

# Parliamentary Appropriations

Report of the Sixth Triennial  
Appropriations Review Committee  
(ARC)

06 November 2015

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## 1. Foreword

The Appropriations Review Committee (ARC) convenes once each Parliamentary term to independently review and evaluate the adequacy, effectiveness and efficiency of funding for Parliamentary Service and members of Parliament (members). In doing so, we provide information on the way they are funded and the services provided to members.

The principles guiding our review are set out by the Speaker in his Directions: accountability, appropriateness, openness, transparency, value for money and cost-effectiveness.

Parliament is sovereign in its role. Its members create the laws that shape the country, scrutinise the Executive Government and are representatives of the people. Each member is unique and is elected based on their differences.

To review the funding of Parliamentary Service and Parliament, we considered the role of Parliament and the core requirements of that role. In the opinion of the Committee, these are: financial independence from the Executive Government, access to the democratic process and an effective democratic process.

Parliament must be funded sufficiently for New Zealanders to access their representatives and to communicate with them. Elected representatives need to be provided with the appropriate tools and support to represent the people effectively in the range of duties that members of Parliament undertake. Members also need to be supported to allow them to undertake these duties in a way that expresses their individuality and style.

It is important that Parliament is fiscally responsible, and that it uses tax payers' funding efficiently. It is equally, if not more, important that our democracy is enabled through effective representation and participation in the democratic process so people can access the democratic process irrespective of their circumstances. Currently, the cost of Parliament in New Zealand is c. \$140m p/a or roughly \$30 p/a per person. This is a small price to pay for a healthy and thriving democracy that has provided a stable government for 160 years.

This review is specifically for Parliamentary Service and the areas within its remit. There were a number of issues raised with the Committee in consultations that were outside of this scope but that the Committee felt were important, in particular spouse/partner travel.

The Members of Parliament Determination 2014, made by the Remuneration Authority under section 17 of the Members of Parliament (Remuneration and Services) Act 2013, contained a number of changes to provisions for family travel and Wellington accommodation. The limit on spouse/partner travel was raised by many members who said that this has placed a real strain on their familial relationships. While the limit itself may not have been reached in many cases, members and their spouses are now reluctant to travel. We request that the Remuneration Authority consider the views of these members when it reviews this determination.

The Committee would like to extend its sincere thanks to the many members, member support staff and other parties who have provided invaluable input into the review. We would also like to thank Parliamentary Service for giving us free access to its staff, who have been supportive and open with the reviewers.



Grant Taylor (Chair)



Hon Rick Barker



Hon John Carter

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## 2. Executive Summary

### Purpose and context of the review

The effectiveness of Parliament is critical to the health of our nation's democracy. The purpose of this review is to assess the adequacy, effectiveness and efficiency of the funding provided to Parliament. The review also examines the fiscal responsibility in spending this funding.

In our review we have considered the purpose of Parliament to make this assessment.

The four main functions of Parliament are:<sup>1</sup>

- ▶ To provide representation for the people
- ▶ To pass the legislation (law) by which the country is governed
- ▶ To scrutinise the activities of the Executive Government
- ▶ To approve the supply of public funds to the Executive Government

For Parliament to carry out these functions effectively and sustainably, it is the view of the Committee that there needs to be:

- ▶ Fair and equitable access to the democratic process
- ▶ An effective democratic process to ensure that representation, legislation and executive scrutiny is well informed and capable
- ▶ Financial independence from the Executive Government

We have framed our review around these supporting pillars.

### Scope of the review

The review was conducted in three phases. The first phase determined the scope of the review so that we could focus on areas of financial and operational significance.

Through phase one, we developed the following focus areas for the report:

- ▶ **Party and Member Support funding:** funding provided to support the Leader's office, the Whip's office and research operations of each party, and the Parliamentary operations of individual members (including non-staff funding, staff funding, and information and communications technology (ICT) equipment funding)
- ▶ **Core Services:** services and administrative support for the Parliamentary operations of members and parties (with a focus on ICT services, learning and development, and accessibility)
- ▶ **Security:** funding and accountability for security both on the Parliamentary precinct and in out-of-Parliament offices
- ▶ **Services to elected representatives:** current services provided to members and their adequacy, and the ability for Parliamentary Service to meet the needs of members

### Findings and recommendations

Funding to Parliament has been under pressure for some time. In 2012, the Fifth ARC concluded that while the funding could be held at previous levels in the short term, Parliament could not continue to operate effectively with static funding levels. This review has found that funding levels to Parliament are, in some areas, compromising the effectiveness of members and of Parliament itself.

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<sup>1</sup> McGee, D. *Parliamentary Practice in New Zealand*. 3rd ed.

We have made a number of recommendations regarding Parliamentary Service and the funding for Parliament. All of our recommendations are designed to improve access to Parliament and the democratic process for all New Zealanders, to increase the effectiveness of that process so that members provide better representation of the people they are elected to serve, to provide well informed and effective contributions to the creation of policy and legislation and to better enable scrutiny of the Executive Government.

## Party and Member Support

Members receive specific allocations to meet the costs of staffing their Parliamentary and out-of-Parliament offices, the costs associated with establishing and operating these offices and the costs of ICT equipment used by staff and the members themselves. The amounts allocated depend on whether a member is a List or electorate member, the size of their electorate, and whether they are a Minister. These funding allocations enable members to access, engage with and represent their constituents.

Staff allocations and ICT equipment allocations for individual members were both established in the 2014 Speaker's Directions<sup>2</sup>. The allocations are calculated to provide members with a certain staffing profile and set of ICT equipment, but give them flexibility to tailor their staff composition and ICT tools to suit their needs. The allocation takes into account Parliamentary Service salary bands and current ICT equipment prices. We found these allocations to be broadly adequate and propose only minor revisions to the staff roles and equipment assumed in funding calculations.

The funding models used to determine members' non-staff allocations and Party and Leadership allocations were established prior to the introduction of MMP in 1996. The allocations have not been sufficiently adjusted to fully offset the effects of inflation since this time. Consequently, we recommend that more substantial changes be made to these allocations. We estimate that the total cost of the recommended updates to all Party and Member Support allocations will be approximately \$5.17 million p/a.<sup>3</sup> This amounts to less than 4% of the total Vote: Parliamentary Service appropriations.

### Non-staff funding

Funding for members' non-staff expenditures (including the costs of establishing and operating out-of-Parliament offices) has been static since 2007. Consequently, rising costs such as rent have led to pressures on non-staff budgets. The model used to calculate these allocations was last updated prior to the introduction of MMP in 1996. We believe that current allocations do not reflect the varied and evolving requirements of members of Parliament, both current and future. To alleviate immediate cost pressures we recommend an increase in non-staff funding for members to account for inflation since 2007, as a temporary measure until a new funding model is developed (total funding increase of approximately \$1.03 million p/a). The timing of this increase is discussed below. To ensure that future members of Parliament receive allocations that more accurately reflect the way in which they operate, we recommend that Parliamentary Service develops a new model for non-staff funding for members for the next Parliamentary term. We also recommend that the large electorate threshold be adjusted to include the Wairarapa and Northland electorates. It is our view that doing this will result in a more natural separation between the large electorate and other electorate categories, as the Wairarapa and Northland electorates are similar to existing large electorates in geographic area and distance between population centres (funding increase of approximately \$0.19 million p/a).

### Fixed electorate offices

It is our view that the current system for establishing and funding electorate offices also requires revision. Under current arrangements, the member is the leaseholder and responsible for choosing an office location and the fit-out. In addition to issues relating to office security (discussed below) electorate offices frequently move or change resulting in loss of investment as costs incurred in office fit-out often cannot be recovered. The time taken to establish a new office may also delay members in accessing and representing their constituents. To resolve these issues, we recommend that Parliamentary Service establishes and maintains fixed offices for electorate members, a system already used in Australia. Current members should retain the right to choose and lease existing offices but as offices

<sup>2</sup> The Directions by the Speaker of the House of Representatives 2014 came into force following the 2014 General Election.

<sup>3</sup> Note that the individual recommendation costs stated below do not add exactly to \$5.17 million due to rounding.

change or as new members are elected, new arrangements should be put in place. Offices should be chosen in consultation and with the consent of the Parliamentary Service Commission, a committee comprised of representatives from each party and chaired by the Speaker. Existing out-of-Parliament office arrangements should be retained for List members. This is for several reasons, but since List members do not have specific geographical constituencies and because they have varying requirements for offices, fixed out-of-Parliament offices are not suitable or practical.

It is likely that a number of our individual recommendations in respect of non-staff funding could be implemented in conjunction with the recommended funding model revision, including the move to fixed offices and the adjustment of the large electorate threshold. The development of a new model for calculating non-staff funding allocations is not only required because the existing model is outdated, but is also necessary to complement a move to fixed electorate offices as the costs of establishing and maintaining these offices will no longer be incurred against member support allocations. If the recommendation to increase non-staff funding is not implemented immediately due to an existing surplus in Party and Member Support appropriations, we suggest that it be considered as part of the wider revision to the funding model.

### Party and Leadership funding

Each party receives a fixed leadership allocation, as well as variable allocations that depend on the number of members in the party caucus. The allocations are used to meet expenditures incurred in operating the party Leader's office, the Whip's office and party research units. These offices in turn support parties to be informed on issues before the House, which contributes to the effectiveness of the legislative process and scrutiny of Executive Government.

Party and Leadership allocations have not changed since 2007. Funding is particularly tight for opposition parties. Unlike the Executive Government, the opposition does not have access to support provided by Ministries and government departments. It is also our view that the fixed leadership allocation of \$100,000 received by each party does not provide for an adequate level of party operations and disadvantages smaller parties with fewer resources. To alleviate cost pressures and to better recognise the cost of operating a Parliamentary party, we recommend increasing per-member Party and Leadership allocations to account for inflation since 2007 and increasing fixed leadership allocations to \$200,000 (total funding increase of approximately \$2.00 million p/a). To support Parliament in effectively scrutinising the Executive Government and engaging in informed debate of issues before the House, we also recommend funding secondment opportunities for people within major government departments to work for the opposition parties<sup>4</sup> (funding increase of approximately \$0.75 million p/a).

### Support staff funding

Following the recommendation of the Fifth ARC to move member allocations for staffing from hours to dollars, Parliamentary Service undertook a review of support staff employment. This included the development of new job descriptions and benchmarking of salaries using market data, with specialist support from recruitment and remunerations experts. We found that this process was robust and do not recommend any substantive change to the employment and remuneration framework for support staff. There remains, however, a lack of clarity surrounding employer roles and responsibilities in the three-way employment agreement between Parliamentary Service, members and their support staff that has created some tensions and recommend that respective roles be made more explicit.

During our review we visited a number of out-of-Parliament offices. We observed that in these offices, one staff member typically took on managerial responsibilities. Staff funding allocations are not, however, calculated to provide members with staff in managerial roles. In addition, allocations are calculated to provide members with three weeks of leave cover per staff member but employment agreements entitle staff to five weeks' annual leave. This can lead to members closing the office over leave periods. We recommend that calculations be adjusted to provide members with sufficient funding for one full-time equivalent (FTE) in a senior (managerial) role (total funding increase of approximately \$0.45 million p/a) and to provide five weeks of leave cover per staff member (total funding increase of

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<sup>4</sup> The funding allocation for a given party will depend on party size; see page 57 for a more detailed recommendation.

approximately \$0.52 million p/a). The additional funding to recognise managerial responsibilities should be made available only if a staff member is employed in a senior role.

