in the world as our baseline for assessing the adequacy, efficiency and effectiveness of the current model for funding and support services for MPs, parties, and qualifying electoral candidates.

Moving towards ‘MMP Plus’

We have identified three states of MMP – MMP Plus, MMP Basic, and MMP Minus – and we recommend that over the next 21 years Parliament move progressively towards the highest state, MMP Plus.

Over the first 21 years of MMP our representative parliamentary democracy has moved between the two more limited states, MMP Basic and MMP Minus, because of the irregular and backward-looking changes to the funding and support services model. We have been able to manage, thanks to the diligence and dedication of MPs and their support staff, the work of parliamentary parties, and the support of Parliamentary agencies.

But the current approach is not sustainable – that is what people have told us over the course of our review. Between 1996 and 2017, the eligible voting population grew by 927,000 people, and it is expected to grow

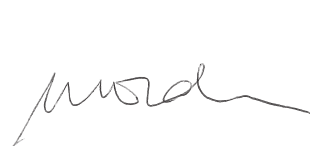
by a similar amount over each of the next two 21-year cycles of MMP. With a fixed number of seats, members of Parliament are being asked to do more year-on-year. While funding has been adjusted retrospectively to reflect this growth, this has been on the assumption that the unit cost of representation is the same today as it was in 1996 – it is not. The cost of representation is going up year by year because of population diversity, population dispersal, demographic change, voter disengagement, and technology.

Key investments to achieve the world’s best representative parliamentary democracy

In order to achieve the aspiration of New Zealand as the best representative parliamentary democracy in the world, we have identified four key areas of investment – Parliament, members of Parliament, parliamentary parties, and citizens – as well as opportunities to make support services more customer-centric, and we have made recommendations accordingly. Some of our recommendations go beyond the brief of the review, but we have included them because they are central to a more holistic approach to responding to the presenting issues.

We believe that if our recommendations are accepted they will positively benefit our representative parliamentary democracy. But other action will also be needed to support them, particularly to deal with growing levels of voter disengagement.

This is a time for boldness and courage. A tipping point is approaching. We encourage the Speaker and the Parliamentary Service Commission to take the opportunity to plot a new course for an MMP Plus state of representative parliamentary democracy.



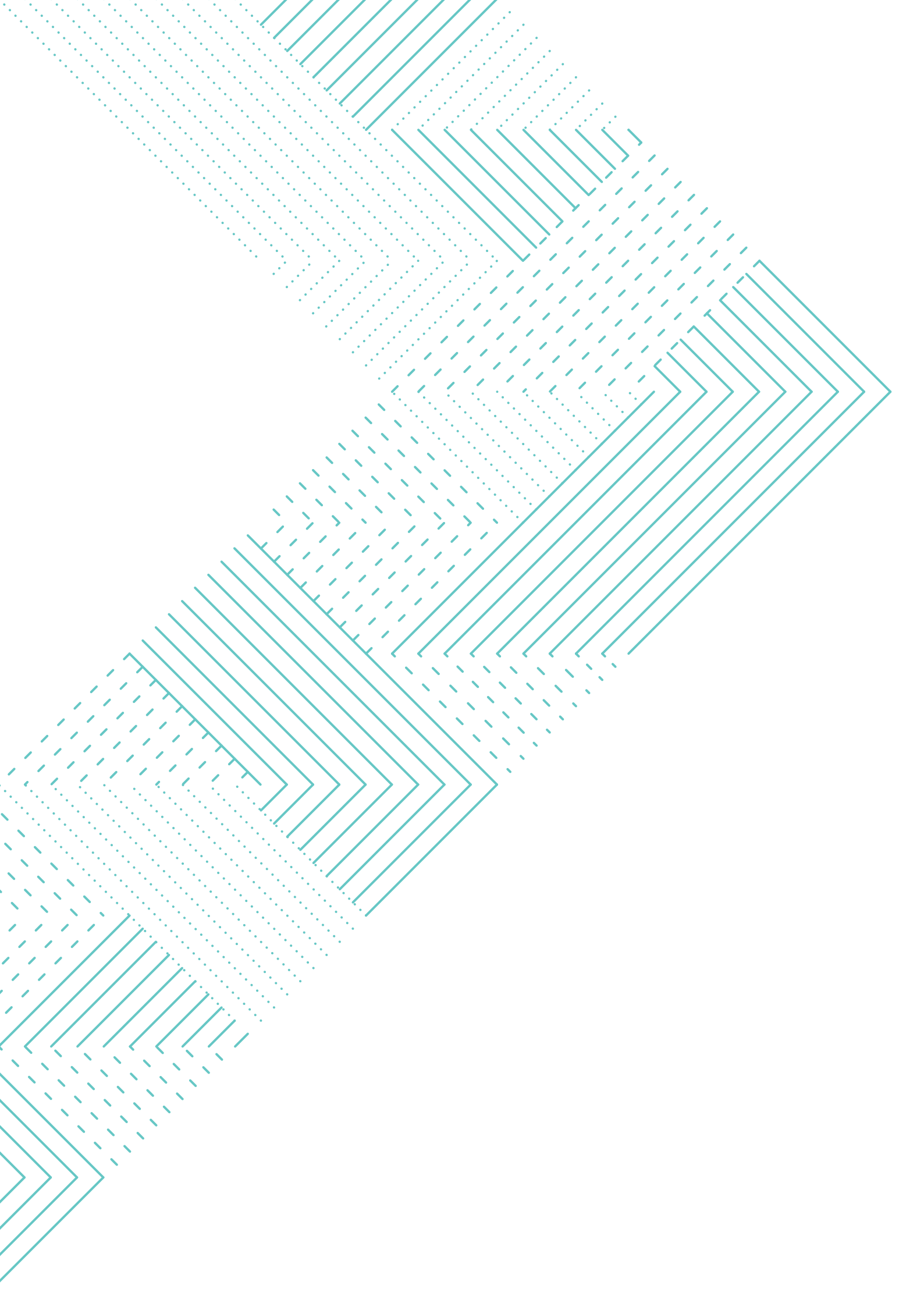
Bill Moran



Hon Dame Annette King



Eric Roy



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TOWARDS A BETTER DEMOCRACY – HOW ARE WE DOING?



21 years of MMP

New Zealand's current electoral system, Mixed Member Proportional (MMP), was introduced at the 1996 general election.

This system had its beginnings in the report of the 1986 Royal Commission on The Electoral System – 'Towards a Better Democracy'. The Commission concluded that MMP was the system that best met its key guiding principles – representation of the people, and democracy within New Zealand's unique context, including because of MMP's ability to provide effective representation of Māori, minority and special interest groups, effective representation of constituents, effective voter participation, and an effective parliament and government.

We're doing well

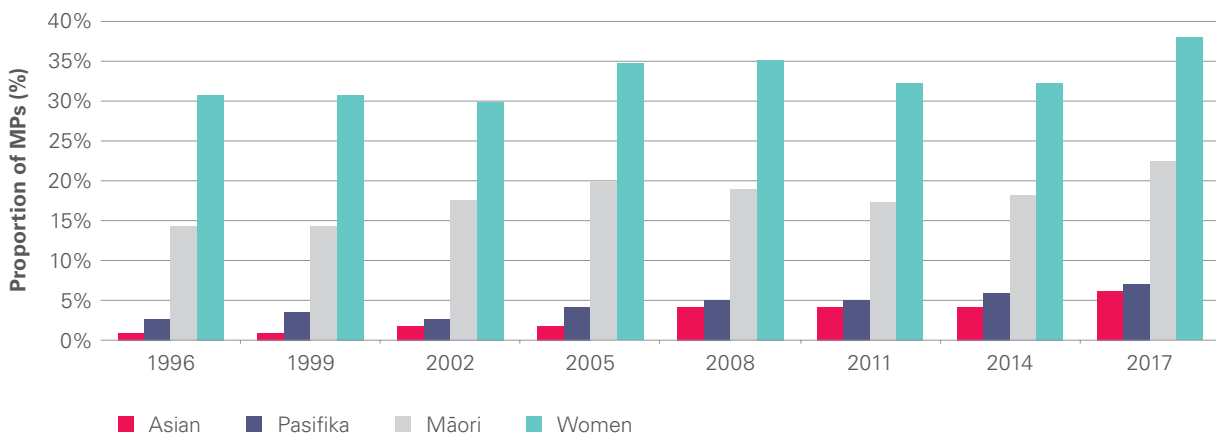
Twenty-one years on from that first MMP election, many of the aims of this new system have been successfully achieved. MMP has indeed provided 'a better democracy'.

With greater diversity among our MPs, Parliament now better reflects our population. The proportion of elected MPs who were women in the 2017 general election is – at 38% – the highest it has been since MMP was introduced. Representation of Māori in our Parliament has increased nearly 10 percentage points, and Pasifika and Asian representation has also improved notably.

Stable government has been provided by coalitions led by both major parties, with minority parties able to play greater roles and influence both government and legislation. The legitimacy of the system in the eyes of New Zealand citizens was affirmed when in the 2011 referendum, 15 years after MMP was introduced, a majority of voters chose to retain it.

Internationally, the quality of our democracy compares well. In a 2016 global democracy comparison, New Zealand ranked seven out of 112 countries, behind only the Scandinavian countries and Switzerland, and we had achieved similar rankings since 2008.¹ The Economic Intelligence Unit's 2017 democracy index places New Zealand fourth in the world, with its index score unchanged since 2010.²

Figure 1: Diversity in the House of Representatives 1996 to 2017



Source: Stats NZ and Electoral Commission

1 <http://democracyranking.org/wordpress/rank/>. Accessed 15 June 2018

2 http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy_Index_2017.pdf&mode=wp&campaignid=DemocracyIndex2017. Accessed 15 June 2018

But are we doing well enough?

Representation

A key concern for the 1986 Royal Commission was representation. A look at the way our population is changing in relation to the structure of our voting system shows that representation of constituents is on the decline.

A bigger population

The overall number of seats in Parliament has, at 120, remained unchanged since MMP was introduced in 1996 – although there are now six more electorate seats and six fewer list seats.

In 1996, with an estimated voting population of 2,642,400, 120 seats equated to one MP for every 22,020 eligible voters. With the increase in population since then, the number of voters per MP at the time of the 2017 election had increased by nearly 8,000, and we would need another 42 seats to maintain the same

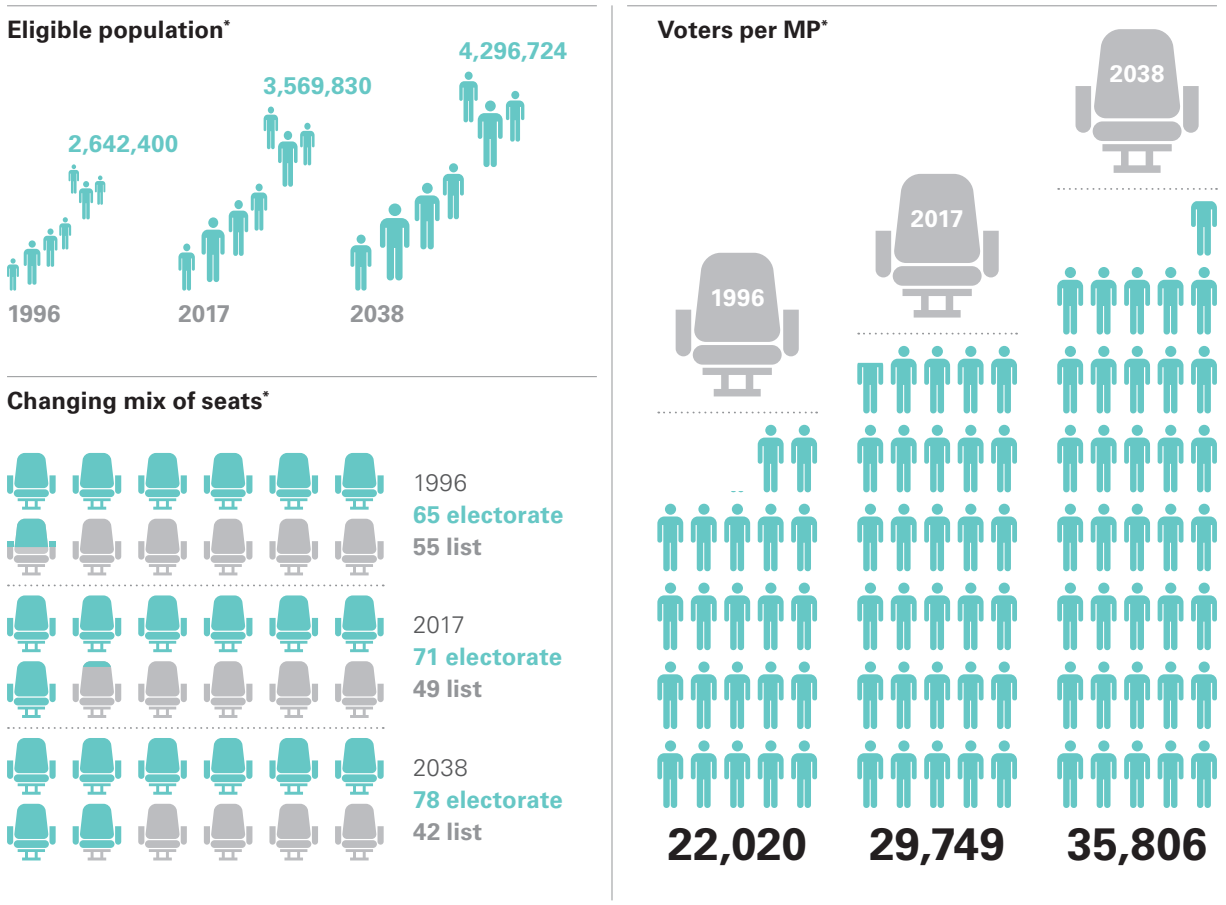
level of representation as in 1996. Strikingly, looking at these numbers by electorate seat shows that electorate MPs are now required to represent close to an extra 10,000 constituents each.

A more diverse population

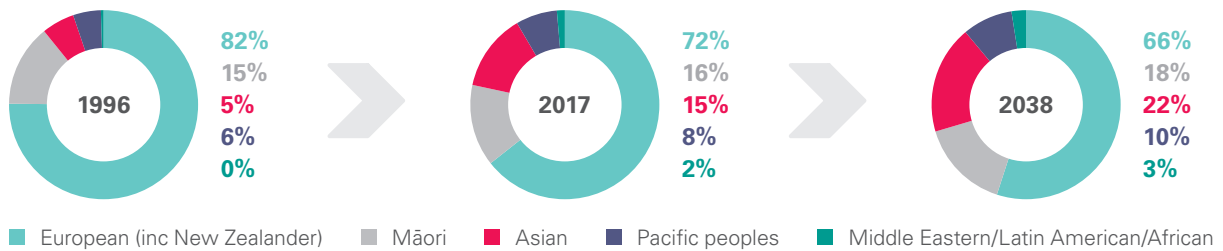
While our Parliament is becoming more diverse, so is our population. Overall, the proportion of New Zealanders identifying as European or as 'New Zealanders' dropped from 82% to 72% from 1996 to 2017, with particular growth in those identifying ethnically as Asian. Members of Parliament need to work harder to effectively represent the different views and needs of their diverse constituents.

Comparing New Zealand with Scandinavian countries – whose democracies perform well and several of which are a similar size to New Zealand – New Zealand MPs represent around 8,000 to 10,000 more people each, and with what is arguably a less homogeneous population.