### ICT equipment funding

During our visits to out-of-Parliament offices we noted that staff are often required to leave the office to engage with constituents but ICT allocations are not calculated to provide these staff with mobile technology. We also noted that members often employ multiple part-time staff in place of full-time employees but ICT equipment allocations are calculated to provide funding for a number of computers equal to the number of FTEs used in staff funding calculations. We recommend adjusting calculations to provide members with sufficient funding to purchase laptops and mobiles for staff in out-of-Parliament offices (estimated funding increase of approximately \$0.22 million p/a). The existing flexibility of the ICT equipment allocation should be retained so that this additional funding may alternatively be used to purchase any other technology required by members and their staff, including equipment for part-time employees.

## Core Services

### Information Systems and Technology

ICT tools and services are increasingly important to enable members to carry out their duties effectively and to maximise their time. On the whole, we found that the ICT services provided to members are adequate and improving. Parliamentary Service has taken significant steps in recent years to improve the mobility and flexibility members and their staff experience with technology. However, we believe that Parliamentary Service will need to improve its understanding of the user requirements of members and their staff. Case management is a core component of electoral work and a member will often manage their work in the style of a project. There are currently no standard tools available to facilitate this. We recommend that Parliamentary Service provides case management and project management tools to members and their staff and gather the user requirements of members and their staff.

### Accessibility to Parliament

The Parliamentary precinct has recently undergone a number of upgrades to improve its accessibility. More could be done to improve communication between constituents and members and facilitating access to out-of-Parliament offices for disabled or non-English speaking constituents. There is already a broad scope funding allocation available to support members who have a physical or sensory impairment. To that end, we recommend that the Speaker (as the responsible Minister) extend the use of this allocation to improve the access of disabled and non-English speaking constituents to Parliament, out-of-Parliament offices and members. Likewise, more should be done to provide education and outreach services to the public regarding Parliament, especially to schools.

### Learning and development

Parliament is only as effective as the people who make it up, i.e., members of Parliament. Careful attention ought to be paid to increasing the skills, knowledge and capability of our elected representatives. Current learning and development opportunities are provided to members via international development programmes for select groups and induction training but in our view this is ad hoc and requires greater coordination and investment. The roles and responsibilities for managing learning and development of members are unclear. To address this we recommend that work be done to reach a cohesive understanding of what learning and development should entail for members. This would require a new structure, investment and a single point of responsibility. The Parliamentary Service Commission should decide how this framework would be administered, allocated and funded. Parliamentary Service should facilitate this work.

## Security

The safety of members and their staff is paramount to the effective operation of Parliament. The Committee considered the security of both the Parliamentary precinct and out-of-Parliament offices. Changes are currently under way to

improve the security of the Parliamentary precinct in line with the Protective Security Requirements (PSR), a best-practice security guide for all of government. We recommend that Parliamentary Service be provided with the additional funding required to meet the full cost of implementing the PSR.

Security in out-of-Parliament offices is an area of concern that needs to be addressed. Currently, members are financially responsible for upgrading offices to meet minimum security standards,<sup>5</sup> while Parliamentary Service is legally responsible for staff safety, as their employer. This misalignment of incentives has resulted in underinvestment in office security in some locations. This issue will be partially addressed by establishing fixed electorate offices as Parliamentary Service will hold full financial accountability for security upgrades as well as having strong incentives for staff safety. However, as noted this change will require time to take effect and will not apply to the offices of list members. To ensure that all out-of-Parliament offices meet security standards, we recommend making Parliamentary Service responsible for security upgrades to member-leased offices. This may require additional funding for Vote: Parliamentary Service, depending on the nature of the changes in health and safety requirements that result from legislative change that is currently in progress.<sup>6</sup>

### Services to elected representatives

Throughout our review a common theme has been that communication between Parliamentary Service and members is not as strong as it could be. We also found that Parliamentary Service needs to undertake significant work in several service areas to fully understand the requirements of members and to develop capability to achieve this. The core purpose of Parliamentary Service is to support the 120 or more members of Parliament. This is the first of the principal duties of Parliamentary Service set out in the Parliamentary Service Act 2000.

Parliamentary Service has developed a strategy to help it become more 'member-centric'. This includes a number of initiatives to address current service issues. This strategy should help address issues between Parliamentary Service and members. We are not confident that the discrete activities planned will be sufficient to achieve substantial change. We recommend that Parliamentary Service strengthen its organisational capability to develop and implement a more comprehensive change that supports a member-focused, coordinated service delivery approach.

### Financial independence

It is our view that one of the pillars of an effective Parliament is financial independence from the Executive Government. This is a topic of global interest. Various governments have devised methods of improving the independence of the Executive and Legislative branches of government. Parliament is not currently independently funded. The Public Finance Act 1989 currently treats Parliamentary appropriations in the same way as government departments. Parliament is not a government department. We recommend that Parliament and Parliamentary Service be funded independently, using a funding mechanism similar to that used for the Officers of Parliament. This mechanism involves a funding request put to the House from the Officers of Parliament Committee. This funding mechanism should include seeking advice from an independent third party such as the ARC, which will promote adequacy and fiscal responsibility.

### Summary of recommendations

Our main recommendations are:

- ▶ Fund Parliament and Parliamentary Service independently of the Executive Government, via a funding mechanism consistent with the Officers of Parliament
- ▶ Parliamentary Service should develop and implement a comprehensive programme of work to improve its ability to meet the needs of members and support staff

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<sup>5</sup> Parliamentary Service will subsidise costs of security upgrades by to \$5,000, though these contributions are made on a case-by-case basis.

<sup>6</sup> The Health and Safety Reform bill was passed as this report was being finalised. Analysis of changes to legislation and accompanying regulations (currently under development) will be required to fully understand the necessary changes to health and safety requirements in out-of-Parliament offices and, consequently, the additional costs that will be incurred in upgrading office security

- ▶ Increase funding for Party and Member Support to account for various pressures on staff, non-staff, Party and Leadership and ICT allocations, to create a more natural separation between electorate and large electorate categories, and to provide opposition parties with the opportunity for secondments from major government agencies. We estimate that total additional funding required will be \$5.17 million p/a
- ▶ Parliamentary Service, over time, should take accountability for, establish and fit out permanent electorate offices for electorate members
- ▶ Parliamentary Service should develop, within the current Parliamentary term, a new model for calculating non-staff funding allocations to complement the move to fixed electorate offices and to ensure that funding reflects the costs that members actually incur in their duties as elected representatives
- ▶ A learning and development framework for members should be created. The Parliamentary Service Commission should decide on the administration, allocation, and funding for the development of this framework. Parliamentary Service should facilitate this work

Our further recommendations are:

- ▶ Parliamentary Service should be provided with additional funding required to meet the full cost of completing planned upgrades to Parliamentary security
- ▶ Parliamentary Service should be financially responsible for security upgrades to out-of-Parliament offices, including those leased by members
- ▶ Parliamentary Service should provide necessary ICT tools to support members and their staff, particularly case management and project management tools
- ▶ Funding to support members with physical or sensory impairments should be extended to support access for disabled or non-English speaking constituents
- ▶ Parliamentary Service should review the provision of additional support and funding for members with physical or sensory impairments to ensure that support is sufficient and that the process for obtaining it is as easy and clear as possible
- ▶ Parliamentary Service should develop a more thorough outreach programme through Education Services for schools to learn about Parliament
- ▶ Parliamentary Service should provide additional clarity around the division of employment roles and responsibilities in the three-way employment relationship between Parliamentary Service, members and their staff

A table showing the expected implementation costs and recommended implementation timeframes for each of our recommendations is provided on page 95.

### 3. Purpose of Review and Terms of Reference

#### Parliamentary Appropriations Review Committee

##### Purpose of the review

This report details the findings of the Sixth Triennial Appropriations Review Committee (the Committee), which has been established by the Speaker (the Speaker) of the House of Representatives (the House) to assist in determining whether Parliament is adequately funded. Specifically, the Review Committee was asked to focus on:

- ▶ The adequacy of support funding, particularly Party and Member Support allocations provided in the Speaker's Directions
- ▶ The adequacy and level of funding Parliamentary Service requires for the effective performance of its functions
- ▶ The structure of Vote: Parliamentary Service appropriations
- ▶ Whether the amounts of money appropriated are being used efficiently

The Committee is chaired by Grant Taylor (Partner, EY) and comprises two former members; the Hon Rick Barker and the Hon John Carter. EY has provided research, advisory and support services to the Committee.

##### Terms of Reference

##### Parliamentary Service Act 2000

Section 20 of the Parliamentary Service Act 2000 requires that the Speaker must, at least once during the term of each Parliament, establish a Review Committee of up to three persons to review the amounts of money appropriated by Parliament for:

- ▶ Administrative and support services provided to support the Parliamentary operations of members, parties and qualifying electoral candidates
- ▶ Communications services provided to members and qualifying electoral candidates
- ▶ Party and Member Support funding

Section 21 of the Act provides that the Review Committee must consider each of the following matters:

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

In addition, the Committee may, subject to any written direction by the Speaker, regulate its own procedure.

##### Out of scope of the review

A number of services and funding entitlements provided in the Members of Parliament (Remuneration and Services) Act 2013 are met from Vote: Parliamentary Service appropriations but are set and administered by the Remuneration Authority. These services and funding entitlements are outside the scope of this review as defined in the legislation. They include:

- ▶ Salaries and allowances of members and Ministers
- ▶ Accommodation services for members, Ministers and qualifying electoral candidates
- ▶ Travel services for the families of members, Ministers and qualifying electoral candidates

Also out of scope of the review are services and funding entitlements provided in the Members of Parliament (Remuneration and Services) Act 2013 and met from Vote: Internal Affairs appropriations. These include:

- ▶ Travel services for Ministers that are additional or alternative to the travel services for members

▶ Annuity and travel allowances for former Prime Ministers

Finally, the Members of Parliament (Remuneration and Services) Act 2013 sets out allowances for travel of former members. These are also outside the scope of this review.

Office of the Clerk of the House of Representatives (Office of the Clerk)

Services and funding entitlements administered by the Office of the Clerk and met from Vote: Office of the Clerk appropriations are outside the scope of this review.

However, the Speaker has asked that the Committee consider funding for the professional development of members. A significant part of professional development for members is the official inter-Parliamentary relations programme, which is administered by the Office of the Clerk. As such, funding and services relating to this programme are considered in this review.