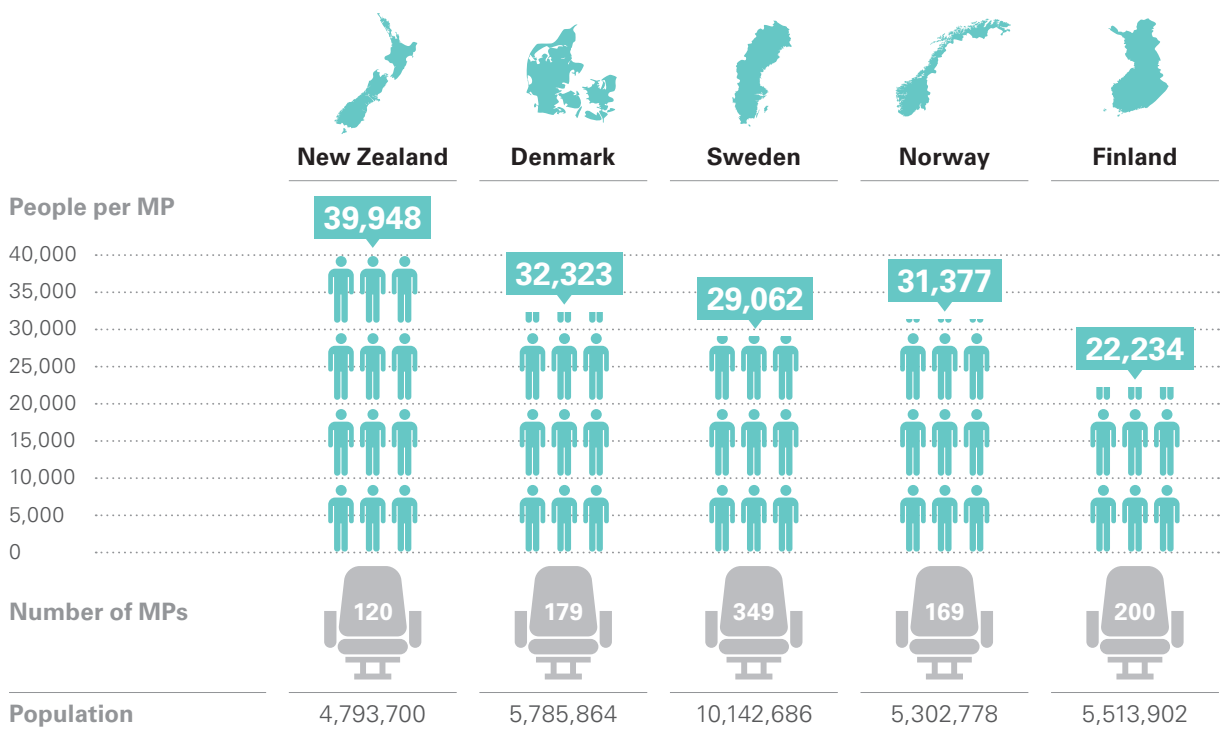
Figure 2: Representation



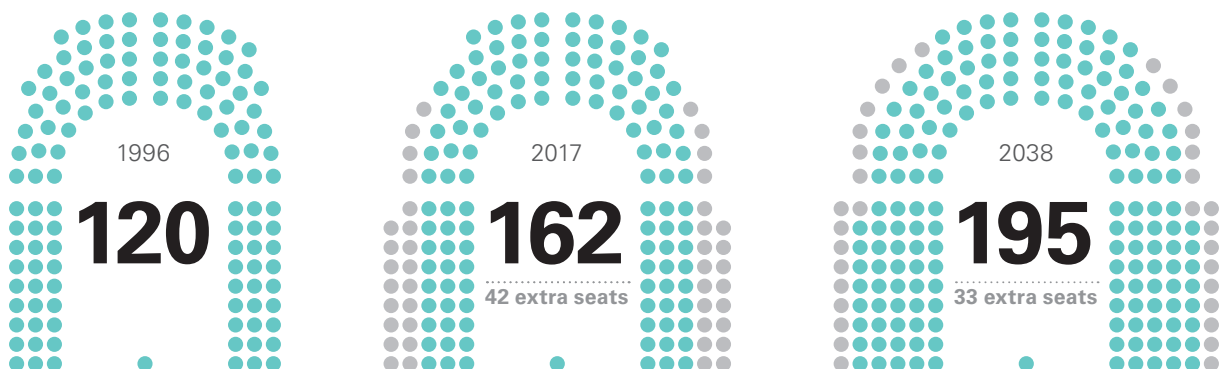
Increasing diversity in New Zealand**



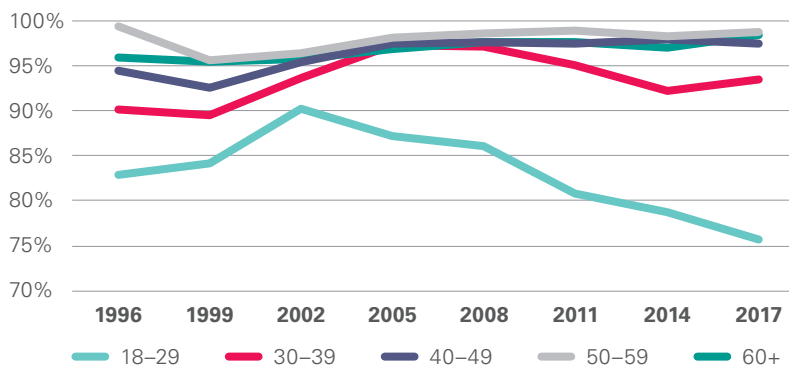
How we compare to Scandinavian countries***



Number of seats based on 1996 ratios*



* Source: Electoral Commission and Stats NZ population projections
 ** Source: Stats NZ: national ethnic population and national ethnic population projections
 *** Source: Parliamentary Library

Figure 3: Engagement**Voter turnout** (% of est. eligible population)**Voter enrolment by age group**

Source: Electoral Commission

Engagement

A less engaged population

Since 1996 we have also seen decreasing engagement, especially among younger voters.

While enrolment rates overall have remained relatively steady, the proportion of 18 to 29 year olds choosing to enrol to vote has dropped from a high of 90% in 2002, to just over 75%.

In the most recent election, voter turnout as a proportion of the eligible population was 74%. This means that more than a quarter of people who have the right to vote in New Zealand have not influenced the make-up of our current Parliament.

In two different surveys after the 2014 general election, disengagement was given as the main reason for people not voting. Trends from previous elections show that this problem is on the rise.

- In a survey commissioned by the Electoral Commission, the biggest reason for not voting was a lack of interest at 27%, up from 21% in 2011.³
- In the Stats NZ General Social Survey, over half of the sample of non-voters in the 2014 general election said they had not voted because they were disengaged (rather than because of perceived barriers to voting or other reasons).⁴ In the 2008 and 2011 general elections, 39% and 42% respectively gave disengagement as the reason for not voting.⁵

³ https://www.elections.org.nz/sites/default/files/plain-page/attachments/final_electoral_commission_-_post_2014_election_survey.pdf. Accessed 4 July 2018

⁴ <https://www.stats.govt.nz/reports/voting-and-political-participation>. Accessed on 21 June 2018

⁵ http://archive.stats.govt.nz/browse_for_stats/people_and_communities/Well-being/civic-human-rights/non-voters-2008-2011-gen-elections.aspx. Accessed on 21 June 2018

The next 21 years of MMP

Our democracy is doing well

Our inclusive system has given minority parties a voice and influence, and this helps us avoid some of the issues we see in overseas democracies where people feel unrepresented and disenfranchised. The strength of our democratic institutions matters, and the checks and balances inherent in the New Zealand system make it harder for a small number of people to wield excessive power.

However, we should not be complacent

The trends that are diluting and weakening representation are only going to become more marked. By 2038 our population is projected to have increased by around 1 million and, based on our current electoral system with its 120 seat Parliament, it is predicted this will result in around 78 electorate seats and 42 list seats.⁶ The number of eligible voters per MP will rise to nearly 36,000. Our population will also be even more diverse. Projections show that by 2038 the proportion of New Zealanders identifying as European or as 'New Zealanders' will drop from 72% to 66%. There will be an increase across all other ethnicities, with those identifying as Asian rising from 15% to 22%.

Our vision for the next 21 years builds on the 'better democracy' envisaged by the Royal Commission and sets the following aspirational goal for New Zealand:

New Zealand is the best representative parliamentary democracy in the world, producing the best outcomes for New Zealand and its people.

A healthy democracy will provide the best outcomes for New Zealanders, over time, through effective representation, a well-functioning parliament, and a capable government.

But what would we need to achieve this? Here we should focus on the key foundations of our democracy:⁷

- **An enabled Parliament** – the best governance arrangements for our Parliament, with independence from the Executive, which means an enabled Parliament that can support MPs, parliamentary parties and their work
- **Enabled Members of Parliament** – the best representation for New Zealanders, which means well-equipped and enabled MPs as representatives and as parliamentarians
- **An enabled Opposition** – the best scrutiny of government performance and the best range of policy alternatives, which depends on having well-equipped and enabled parliamentary parties generally
- **Enabled citizens** – the best understanding of and participation in our democracy by voters, which means well-informed, engaged and enabled citizens.



An Enabled Parliament



Enabled
Members of
Parliament



An Enabled
Opposition



Enabled
Citizens

6 Seat projections provided to the Committee by the Electoral Commission, based on Stats NZ population projections.

7 While the functioning of the Executive is also critical to the health of our democracy, we restrict our framework to the aspects of our democracy that this review can consider.

Resourcing our democracy

Three models

These triennial reviews are tasked with considering the resourcing of our Parliament – that is, the funding for MPs and parties, and the support services they need so they can perform their roles to the highest level.

The level of and approach to this resourcing will materially affect the health and success of our democracy. Our view is that there are three fundamental states of our democracy that can result from different models of resourcing.

MMP Plus

A holistic and dynamic state of democracy based on the principle of the independence of Parliament from the Executive. Funding is administered through a permissive, principles-based model, based on high levels of trust and transparency.

Real adjustments are made to funding to reflect:

- growth in voting populations
- increasing population diversity
- the physical geography of electorates
- the impact of technology
- the increasing complexity and cross-cutting nature of issues
- the need for MPs and parties to be visible and accessible
- the need for independent and trusted information
- cost inflation.

MMP Basic

A quasi-holistic state of democracy based on Executive control of the funding of Parliament with funding levels set three-yearly and subject to the Executive's overall policy and fiscal priorities. Funding is administered through a rules-based, prescriptive model, based on low trust and with limited transparency.

Funding and support is adjusted periodically to maintain it in real terms (for cost inflation) and to manage some, but not all, of the impact of technology, geography, and changes in the level and type of demands on elected MPs.

It is an approach based on incremental changes to the status quo over time to address presenting issues, rather than systematically adjusting funding to meet changing need. Changes are retrospective rather than forward-looking.

MMP Minus

A narrowly focused, efficiency-driven state of democracy based on cost constraint and working more effectively over time, ie reducing the unit cost of representation inversely to the increasing demands of representation. Funding is administered through a rules-based, prescriptive model, based on low trust and with limited transparency.

Adjustments to funding and support are made irregularly, because of fiscal and other objectives.

This reduces funding in real terms, while real demand is increasing through time. This potentially puts our political system at risk of disruptive change.

Under MMP Basic and MMP Minus, the gap between the existing funding and support and the desired state gets bigger through time, so that eventually an exponential increase in funding and support would be required.

Towards MMP Plus

We need to match the approach to resourcing Parliament to our aspiration – we need an MMP Plus approach that gives us the best democracy in the world.

The current review model is an important mechanism, but it is a retrospective approach that relies on changes being agreed every three years.

With this approach we will only ever achieve MMP Basic, at best. Indeed, our Parliament went through a significant period of unchanging baselines in the wake of the Global Financial Crisis (GFC), where our resourcing strayed into MMP Minus. The sixth triennial review achieved some significant adjustments to bring funding levels back up. Looking at changes in the appropriations between 1996 and 2017 shows that the level of funding for members and parties has just kept pace with population growth.

However, the funding has not accounted for the increased demands on members as a result of increasing diversity. It doesn't take into account adjustments that may be needed to respond to challenges in representation and voter engagement. It doesn't account for the changing expectations that constituents have of MPs.

We will not get the step-change we are looking for in the performance of our democracy if we take a term-by-term approach where reactive, retrospective adjustments to funding or services are recommended – and then accepted or rejected by the Executive.

The Appropriations Review Committee has taken a top-down approach to this seventh triennial review, asking itself:

'What resources are needed to enable us to be the best representative parliamentary democracy in the world?'

This is a long-term, future-focused approach, one that will ensure sustainable resourcing at the levels needed for good stewardship of our Parliament and a healthy democracy.

APPROACH



Purpose and scope of the review

The Parliamentary Service Act 2000 requires a review, at least once each Parliamentary term, of the money appropriated for:

- administrative and support services provided to support the parliamentary operations of members of Parliament, parties and qualifying electoral candidates (that is, the funding provided for the Parliamentary Service to carry out its functions)
- communications services provided to members of Parliament and qualifying electoral candidates
- party and member support funding.

The Speaker of the House of Representatives, in consultation with the Parliamentary Service Commission (PSC), establishes an Appropriations Review Committee (ARC) to independently undertake this review. The Committee for the seventh triennial review consists of Bill Moran (Chair), Hon Dame Annette King and Eric Roy.

The Act (section 21) requires the review committee to consider:

- whether the amounts of money appropriated are being used efficiently; and
- whether the amounts of money appropriated are adequate to enable members of Parliament, parties, and qualifying electoral candidates to effectively perform their respective functions; and
- the need for fiscal responsibility.

The Committee is then required to make recommendations for how funding and services may be improved to better support members of Parliament and parties to perform their roles effectively.

The following are all out of scope for this review: services and funding entitlements set by the Remuneration Authority from Vote Parliamentary Services; those met from Vote Internal Affairs appropriations; and allowances for travel of former members.

Services and funding met from Vote Office of the Clerk are also strictly outside the scope of this review. However, in the course of the review a number of issues were raised with the Committee relating to activities led by the Office of the Clerk or where cooperation between the Parliamentary Service and the Office of the Clerk would be desirable. Where those issues involved areas the Committee believes are important to the key foundations of a world-leading democracy, the Committee has consulted with the Speaker and has in this report made recommendations for the Speaker to consider in relation to the Office of the Clerk.

Approach to this 7th triennial review

Developing our understanding

The Committee sought a wide range of inputs in order to develop a nuanced understanding of the context and of current issues and opportunities. The approach to information gathering was designed to incorporate the experiences, knowledge and expertise of the people closest to the funding and the services under the appropriation, and the views of those with a deep interest in the health of our democracy.

Key sources of information included:

- **Interviews and workshops**,⁸ including with
 - members of Parliament
 - member support staff
 - party whips
 - party chiefs of staff
 - Parliamentary Service staff
 - organisers from the Public Service Association and E tū
 - agencies on the Parliamentary precinct
 - individuals and organisations with an interest in our democracy, including former politicians, a former officer of Parliament, political scientists and political commentators.
- **Visits to a sample of out of Parliament Offices**⁹
- **A document review**, including previous ARC reports, Estimates of Appropriations, key accountability documents and recent reviews of performance for the Parliamentary Service.
- **Commissioned analysis, research and opinion**, including from the Parliamentary Library and other parts of the Parliamentary Service, the Electoral Commission, academics and political commentators.

⁸ Some interviewees also provided written submissions to the Committee. A full list of people we engaged with is included in Appendix 1.

⁹ Some interviews with member support staff in out-of-Parliament offices were conducted by telephone.

Determining our focus

The Committee has taken a long-term, top-down approach to this seventh triennial appropriations review.

The Committee focused on areas identified as issues or gaps within the framework for the review, and where most value could be gained through its recommendations. The Committee considered these issues or gaps in relation to the 'outputs' that the funding or services are intended to support or achieve – that is, the four key foundations of a world-leading democracy – rather than by using the specific funding categories and services as the organising model for analysis.

As with past reviews, the Committee has not detailed in this report all of the feedback and issues raised with it.

Defining our guiding principles

As it considered whether the current funding and services are fit for purpose, and as it developed its recommendations, the Committee's thinking was guided by the following principles. These principles recognise the statutory requirements and briefing provided to the Committee, and reflect the aspirational approach to this review.

- **Adequacy** – three aspects:
 - **Adaptability:** the ability to respond to expected long-term trends, like technological and demographic change, and changing expectations around the nature, type and levels of service
 - **Sustainability:** the ability of current policy settings to meet expected demands through time
 - **Resilience:** the ability to cope with unexpected events, from GFC (fiscal constraints) to natural disaster (loss of access), to boundary and population changes
- **Efficiency:** the ability to organise and use resources in the most productive way
- **Effectiveness:** the ability to prioritise and focus activities in order to achieve the most impact in capitalising on opportunities and responding to need
- **Public accountability:** the ability to support transparency, and mitigate risks of capture or misuse by any individual or group.

Developing our recommendations

The recommendations in this report constitute a comprehensive approach to providing sustainable resourcing that will allow MPs and parties to carry out their functions effectively and support a world-leading democracy.

The Committee has arrived at its independent recommendations through an inclusive approach to identifying, iterating and testing solutions, in order to ensure that these recommendations are practical and effective and recognise approaches that have come before.

The Committee consulted with the PSC and the Speaker before finalising the recommendations in this report.

Structure of this report

The remainder of this report is structured as follows:

- The next four chapters (3 to 6) consider each of the four foundations of a healthy democracy that were identified in the Introduction – namely, an enabled Parliament, enabled members of Parliament, an enabled Opposition, and enabled citizens. Those chapters bring a funding focus, and set out relevant conclusions and recommendations.
- Next, chapter 7 presents a service focus, considering the support provided by the Parliamentary Service for a world-leading democracy across those four foundations. The chapter presents conclusions and recommendations.
- Finally, chapter 8 summarises the conclusions and recommendations of this review on the resourcing required to achieve a 'MMP Plus' version of our democracy.





AN
ENABLED
PARLIAMENT



The cornerstone of an enabled Parliament as a core element in a world-leading democracy is its ability to act independently of the Executive.

An enabled Parliament is able to independently determine the resources required for members and parties to carry out their roles effectively. It has strong governance arrangements in place to ensure that the decisions made on behalf of all members about their funding and services are underpinned by a robust process, and that the use of that resourcing is effective and is well monitored, evaluated and transparent.

An enabled Parliament can perform its legislative, financial and scrutiny functions capably. It has well-functioning select committees that contribute to these functions and that act impartially in the interests of all New Zealand. Select committees are led by capable chairs, and committee members are supported by expert advisors, ensuring that the committees can make well-informed decisions.

Key issues from this 7th triennial review

Independence of parliamentary funding from the Executive

Concerns were raised with the Committee that the current process for setting the level of funding for MPs, parties and services to Parliament is not independent of the Executive.

The Speaker must seek agreement of the Minister of Finance and then Cabinet to recommendations of the triennial Appropriations Review Committees relating to changes in funding levels. The level of resourcing for Parliament is therefore ultimately decided by the Government of the day. This is seen as problematic constitutionally and it means Parliament's funding is subject to prioritisation alongside the Executive's priorities for the wider public spend.

This lack of independence was also raised as an issue in the sixth triennial review. In that review, the Committee recommended that Parliament and the Parliamentary Service be funded independently of the Executive, through a funding mechanism consistent with that for Office of Parliament. They proposed continuing to seek advice from an independent third party, such as the ARC, to promote adequate funding and fiscal responsibility. This recommendation was not progressed by the PSC.

“Parliament can perform its role effectively when it is adequately funded and when it has autonomy for preparing its own budget.”¹⁰

Before reaching its conclusion, the last ARC considered and discounted the option of an informal agreement with the Executive (as in the UK), and the option of establishing an Office of Parliament. The current Committee agrees that neither mechanism would be the most robust or appropriate way to ensure that the funding of New Zealand's Parliament is determined independently.

While the recommendation to move to a mechanism similar to that for Office of Parliament has merit, the Committee's view is that another approach, set out below, could provide more certainty and resilience without the need to establish a separate entity.

We agree with the concerns we have heard, and consider that there needs to be more certainty about the level of resourcing for Parliament from term to term. To achieve 'MMP Plus', the mechanism for setting the level of appropriation needs to be sustainable and resilient. It should provide regular increases so that MPs and parties can continue to carry out their functions as population increases and becomes more diverse, and as the demands on them change in response to other changes in our environment – technology being a key example. The funding mechanism should not depend on the agreement of the Executive every term.

¹⁰ Lienert, I. (2010) *Role of the Legislature in Budget Processes*, at p 16. Available at <http://blog-pfm.imf.org/files/fad-technical-manual-9.pdf>. Accessed 18 July 2018.

Recommendation

We recommend moving to a formula-driven approach to setting and adjusting the monies appropriated for funding of members and parties.

The method of calculating increases to the annual and multi-year appropriations should be agreed and adjustments made automatically in each Budget. There needs to be enough flexibility within the appropriation to be able to respond proactively to emerging trends and changing needs. The role of an independent triennial review becomes to ensure the formulas remain fit-for-purpose. Periodically, a major review of the funding formulas would be required.

The Committee expands on its recommendations with regard to specific parts of the funding throughout this report, with a summary provided in Chapter 8.

Transparent, principles-based use of funding

Many of those the Committee heard from are greatly frustrated by what they see as very prescriptive rules around the use of member and party funding and very arduous and restrictive administrative processes.

The Speaker's directions establish some principles for the use of funding, including accountability, appropriateness, openness, transparency, value for money, and cost-effectiveness. The directions then go on to prescribe in some detail what specific sources of funding can and cannot be used for.

In practice, while members are personally responsible for how they use their funding, the Parliamentary Service are often in the role of approving the use of funding and ensuring certification of spend under these rules. The need for this 'enforcement' role is perpetuated by relatively low levels of transparency in member spending, relative to many other countries, which limits the level of public scrutiny.

In the Committee's view, the current approach to funding is too prescriptive and based on a low-trust model. Overly prescriptive rules and funding structures prevent innovation and create slow administrative processes that limit members' ability to be responsive.

The Committee does not believe the Parliamentary Service should be playing this compliance and enforcement role. This is a significant source of tension in the relationship between members and the Parliamentary Service and it is impacting the ability of the Parliamentary Service to provide customer-centric services (we pick this theme up again in Chapter 7 on page 41).

Recommendations

We recommend moving to a more principles-based, permissive approach to the use of member and party funding, with appropriate support, oversight and transparency.

Moving to a more principles-based, permissive approach would make a significant difference in enabling members to operate more flexibly and to respond more effectively to their constituents' needs. A permissive, high-trust approach assumes that MPs want to do the right thing, and that the focus should be on making it easy for MPs to comply through providing them with information, education and advice.

Ongoing responsibility for developing the rules and providing information, education and advice to MPs should sit in the Speaker's office, which would mean moving the Policy function that currently sits in the Parliamentary Service. This would separate policy from operational responsibility and would better reflect the accountability of the Speaker. This change would present an opportunity to re-set the Parliamentary Service's relationship with MPs and parties, allowing the Parliamentary Service to focus on its role as a service provider, rather than a compliance agency.

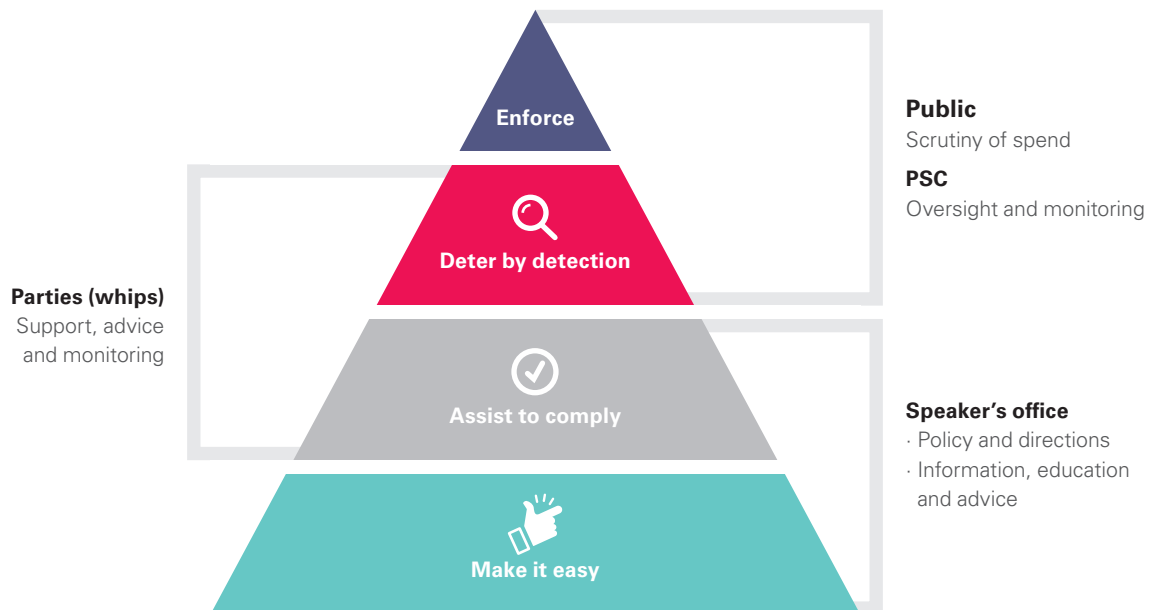
The primary responsibility for ensuring that MPs' spending aligns with the principles of funding use needs to sit with the members themselves and their parties, and not with a third party (such as the Parliamentary Service). Party whips would play a key role in ensuring party members are operating in accordance with the principles.

This recommendation also has implications for the role of the Speaker and the PSC. With the 'enforcement' role coming out of the Parliamentary Service, there would be an increased role for the PSC in providing oversight and monitoring of the use of member and party funding. There also needs to be a higher level of transparency around what money is being used for, so that citizens can hold their elected representatives to account for the responsible use of funding. There is already a high level of transparency of spend on travel, so this would mean extending that to other areas of MP and party spend.

A work programme that addresses the steps required to achieve this change will need to be developed.

While some changes could be made straight away (for example, moving the Policy function into the Speaker's office), implementation of the new model in full is likely to take longer (but be in place for the 53rd Parliament). In order to be successful, the full design of the new approach needs to be well-thought-out, considering, for example, changes to the Speaker's

Figure 4: Indicative roles and activities supporting compliance in spending of member and party funding



directions, implications for legislation, defining the level of transparency required, and defining the roles of the different groups in supporting compliance. As part of this, consideration should also be given to whether the Speaker requires further senior-level support in his or her office, given the increased responsibilities sitting in the Office and the increased span of control resulting from moving the Policy function (for example, Chief of Staff or similar).

In order to drive this programme forward, the Committee recommends this work should be resourced and carried out alongside, but separately from, the Parliamentary Service.

Governance arrangements for the services for Parliament

The governance arrangements for the services and facilities provided to members of Parliament are established by the Parliamentary Service Act 2000, and are summarised here:

The Speaker chairs, ex officio, the Parliamentary Service Commission, a statutory committee of members that advises the Speaker on the nature of the services to be provided to members of Parliament. The commission meets periodically. The Speaker determines the services to be provided by the Parliamentary Services and the travel, accommodation and communication services to be made available to members. The administrative head

of the Parliamentary Service, the General Manager, is directly responsible to the Speaker in carrying out his or her responsibilities.¹¹

In this context, the Speaker is both principal and agent. The Speaker is the agent in relation to members of Parliament, acting on their behalf in deciding the services to be provided. The Speaker is the principal in relation to the Parliamentary Service, with the Parliamentary Service delivering on these requirements.

For this system to operate successfully, the Speaker needs to be able to canvas and understand the needs of members, and should be accountable to them for the services that are delivered. The Speaker needs to be able to 'purchase' the services that MPs need from the Parliamentary Service, and be able to monitor and evaluate delivery to ensure members' needs are being met.

The Committee's impression is that while at the moment a number of mechanisms support these principal-agent relationships, these mechanisms are not functioning as effectively as they could be. There is no annual purchase agreement between the Speaker and the Parliamentary Service, and there are still a number of areas where MPs are dissatisfied with the services provided to them.

¹¹ McGee, D. (2017) *Parliamentary Practice in New Zealand*, 4th edn, ed. M. Harris and D. Wilson, at p 80.

It is the Committee's view that the Speaker needs to be better supported to set specific expectations, identify where current services are meeting or not meeting those expectations, and be clear about where shifts are required.

In this domain, the Speaker is acting akin to a Minister, and the Parliamentary Service as a government department. In fact, the Speaker is indeed referred to as the responsible Minister for the Parliamentary Service under the Public Finance Act 1989 (section 2). Ministers are enabled in their principal roles by support from purchase advisors and private secretaries in their offices – and in the case of Crown Entities, they are supported by government departments.

The triennial review appears to be the primary mechanism for evaluating and reviewing service requirements. Together with other accountability documents, these reviews play an important role in ensuring public accountability and transparency. However, these reviews only occur every three years, and tend to result in only relatively small adjustments. The Speaker needs to play a more active role in regularly monitoring the services being provided, considering whether members' needs are being met, and setting expectations for improvements, as part of being accountable to members.

The PSC has a significant role in the stewardship of Parliament, through its role in setting policy for the resources and services that support Parliament. The Committee received feedback that there is opportunity for the PSC to drive the agenda more, and play a stronger role. The PSC has tended to focus on operational detail, rather than providing more strategic support and advice to the Speaker about the resources and services for Parliament.

Recommendations

We recommend funding a senior-level advisor position in the Office of the Speaker.

The office of the Speaker is not currently resourced to support the Speaker's 'Ministerial' function in relation to the Parliamentary Service. Having a senior-level advisor in the Speaker's office would enable the Speaker to work effectively with the Parliamentary Service to set expectations and monitor the delivery of services, through annual purchase agreements as required under the Parliamentary Service Act, ensuring MPs and parties can carry out their functions effectively. To enable this new advisor position, we recommend that the Office of the Speaker be funded an additional \$250,000 per year (staff costs plus operating expenditure).

We recommend that the PSC play a more active role in establishing the needs of members, advising the Speaker on the services and facilities required, and monitoring service provision.

The PSC needs to play a more active role in determining the needs of members. Each of the parties in Parliament has a representative on the PSC who should be a conduit for the views of their members, with the PSC acting as a stakeholder group for the Speaker. The PSC should provide input and feedback on the development of annual purchase agreements, and play an active role in monitoring the delivery of services, advising the Speaker on things that might need to change or be improved.

The PSC would continue to advise the Speaker on the development of the directions relating to funding and services.

We recommend establishing an expert advisory board to support the Speaker and the PSC.

An advisory board would support the Speaker and PSC with expert advice on investment and procurement. It would ensure that the right skills and capabilities are brought to bear on important decisions about the funding and services required for Parliament.

The board could help the Speaker and PSC identify innovative ways of responding to the changing needs of MPs, parties and Parliament, providing advice on different ways of spending to get services that are cutting edge. It would help to ensure that Parliamentary Service activities are fit-for-purpose and future-focused.

An advisory board would likely include members who understand organisational development, and who would bring commercial and financial acumen, and expertise in customer-driven services and technologies. A board would also enhance the Speaker and PSC's stewardship role. While membership of the board would change, it would be possible to set member terms to provide more continuity over time as PSC membership turns over with elections or changes in party roles.

To enable an advisory board to be established, we recommend that the Office of the Speaker be funded an additional \$75,000 per year (based on five members, at \$15,000 per member).

Well-functioning select committees

The role and operation of select committees are not strictly within the scope of this review, falling instead under the remit of the Office of the Clerk. However, the functioning of select committees was raised with us several times, and our view is that there are links to the areas being considered by this review – across an enabled Parliament, enabled MPs, and enabled citizens.

In a unicameral legislature such as ours, select committees perform a critical function. Almost all proposed legislation is sent to select committee for scrutiny after its first reading, and this is also an important stage where the public can participate, providing submissions that can help shape that legislation. Select committees also have an essential assurance function through examining the Government's proposed spending for each department and other included agencies, and evaluating their performance in the previous year. Select committees play an important role in holding the Government to account.

The role of the Chair is central to an effectively functioning select committee. The position is not impartial like the Speaker, but an overtly partisan approach does not support effective working relationships among committee members and could hamper the progress of the committee.