## 4. Report Methodology and Structure

### Methodology

#### Review process

This review used a number of information gathering methods and analytical assessments, which included:

- ▶ Interviews<sup>7</sup>
- ▶ Inspecting the operations of Parliamentary Service
- ▶ Visiting a representative sample of out-of-Parliament offices
- ▶ Reviewing key document sets – including Parliament Service financial reports, Parliamentary Service non-financial performance information, reports of previous ARC reports and key accountability statements of Parliamentary Service, Statements of Intent and Annual Reports

Specific advice was sought and received from the following interested parties:

- ▶ Members
- ▶ Party Whips
- ▶ Party chiefs of staff
- ▶ Parliamentary Service staff
- ▶ Member support staff in out-of-Parliament offices
- ▶ Members of the Public Service Association
- ▶ Agencies that either worked with, for or had services provided to them by Parliamentary Service

Section 22(2) of the Parliamentary Service Act 2000 states that, “before submitting its report to the Speaker, the review Committee must consult with the Parliamentary Service Commission”.<sup>8</sup> We have undertaken a series of consultations with the PSC and the Speaker to fulfil this requirement.

#### Phase one

Phase one of the review focused on information gathering. This information was used to identify areas and issues for more in-depth consideration during phase two.

#### Phase two

During phase two the Committee conducted a deeper assessment of the areas identified in phase one and developed a series of recommendations for improvement, where required.

#### Phase three

In phase three, the Committee reviewed the effectiveness of changes to the Speaker’s Directions and Parliamentary Service Appropriations recommended by the report of the Fifth ARC.

### Approach

This report focuses on areas that are fiscally or functionally significant in determining whether Parliament is adequately funded. To ensure that the report is completed in a timely and efficient manner, this report does not comment on every issue raised with the Committee during the review or on every area of funding.

During phase one of the review the Committee focused on areas identified for their importance by the Fifth ARC and through preliminary consultations with Parliamentary Service, members and the PSC, which included:

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<sup>7</sup> See Appendix B: Consultations held for the full list of consultations held.

<sup>8</sup> The Parliamentary Service Commission (PSC) comprises the Speaker of the House of Representatives, the Leader of the House, the Leader of the Opposition and members from each party.

- ▶ Support funding for individual members (including non-staff funding, staff funding and ICT equipment funding)
- ▶ Party and Leadership funding
- ▶ Precinct Services (including the Future Accommodation Strategy for Parliament)
- ▶ ICT Services
- ▶ Parliamentary Library
- ▶ Learning and Development
- ▶ Accessibility
- ▶ Security (Parliamentary precinct and out-of-Parliament offices)
- ▶ Services to Elected Representatives

Through phase one, these were refined and grouped into the following focus areas for investigation in phase two:

- ▶ **Party and Member Support funding:** funding provided to support the Leader’s office, the Whip’s office and research operations of each party, and the Parliamentary operations of individual members (including non-staff funding, staff funding, and ICT equipment funding)
- ▶ **Core Services:** administrative and support services provided to support the Parliamentary operations of members and parties (with a focus on ICT services, learning and development, and accessibility)
- ▶ **Security:** funding and accountability for security both on the Parliamentary precinct and in out-of-Parliament offices
- ▶ **Services to Elected Representatives:** current services provided to members and their adequacy and the ability for Parliamentary Service to meet the needs of members

The following areas were considered in phase one but were not investigated further in phase two:

- ▶ **Precinct Services:** documentation of the Future Accommodation Strategy<sup>9</sup> suggests that there is sufficient work in the accommodation space to support the efficient use of Precinct Services Group funding in out years and that measures are being taken to ensure that this project is adequately funded through the business case process
- ▶ **Parliamentary Library:** based on the information acquired during phase one of the review, the Parliamentary Library’s service levels are meeting its key performance indicators and in most cases its users are highly satisfied. It was noted that funding for the Library has been static in recent years. As such, the Committee recommends that adequacy of funding for the Library should be revisited during the Seventh Triennial Appropriations Review

## Report structure

This report is structured on the following basis:

- ▶ Contextual information regarding the scope of the review, Parliamentary Service and an overview of the appropriations within Vote: Parliamentary Service
- ▶ Analysis, findings, and subsequent recommendations of the Sixth ARC

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<sup>9</sup> The Future Accommodation Strategy business case outlines a strategy for investment in precinct accommodation when the lease on Bowen House expires in 2018. Parties were consulted during the development of the business case, and their input used to inform short-listed accommodation options.

## 5. Background

### Principles of Parliamentary funding

#### Speakers Directions

To support members discharge their responsibilities, they are provided with financial resources, support services and allowances in addition to their salaries. An appropriation is made by Parliament to fund these. A more specific definition of those entitlements is set through the Directions by the Speaker of the House of Representatives 2014 (the Speaker's Directions). The Speaker's Directions set out:

- ▶ The travel and communications services provided to members
- ▶ The funding entitlements of members and parties, in respect of which Parliamentary Service is to administer payments
- ▶ The directions under which Parliamentary Service must act when administering payments
- ▶ The principles to be applied by members and parties in their use of the publicly funded resources specified in this document
- ▶ Entitlements to services and funding for certain electoral candidates in the period between the close of polling day and the dates when the results of the election are declared

#### Principles

Clauses 8 and 9 of the Speaker's Directions outline certain principles to be applied to the use of publicly funded resources by members and parties.

Clause 8 mandates that members are required to disclose and manage potential conflicts of interest, whereas clause 9 stipulates additional principles to be applied in the use of publicly funded resources. These principles include:

- ▶ Accountability
- ▶ Appropriateness
- ▶ Openness
- ▶ Transparency
- ▶ Value for money
- ▶ Cost-effectiveness

The principle of accountability means that, ultimately, members are personally responsible for the way in which they use public resources. This personal responsibility cannot be avoided, even though members may delegate the authority to incur expenses to others. Records should also be kept surrounding a member's use of public resources to allow scrutiny if required.

The principle of appropriateness requires that expenditure must only be incurred in respect of Parliamentary purposes. Section 3B of the Parliamentary Service Act 2000 provides that 'funding entitlements for Parliamentary purposes' includes funding for all or any of the following purposes:

- ▶ Performance of a member's roles and functions
- ▶ Performance of a party's roles and functions
- ▶ Provision of accommodation services in accordance with a determination made by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013
- ▶ Provision of travel and communication services in accordance with the directions issued by the Speaker
- ▶ Provision of services and resources to qualifying electoral candidates in accordance with the directions issued by the Speaker

Section 3B also provides that funding entitlements for Parliamentary purposes does not include funding for:

- ▶ Electioneering
- ▶ The provision of travel, accommodation and communications services in accordance with the Members of Parliament (Remuneration and Services) Act 2013 in respect of members participating in the official inter-Parliamentary relations programme

The principle of openness requires members to be open in the use of public resources and to disclose any conflict of interest in relation to those entitlements, whether pecuniary, personal, and familial or as a result of any association.

The principle of transparency demands that the reasons for, and the circumstances surrounding, the use of public resources by members should be publicly available. The process by which funds are expended should also be publicly known.

The value-for-money principle dictates that members and parties must seek the appropriate value for money in the circumstances when using public resources entrusted to them to perform their official duties.

Finally, the cost-effective principle implies that, where reasonably practicable, members should use the most cost-effective alternatives available.

## Parliamentary Service

### Background

Established by section 3 of the Parliamentary Service Act 1985, Parliamentary Service is now recognised under section 6(1) of the Parliamentary Service Act 2000 (the Act). Section 7 of the Act states that the principal duties of Parliamentary Service are to:

- ▶ Provide administrative and support services to the House and to members
- ▶ Administer, in accordance with directions given by the Speaker, the payment of funding entitlements for Parliamentary purposes
- ▶ Administer the entitlements of members of the Executive Government under Part 3 of the Members of Parliament (Remuneration and Services) Act 2013
- ▶ Administer the payment of the travel entitlements of former members

### Organisational structure

Parliamentary Service has five distinct business groups:

- ▶ **Shared Services:** the Shared Services Group provides back-office and specialist support services to members, parties and wider Parliamentary agencies. These services cover finance, human resources, policy support, travel support, communications, and member and staff support
- ▶ **Precinct Services:** the Precinct Services Group maintains and protects the physical integrity and utility of the Parliamentary precinct for occupants and visitors. Specific services include facilities management, security, building maintenance, building projects, visitor services, reception and telephony, chamber and gallery, and messenger and distribution services
- ▶ **Library:** the Library Group supports Parliamentary business by providing information and research services to members, Parliamentary staff, Parliamentary agencies and members of the public
- ▶ **Information Systems and Technology (IST):** the IST Group delivers information and communications technology (ICT) services, guidance and strategic direction to Parliamentary Service, members and their staff, and other agencies operating on the Parliamentary precinct.
- ▶ **General Manager's Office (GMO):** the GMO provides services to support the General Manager and Senior Management Team of Parliamentary Service. These services include strategic planning and risk and assurance services

## Fifth Triennial Appropriations Review

The Fifth ARC made six major recommendations. The recommendations focused on two main issues: the forecasted deficit for the 2013/14 year and members' need for flexibility in their Parliamentary business. Of the recommendations made, the following were implemented in the Speaker's Directions 2014:

- ▶ Members support staffing changed from an allocation of hours to an allocation of dollars
- ▶ The departmental appropriation for members support staff was moved into the non-departmental appropriation
- ▶ Three-year budgets were introduced
- ▶ Provision of members' ICT changed from an allocation of equipment to an allocation of dollars
- ▶ Changes to the qualifying threshold for large electorates were made (however, Northland and Wairarapa were not changed to 'large electorates' as advised)

Parliamentary Service also made efficiency savings of \$1.8 million in the 2013/14 year as advised in the Fifth Triennial Appropriation Review.

## Performance Improvement Framework (PIF) Review

Parliamentary Service underwent a PIF review during 2014. The PIF Review examined the delivery of Parliamentary Service's strategic priorities and core business and the four foundations of its organisational management (leadership, direction and delivery, external relationships, people development and financial and resource management). The review suggested that improvements were required in Parliamentary Service's organisational performance, in particular people management.<sup>10</sup>

The PIF Review also provided Parliamentary Service with a 'Four-year Excellence Horizon'. This set out the reviewers' perceptions of what success would look like for Parliamentary Service in four years. The Four-year Excellence Horizon considers Parliamentary Service's purpose, the performance challenges associated with delivering that purpose and its key outcomes.

As noted previously in this report, Parliamentary Service's purpose is to provide administrative and support services to the House and to members. The performance challenges associated with that purpose and identified in the Four-year Excellence Horizon include:

- ▶ **Environment:** Parliamentary Service operates in a heavily prescriptive, fiscally constrained environment that requires constant interpretation, judgement and 24/7 service
- ▶ **Customer expectations:** customer needs are constantly changing over time, impacting the nature and scope of the services Parliamentary Service is expected to deliver
- ▶ **Transformative pressures:** the evolution of technology will continue to challenge Parliamentary Service
- ▶ **The need to move from transactional to strategic services:** customers want more strategic services from Parliamentary Service that are based on a relationship-driven, business-partnering model with a variety of service-level options

The PIF Review identified that to meet these challenges Parliamentary Service needs to translate its customer service purpose into a vision and business strategy that is widely understood and aspired to throughout the organisation and also choose and implement an operating model that supports this business strategy.

The PIF Review concluded that Parliamentary Service's existing operating model and vision has failed to reflect its customer-centric purpose. The PIF Review identified this as a key area for change and stated that Parliamentary

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<sup>10</sup> "PIF reviews," State Services website, <http://www.ssc.govt.nz/sites/all/files/pif-review-parl-service-july14.pdf>, 2014.