“A powerful select committee system is essential to a Parliament that has only one House.”¹²

The Committee heard observations that select committees are not performing as effectively as they have in the past, or to the level needed to provide the right level of scrutiny of legislation and Government spend. The performance of select committees has gained media attention recently, being described as reaching ‘peak crazy’, with the conduct of Chairs, members and Ministers all coming under scrutiny.¹³

Those we consulted raised various issues as potential barriers to the effective functioning of these committees. These include the quality of the chairing, the level of engagement of committee members, the conduct of committee members in relation to the public, and the availability of expert advice.

The Office of the Clerk is progressing initiatives to support the successful operation of select committees and, therefore, the strength of our democracy.

The way select committees run has not changed in over 30 years, and the Office of the Clerk already has work underway to determine whether changes in the process could support committees to perform more effectively. Two specific areas the Office is considering is the workload of committee members and the pace at which committees work.

Another key initiative by the Office of the Clerk is to allow the public parts of select committee hearings to be live-streamed online, and for submissions to be made remotely. This initiative has been under development for some years, but the technology is now available to enable it to begin in earnest, with facilities being piloted in two select committee rooms. This live-streaming will ensure that committees and their members are publicly accountable for their work and behaviour in the same way as provided by streaming of sittings of the House. It increases citizens' ability to participate in our democracy, for example through making remote submissions, or watching others make submissions.

Recommendation

We recommend that MPs be provided with development opportunities to support them to act as effective committee members, to build understanding of the importance of the role of the chair, and to give potential chairs the skills to run committees well.

We address the development of MPs more generally in the next section, but we think there is a specific need in relation to the development of select committee chairs. We recommend that new chairs be given the opportunity to attend a course to build their governance skills, so that they are able to more effectively lead the business of their committee.

To provide for these development opportunities, we recommend that the Office of the Clerk be funded an additional \$50,000 per year.

Currently, there does not appear to be any budgetary constraint on obtaining technical expertise and advice to support committees.¹⁴ However, if the suite of initiatives above leads to changes in the behaviour of committees, this could well change. This should be monitored as changes are made, to ensure that the resources available to purchase expert advice are not unreasonably limiting the effectiveness of select committees.

¹² Palmer and Butler (2018). *Towards Democratic Renewal*, at p 117.

¹³ Select committees are the new Netflix as MPs lose the plot at Parliament. Available at <https://www.stuff.co.nz/national/politics/104715002/select-committees-are-the-new-netflix-as-mps-lose-the-plot-at-parliament>. Accessed 16 June 2016.

¹⁴ Committees have budgets for procuring expert advice, but there are almost no instances of committees coming near, let alone exceeding, their limit.

ENABLED MEMBERS OF PARLIAMENT



Individual members of Parliament have two key roles – as representatives of their constituents and as parliamentarians.

An enabled MP is an effective representative. They are accessible to their constituents and are able to connect in a variety of ways. They can operate flexibly to meet their constituents' needs, whether in an electorate or with a national constituency.

Enabled MPs have the right level of funding and support underpinning their role as representatives. They have enabled support staff who can work confidently and effectively with constituents and provide a connection between constituents and the MP.

An enabled MP is an effective parliamentarian, with the skills and knowledge to act as a legislator and scrutiniser of government.

Key issues from this 7th triennial review

Being effective representatives

Engaging with constituents

A key foundation of effective representation is MPs engaging with constituents. Particularly for electorate MPs, this is about being visible and accessible within their electorate. Since 1996, the number of constituents per electorate MP has grown by nearly 10,000. By 2038, this could be as many as 6,000 more again. This presents a challenge to effective engagement.

Different MPs make different decisions about how to engage with their constituents, which involves making different uses of the non-staff funding portion of their individual member funding.

Electorate members are choosing different ways of covering their electorates to best manage size and demand. While almost all members do establish out-of-Parliament offices, other options chosen by MPs include meeting on marae, making casual use of public meeting places across their electorate, and travelling directly to constituents who are seeking support. In our largest electorate, Te Tai Tonga, the incumbent MP is managing the large distances involved by using an 0800 number, rather than establishing physical offices.

Different list members also make different decisions about how to engage with the constituencies they identify with. This includes opening individual offices, using hubs, or engaging almost exclusively through digital channels.

The clear message we have received from members is that it is crucial that they have flexibility to decide how to service their constituency, including where to locate their out-of-Parliament offices.

Out-of-Parliament offices

A key theme from our consultations is that the different levels of rent around the country create inequities. The level of non-staff funding varies according to the size of electorates, but it does not take account of location. This means that, electorate size aside, MPs from Auckland for example receive the same non-staff funding as MPs from Whanganui. The high rents in some urban areas mean that MPs there are struggling to find offices that are affordable, compliant and accessible.

In the current Parliament, rents for out-of-Parliament offices range from less than \$5,000 to nearly \$48,000 a year. Some members are able to access reduced rents through individual and party networks. Others have chosen to buy buildings and lease them back to themselves as members of Parliament where finding suitable accommodation has been difficult. The Committee's view is that these lease-back arrangements carry the risk of a public perception that MPs are profiting from the funding they get to carry out their role as a representative MP.

The more non-staff funding that has to be spent on maintaining offices, the less MPs can do in other ways to help them connect with constituents, including mail-outs, advertising and other communications, and face-to-face contact with constituents who are not close to offices. That face-to-face engagement has some significant costs, such as the hire of public spaces and travel for support staff, and those costs

are greater in our largest electorates. Though office rents may be low for MPs in those large electorates, the higher costs of raising awareness and connecting with constituents through those various other means is placing considerable pressure on those MPs' non-staff budgets. There is a question as to whether the current model of funding for large electorates provides enough gradation and recognises the vast areas some MPs need to cover.

The Committee understands that the accommodation and facilities in out-of-Parliament offices is of variable quality, and that some offices still do not meet minimum security requirements. While there is a plan and budget for addressing this problem for existing offices, security is an ongoing concern both for members and for the Parliamentary Service as joint PCBUs under the Health and Safety at Work Act 2015. The Committee also heard that in some parts of the country it can be hard to find buildings that comply with earthquake resilience levels.

We also heard that it can take a long time to identify potential premises, establish that they are suitable, negotiate a lease, and get set up, and that this process requires some specialist skills. At the time the Committee was conducting its interviews, six months after the 2017 election, some MPs had still not managed to establish their out-of-Parliament offices.

Recommendations

We recommend that electorate MPs continue to choose the location of their offices, and that the Parliamentary Service hold the budget for out-of-Parliament offices, leasing and managing on MPs' behalf.

High rents are currently constraining representation in some areas. We need a more efficient, effective approach to funding and operating out-of-Parliament offices. The aim of a new approach would be to remove some of the inequities, provide for more consistent quality of accommodation and facilities, and reduce some of the inefficiencies in the current system.

The Committee considered a wide range of potential alternatives, many of which have been considered by previous ARCs.

The model we are recommending would continue to allow MPs and parties to select the location of their offices, but move the funding, leasing and managing of out-of-Parliament offices for electorate MPs to the Parliamentary Service.

The essential features of the recommended model are as follows:

- **Location** – MPs and their parties are best placed to identify the effective centre of their electorates, and therefore they should be able to choose the location of their offices. Members would decide the location in consultation with their party whip. Whips would be required to produce rolling spatial plans of population movements by electorate in order to identify potential locations and location changes. This would also give parties an opportunity to think more innovatively about how they provide representation through offices – for example, MPs sharing offices, or the use of 'satellite' offices.

Previous recommendations from ARCs to change the funding and operational model for out-of-Parliament offices has met with strong opposition from members because of this issue of choice of location.

- **Leasing and managing** – Once MPs have chosen the location of their office, the Parliamentary Service should lease and manage out-of-Parliament offices on behalf of members. This would reduce the administrative burden on MPs and enable the Parliamentary Service to ensure that the quality and security of accommodation and facilities is acceptable for member support staff working in those offices. The length of lease should be decided case-by-case, including by taking into account the likelihood of a seat changing party from election to election.
- **Funding** – Funding for out-of-Parliament offices for electorate MPs should be held by the Parliamentary Service and be allocated on a party basis, according to the number and type (large or small) of electorate MPs in each party.

This would be a new appropriation, additional to current funding for members and parties, beginning at \$4 million per year. This is a significant increase from the current \$2 million being spent on rent by electorate MPs. The increase reflects the need to improve representation, and to meet the ongoing costs of running electorate offices, and one-off costs of fit-outs and make-goods. This budget would increase by 3.3% per year.¹⁵ This increase is set at more than the expected rate of rental and population increase, to allow for the fact that some electorates (particularly those with increasing diversity or with growing population centres) may need more offices in the future in order to continue to provide good representation.

¹⁵ See Appendix 2 for further detail regarding this adjuster.

This new model should apply to any new out-of-Parliament offices that are opened. MPs with existing offices should be invited to opt in to the new arrangements immediately. All remaining out-of-Parliament offices would move to this new model over time, whenever a new MP is elected or the office location changes.

This model would only apply to out-of-Parliament offices for electorate MPs, as representatives of constituents in a geographic area. Funding for list MP offices would continue to come from non-staff member allocations and party funding, both of which will be enhanced through this process (see below and page 34).

We recommend changing the formula for calculating non-staff funding for members to reflect the changes in the out-of-Parliament office model, to provide more recognition of the different sizes of electorates, and to simplify the structure of the member allocation.

Electorate MPs are currently provided more non-staff funding for out-of-Parliament offices, to reflect their role as elected representatives for a geographic constituency. With the provision of a separate fund for these offices, it is the Committee's view that there would no longer be a need for this allocation to be different for list and electorate MPs.

It is important to reflect the extra resource required to provide representation across large geographic areas, even after providing for out-of-Parliament office costs separately. The Committee recommends that the non-staff allocation should continue to be higher for our largest electorates, but with further differentiation by size of electorate (at over 15 million hectares Te Tai Tonga is an outlier among electorates, but even across the other large electorates there is a significant difference in size).

The Committee also recommends moving to two allocations within the member funding. Staff funding should continue to be ring-fenced (given the complexities of the tripartite employment relationship and the Parliamentary Service's employer obligations), but the remaining funding should be able to be used flexibly across any cost of representation (including staff). When implemented, it would make sense to name these allocations '**staff**' and '**general**'.

The essential features of the recommended model for the 'non-staff' funding are as follows:

- **List and electorate MPs would receive the same base level of general funding** – With electorate MPs no longer needing to pay for their out-of-Parliament offices from their member allocations, there would be no need to differentiate the base level of general funding. All MPs would receive the same base level of general funding which is calculated using the current level of an electorate MP (in a smaller electorate) escalated in line with other general costs.
- **Increased differentiation in general funding by size of electorate** – MPs in electorates of more than 1 million hectares would receive additional funding – on top of the base level funding described above. For every million hectares in their electorate, MPs would receive an additional \$10,000 in their general allocation, up to \$40,000.

Table 1: Additional general funding for large electorates

Electorate	Size (hectares)	Additional funding
Te Tai Tonga	15,347,424	\$40,000
Clutha-Southland	3,759,453	\$30,000
Te Tai Hauāuru	3,572,397	\$30,000
West Coast-Tasman	3,292,273	\$30,000
Waitaki	3,274,139	\$30,000
Ikaroa-Rāwhiti	3,068,363	\$30,000
Kaikōura	2,167,366	\$20,000
Waiariki	1,860,149	\$10,000
Te Tai Tokerau	1,569,664	\$10,000
East Coast	1,376,750	\$10,000
Taranaki-King Country	1,304,343	\$10,000
Rangitikei	1,248,093	\$10,000
Hauraki-Waikato	1,230,976	\$10,000
Wairarapa	1,184,398	\$10,000
Northland	1,169,185	\$10,000

- **‘Re-absorb’ the current general allocation into the staff and non-staff funding allocations, and re-name ‘non staff’ as ‘general’** – The current general allocation is created by moving 10% of non-staff and 10% of staff funding into a separate allocation that can be used flexibly. The Committee’s view is that all non-staff funding should sit in one allocation. In practice, this would mean that the current general allocation would be re-absorbed back into the staff and non-staff funding allocations. At this point, the new ‘general’ funding allocation becomes more akin to the current general allocation, with flexibility to use it for whatever is required to ensure good representation of constituents (within the parameters set by the Speaker’s directions and including for staff costs).
- **Move the current ICT hardware allocation for members into this new ‘general’ appropriation** – The allocation that members receive for purchasing ICT hardware would also be moved into this allocation, in line with a flexible, permissive, principles-based approach to use of funding.

This amalgamated allocation would be increased by 3.3% per year.¹⁶ This increase is set at more than the expected rate of inflation and population increase, recognising that the challenge of representation will increase over time without an increase in the number of MPs.

Enabled support staff for members

Member support staff are critical to an MP’s ability to service their electorates and represent their constituents effectively. For MPs to be enabled, their support staff must be enabled.

It is important that member support staff have a working environment that is suitable, safe and secure, and that they have the tools they need to carry out their roles.

Case management software and ICT

A large part of the member support staff role involves case management of constituent issues. However, there is no standard case management system (CMS) available to support staff. Standard software would make managing these cases easier and more efficient, and would also allow a systemic view of the kinds of issues being dealt with in out-of-Parliament offices. The Committee heard that some offices use party-specific CMS, while others develop their own bespoke systems, usually using Excel. There were examples of support

staff developing their own systems even where the MP’s party has their own system; this is possibly due to lack of training.

The move to a dedicated ICT equipment allocation has been well-received by support staff. However, the Committee heard that since MPs are able to convert any remaining funds in this allocation in the third year, some are choosing not to upgrade staff equipment. The equipment support staff are operating with actually comes down to the individual MP. Another issue identified is that this allocation is funded on an FTE basis, while many MPs employ multiple part-time staff who may have overlapping hours – in these cases it is not practical to share phones and computers, and therefore in practice the funding doesn’t necessarily cover the purchase of equipment to the specifications required.

Funding for senior staff

MPs need skilled and experienced people in support roles to enable them to represent their constituents effectively. A concern from a number of members was the level of funding for support staff positions. They felt there was not enough room at the top end of the scales to recognise experienced and capable staff, and in some markets the level they could pay was not competitive. The constraint that only one senior position is funded (as defined in the job families) was causing problems where there were several experienced staff all working for the same MP. While recognition payments are available, we heard that some member support staff were reluctant to apply for these, even when encouraged to by their MP, as they felt they would be taking money from other activities that could be funded in the electorate. They felt that a ring-fenced fund, managed by the Parliamentary Service, would be more appropriate.

There is also a concern, in relation to bargaining, about the way staff funding is set through the ARC process. The amount of money provided to members for staff is calculated ahead of the bargaining process, through the ARC revisions, and therefore constrains the ability of Parliamentary Service and the unions representing staff to bargain pay effectively under the collective employment agreement.

Funding for Ministers’ representative roles

A number of Ministers noted that they are struggling with the loss of their Parliamentary Service-funded support position on precinct. As non-Ministers, their EAs would have played a role in managing electorate issues, working with member support staff in out-of-Parliament offices, and generally keeping the MP connected to

¹⁶ See Appendix 2 for further information about this adjuster.

their electorate. However, ministerial staff are supposed to work exclusively on business related to the MP's ministerial role, and are not supposed to support the MP's role as a representative. In practice, some Ministers are asking their ministerial staff for support with electorate work, and they see no other way.

Recommendations

We recommend that the Parliamentary Service be funded to provide a case management system for all member support staff in out-of-Parliament offices.

Member support staff are dealing with increasingly complex issues in their electorates. Also, because many constituents find members' offices to be more accessible than many government agencies, support staff are dealing with increased caseloads. A CMS would enable member support staff to manage their constituent work more easily, increasing productivity and reducing the risk of things 'falling through the cracks'. Having one CMS across all support staff would mean that staff have the right tools, regardless of the party their MP belongs to, and it would also allow the Parliamentary Service to provide training and support for the software.

The Committee understands that ownership of case management data lies with MPs, and that parties would like to be able to aggregate this information. We do not consider this a barrier to implementing a single system. Work can be done to ensure the right controls and security is in place to provide the right level of access to different people.

We recommend that funding for ICT equipment for member support staff be held by the Parliamentary Service.