Service's separate functional service areas need to be brought together to meet its customers' needs and wants. The PIF Review suggested Parliamentary Service's revised operating model should:

- ▶ Support the improvement of customer intelligence by developing systematic mechanisms to understand members' service preferences
- ▶ Ensure that members can see Parliamentary Service's commitment to operating differently
- ▶ Continue to support other Parliamentary sector agencies to deliver their performance objectives
- ▶ Improve people management by lifting management competencies, performance management engagement and greatly improved communications

In response to the PIF Review, Parliamentary Service acknowledged the findings and used them to formulate a renewed strategy and vision that aims to meet its performance challenges and the target outcomes of its Four-year Excellence Horizon. This new strategy is set out in what Parliamentary Service has called its Vision 20/20.

## Strategic Framework/Vision 20/20

Parliamentary Service's strategic framework for 2014-2018 was substantially revised following the PIF Review and is articulated in its Vision 20/20.

The framework now has two key strategic outcomes:

- ▶ The House and members receive high-quality support services
- ▶ Parliament is accessible to members of the public

In addition, the framework encompasses the following themes to support those outcomes:

- ▶ We grow and develop our people
- ▶ Technology is a key enabler
- ▶ We are customer centric
- ▶ We will provide excellent services
- ▶ The workplace is 'fit-for-purpose'
- ▶ We work as a Parliamentary sector

The themes were developed to align with Parliamentary Service's purpose of serving Parliament and it is intended that they will assist Parliamentary Service as it moves towards its overarching vision of being "recognised for excellence and innovation". Key strategic initiatives in respect of each theme have been identified and will be reported throughout 2014-15 and later years.

## Staffing

Parliamentary Service is the largest employer within the Parliamentary precinct. As at 30 June 2015, it employed 580 full-time equivalents (FTEs), with 179 of these working in out-of-Parliament offices. The current staffing break down is shown in Table 1 below.

*Table 1: Parliamentary Service staff numbers*

Staff numbers (FTE)	10/11	11/12	12/13	13/14	June 2015	June 2015 vacancies
GM and GM's Office	7	13	11	8	8	1
Shared Services Group	49	44	52	54	46	9
ICT Group	10	17	14	16	21	6
Library Group	54	51	52	55	49	6

Staff numbers (FTE)	10/11	11/12	12/13	13/14	June 2015	June 2015 vacancies
Precinct Group	122	126	120	119	119	11
Speaker's Office	1	1	1	1	1	0
Members' Executive Assistants	97	94	95	95	86	8
Out-of-Parliament Offices	189	208	196	197	179	4
Political Party Offices	70	63	68	72	71	2
<b>Total</b>	<b>598</b>	<b>617</b>	<b>609</b>	<b>617</b>	<b>580</b>	<b>46</b>

## Appropriations Overview

In 2013/14, the total appropriation for Parliamentary Service (Vote: Parliamentary Service) was \$135.624 million, comprising a departmental appropriation of \$72.238 million and a non-departmental appropriation of \$63.386 million. From 2014/15 onwards the relative sizes of the departmental and non-departmental appropriations will change, as the departmental 'Services to Members' output class has been disestablished and funding transferred to non-departmental 'Party and Member Support' appropriations.

The **departmental appropriation** provides funding for the administrative and support services provided to the House and members, including Parliamentary Service's day-to-day activities supporting the operation of Parliament.

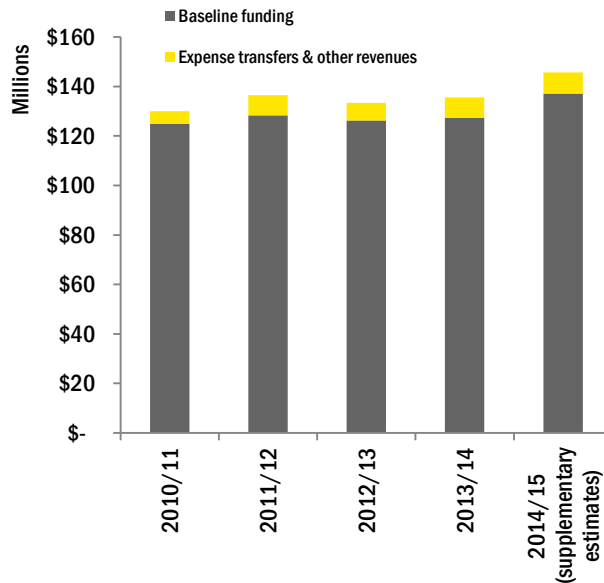
The **non-departmental appropriation** provides funding for entitlements for Parliamentary purposes, including:

- ▶ Members' salaries, including a basic expense allowance, as set by the Remuneration Authority
- ▶ Support services for members, as provided for in the Speaker's Directions. This includes funding for members' communications and travel expenses
- ▶ Funding allocations for Party and Member Support, which are used to meet a range of costs incurred in the running of Party offices, members' Parliamentary offices and out-of-Parliament offices. These costs include staff costs, non-staff office costs, publicity and ICT costs

Figure 1 below shows the trends for the Vote: Parliamentary Service appropriation, and funding from other sources.

1. Baseline funding (appropriations)
2. Expense transfers, election funding and earthquake relief funding
3. Third-party revenue, such as revenue from services provided to other agencies

*Figure 1: Total Vote: Parliamentary Service Appropriation*



As a result of budget changes there was an increase in baseline funding for 2014/15. This is largely comprised of an increase in funding for:

- ▶ Members' salaries
- ▶ Member support, which accompanied the disestablishment of the 'Services to Members' output class and the transfer of these funds from the departmental appropriation to the non-departmental appropriation

## Departmental

The departmental appropriation comprises the following classes:

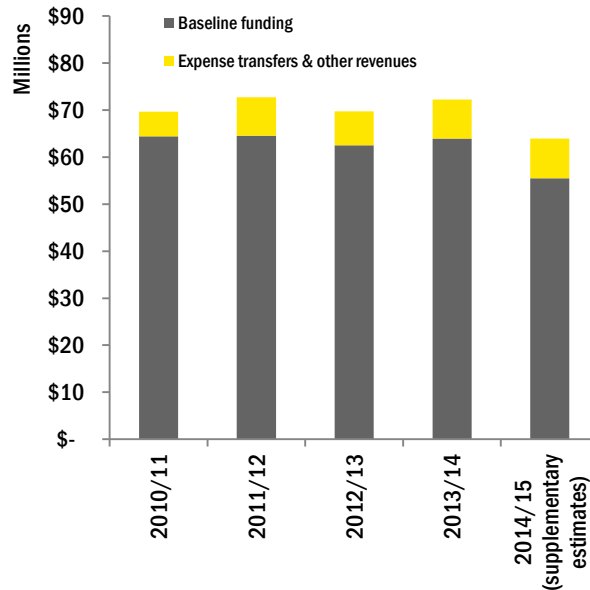
- ▶ Operations, information and advisory services multi-class output appropriation
- ▶ Support services to the Speaker

In turn, the operations, information and advisory services multi-class output appropriation comprises four output classes:

- ▶ The provision of building maintenance and operational services for the Parliamentary precinct
- ▶ Computing facilities, information sharing and telecommunications services and associated advisory services on the Parliamentary networks
- ▶ Research, collections and information management services through the Parliamentary Library
- ▶ Bureau accounting and payroll services for members and other Parliamentary agencies and the setting, administering and delivery of members' entitlements

The trend in departmental appropriation from 2010/11 to 2014/15 is shown in Figure 2.

*Figure 2: Total Departmental Appropriation Trend*



## Non-departmental

The non-departmental appropriation comprises the following classes:

- ▶ **Members' communications** – including voice and data communications, standard office productivity software and stationery supplies provided to members, qualifying electoral candidates, during the immediate post-election period, and former members, as allowed under the directions given by the Speaker
- ▶ **Party and Member Support** – for funding Parliamentary parties to support their Parliamentary operations for the 51st Parliament, including their Leaders' offices, support staff, research operations, Whips' offices, communications, administrative and support services for members and, during the immediate post-election period, qualifying electoral candidates and former members, as allowed under directions given by the Speaker
- ▶ **Travel of Members and Others** – for domestic air, land and sea travel for members and, during the immediate post-election period, qualifying electoral candidates and former members and international travel services for members and qualifying spouses/partners, political exchange participants and officials as allowed under directions given by the Speaker
- ▶ **Additional Support for Members** – where there is sensory or physical impairment beyond a member's control as authorised by the Speaker
- ▶ **Depreciation expense on Parliamentary precinct** – for depreciation expense on the Parliamentary buildings, furniture, antiques and art collection and the library collection
- ▶ **Capital expenditure** – for minor capital works within the Parliamentary precinct to carry out essential maintenance and minor capital improvements

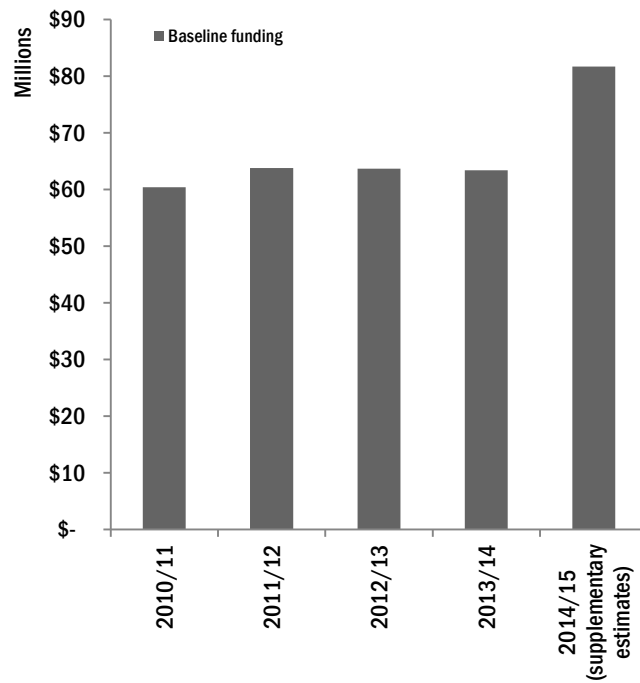
In addition, the non-departmental appropriation includes the following output classes that are outside the scope of our review:

- ▶ **Accommodation of Members and Travel of Members' Families** – for accommodation services for members and, during the immediate post-election period, qualifying electoral candidates and travel services for members' and Ministers' families and, during the immediate post-election period, of qualifying electoral candidates, as authorised by section 22(1) of the members (Remuneration and Services) Act 2013

- ▶ Members' salaries and allowances – for expenses incurred under section 8(4) of the members Remuneration and Salaries Act 2013 and incorporates salaries and allowances determined by the Remuneration Authority, payable to members who are neither Ministers of the Crown nor Parliamentary Under-Secretaries
- ▶ Travel of former members – for travel expenses for qualifying former members, as specified in sections 39-40 of the Members of Parliament (Remuneration and Services) Act 2013

The trend in non-departmental appropriation from 2010/11 to 2014/15 is shown in Figure 3.

Figure 3: Total Non-Departmental Appropriation Trend



## 6. Context of Review

### Approach to Review

#### The Role of Parliament

The purpose of this review is to assess the adequacy, effectiveness and efficiency of the funding to Parliament. For us to do this, it is important to set out the role of Parliament and the conditions required for Parliament to fulfil its role.

The four main functions of Parliament are to:<sup>11</sup>

- ▶ Provide representation for the people
- ▶ Pass the legislation (law) by which the country is governed
- ▶ Scrutinise the activities of the Executive Government
- ▶ Approve the supply of public funds to the Executive Government

For Parliament to carry out these functions effectively and sustainably, it is the view of the Committee that there needs to be:

- ▶ Fair and equitable access to the democratic process
- ▶ An effective democratic process to ensure that representation, legislation and executive scrutiny is well informed and capable
- ▶ Financial independence from the Executive Government

We have framed our review around these supporting pillars of an effective Parliament. We explore these conditions more fully below.

#### Access to the democratic process

New Zealand is a small and intimate democracy. People expect to be able to readily interact with elected representatives. People need to be able to communicate with members and the members to communicate with people. Each person should also have the opportunity to voice their opinion in the broader democratic process, for example, by a submission to a select committee. The opportunity to take part in this process and to access their representatives is a right that should be provided equally to the people.<sup>12</sup>

By funding and supporting members to engage with their electorate and their community at their discretion by, for instance, running an out-of-Parliament office or travelling, Parliamentary Services facilitates the interaction between members and constituents. Access to the Parliamentary precinct also allows the public to learn about, and observe the process of making and passing legislation.

#### Effective democratic process

An effective democratic process refers to efficacy of the actions required to produce legislation, scrutinise the Executive Government, approve Government funding and represent the people.<sup>13</sup> This includes researching policies, analysing Government spending, taxation and actions, representing the opinions of people and developing and debating legislation.

Making an informed contribution to new and modified laws and debating legislation is a critical function of members, requiring in-depth research.<sup>14</sup> To effectively scrutinise the actions and funding of the Executive Government, members need to have an understanding of the policies under debate and the tools to scrutinise them.

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<sup>11</sup> McGee, D. *Parliamentary Practice in New Zealand*. 3<sup>rd</sup> ed.

<sup>12</sup> United Nations International Covenant on Civil and Political Rights, Articles 3 & 25. New Zealand is committed to this Covenant as stated in the New Zealand Bill of Rights Act 1990.

<sup>13</sup> McGee, D. *Parliamentary Practice in New Zealand*. 3<sup>rd</sup> ed.

<sup>14</sup> McGee, D. *Parliamentary Practice in New Zealand*. 3<sup>rd</sup> ed.

Parliamentary Service supports an effective democratic process by providing resources and administrative support, such as the Parliamentary Library, to enable members to participate in the Parliamentary process, including developing and researching legislation and debating policy.

### Financial independence from the Executive Government

A core function of Parliament is to scrutinise and, when needed, challenge the Executive Government. An important condition of this function is the ability to remain independent of the Executive Government.<sup>15</sup> In our view, this includes being financially independent of the Executive Government.

Part of the role of Parliament is the opportunity to develop a strong opposition, capable of providing an alternative Government (or a ‘Government-in-waiting’)<sup>16</sup>. To enable this development, the opposition parties also need to be adequately funded.

It is with these three conditions in mind that we have reviewed the existing funding to Parliament.

## Member profiles

During May and June 2015, the Committee and their team visited a number of members and their out-of-Parliament offices. They interviewed both members and their support staff, to understand their specific profile, issues and challenges.

These visits helped inform the findings and recommendations in this report. Below are the profiles of six of the members to demonstrate their unique situations. The methods of managing their out-of-Parliament operations, funding and their service requirements are all different.

The funding graphs show the total three-year appropriation the member receives for their Parliamentary duties. This funding is divided into a number of allocations, including:

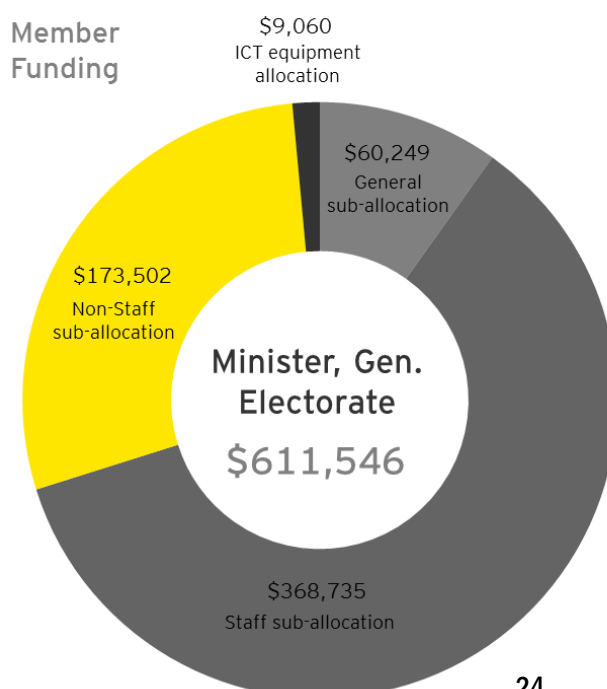
- ▶ **Staff sub-allocation:** used to meet costs associated with the employment the member’s support staff
- ▶ **Non-staff sub-allocation:** used to meet all costs not explicitly met from some other source. This includes the cost of establishing and operating an out-of-Parliament office
- ▶ **General purposes sub-allocation:** may be used to meet either staff or non-staff costs
- ▶ **ICT equipment allocation:** used to purchase ICT equipment for the member and their staff

The way in which these allocations are determined and what they may be used for is discussed in detail under our analysis of Party and Member Support funding in section 7.1.

**Nikki Kaye**

<b>Member</b>	Hon Nikki Kaye
<b>Electorate</b>	Auckland Central
<b>Size (km<sup>2</sup>)</b>	489
<b>Population</b>	61,194

The Hon Nikki Kaye has been the member for Auckland Central since November 2008. She is a member of the Cabinet and Minister for Accident Compensation Corporation (ACC), Civil Defence, and Youth, and Associate Minister of Education, as part of the National administration. The member has a small



<sup>15</sup> "About the Judiciary," Ministry of Justice website, www.justice.govt.nz.

<sup>16</sup> McGee, D. *Parliamentary Practice in New Zealand*. 3<sup>rd</sup> ed.

electorate office just outside of the city centre in Freemans Bay.

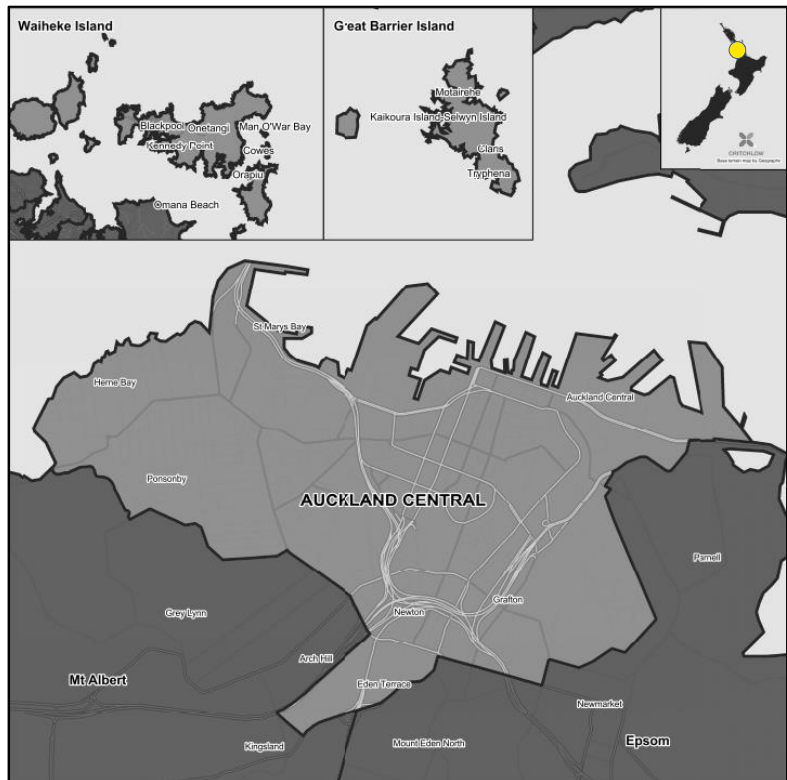
As a Minister, Ms Kaye's Executive Assistant (EA) is paid for out of Ministerial funding. As a consequence, she receives \$193,440 less Parliamentary funding than a non-Ministerial electorate member.

### Unique challenges

The Auckland Central electorate includes two offshore islands, Waiheke and Great Barrier. Similarly to other electorates that include an offshore island, the culture and demographic of the mainland electorate is very different to that of the islands. Auckland Central is home to over 10,000 businesses, and is mainly populated by young professionals. The offshore islands of Waiheke and Great Barrier are far less populated, with approximately 8,000 on Waiheke and 1,000 on Great Barrier. Waiheke is more accessible with regularly scheduled flights and ferries as a popular holiday and tourist destination.

Great Barrier is isolated, with little infrastructure, no central power and few regular flights. A significant proportion of its land mass is a nature reserve.

Covering these three distinct areas is a challenge for the member, as each requires a different approach and tailored communications. The member also has a significant social media presence.

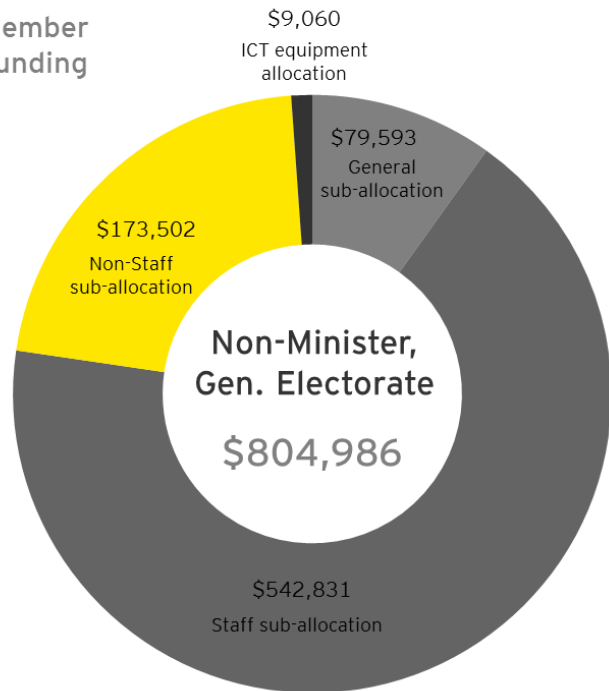


## Su'a William Sio

<b>Member</b>	Su'a William Sio
<b>Electorate</b>	Māngere
<b>Size (km<sup>2</sup>)</b>	56
<b>Population</b>	66,018

Since November 2008, Su'a William Sio has been the member for the Māngere electorate. He is a member of the Local Government and Environment Committee and Labour spokesperson for Pacific Island Affairs, Local Government, Inter-Faith Dialogue and Associate spokesperson for Housing (South Auckland).