Functional and up-to-date ICT equipment is essential for support staff to be able to perform their roles, and it can enable staff to work more flexibly. The ability to convert left-over funds to general funding in the third year provides the wrong incentives and is too open to misuse. Moving the funding to sit with the Parliamentary Service would mean support staff are assured of up-to-date ICT equipment that can be supported. Additional funding should also be provided so that part-time support staff can be provided with their own equipment. Work would need to be done to determine a sensible threshold for when part-time staff would receive their own ICT equipment (for example, 0.5) and to determine how much additional funding this would require.

We recommend that MPs' staff funding be adjusted to provide for more senior member support staff and to provide Ministers with funding for a member support staff position in their precinct office.

Jobs in the 'member support staff' job family are categorised, with category 1 being most junior, and category 5 being most senior. At the moment, the funding calculations provide for one category 3 role per member, with the rest of the entitlement as category 2.

The current calculations also provide for one less role for Ministers compared to non-Ministers. The loss of a parliamentary staff member in their precinct office means MPs who are Ministers are less enabled to carry out their representative role. Arguably, they have a greater need for this connection in their precinct offices, because with their ministerial workloads in Wellington they are less able to be present and engaged with their constituents.

The key features of the new staff funding model include:

- **Increasing the seniority of roles that underpin the calculation for staff funding** – The funding formula would move to a mix of funding that provides for one category 4 role per member, with the rest of the entitlement as category 3. We believe this better reflects the capability required in members' offices and it would support MPs to pay their staff at levels that are commensurate with their experience and value. This does not change MP's ability to employ staff in any category, within the funding they have available.
- **Ministers are funded to the same level of parliamentary staffing as their non-ministerial colleagues**

We recommend staff funding is adjusted by 3.7% each year.¹⁷ This is set higher than predicted wage and population growth in order to:

- allow flexibility over time for members who would like to employ more support staff
- in combination with the new general allocation, provide that more funding is available for recognition payments if needed
- ensure higher allocations are set, within which the Parliamentary Service and staff unions can bargain pay, increments, and any other monetary remuneration.

¹⁷ See Appendix 2 for further detail about this adjuster.

Being effective parliamentarians

MMP has been successful in bringing about more diversity in Parliament. It means people are coming in with a wide range of backgrounds – farmers, lawyers, teachers, journalists, engineers. None are ‘ready-made’ parliamentarians, though some come in more equipped for this new role than others.

Although some opportunities are provided for MPs to build their knowledge and skills for their role in targeted ways, there is currently no comprehensive approach to MP development.

Current induction and development programmes

The Office of the Clerk and Parliamentary Service provide a comprehensive induction programme for members, over two weeks. This introduces them to life as an MP, and includes good support to help new members understand and participate in parliamentary processes. The induction also helps MPs get to grips with the practical issues of employing staff, managing budgets, and running an office. Members are very positive about the induction programme, but it is necessarily a high-level overview, covering a lot of topics in a short time.

The Office of the Clerk also maintains an ad hoc programme of seminars, run during dinner time on days when the House is sitting, though attendance at these is variable. The Inter-Parliamentary Relations Programme provides another avenue for a small number of MPs to build their skills and knowledge through participating in international forums.

Parties also provide induction and development for their own MPs – these opportunities vary by party, and are constrained by party funding.

Further development opportunities

Member learning and development was a focus for the sixth triennial review, and that Committee observed that while plenty of money was spent on running elections every three years and on the running of Parliament, very little is spent on developing the knowledge and skills of MPs. This contrasts with almost all other sectors: elsewhere, organisations recognise the importance of their people for their success and invest in their people’s development.

For MPs, most of their learning is done on the job, and it can take some time to become familiar with the role. A number of members told the Committee they wished there had been some sort of development programme available to them, one covering a variety of skills – from

dealing with constituents, understanding public finance, to being better prepared for becoming a Minister. They told us that kind of programme would have allowed them to operate more effectively more quickly.

There was general agreement that MP development was important, but two key barriers identified were the limited time available to MPs to do this, and the view by some that it was not an appropriate use of public funds.

Recommendations

We recommend that the PSC express support for establishing a professional development programme for members of Parliament, funded independently of Parliament and parties.

Overseas, development programmes for MPs variously include formal qualifications, skills development workshops, access to expert advisors, and one-to-one support to identify development needs. Examples include Politics Plus in Northern Ireland, the Institute for Government in the UK, and the Commonwealth Parliamentary Association’s Fundamentals Programme on Parliamentary Practice and Procedure.

The Committee sees significant value in developing a similar programme for New Zealand members of Parliament. It would aim to help them become better parliamentarians more quickly – including being more effective select committee members and Chairs and more effective spokespeople, and being more able to provide robust scrutiny and effective opposition. The programme would also better equip MPs to perform as Ministers. It would also provide transferable skills that would enable MPs in their careers beyond Parliament.

The Committee considers that this is something worthy of investment, as having more enabled MPs will ultimately lead to better outcomes for New Zealand. However, we also acknowledge that there is concern using tax-payer money to invest in MPs may be seen as inappropriate, and differing views on whether this is the role of any of the parliamentary agencies.

The Committee has taken the practical step of initiating the development of such a programme, in cooperation with the Victoria University of Wellington School of Government, with the intention that it be funded by an independent trust. The Office of the Clerk, given its existing responsibilities around member development and education, would be a natural home for the programme, and has been involved in these early conversations.

For members this would be an 'opt in' programme. Once fully developed it would be likely to include the following:

- **Development support** – access to confidential support to identify the MP's development needs, create a personalised development plan, and identify development opportunities that may be of value (through the Office of the Clerk).
- **Postgrad qualification** – a postgraduate qualification designed specifically for MPs, delivered by the School of Government, and run in a way that facilitates the MP's participation – for example, courses in the evenings, and a variety of delivery modes.
 - 'MPs-in-waiting' (such as those next on a party list) could be targeted for the course, so that if and when they do come into Parliament they are better prepared.
 - Participation by current MPs could be facilitated by designating the School of Government as part of the Parliamentary precinct for voting purposes, or by designating attendance on the course as part of parliamentary business.
- **Skills workshops** – a series of skills development workshops that respond to identified gaps or needs.
- **Expert advice** – access to a network of experts, including experts on specific topics, former senior public servants, and former MPs.

We recommend that the Office of the Clerk is provided with additional funding for a position to provide development support to MPs.

While an independent trust is intended to cover the costs of development opportunities that MPs undertake (eg qualifications, workshops), some additional resource is required in the Office of the Clerk to provide the confidential support to identify the MP's development needs, create a personalised development plan, and identify development opportunities that may be of value. We recommend the Speaker provide an additional \$250,000 per year to fund this position (staff costs plus operating expenditure).

Providing additional support for MPs

Within Vote Parliamentary Service, the 'Additional Support for Members appropriation' provides funding to meet the additional needs of MPs who have sensory or physical impairments, or to respond to other events beyond the member's control, as authorised by the Speaker. The criteria for this funding are set out in the Speaker's Directions, and the Parliamentary Service's *Members' Access to Additional Support Policy* expands on the purpose and use of this support and on how to access it.

The issue of additional funding was not raised during the Committee's consultations with members and parties, and the Committee is satisfied that the amount of the appropriation has not limited the support that can be provided.

The Committee notes, however, that there does appear to be an increasing need to access this additional support as our Parliament becomes more diverse and MPs have needs not anticipated in the Speaker's Directions or other instruments that guide entitlements for MPs and their families. It is the Committee's view that the Speaker and PSC may wish to consider widening the scope of this appropriation in the future to make it easier to respond to a wide range of reasons for requiring additional support.

Travel and accommodation

The travel and accommodation allowances for spouses and families were raised a number of times with the Committee. This issue was noted in the last triennial review, and those allowances continue to be topical in the media.¹⁸

Most MPs are required to be away from their homes for significant periods of the year, and feel that the current determination does not allow them to spend enough time with their families. The determination is also highly prescriptive: MPs' families can generally only travel to Wellington to visit them (as opposed to another place in New Zealand where the MP may be working on parliamentary business), and alternative family arrangements cannot be catered for (for example, if the MP would like someone other than a partner or spouse to accompany children on travel). It can also lead to situations where some immediate family members but not others may be able to travel. For example, children of MPs have different allocations based on age, which may mean families cannot travel together on this provision (for example, an MP's four year old can make unlimited trips, but a five year old is limited to eight one-way trips).

Travel and accommodation for MPs' family members is covered by a determination by the Remuneration Authority, and is not in scope for the Appropriations Review Committee. However, given that the additional support funding is being accessed to address needs not anticipated by this instrument, the Committee has provided its view here.

¹⁸ Mum MP calls for travel cap change to help politicians with babies. Available at https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12086585. Accessed 12 July 2018

The Committee notes that there are robust processes in place for reviewing this determination, and a major review was undertaken by the Remuneration Authority last year, which included consultation with the Speaker, Minister for Ministerial Services, Leader of the Opposition, Whips and all MPs. However, the new issues raised since the current government came into office indicate that there may be some parts of the determination that require further attention, particularly in light of the current Government's commitment to a family-friendly Parliament.

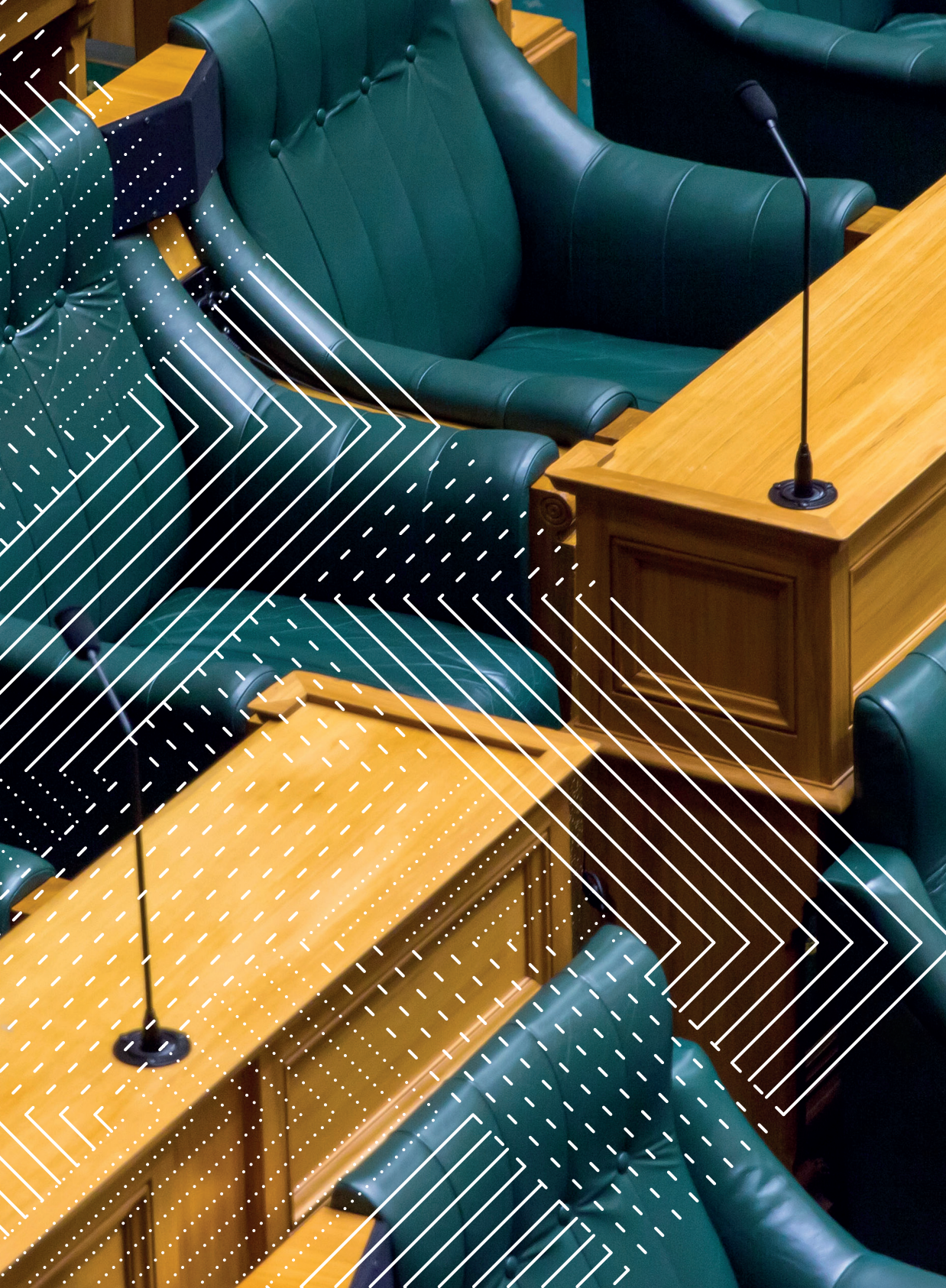
While MPs are able to make representations to the Remuneration Authority at any time, it appears that this avenue for review is not used often, and indeed many new MPs may not be aware it exists. This means that the Remuneration Authority is not necessarily aware of some of the issues that MPs raised with the Committee in this review.

In line with our findings and recommendations regarding the governance of services provided to MPs, we believe the Speaker should play a strengthened role in representing the views of MPs to the Remuneration Authority. To support this, regular opportunities could be put in place to facilitate more effective, ongoing communication. This could include a regular meeting between the Parliamentary Services Commission and the Remuneration Authority (for example, twice a year) to discuss initiatives such as a family-friendly Parliament and other matters that may fall under the Authority's accommodation and travel services determination.



5

AN ENABLED OPPOSITION



An enabled Opposition is in a strong position to hold the Government to account for its stewardship of the executive functions of State. It has the capabilities needed to develop policy alternatives that are well-researched and costed, so that there can be meaningful debate about different options in the House.

An enabled Opposition can pose informed questions to Ministers and so help ensure the government is accountable to the public. It has the information it needs to scrutinise legislation in the House and during the select committee process, and so help ensure that New Zealand has well-designed laws.

An enabled Opposition requires, more fundamentally, enabled Parliamentary parties. A party must have stable resourcing so that it can plan ahead with certainty and therefore present a credible alternative to the current government and be in a position to step into the role of government itself.

Key issues from this 7th triennial review

Resourcing for parliamentary parties generally

As we spoke with people about being an effective opposition party, the point was made a number of times that having an enabled Opposition depends more generally on ensuring that all parliamentary parties are able to function effectively. All parties will be in opposition at some point, and so ensuring that parties have the resources and capability they need will contribute, over time, to having an enabled Opposition.

In this section we consider the question of resourcing parties generally. In the next, we discuss resourcing issues that are specific to parties in opposition.

Party funding

Party funding rises and falls according to the percentage of party vote won at each election. For the major parties, this has dipped as low as 20% for National in 2002, and to 25% for Labour in 2014. Among the smaller parties, even a small 'absolute' drop equates proportionately to a large drop in funding.

This approach makes it difficult for parties to plan through time and retain high-calibre 'political' staff in their offices. It also presents problems for list-only parties, who rely on their party funding to engage with their constituencies, particularly where they would like to establish a physical presence in a community.

A poorly resourced parliamentary party in opposition will struggle to present a credible alternative for New Zealand and be well placed to step into Government.

Funding for political staff

Effective parliamentary parties are supported by enabled political staff in their offices. The question of pay and conditions for political staff was raised with the Committee as a significant issue.

The Parliamentary Service is the employer of political staff, but remuneration is negotiated individually with the party. While both member support staff and political support staff have the opportunity to be under the same collective employment agreement, the current employment and funding arrangements mean they are treated quite differently.

Member support staff come under 'Part A' of the agreement, and have clarity around job families, associated pay scales and increases, and guaranteed compensation clauses (for example if the MP they work for is not re-elected or leaves for some other reason). Staff funding is ring-fenced in MPs' allocations, and increases year on year to allow for increments to be paid.

For political staff, who come under 'Part B', no pay is specified and there is no provision for compensation. There is no ring-fenced staff funding, and the party allocation does not increase each year over a term. This means any increments for staff are a trade-off for parties' spending in other areas. Chiefs of Staff have indicated they are willing to engage on the issues of pay increases and compensation, but only if these are resourced through increases to party allocations.