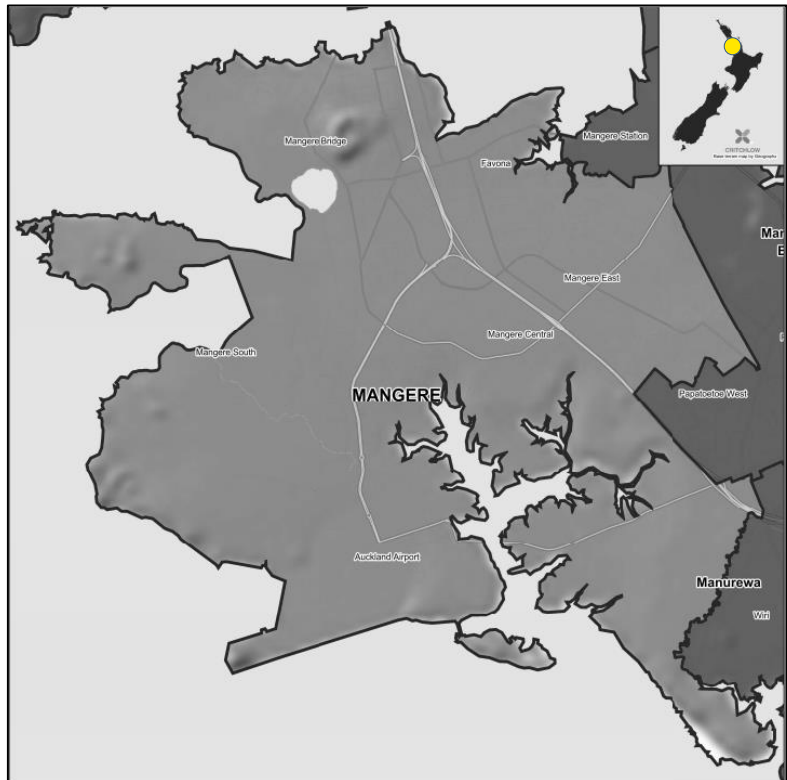
### Member Funding



### Unique challenges

The Māngere electorate is bordered by Manurewa and Manukau East. It is an area of high need. Mr Sio has an electorate office upstairs in the local shopping centre, which is central for most constituents. It does not, however, have easy access for the disabled and the elderly, and staff often leave the office to see disabled and elderly constituents who cannot climb the stairs. The office has two staff member who manage the majority of cases, and one part-time staff member who provides advice on immigration-related issues. The office sees around 20 families per day and constituent cases often involve housing-related issues.

The Māngere electorate is multi-cultural and multi-lingual, with residents of Pasifika, Asian and African heritage. Mr Sio's support staff are bi-lingual, either speaking Samoan or Tongan but there are some constituents they have difficulty effectively communicating with owing to language barriers. The electorate has a significant Pasifika population (60%) and Mr Sio has the responsibility, as a Samoan matai, to deal with cultural protocols, including 'mea alofa' (the gifting custom of Samoa) and the provision of appropriate hospitality at funerals and significant cultural events.



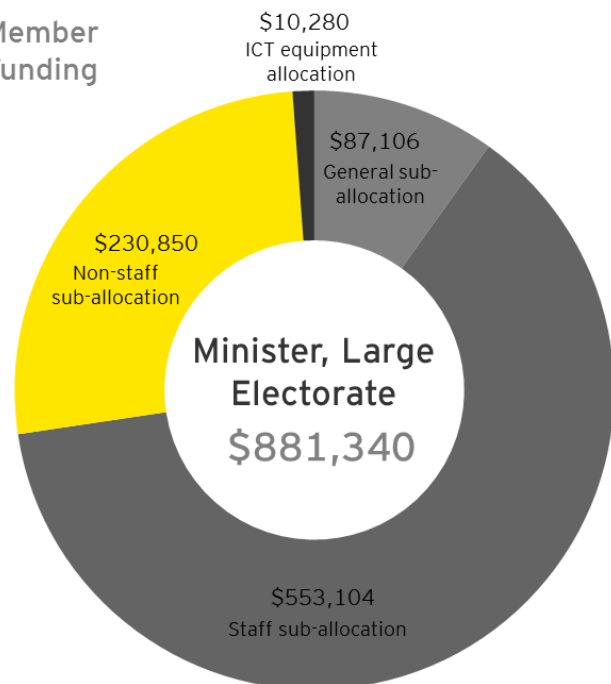
## Te Ururoa Flavell

<b>Member</b>	Hon Te Ururoa Flavell
<b>Electorate</b>	Waiariki
<b>Size (km<sup>2</sup>)</b>	19,170
<b>Population</b>	82,361

The Hon Te Ururoa Flavell is co-leader of the Māori Party, and has been the member for the Waiariki Māori electorate since October 2005. He is Minister for Maori Development, Whānau Ora and is Associate Minister for Economic Development. He is also a member of the Officers of Parliament Committee.

As a Minister, Mr Flavell's EA is paid for out of Ministerial funding. As a consequence, he receives \$193,440 less Parliamentary funding than a non-Ministerial large electorate member.

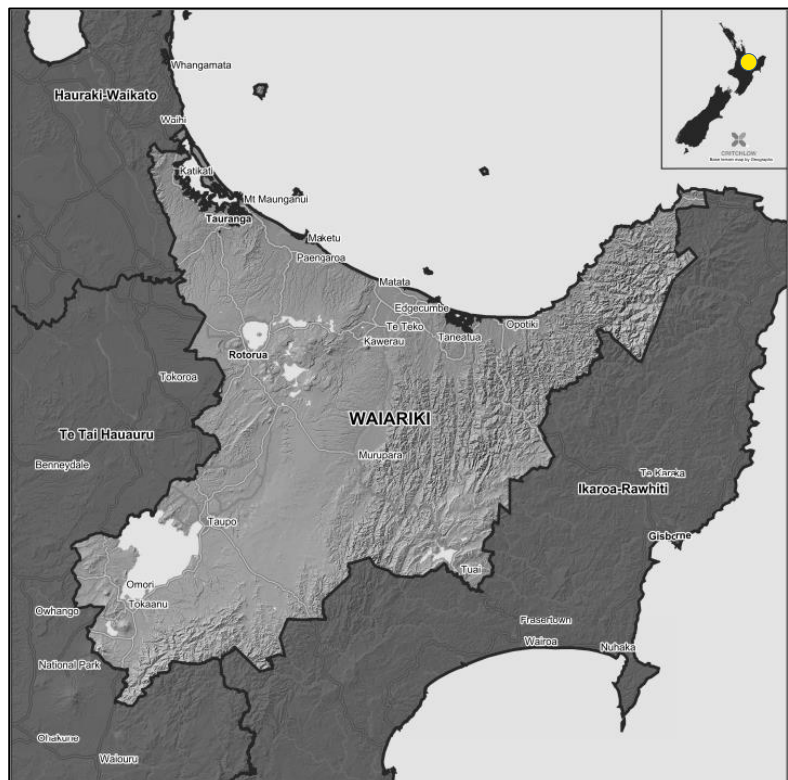
### Member Funding



### Unique challenges

Waiariki is a classified 'Large Electorate'. It covers Tauranga, Rotorua, Taupō, Turangi, Whakatane, Murupara, Ruatahuna and Te Kaha. The electorate contains the two main confederations of iwi in the Bay of Plenty, Te Arawa and Mātaatua. Owing to the nature of his electorate, Mr Flavell has significant cultural duties, and is expected to attend hui and provide koha.

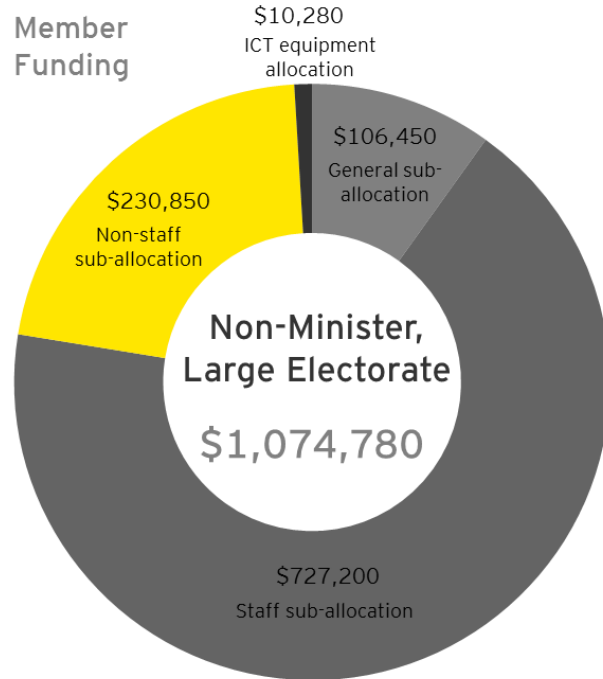
There are two electorate offices in Waiariki, a central office in Rotorua, with two full-time staff members, and a smaller one in Whakatane, with a sole-charge staff member. Minister Flavell maintains an active social media presence.



## Todd Barclay

<b>Member</b>	Todd Barclay
<b>Electorate</b>	Clutha-Southland
<b>Size (km<sup>2</sup>)</b>	37,378
<b>Population</b>	65,448

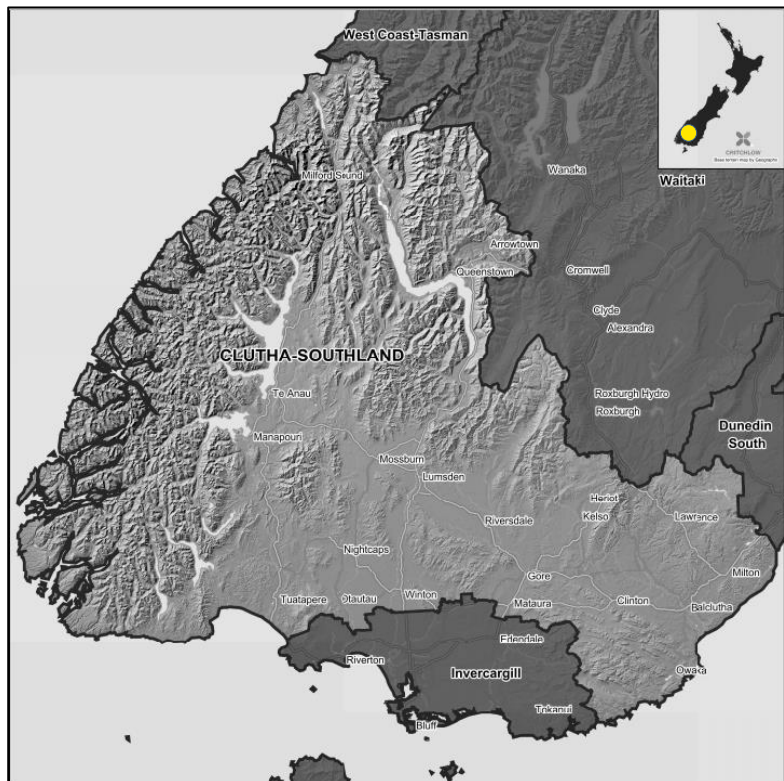
Entering in September 2014, Todd Barclay is a first-term National member for the 51<sup>st</sup> Parliament. His current Parliamentary roles include Deputy Chair of the Law and Order Committee and membership of the Primary Production Committee.