The inequities between ‘Part A’ and ‘Part B’ staff are a concern. The Committee received a number of suggestions for addressing these issues, including ring-fencing some party funding for staff purposes, having an annual increase in funding (as for member support staff), and having the Parliamentary Service hold a budget for compensation of Part B staff (as they do for Part A).

Recommendations

We recommend moving to a funding model for parliamentary parties that guarantees an effective level of resourcing over time.

A funding model that sets a minimum level would provide certainty for parties over time and ensure that party resourcing does not drop below the level needed for the party to be able to operate effectively, whether in government or in opposition.

We have used election results from the last four general elections to establish the proposed minimums that would be incorporated into the current funding formula for leader and party funding. Successive ARCs would be tasked with ensuring the formula remains fit-for-purpose over time as the composition of our Parliament changes.

The key feature of the model is **a guaranteed minimum level of funding based on a fixed ‘party vote’ percentage** – Three ‘party vote’ scenarios, based on the average party vote of the last four elections, form the basis of a guaranteed minimum level of funding:

- For two major parties – a 38% minimum factor
- For minor parties who are over 5% – an 8% minimum factor
- For minor parties who are below 5% – a 2% minimum factor

The formula adjusts the funding up on the basis of theoretical additional non-Executive seats where parties’ actual vote falls below this minimum factor.

Where parties’ actual vote is above this minimum, the existing formula applies, and these parties receive more than that provided in the minimum calculation.

Details regarding the development of the minimum percentages are in Appendix 2.

There is a choice as to when parties should qualify for the guaranteed minimum:

- 1 the guaranteed minimum applies to parties on and after their second successive term in Parliament, providing a guaranteed level of resource for parties with established viability

- 2 the guaranteed minimum applies to any parties represented in Parliament, regardless of size or longevity, promoting diversity in line with the intent of MMP.

We recommend that the Parliamentary Service work with parties and unions to agree on an approach to setting the pay and conditions of political staff that is more transparent and aligns with being a good employer.

A working group consisting of representatives from the Parliamentary Service, staff unions and party leaders’ offices should be convened to consider options for addressing the inequities between support staff who work in members’ offices and those working in leaders’ offices.

The group should report back on the preferred option, associated costs and any implications for the structure of funding, in time to be included in any budget bid required for funding changes for the 53rd Parliament.

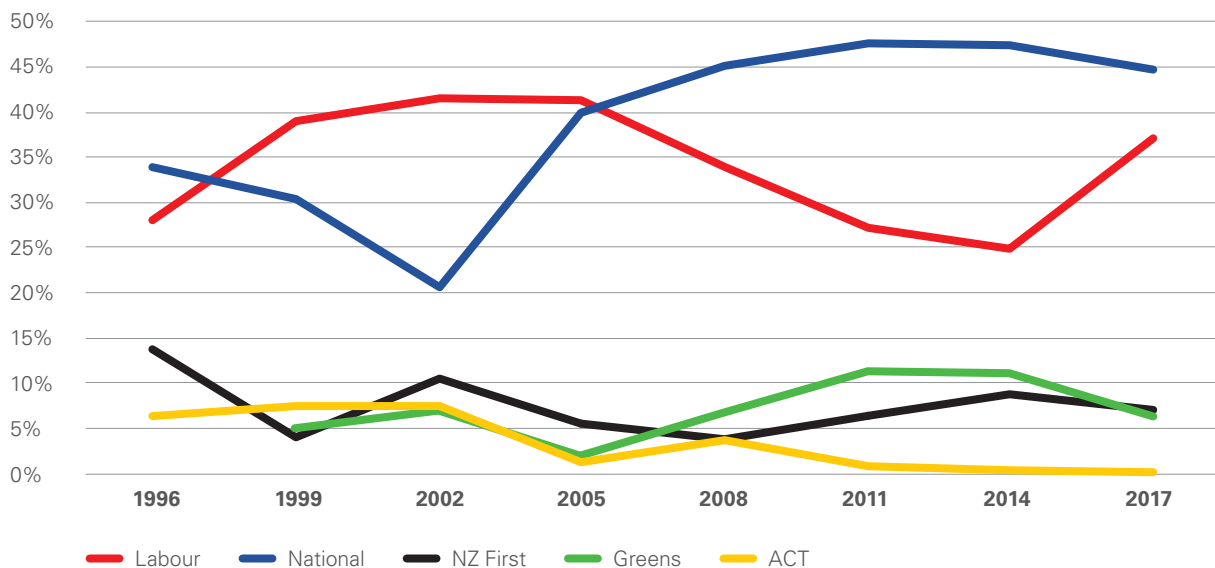
Resourcing for opposition parties specifically

Adequate resourcing is essential to providing effective opposition. While the Executive has public departments and ministries supporting the development of policy and legislation, opposition parties need to rely on their own research units (paid out of party funding) and ‘free’ services such as the Parliamentary Library.

Since the introduction of MMP, both major parties have spent time in opposition, experiencing the drop in resourcing that accompanies a decline in party vote over successive elections. Fluctuating results for small parties also means that their resourcing has varied widely from election to election.

In the Committee’s experience, resourcing levels can be a significant constraint on the ability of parties to provide a strong opposition to the Government, including by making it difficult to attract the senior-level capability that is required. When an opposition party is not able to properly develop or cost policies their credibility is questioned, and debate is diverted away from the merits of the policy in achieving outcomes towards debating technical issues.

An Opposition that is poorly resourced and unable to function effectively is detrimental to the health of our democracy.

Figure 5: Party votes, 1996 to 2017

Recommendations

The Committee has two recommendations it believes will support the effective performance of the Opposition and contribute to New Zealand being a world-leading democracy.

We recommend that the Leader of the Opposition receive funding to second staff from government departments to support policy development.

This echoes a recommendation from the sixth triennial review to provide opposition parties with access to support for policy development. The recommendation does not specify which government departments these secondments should come from, to allow the Opposition to identify where its own gaps in capability might be and to resource themselves appropriately.

We recommend funding equivalent to 3 FTE positions for the party supplying the Leader of the Opposition, at \$150,000 per FTE, per annum.

We recommend that a business case for a policy and costing unit, housed in the Office of the Clerk, be developed for Budget 2019.

The Committee believes an effective way of supporting opposition members in the development of policies and bills would be through a central, independent unit that can provide policy advice and costings. This would sit alongside similar services that already exist in the Office

of the Clerk, including the drafting functions. The new unit should in fact include some capability for drafting, to protect this resource in the face of demand from the Executive.

This unit could also be accessed by government backbenchers who are not members of the Executive, and therefore do not have department resources at their disposal.

At the same time as the Committee was beginning to develop this recommendation, the current Government announced its intention to establish an independent financial institution (IFI) in New Zealand. The Committee's understanding is that the purpose of this IFI will be to provide the public with an assessment of government forecasts and to cost political parties' manifestos at election time. The detail of what the IFI will do and how it will operate will be the subject of public consultation in August 2018.

The Committee believes an independent unit within Parliament to support opposition parties and government backbenchers serves a different purpose to the proposed IFI. This unit would be available to provide costing as well as range of support for policy and bill development, at any time. It is this ongoing availability that supports an enabled Opposition throughout the term of a government.

The Committee recommends that a business case for such a unit be completed in time to be included in a bid as part of Budget 2019.

ENABLED CITIZENS



Enabled citizens are engaged and motivated to participate in democratic and parliamentary processes. They understand their system of government and the opportunities they have to influence decisions. They participate in political processes regularly, not just when there is an election.

Enabled citizens have access to trusted sources of information that they can use to draw their own conclusions about whether they believe the government is acting in their best interests. They know how to express their own views in ways that will be heard and be influential.

Key issues from this 7th triennial review

Engaged and informed citizens

For our democracy to succeed, we need engaged citizens. We have talked a lot in this report about the role of the Opposition in holding the Government to account, but actively engaged citizens play a critical role in questioning and contributing to the policies and legislation that shape our country. They can hold the Government to account by directly participating in the development of legislation, having their views represented by their elected member of Parliament, and, ultimately, by voting to retain or change governing parties.

“There is no democracy without the engagement of citizens.”¹⁹

A key indicator of engagement is voter turnout. We have seen a decline in voter turnout over the past 21 years, from around 81% of eligible voters in 1996 to 74% in 2017. Self-reports from non-voters show that disengagement is the biggest single reason for not voting, and this has increased over successive elections.

Underpinning effective citizen participation is the availability and accessibility of information.

In order to participate effectively, citizens need access to accurate and timely information about the issues facing New Zealand and what the government is doing about them. They need to understand what policies the government and opposition are putting forward, what legislation is being proposed, and what the benefits and risks of these might be. An enabled citizen is well-informed.

The most common way people in New Zealand participate is by following politics in the media.²⁰ The proliferation of alternative news sources, such as social media and blogs, means more information is available to citizens now than ever before. However, this is accompanied by the challenge of knowing which sources can be trusted and which are providing ‘fake news’.

In New Zealand, the public have good physical access to the Parliamentary precinct, and have remote access to House proceedings through television, radio and online publication of transcripts (Hansard). Broadcasts of the public parts of Select Committee hearings, currently being trialled, will further improve access for citizens, including providing another avenue for participation (making submissions remotely). Technology provides the potential for MPs to be more accessible than they have ever been, whether they are in their electorate or in Wellington.

As it seeks to build a world-leading democracy, the challenge facing Parliament is how to increase citizen engagement, to ensure citizens have access to parliamentary processes, and to equip citizens with the information they need to participate effectively.

The Parliamentary Service and the Office of the Clerk already provide a number of services dedicated to increasing engagement and the availability of information and tools to support participation.

Parliament’s website is the main channel for the public to access information directly from Parliament. The Office of the Clerk has primary responsibility for the site, working closely with the Parliamentary Service, which provides content and infrastructure. Through the site the public can access information about parliamentary business (including a ‘one stop shop’ for information about bills before the House), information

19 <https://www.demworks.org/Role-of-citizens-in-democracy>. Accessed 21 June 2018

20 <https://www.stats.govt.nz/reports/voting-and-political-participation>. Accessed on 21 June 2018.

about MPs and parliamentary parties, information about how to get involved in parliamentary processes (for example, by making a submission), and also educational resources and opportunities and information about visiting Parliament.

Recommendations

We recommend that the Office of the Clerk and the Parliamentary Service work together to develop a public engagement strategy and prepare a business case for resource to implement the strategy in time for Budget 2019.

While it will always be important to ensure the information being provided is high quality and actually meets public need, the key challenge for the parliamentary agencies appears to be increasing citizen engagement.

The Office of the Clerk is progressing work on the Parliament Engagement Strategy. The outcomes being sought in this draft strategy (listed below) align well with our vision of enabled citizens supporting a world-leading democracy:

- public participation will increase – there will be more and better quality submissions and petitions
- audiences in all parliamentary communication channels will increase
- increased voter turnout, especially from youth voters
- children value and understand Parliament
- public perception of Parliament and MPs is enhanced
- increase in positive stories about Parliament reported by the media
- civics education added to the curriculum.

This strategy needs to be developed and owned jointly with the Parliamentary Service, reflecting the responsibilities that both parliamentary agencies have in relation to access and information, and leveraging the expertise within each organisation. There is particularly strong alignment with the services provided by the Parliamentary Library, and a key focus of the Library's own strategy is on engaging across the parliamentary sector to link, streamline and continuously improve information services to the public.

Once the strategy is signed off, the agencies should prepare a joint business case for the resources needed to deliver the desired outcomes in time for Budget 2019. Achieving a step change in the level of citizen engagement will require investment.





SUPPORTING A WORLD-LEADING DEMOCRACY



The Parliamentary Service plays a critical role in progress towards a world-leading democracy by enabling MPs, parties and Parliament to carry out their functions effectively.

The Parliamentary Service provides administrative and support services to the House of Representatives and to members of Parliament, and administers payment of funding entitlements for parliamentary purposes. It also provides services to other agencies working on the Parliamentary precinct, and to Ministers.

The Parliamentary Service has been working to transform its organisation over the past few years – its culture, operating model and services. In this it has been guided by its vision for 2020 of being a modern organisation that values tradition and is recognised for excellence and innovation. This transformation programme was begun in order to address recommendations from its 2014 Performance Improvement Framework (PIF) review, which suggested the Parliamentary Service needed to improve its customer focus, develop a more strategic people management function, reduce silo-isation and institutional insularity, and clarify its role in promoting the workings of democracy.

The organisation is halfway through the transformation articulated in its 2016–2020 Strategic Intentions, and has recently commissioned a review to assess its progress against the 2014 PIF recommendations. The progress review will look at the Parliamentary Service's achievements since 2014, and identify areas where more focus is needed.

It is clear the Parliamentary Service is putting significant effort into its transformation programme.

In this review, the Committee does not want to duplicate the PIF progress review. The Committee has focused on key issues raised in the course of consultation and on areas where it thinks significant additional investment would lead to substantial improvements to services.

Key issues from this 7th triennial review

Customer focus and service ethos

At the heart of the Parliamentary Service transformation programme is a move to a more customer-centric organisation. This means understanding its customers' needs and providing its staff with the support and tools they need to carry out their roles. It means an organisational shift from working in silos to a cross-functional approach.

The Committee heard from a number of people that they have seen an improvement in their interactions with the Parliamentary Service and in the services it provides, and that they can see that its staff are putting in a lot of effort.

However, there was also feedback that the Parliamentary Service is still not focused on what its customers need.

The introduction of Member Case Managers was seen as a good initiative by some, though there was feedback during consultation that people didn't know who their case manager was, or what they were there to do. The Committee heard that there is still some way to go in achieving the 'seamless' service provision these positions are intended to support, with cross-functional, integrated ways of working not yet embedded in the organisation.

There is a perception that the Service is focused on 'saying no' and enforcing the rules, rather than looking for ways to 'make things work'. It is the Committee's view that a lot of the current dissatisfaction with the Parliamentary Service comes from significant tension created by the dual roles of service provider and 'enforcer of the rules'. We address this issue in Chapter 3 on page 18, where we recommend moving the Policy function from the Parliamentary Service to the Office of the Speaker.

We see this as removing a significant barrier to the Parliamentary Service becoming a trusted provider of high-quality services to its customers, and a key step in enabling the transformation of the organisation. Combined with recommendations from the PIF progress review, the Service will be well placed to take its strategy forwards.

Recommendation

We recommend establishing an additional Member Case Manager.

To support progress towards a customer-centric organisation, the Committee recommends introducing one more Member Case Manager. The lack of awareness of these roles amongst some MPs and staff indicate that this function is under-resourced. It is the Committee's view that these positions need to be resourced at a senior level to ensure they can influence a more integrated approach to service provision within the Parliamentary Service. We recommend that the Parliamentary Service be funded an additional \$200,000 per year (staff costs plus operating expenditure) to fund this position.

Information Systems and Technology

In the Parliamentary Service's most recent annual report, its IST function received the lowest satisfaction ratings of the services it provides, and it was a common source of frustration across our consultations. Issues raised with the Committee included:

- **Flexibility** – MPs are frustrated about a lack of access to different platforms, limiting their ability to engage digitally with constituents in the way those constituents would like to – for example, social media, and apps.
- **Responsiveness** – There is a perception that there is often an unreasonable wait to have issues addressed or new equipment provisioned. This was exacerbated by high demand over the transition after the last election.
- **Reliability** – There were comments about the reliability of the network and stability of platforms, with applications crashing regularly.

The Parliamentary Service IST function operates in an environment where there are very high service delivery expectations. MPs want to be able to work at any time of the day, in any location, and on any device they choose, and they want to have any issues resolved almost immediately.

The Committee observed some underlying issues that are contributing to customer dissatisfaction:

- **Governance arrangements for IST support to MPs and Ministers** – While there are Service Level Agreements (SLAs) between the Parliamentary Service and its IT provider, no such agreements exist between the Speaker (on behalf of MPs) and the Parliamentary Service, nor between the Minister for Ministerial Services (on behalf of Ministers) and the Parliamentary Service. This is causing particular tension in the provision of services to Ministers, where it is clear many people do not actually understand who is responsible for providing services to them (it is Ministerial Services). A lack of SLA between the Minister for Ministerial Services and the Parliamentary Service also means the cost of providing services has never been properly established.
- **Security requirements and approval processes** – The security of our Parliament is critical, and maintaining this will place limits on what is available to people working on the precinct and in the Parliament system. While there are opportunities for members to request the use of new apps or software, the speed of the process for assuring these is limited by the level of resources in the Parliamentary Service.
- **Managing expectations** – There is no active management of MPs' and Ministers' expectations about the level of service to be provided, nor any education about why certain security requirements are in place and the level of flexibility they should expect when they use ICT equipment and applications.

While the Parliamentary Service has a relatively larger ICT support function than other similar-sized organisations, it is also dealing with significantly more demand and complexity, driven by the operating environment and customer expectations. The Committee understands that the Parliamentary Service IST function has been described as being funded at a 'bronze' level while dealing with 'platinum' level service expectations, and this aligns with our findings.

Recommendations

We recommend that the Parliamentary Service prepare a business case for Budget 2019 for the cost of the rapid implementation and ongoing operation of the parliamentary sector Cloud strategy, and the cost of providing increased support, including helpdesk and assurance services.

The parliamentary Cloud strategy sets out a plan for moving away from ownership of almost all equipment and the hosting of the majority of infrastructure on precinct. There will be a shift to cloud-based technologies and services that would meet high customer expectations cost-effectively, reliably, and securely. The strategy notes that the advantages of a cloud-centric model include improved operational and delivery efficiencies, improved overall customer experience due to flexibility and greater agility, and assurance benefits.

A world-leading democracy needs world-leading technology and world-leading protection of its information systems. There will still need to be compromises in flexibility, but moving to the Cloud will make a wider range of solutions available for customers. Changes to the model for providing ICT support (for example, considering the mix of outsourcing versus insourcing) could see savings in some areas can be reinvested into increased capacity and capability that would reduce the time taken to assure new applications or software for use, and potentially also improve response times to helpdesk issues.

The Committee understands that the ongoing costs of implementing and operating a cloud-based approach would likely be around \$1.2 to \$1.7 million, but a business case prepared for Budget 2019 would provide the detail required to support a bid for this investment and a new model for the provision of ICT support.

We recommend establishing good governance arrangements for the provision of IST support by the Parliamentary Service to Ministers, including establishing SLAs with the Minister for Ministerial Services, and establishing what level of funding is required to meet those expectations.

Better governance arrangements for service provision, including clear SLAs, need to be established with all customer segments. The Committee has made a specific recommendation with regard to services provided to Ministers, as this was a key theme in the feedback from a number of different stakeholders.

An SLA should be established with the Minister for Ministerial Services, and communicated to Ministers in order to re-set expectations. There also needs to be a formal funding arrangement that resources the Parliamentary Service properly to meet that SLA, and any other activities they need to undertake by virtue of holding Executive information, such as support for responding to OIAs.

A concern was raised about the Parliamentary Service providing ICT support to Ministers at all. However, the Committee's view is that improved governance arrangements, coupled with a move to cloud-based technologies and enhanced support services, should address many of the concerns raised.

The Parliamentary Library

Consistent with the findings of the sixth triennial review, there was strong, positive feedback about the service provided by the Parliamentary Library.

The Library is commonly acknowledged as providing high-quality information and a responsive service. A number of staff in out-of-Parliament offices commented that they found the Library really helpful in their work, assisting them to understand and manage constituent issues.

The last review noted that the Library's funding has been static, which the review said could begin to affect service levels. The Library segments its clients and provides a tiered service as part of its strategy for managing within an unchanging baseline – MPs and their staff receive priority services, followed by other agencies on the precinct, and then all other requests. Financial constraints mean the Library has become more focused on the resources it invests in, and is missing out on innovations that could improve access, such as a chat bot for its website.

The Library is focused on continuing to improve the value of the services it provides, and its strategy reflects a move to a more open, facilitative and collaborative approach to providing and managing information.

The Committee sees strong alignment between a number of the Library's strategic goals and the kind of support the Committee believes is needed to ensure New Zealand has enabled MPs, opposition parties and citizens. These goals are to 'Equip' customers with high-quality, action-ready information; to 'Empower' customers to use resources and services in their own way, in their own time, wherever they are; and to 'Expose', to open up access to the Library's research products and sources to promote re-use and self-service. The Library is currently implementing this strategy from within its baseline.

Recommendations

We recommend the Parliamentary Library prepare a business case for Budget 2019 identifying areas of investment that would allow it to expand and enhance its role in providing the information required to support a world-leading democracy.

The Committee's view is that there is an opportunity to invest in the Library playing a stronger 'enabling' role in the services it provides for MPs, staff and the public, which in turn supports progress towards a world-leading democracy. The Library needs to capitalise on the good work it is already doing and to look at innovative ways to do more. This could focus on technology enablers for providing 'self-service' access to the information the Library holds, such as through an online portal ('Empower'), and ways of making the Library's research products and sources more widely available ('Expose').

Any new initiatives for providing information should align with and contribute to the wider engagement strategy for the parliamentary sector (see page 38), and it may make sense for this to form a part of the wider business cases for implementing that strategy.

People and Culture

There was a lot of positive feedback about the services provided by the People and Culture team in the Parliamentary Service.

Support and advice for recruitment and management of support staff is generally appreciated. There was general support for the member support staff job families, though some concerns about the level of funding provided (addressed in Chapter 4). There are still some tensions around tripartite employment arrangements. Some MPs would prefer to manage their own staff and recruitment processes, and don't see a value-add from the Parliamentary Service.

The introduction of Member Support Staff Managers (MSSMs) has largely been well received.

There are some niggles with the new approach, possibly due to the low ratio of MSSMs to support staff. The Committee heard that the learning and development opportunities provided are sometimes not hitting the mark. There is a feeling that network meetings and other opportunities were driven by what the Parliamentary Service felt member support staff should know, rather than reflecting areas that staff themselves identified as gaps or adding most value. Anecdotally, some support staff on precinct were having trouble getting on training courses in core areas such as finance, and satisfaction with the performance review process is mixed.

The number of MSSMs has recently been increased to four from three, but there is still a high ratio of staff to manager – around 93 support staff to each MSSM. Given these numbers, it is perhaps not surprising that more personalised review and development processes are difficult to achieve.

Recommendation

We recommend establishing two more Member Support Staff Managers.

In order to provide better quality service to member support staff, there needs to be more investment in MSSMs.

While we acknowledge that the ratios will always remain higher than in a traditional employment arrangement, we recommend establishing two more MSSMs, meaning there would be one manager to around 60 support staff. This would give the Parliamentary Service a greater ability to provide services and opportunities that better match what is needed by member support staff. We recommend that the Parliamentary Service be funded an additional \$400,000 per year (staff costs plus operating expenditure) to fund these positions.

Finance

The Committee heard mixed feedback about the financial management and support services provided by the Parliamentary Service. Access to management accountants is variable, and feedback suggested that reporting didn't provide the kind of regular, meaningful management accounting information that would support good decision-making. There was a desire for more 'value-add' from Finance, including analysis and advice on developing budgets.

Finance staff spend a lot of time 'policing' spend, which reduces their capacity to provide the kind of services MPs and their staff would like. In our discussions, it was suggested that if the onus on the Parliamentary Service to ensure compliance with the rules was removed, Finance could move into more of a 'trusted business partner' role, supporting members, their staff and parties to manage their funding more effectively. It is the Committee's view that the recommendations in Chapter 4 (a permissive, high-trust approach to funding, with the Policy function moved to the Speaker's office) along with any suggestions from the PIF progress review, should set the Finance team up well to move into a new relationship with members and parties.

Precinct Services

Accommodation and security on the Parliament precinct were not raised as significant issues in the course of this review.

The Committee has not considered the Parliamentary Accommodation Strategy in this review, given the significant changes that have had to be made following the decision regarding a new building for Parliament. Investments in this area will be significant, and should be dealt with outside of the ARC process. The Committee notes that the Parliamentary Service is continuing to work on improving security consistent with the Protective Security Requirements (PSR).

The suitability and safety of out-of-Parliament offices continues to be a concern for the Parliamentary Service.

The Committee notes that there is already a plan, with budget, in place for bringing current out-of-Parliament offices up to minimum security standards. If adopted, the Committee's recommendation that Parliament lease and manage offices in the future will enable the Parliamentary Service to ensure that the quality and security of accommodation and facilities is acceptable for member support staff working in those offices.

Innovation in service delivery

The Committee recognises that achieving a step-change in delivery needs to be resourced. The Parliamentary Service should be encouraged to innovate and explore new ideas that will enhance the quality of services provided to MPs, parties and Parliament.

Recommendation

We recommend establishing an Innovation Fund, overseen by the Speaker and the PSC, that is available to support projects that seek to enhance services provided to members.

The purpose of the fund would be to support projects relating to the testing and implementation of new approaches by the Parliamentary Service, for example through pilot projects or to the support the purchase of tools that enhance services. It is the Committee's view that the ideas for these initiatives could come from a range of sources, including the Parliamentary Service, the Office of the Clerk, or the PSC itself. The Committee recommends establishing a fund of \$250,000 per annum, administered from the Speaker's office.

RESOURCING A WORLD-LEADING DEMOCRACY



MMP Plus resourcing for our Parliament

The Committee's view is that the current approach to resourcing our Parliament will not get us the step-change we are looking for in the performance of our democracy.

Taking a term-by-term approach where reactive, retrospective adjustments to funding or services are recommended – and then accepted or rejected by the Executive – means that the real resourcing for our Parliament fluctuates from term to term. Twenty-one years after the introduction of MMP our resourcing has just kept pace with our growth, but it is not sufficient to address the challenges to effective representation and decreasing engagement among our population.

MPs doing more, not more MPs

Our population has been increasing and becoming more diverse, and MPs need to do more now, as representatives and legislators, than when MMP was introduced in 1996. We are essentially using a First Past the Post funding model in an MMP environment.

One option for addressing this would be to increase the number of MPs, a move for which there is little public appetite. The alternative is to better resource the MPs we have to carry out their functions effectively, and to focus on the question:

'What resources are needed to enable us to be the best representative parliamentary democracy in the world?'

The Committee's recommendations have been developed as a package to address resourcing across the key foundations of our democracy. They are aimed at ensuring that the model and levels of funding for Parliament better meet the core principles that guided the Committee's thinking through this review – namely, **Adequacy** (encompassing **Adaptability**, **Sustainability**, and **Resilience**), **Efficiency**, **Effectiveness**, and **Public accountability** (see page 14).

The Committee believes that, taken together, the recommendations will support a move towards an 'MMP Plus' approach to resourcing that will, in turn, support the aspiration of being a world-leading democracy. The recommendations represent a long-term, future-focused approach, one that will ensure sustainable resourcing at the levels needed for good stewardship of our Parliament and a healthy democracy.



OVERVIEW OF RECOMMENDATIONS

New Zealand is the best representative parliamentary democracy in the world, producing the best outcomes for New Zealand and its people.



An Enabled Parliament

- › Independence of Parliamentary funding from the Executive
- › Principles-based approach to funding administration, high trust and high transparency
- › Strong governance of the funding and services for Parliament
- › Well-functioning select committees



Enabled Members of Parliament

- › Representation not constrained by rents
- › Flexibility to service electorate
- › Enabled member support staff
- › Developing the skills required to be effective parliamentarians



An Enabled Opposition

- › Certainty of funding for parties over time
- › Enabled political staff
- › Access to public department expertise
- › Independent support for development and costing of policy and Bills



Enabled Citizens

- › Coordinated approach by the Office of the Clerk and Parliamentary Service to drive increased engagement



Supporting Services

- › Strong customer focus and service ethos
- › Responsive and secure technology
- › Easy access to parliamentary information, enabled by technology
- › Improved resourcing for member support staff managers
- › 'Business partnering' with MPs – value-add services
- › Innovation in service delivery

Financial implications of the recommendations

The following summarises the implications for appropriations in Vote Parliamentary Service in relation to party and member support, and for the appropriations relating to supporting services (including within the Office of the Speaker). We also show, for the Speaker to consider, where recommendations would have implications for Vote Office of the Clerk.

Our recommendations include indicative costs where these are available, and these show that the package of recommendations will involve a significant investment in the first year to support the lift in performance of our democracy. Across all of the funding, this represents approximately \$13.0 to \$13.5 million per year.

Party and member funding

The Committee's key recommendation in relation to party and member funding is that there should be a move to a formula-driven approach to setting and adjusting the monies appropriated for MP and party funding. The method of calculating increases to the appropriations should be agreed and adjustments made automatically in each Budget. This will provide long-term stability of funding for members and parties, unlike the current approach of term-by-term adjustments controlled by the Executive.

There needs to be enough flexibility within the appropriations to allow for proactive responses to emerging trends and changing needs. The role of an independent triennial review becomes to ensure the formulas remain fit-for-purpose. Periodically, a major review of the funding formulas would be required.

MP and party funding increased by approximately \$25 million between 1996 and 2017. If we carried on with the current approach, in 21 years the funding would be around \$30 million higher again.

The Committee's recommendations would see us plot a course for MMP plus by increasing funding beyond this level over the next 21 years, aimed at achieving a boost in support for the key foundations of our democracy.²¹

The key recommendations that underpin this new formula, detailed in the preceding chapters, include the following:

- Electorate MPs should continue to choose the location of their offices, with the Parliamentary Service holding the budget for out-of-Parliament offices, leasing and managing, on MPs' behalf.
- The formula for calculating non-staff funding for members should be changed to reflect the changes in the out-of-Parliament office model, to provide more recognition of the different sizes of electorates, and to simplify the structure of the member allocation.
- MPs' staff funding should be adjusted to provide for more senior member support staff and to provide Ministers with funding for a member support staff position in their precinct office.
- There should be a move to a funding model for parliamentary parties that guarantees an effective level of resourcing over time.
- Opposition parties should receive funding to second staff from government departments to support policy development.

The adjusters applied to the different allocations provide for slightly more than what could be expected based on projections of population growth, CPI, rent rises and wage growth (as applicable, see Appendix 2 for detail). This extra margin will support a lift in our democracy in the face of growing challenges to effective representation.

Table 2 summarises these changes and shows the estimated change in annual costs, modelled on the final year of the current Parliament. Further breakdown is detailed in Appendix 2, including individual member allocations.

²¹ The amount of increase will be dependent on which of the recommendations are carried forward.

Table 2: Summary of recommended changes to party and member support funding

Allocation	Summary of changes	Current cost pa ¹ (\$000)	Future cost pa ² (\$000)	Annual adjuster
New 'general' allocation	<ul style="list-style-type: none"> Combines non-staff, general and ICT hardware (member portion) Increase in list MP allocation to same as general electorate MP Extra \$10,000 per million hectares, capped at \$40,000 	10,429 ³	9,441	3.3%
Lease and operation of out-of-Parliament offices (funding held by Parliamentary Service)	<ul style="list-style-type: none"> New appropriation, over and above current funding Covers lease and operation of out-of-Parliament offices for electorate MPs 	-	4,000	3.3%
Staff allocation	<ul style="list-style-type: none"> Allocation based on more senior roles in the support staff job families 10% previously moved to general allocation remains in staff allocation 	20,301	25,278	3.7%
Extra duties allocation	<ul style="list-style-type: none"> No change 	70	70	3.3%
Leader and party allocation	<ul style="list-style-type: none"> Guaranteed minimum level of funding for parliamentary parties Funding for secondments from government departments for Leader of the Opposition 	9,787	10,573	3.3%
Total		40,587	49,361	

1 Based on Year 3 of the 52nd Parliament

2 Based on MP and party composition of 52nd Parliament

3 The current general allocation consists of portions of both staff and non-staff funding, all of which is included in this amount. This is split back out in the future state.

Funding for support services

The following table summarises the indicative costs, where available, for recommendations relating to support services that would require investment. We have not listed recommendations here that relate to activities that would be carried out within baseline.

The Committee has not made any recommendations about set adjustments to these annual appropriations. Change should continue to be bid for as part of the Budget process.