## Unique challenges

The Clutha-Southland electorate is the largest general electorate in New Zealand and it comprises the Southland, Gore, Queenstown-Lakes and Clutha Districts and includes the communities of Gore, Tapanui, Balclutha, Te Anau, Lumsden, Queenstown, Winton and Milton. The member has three electorate offices, which are located in Gore, Balclutha, and Queenstown, staffed by 2 support staff in Gore and 0.5 each in Balclutha and Queenstown.

The Gore office has around 10-15 walk in cases per day, which are generally in relation to issues with ACC, the local District Health Board (DHB), immigration, school transport and Work and Income. Clutha-Southland is largely rural and encompasses Fiordland National Park. The economy of the area is based on agriculture and tourism, with each sector providing distinctly different challenges and views.

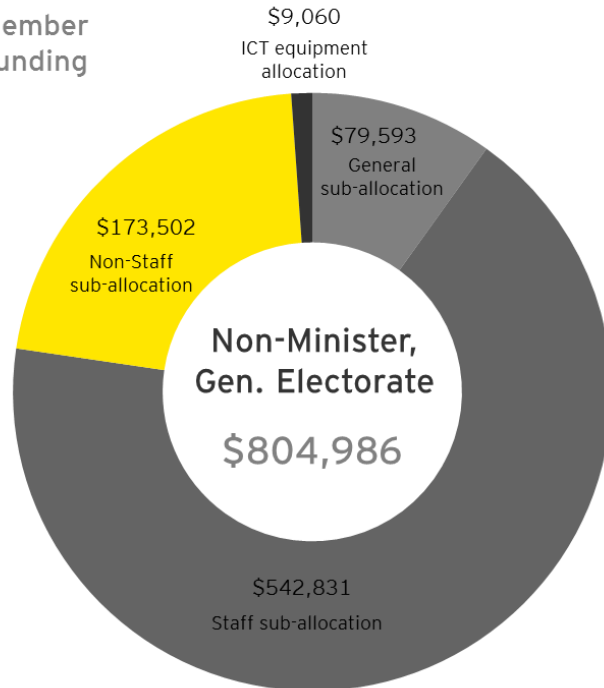


## Poto Williams

<b>Member</b>	Poto Williams
<b>Electorate</b>	Christchurch East
<b>Size (km<sup>2</sup>)</b>	93
<b>Population</b>	64,176

Poto Williams has been the member for Christchurch East since January 2013. She is the Labour spokesperson for the Community and Voluntary sector and Associate spokesperson for Housing, Justice and Education. She is also a member of the Social Services Committee.

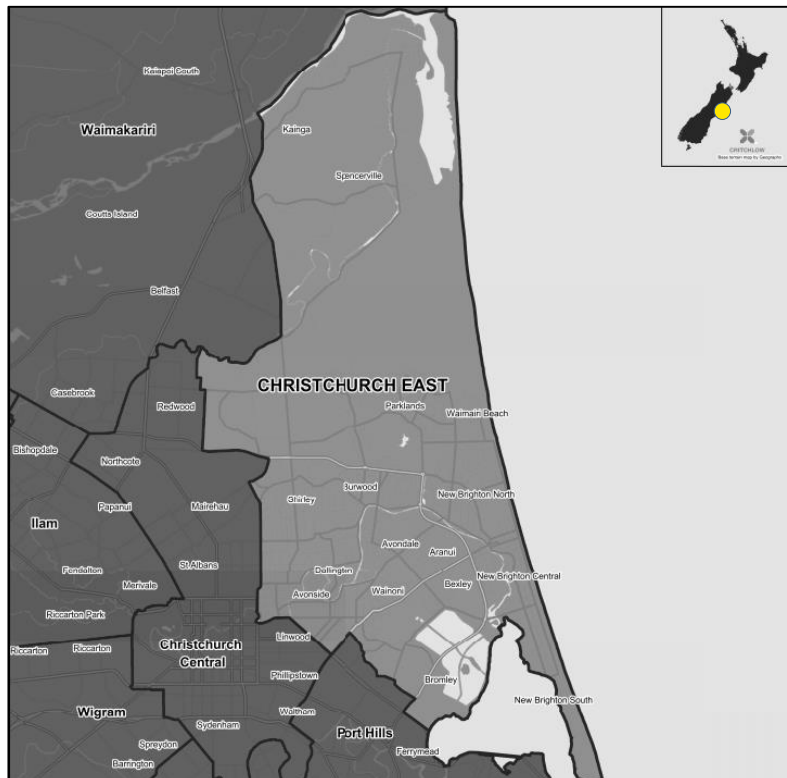
### Member Funding



### Unique challenges

The Christchurch East electorate is bounded by the Waimakariri River in the north and extends south comprising the beach suburbs of Waimairi Beach, New Brighton and Southshore. Christchurch East lost 12,900 people between Census 2006 and Census 2013 (16.6 % of its population) the highest loss among general electorates.

The electorate was in one of the most severely affected areas after the Christchurch earthquakes. Until recently, Christchurch East was one of a number of Christchurch electorates that received additional funding for an extra staff member to help manage the increase in workload from the earthquakes. This funding has recently been removed, however, the member feels that the workload is still significant and they are only now reaching the most complex cases.



## David Clendon

<b>Member</b>	David Clendon
<b>Electorate</b>	List
<b>Size (km<sup>2</sup>)</b>	N/A
<b>Population</b>	N/A

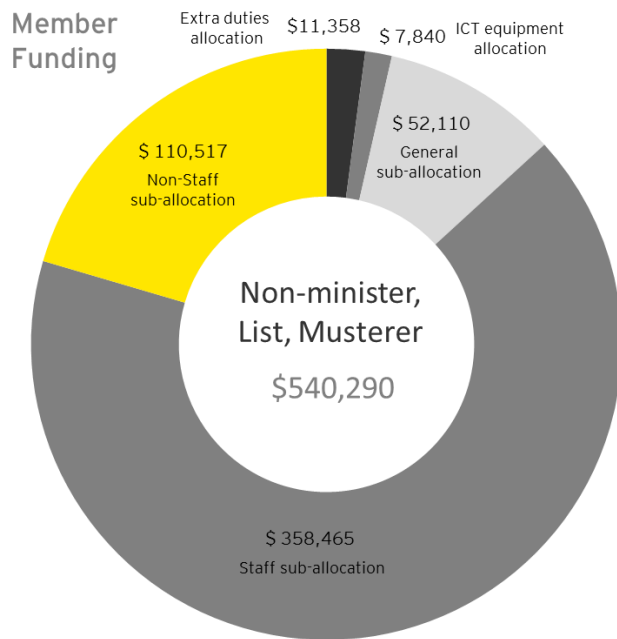
The Green Party is comprised entirely of List members. David Clendon is the party Musterer (Whip) and has been a member since November 2009. He also holds a broad portfolio, including Membership of the Law and Order Committee, Business Committee, Officers of Parliament Committee, Standing Order Committee, Parliamentary Service Commission, as well as being the Green spokesperson for Tourism, Small Business and Criminal Justice, including Courts, Corrections, and the Police.

As the Green Party Musterer, Mr Clendon receives an extra duties allocation. This may be used to meet additional staff costs, and is intended to support the member in discharging the duties associated with this office.

### Unique challenges

The Green Party uses its funding in a different way to other parties. It pools member funding and uses it for shared resources. The Green party has a large hub office in Auckland, and smaller hub offices in Christchurch and Dunedin, with six shared staff in Auckland, 1.5 staff in Christchurch, and 0.5 staff in Dunedin. In addition, there are 14 EAs for the individual members. The party has 20 staff in its leaders' office in Parliament.

The Green party considers that although it does not hold any electorate seats, it has a constituency that is issue-based. For instance, Mr Clendon travels New Zealand visiting prisons as part of his work as spokesperson for Corrections.



## 7. Analysis and Findings

### Introduction

The Parliamentary Service and the Parliamentary funding it administers are broad in scope and each area of its operation is distinct, with its own needs. It has been important that this review examines the most important and relevant aspects of Parliamentary Service and its funding.

We have focused our scope for detailed review based on a number of factors:

- ▶ **Financial impact:** Does the area use a relatively large proportion of the total funding appropriated under Vote: Parliamentary Service?
- ▶ **Operational impact:** Does the area have a comparatively significant impact on the ability of Parliament to function?
- ▶ **Pain points:** Was this area mentioned often in initial consultations?
- ▶ **Recommendations of the Fifth ARC Review:** Did the fifth triennial review recommend that we looked into certain areas?

Using these criteria we identified areas that would be investigated in phase one of the review:

- ▶ Office and Support Funding
- ▶ Support Staff Funding
- ▶ Party and Leadership Funding
- ▶ Precinct Services
- ▶ Information and Communications Technology
- ▶ Library
- ▶ Disability Services
- ▶ Cultural Allowances
- ▶ Learning and Development
- ▶ Security
- ▶ Services to Elected Representatives
- ▶ Learning and Development

For each of these areas, we investigated current funding, any recent changes in funding and the issues raised in consultation with members, Parliamentary service and other relevant stakeholders. Below we set out our initial findings and decisions regarding whether to include each of these areas in the scope of our more detailed review.

### Office and support funding

Office and Support funding is provided to support the Parliamentary operations of members, including, but not limited to, the costs associated with the establishment and ongoing costs of out-of-Parliament offices.

Office and Support funding is a critical area as it enables constituents to connect with members, a vital requirement for members to fulfil their roles as representatives of the people.

Through phase one investigations we found that rent costs were a significant pain point for members. Almost all members noted difficulty finding offices that suited their needs and were within their budget. In urban areas particularly, the rising rent costs reportedly prevented members from leasing suitable offices. For most members spending on rent takes a significant proportion of their non-staff allocation.

Based on these findings, office and support funding was included as an area to investigate further in phase two of the review under 'non-staff funding' (page 40).

## Support staff funding

Each year members are allocated a budget for staff to support their Parliamentary operations both within and outside the Parliamentary precinct. More specifically, this entitlement enables members to engage staff for administrative work in Parliament or in out-of-Parliament offices.

As already noted, at the beginning of the 51<sup>st</sup> Parliament the allocation of staffing hours to members was changed to a budget allocation. This change was recommended to make spending on staffing more visible to the members using it.

To coincide with this funding change, the structure of member support staff roles and remuneration also changed. Parliamentary Service established new job 'families' and associated salary bands using benchmark information and built-in adjustments for inflation.

These changes were mentioned often in consultation with members. Many expressed concern that the funding, role and remuneration changes would limit the number of senior staff they were able to employ and that the new job descriptions did not match the varied roles that support staff were engaged in. Members believed this would impact the services they could provide in their out-of-Parliament offices.

Given that this allocation is one of the largest prescribed in the Speakers Directions, the concerns expressed by members and the recent changes, this area was investigated further in phase three of the review (page 47).

## Party and Leadership funding

Party and Leadership funding is allocated to fund each party's leader's office, Parliamentary operations, including the Whip's office and research operations, and staff to replace executive assistants on leave. Party and Leadership allocations have remained unchanged since 2007. This area was mentioned often in consultations, and is causing significant funding issues and tensions between members. These funding issues are heightened as it is now commonplace for members to transfer part of their individual support budgets to their parties.