Table 3: Indicative costs of recommended changes to support services

Recommendations	Indicative cost
Office of the Speaker	
Move Policy function into Office of the Speaker.	Fiscally neutral – may require change in scope of appropriation
Fund a senior-level advisor position in the office of the Speaker.	\$250,000 pa (staff and opex)
Establish an expert advisory board to support the Speaker and the PSC.	\$75,000 pa

Recommendations	Indicative cost
Establish an innovation fund, overseen by the Speaker and the PSC, that is available to support projects that seek to enhance services provided to members.	\$250,000 pa
Parliamentary Service	
Funding for ICT equipment for member support staff should be held by the Parliamentary Service.	Subject to further work. May require change in scope of appropriation
An additional Member Case Manager should be established.	\$200,000 pa (staff and opex)
The Parliamentary Service should prepare a business case for Budget 2019 for the cost of the rapid implementation and ongoing operation of the parliamentary sector Cloud strategy, and the cost of providing increased support, including helpdesk and assurance services.	Subject to business case. Early estimates at \$1.2 to \$1.7 million pa to implement strategy
The Parliamentary Library should prepare a business case for Budget 2019 identifying areas of investment that would allow it to expand and enhance its role in providing the information required to support a world-leading democracy.	Subject to business case
An additional two Member Support Staff Managers should be established.	\$400,000 pa (staff and opex)
The Office of the Clerk and the Parliamentary Service should work together to develop a public engagement strategy and prepare a business case for resource to implement the strategy in time for Budget 2019.	Subject to business case
Office of the Clerk	
Provide MPs with development opportunities to support them to act as effective committee members, to build understanding of the importance of the role of the chair, and to give potential chairs the skills to run committees well.	\$50,000 pa
Provide the Office of the Clerk with additional funding for a position to provide development support to MPs.	\$250,000 pa (staff and opex)
A business case for a policy and costing unit, housed in the Office of the Clerk, should be developed for Budget 2019.	Subject to business case. Estimate of \$1.5 million pa (staff and opex)

Implementing the recommendations

The Committee believes that work should begin immediately to implement and build on the recommendations of the seventh triennial review.

Budget 2019 is a wellbeing Budget, and the wellbeing of our democracy needs to feature in that Budget. The Committee's view is that the Speaker and the Parliamentary Service need to be in a position to put forward a bid for investment in the next Budget, though implementation of different initiatives would be phased over the next two years. A summary of recommendations with indicative timing for the introduction of new initiatives is in Appendix 3.

With this in mind, a work programme needs to be developed, with strong governance and leadership in place to ensure the work is driven. A number of the recommendations require work to be done to provide an understanding of the nature of the changes required and cost implications, and this needs to be completed quickly. A number of recommendations can be progressed within the current baseline, without additional investment.

We urge the Speaker and PSC to act decisively and move quickly on this opportunity to set a new course for an MMP Plus state of representative parliamentary democracy.

ACKNOWLEDGEMENTS

The Committee would like to thank all those who have given generously of their time to contribute to this review.

Thank you to the members of Parliament, and party and member support staff, both on precinct and in out-of-Parliament Offices, who made themselves available and provided candid feedback to the Committee. This was critical to surfacing the key challenges that need to be addressed in the resourcing of our Parliament.

Our thanks goes to the staff of the Parliamentary Service for their input to the review and the support they have provided the Committee in accessing people and information, and providing research and analysis. The Committee took a collaborative approach to this review, and we have appreciated the way the staff participated openly through interviews and workshops.

The Committee wanted this review to look at some of the systemic causes underlying the presenting issues experienced by MPs, support staff and parties. In order to do this, we spoke with a number of people who have a deep interest in the health of our representative parliamentary democracy – former politicians, political scientists, journalists and others. We would like to thank these people for helping to build our understanding and for testing our thinking. These conversations have been key to informing the framing for our review.

Finally, we would like to thank Kevin Jenkins and Robyn Ward from MartinJenkins, who have worked closely with the Committee, supporting us throughout this process. They offered invaluable insights that contributed to the development of the new approach taken in this seventh triennial review.

APPENDICES



APPENDIX 1: ENGAGEMENTS

Table 4: Parliamentary Service Commission

Name	Role
Rt Hon Trevor Mallard	Speaker of the House of Representatives and Chair
Hon Chris Hipkins	Leader of the House
Hon Gerry Brownlee	For the Leader of the Opposition
Hon Ruth Dyson	For the Labour Party
Barbara Kuriger	For the National Party
Clayton Mitchell	For the New Zealand First Party
Gareth Hughes	For the Green Party
David Seymour	For the ACT Party

Table 5: Members of Parliament

Name	Party	Name	Party
Hon Amy Adams	National	Hon Tim Macindoe	National
Hon Gerry Brownlee	National	Kieran McAnulty	Labour
Hon Dr David Clark	Labour	Clayton Mitchell	New Zealand First
Hon Kelvin Davis	Labour	Hon Damien O'Connor	Labour
Hon Jacqui Dean	National	Hon Grant Robertson	Labour
Matt Doocey	National	Jami-Lee Ross	National
Sarah Dowie	National	Hon Jenny Salesa	Labour
Hon Ruth Dyson	Labour	Alastair Scott	National
Hon Peeni Henare	Labour	David Seymour	Act
Hon Chris Hipkins	Labour	Fletcher Tabuteau	New Zealand First
Gareth Hughes	Green	Rino Tirikatene	Labour
Barbara Kuriger	National	Hamish Walker	National
Hon Ian Lees-Galloway	Labour		

Table 6: Member Support Staff

Member	Electorate	Member	Electorate
Hon Peeni Henare	Tāmaki Makaurau	Matt Doocey	Waimakiriri
Hon Jenny Salesa	Manukau East	Hon Amy Adams	Selwyn
Hon Tim Macindoe	Hamilton West	Andrew Falloon	Rangitata
Hon Ian Lees-Galloway	Palmerston North	Jacqui Dean	Waitaki
Alastair Scott	Wairarapa	Hamish Walker	Clutha-Southland
Hon Grant Roberts	Wellington Central	Sarah Dowie	Invercargill

Table 7: Leader's office staff

Name	Party	Name	Party
Mike Munro	Labour	Belinda Milne	National
Jamie Gray	National	Jon Johansson	New Zealand First
Cameron Burrows	National	Tory Whānau	Green

Table 8: Parliamentary Service Staff

Name	Position
David Stevenson	General Manager
Mitch Knight	Chief Financial Officer
Michelle Malyon	Group Manager, Operational Strategy and Performance
Jim Robb	Group Manager, Precinct Services
Barbara McPhee	Parliamentary Librarian
Brent McIntyre	Acting Parliamentary Librarian
Michael Middlemiss	Chief Information Officer
Fleur Murray	Chief People Officer
Paul Tryon	Health, Safety and Wellbeing Manager
Anita L'Estrange	Delivery Manager
Roz Parry	Manager – Parliament Travel Office
Briony Carew	Manager – Policy and Directions Advice
Chris Cliff	Senior Policy Advisor
Jane Moore	Members' Case Manager
Joanne Whyte	Management Accountant
Stephen Nitschke	Management Accountant

Table 9: Other stakeholders

Name	Position / Organisation
David Wilson	Clerk of the House of Representatives
Rafael Gonzalez-Montero	Deputy Clerk of the House of Representatives
Morag Ingram	General Manager, Ministerial and Secretariat Services
Michael Webster	Secretary of the Cabinet
Alicia Wright	Chief Electoral Officer
Peter Lorimer	Principal Advisor, The Treasury
Geoff Donovan	Vote Specialist, The Treasury
Gabriel Makhoul	Treasury Secretary
Peter Hughes	State Services Commissioner
Lauren Hourigan	New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi
Chris Stuart	New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi
Paul Tolich	E tū
Mike Kunz	Director, Office of the Remuneration Authority
Grant Taylor	Former ARC Chair (EY, Managing Partner, Wellington)
Patrick Nolan	Productivity Commission
Rt Hon Sir Geoffrey Palmer	Former Prime Minister
Colin James	Journalist
Nigel Roberts	Academic
Girol Karacaoglu	Academic
Jonathan Boston	Academic
Bernard Cadogan	Academic
Lyn Provost	Former Auditor General
Debbie Francis	Consultant, Parliamentary Service PIF Self-Review

APPENDIX 2: MEMBER AND PARTY FUNDING

Adjusters for member and party funding

Our adjusters are set 0.5% higher than the increase in cost that would be required to maintain current funding levels due to projected increase in population and cost increases.

We have used an average of CPI and rental cost increases in our modelling as some of the allocations have a mixture of costs within them, and because the two increases are very similar.

Table 10: Annual adjuster for staff costs

Staff costs

Public sector wage increases compound annual growth rate (CAGR) 2009 to 2018 ¹	2.4%
Population is expected to increase by on average 0.9% p.a. from 2018 to 2038 ²	0.9%
Combined growth for wage and population	3.2%
Additional increase applied	0.5%
Annual adjuster for staff costs	3.7%

1 <https://rbnz.govt.nz/statistics/m9>

2 Population: Stats NZ dataset: National population projections, by age and sex, 2016 (base) – 2068

Table 11: Annual adjuster for other costs

Other costs

The purchasers price index (PPI) for “rent of commercial land and buildings” grew on average by 1.8% p.a. over the period 2009 to 2018 ¹	1.8%
Population is expected to increase by on average 0.9% p.a. from 2018 to 2038. ²	0.9%
Combined growth for rental and population	2.7%
CPI Averaged 2.7% since 2000. Target is between 1% and 3% ³	2.0%
Population is expected to increase by on average 0.9% p.a. from 2018 to 2038 ²	0.9%
Combined growth for CPI and population	2.9%
Average growth across CPI and rental	2.8%
Additional increase applied	0.5%
Annual adjuster for other costs	3.3%

1 PPI: Stats NZ PPI Published output commodities, Base Dec 2009

2 Population: Stats NZ dataset: National population projections, by age and sex, 2016 (base) – 2068

3 <https://rbnz.govt.nz/monetary-policy/inflation>

Minimum 'party vote' for guaranteed leader and party funding

The three 'party vote' scenarios are based on party vote history for the parties in the 52nd Parliament:

- the average party vote across major parties (38%)
- the average party vote across minor parties over 5% (8%)
- the average party vote across minor parties under 5% (2%)

Table 12 shows the party vote history for these parties over the last four general elections, with the calculated average.

Table 12: Party vote history – last four general elections

	2017	2014	2011	2008	Average
Labour	36.9%	25.1%	27.5%	34.0%	38.4%
National	44.4%	47.0%	47.3%	44.9%	
NZ First	7.2%	8.7%	6.6%	4.1%	7.7%
Greens	6.3%	10.7%	11.1%	6.7%	
ACT	0.5%	0.7%	1.1%	3.7%	1.5%

Comparison of annual cost of member and party funding

Table 13: Comparison of annual cost of member and party funding across allocations

Current allocations	Year 3 (current term)	Year 1 (new term) ¹	New allocations
	-	\$4,000,000	Electorate Office Network Funding
General sub-allocation	\$3,049,432	-	
Non-staff sub-allocation	\$7,144,056	\$9,440,800	Combined general sub-allocation
Staff sub-allocation	\$20,300,752	\$25,277,541	Staff sub-allocation
Extra duties allocation	\$69,840	\$69,840	Extra duties allocation
Leadership funding allocation - per party	\$584,500	\$584,500	Leadership funding allocation - per party
Leadership funding allocation - per non-executive member in caucus	\$6,016,800	\$6,252,240	Leadership funding allocation - per non-executive member in caucus
Party and group funding - per member in caucus	\$2,688,000	\$2,768,640	Party and group funding - per member in caucus
Relief funding - per non-exec member	\$497,812	\$517,292	Relief funding - per non-exec member
	-	\$450,000	Secondments to the Leader of the Opposition
ICT funding (member portion, annualised)	\$236,000	-	
Total	\$40,587,193	\$49,360,853	Total

¹ Based on MP and party composition of 52nd Parliament

New support allocations for MPs

Table 14: New support allocations for MPs – Year 1

Type of MP	Combined general sub-allocation	Staff sub-allocation	Total allocation
List MP	\$76,257	\$155,166	\$231,423
Electorate MP			
Less than 1 million hectares	\$76,257	\$232,580	\$308,837
From 1 million to 2 million hectares	\$86,257	\$309,994	\$396,251
From 2 million to 3 million hectares	\$96,257	\$309,994	\$406,251
From 3 million to 4 million hectares	\$106,257	\$309,994	\$416,251
Over 4 million hectares	\$116,257	\$309,994	\$426,251

APPENDIX 3: SUMMARY OF RECOMMENDATIONS AND TIMING

Table 15: Summary of recommendations and timing of introduction

Recommendations	Timing of introduction
Enabled Parliament	
Move to a formula-driven approach to setting and adjusting the monies appropriated for funding of members and parties.	53rd Parliament*
Move to a more principles-based, permissive approach to the use of member and party funding, with appropriate support, oversight and transparency.	Work programme developed immediately. Implementation staged, completed for start of 53rd Parliament
Move Policy function into Office of the Speaker.	1 July 19
Fund a senior-level advisor position in the office of the Speaker.	1 July 19
The PSC should play a more active role in establishing the needs of members, advising the Speaker on the services and facilities required, and monitoring service provision.	Work begins immediately
Establish an expert advisory board to support the Speaker and the PSC.	1 July 19
Provide MPs with development opportunities to support them to act as effective committee members, to build understanding of the importance of the role of the chair, and to give potential chairs the skills to run committees well.	1 July 19
Enabled MPs	
Electorate MPs should continue to choose the location of their offices, with the Parliamentary Service holding the budget for out-of-Parliament offices, leasing and managing on MPs' behalf.	53rd Parliament
The formula for calculating non-staff funding for members should be changed to reflect the changes in the out-of-Parliament office model, to provide more recognition of the different sizes of electorates, and to simplify the structure of the member allocation.	53rd Parliament
The Parliamentary Service should be funded to provide a case management system for all member support staff in out-of-Parliament offices.	1 July 19
Funding for ICT equipment for member support staff should be held by the Parliamentary Service.	53rd Parliament
MPs' staff funding should be adjusted to provide for more senior member support staff and to provide Ministers with funding for a member support staff position in their precinct office.	53rd Parliament
The PSC should express support for establishing a professional development programme for members of Parliament, funded independently of Parliament or parties.	Work begins immediately
The Office of the Clerk should be provided with additional funding for a position to provide development support to MPs.	1 July 19

Recommendations	Timing of introduction
Enabled Opposition (including Parliamentary parties)	
There should be a move to a funding model for parliamentary parties that guarantees an effective level of resourcing over time.	53rd Parliament
The Parliamentary Service should work with parties to agree on an approach to setting the pay and conditions of political staff that is more transparent and aligns with being a good employer.	53rd Parliament
The Leader of the Opposition should receive funding to second staff from government departments to support policy development.	53rd Parliament
A business case for a policy and costing unit, housed in the Office of the Clerk, should be developed for Budget 2019.	1 July 19
Enabled Citizens	
The Office of the Clerk and the Parliamentary Service should work together to develop a public engagement strategy and prepare a business case for resource to implement the strategy in time for Budget 2019.	1 July 19
Support Services	
An additional Member Case Manager should be established.	1 July 19
The Parliamentary Service should prepare a business case for Budget 2019 for the cost of the rapid implementation and ongoing operation of the parliamentary sector Cloud strategy, and the cost of providing increased support, including helpdesk and assurance services.	1 July 19
Establish good governance arrangements for the provision of IST support from Parliamentary Service to Ministers, including establishing SLAs with the Minister for Ministerial Services, and establishing what level of funding is required to meet those expectations.	Work begins immediately
The Parliamentary Library should prepare a business case for Budget 2019 identifying areas of investment that would allow it to expand and enhance its role in providing the information required to support a world-leading democracy.	1 July 19
An additional two Member Support Staff Managers should be established.	1 July 19
Establish an innovation fund, overseen by the Speaker and the PSC, that is available to support projects that seek to enhance services provided to members.	1 July 19

*Funding for the 53rd Parliament begins during Budget 2020/21, with a part-year effect based on the timing of the 2020 election.