Owing to the importance given to this area in consultation, and its impact on the functioning of Parliament, we conducted further investigations in phase two of the review (page 54).

## Precinct Services

The Precinct Services Group within Parliamentary Service is responsible for maintaining and protecting the physical integrity and utility of the Parliamentary precinct for staff and visitors. The Precinct Group also manages a number of services to agencies on the precinct, most notably, Security.

The Parliamentary precinct comprises a group of buildings housing a number of agencies and includes:

- ▶ Bowen House
- ▶ Executive Government Wing (Beehive)
- ▶ Parliament House
- ▶ Parliamentary Library
- ▶ Playhouse Childcare Centre
- ▶ No 1 The Terrace, which accommodates the Parliament TV studio and a small number of staff from the Office of the Clerk

The Executive Wing, Parliament House and the Parliamentary Library are Crown owned. The remainder are leased properties.

The Parliamentary Service is currently developing and implementing its Future Accommodation Strategy, which aims to improve operational efficiency and effectiveness and utilisation of the Parliamentary precinct.

This strategy shows that significant work is already under way to improve the Parliamentary precinct; therefore further investigation was not seen as needed in phase two of the review.

## Information and communications technology

The Information Systems and Technology Group (IST Group) within Parliamentary Service is responsible for delivering information and communications technology services to Parliamentary Service, members and other agencies operating on the Parliamentary precinct. The IST Group has the second largest departmental appropriation in Vote: Parliamentary Service.

The IST Group has made significant gains in recent years to improve the flexibility of services available to members and to tailor its services to members' needs. Some concerns, however, were raised in consultation with members regarding service response times.

Given the significance of the appropriation, and that ICT services are critical to the effective operation of Parliament, this area was investigated further in phase two of the review (page 59).

## Parliamentary Library

The Parliamentary Library is responsible for the provision of library, information, research and reference services to members, other agencies operating on the Parliamentary precinct and members of the public who wish to use the Library. In 2011 the Library implemented a Service Review programme. This programme included the development of a tiered request segmentation model, which the Library uses to triage requests based on its key user groups.

This model is designed to focus funding and services on members. The Library is considered a very important resource by opposition parties that do not have the same funding for research support as the Executive Government. The Library is highly regarded by members for the quality of its work and the accuracy of its information.

Our phase one investigations showed that the Library was meeting all its key performance indicators and continues to be highly regarded. Therefore the Library has not been considered further in phase two of the review.

It is worth noting, however, that the funding for the Library is currently static. This could begin to affect service levels in out years and may be an issue in the next triennial review. We recommend that the next ARC review the Parliamentary Library.

## Disability services

Disability services are provided by Parliamentary Service to support members with disabilities and to support members of the public with disabilities to access Parliament.

Given the importance of equal access to the democratic process for all members and constituents it was agreed to investigate this area further during phase two under 'accessibility of Parliament' (page 68).

## Cultural allowances

During initial consultations some members raised issues regarding the cultural expectations placed on them, which often include cultural gifting customs such as koha. The costs of cultural gifting may be met from member allowances, which are determined by the Remunerations Authority. Because the Remunerations Authority is outside of the scope of this review, these allowances were not investigated further in phase two and no specific recommendation is made. We do suggest, however, that the Remunerations Authority investigates the adequacy of these allowances for meeting cultural expectations that members may face.

## Learning and development

The Committee agreed to investigate learning and development for members and support staff based on requests from various stakeholders of Parliament. Current learning and development opportunities include orientation training for members and their staff and international development opportunities.

While members arrive in Parliament with a broad range of skills and experience, they often do not begin with detailed knowledge of Parliamentary processes or other specific skills that they might require in their role. Access to

appropriate learning and development opportunities is therefore important to enable members to represent their constituents and fully participate in Parliamentary processes. Staff training is important as it enhances the effectiveness of member support staff. Given these considerations, learning and development was investigated further during phase two (page 63).

## Security

Parliamentary security includes security of the Parliamentary precinct, out-of-Parliament offices and data. A serious security breach is one of Parliamentary Service's key operational risks, as this could lead to widespread disruption of operations or service delivery, as well as potential harm to members, staff or the public.

Consultations with members and Parliamentary Service indicated that Security was an area of concern and required significant development for Parliamentary Service. This concern was around precinct security, out-of-Parliament office security and information security.

Owing to these concerns and the importance of this area for Parliament to operate free from fear of incident, we investigated this area further in phase two of the review (page 74).

## Services to elected representatives

Parliamentary Service provides services to members, member support staff, the Office of the Clerk and the Department of the Prime Minister and Cabinet. Parliamentary Service underwent a PIF Review in 2014 which suggested improvements in service delivery.

The PIF Review noted that Parliamentary Service's current operating model has evolved in a way that reflects the functional services provided rather than members' needs and wants. This is evidenced through the responses to Parliamentary Service's six-monthly Service Level Agreement reviews and the 2014 Litmus and member support staff surveys, which demonstrate gaps between the quality of service and service performance expectations.

Parliamentary Service exists to provide support to members, their staff and access to Parliament for the public. As such, its ability to deliver high-quality service is fundamentally important and it warranted further investigation for phase two of the review (page 80).

## 7.1. Party and Member Support

### Background

Party and Member Support appropriations provide funding for Parliamentary parties and individual members to carry out their Parliamentary operations. The 2014 Speaker's Directions specify the following allocations for Party and Member Support funding:

- ▶ Non-staff sub-allocation (for individual members)
- ▶ Support staff sub-allocation (for individual members)
- ▶ General purposes sub-allocation (for individual members)
- ▶ ICT equipment allocation (for individual members)
- ▶ Party and leadership allocations (used to fund party Leaders' and Whips' offices)

The amounts of each of these allocations for the 51st Parliament are provided in Appendix D: Support allocations for individual members.

Clauses 34 and 35 of the 2014 Speaker's Directions set out guidelines regarding appropriate use of the above allocations. Party and Member Support funding may be used to provide services and resources for supporting parties, members and qualifying electoral candidates in:

- ▶ Discharging their responsibilities as legislators and elected representatives
- ▶ Developing, researching, critiquing and communicating policy
- ▶ Communicating with constituents and other communities of interest
- ▶ Meeting the operational needs of each party in fulfilling its Parliamentary operations
- ▶ Meeting the costs of ICT equipment for members' direct use, and for use by their support staff in their Parliamentary and out-of-Parliament offices
- ▶ Meeting the costs of any additional ICT equipment, telephony, or ICT intangibles
- ▶ Meeting the costs of access to the Parliamentary precinct for volunteers

The Speaker's Directions also state that Party and Member Support funding must not be used for anything that does not have a Parliamentary purpose, for Ministerial business or in circumstances where provision has already been made elsewhere.

### Flexibility

Part 6, subpart 3 of the 2014 Speaker's Directions provides the rules for funding transfers between allocations within the Party and Member Support appropriation. Some relevant examples include a:

- ▶ Party or member may transfer up to 10% of annual support allocation to a proximate year, with the approval of the Speaker
- ▶ Member may transfer all or part of their member's support funding entitlements to another member of their party or to the party itself
- ▶ Member who has not used their ICT equipment allocation in the first year of the Parliamentary term may transfer it to a later year of the same Parliamentary term to use for ICT equipment or reallocate part or all of it in the third year of the same Parliamentary term for their non-staff sub-allocation type in that year
- ▶ Member may use part or all of their general purposes sub-allocation to meet any costs that might otherwise have been incurred against the member's staff or non-staff sub-allocation in the same year

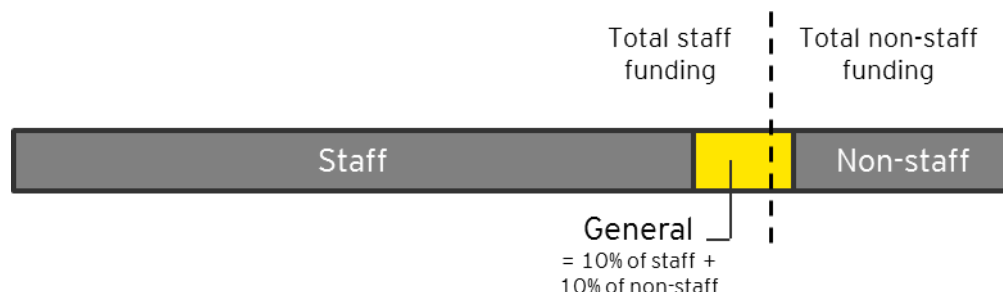
The general purposes sub-allocation and the ability to transfer funding to a 'proximate' year were both introduced in the 2014 Speaker's Directions to allow members flexibility between allocations and between years that was not previously available.

During our consultations, members and their staff indicated that this increase in flexibility were well received, some members suggested that flexibility should be further increased. At the time of this report, Parliamentary Service is holding discussions with party Whips and chiefs-of-staff to determine whether there is a similar appetite for increased

flexibility at a party level. If parties agree that further changes to the Speaker's Directions are desirable to facilitate increased flexibility, Parliamentary Service will convey these recommendations to the Speaker.

The general purposes sub-allocation is comprised of 10% of the member's total staff funding and 10% of their total non-staff funding. See Figure 4 below:

Figure 4: General purposes sub-allocation and staff/non-staff funding



As the general purposes sub-allocation must be spent on either staff or non-staff costs, it is appropriate that we assess the adequacy of total staff funding and total non-staff funding for individual members, rather than considering staff, non-staff and general sub-allocations individually.

## Non-staff funding

Non-staff funding is intended to cover all costs incurred by a member when discharging their Parliamentary duties, where those costs are not explicitly met from some other source. Expenditures that may be met from a member's non-staff allocation include, but are not limited to:

- ▶ Out-of-Parliament office rent, rates, insurance and utilities
- ▶ Costs incurred in the establishment of an office, including legal advice, signage, cabling and further ICT fit-out costs and furnishings
- ▶ Costs of compliance with health, safety and security standards, including security upgrades to out-of-Parliament offices
- ▶ Technology purchases additional to those covered by the member's ICT equipment allocation
- ▶ Advertising, publicity and media public relations
- ▶ Subscriptions, stationery, postage and printing
- ▶ Travel costs incurred by support staff meeting constituents outside of the office
- ▶ Costs of attending training courses and conferences for support staff

For many members, the most significant expenses met from their non-staff funding allocation are those incurred in the establishment and operation of out-of-Parliament offices. Out-of-Parliament offices are used by members to provide services to and communicate with constituents. They are also used for research and policy work. Under current arrangements the member is the leaseholder and is responsible for choosing an office location and to the fit-out of the office. Common practice is for electorate members to establish at least one out-of-Parliament office within their electorate. It has also become common for List members to establish out-of-Parliament offices in areas where their party has no electorate member. Some List members establish 'hub offices,' which are used by multiple members and their staff.

Trends in non-staff funding between 1996 and 2015 are shown in Table 2 below. Figures for current non-staff funding amounts comprise the member's non-staff sub-allocation and the 10% of non-staff funding that is incorporated in the general sub-allocation.<sup>17</sup>

Table 2: Trend in non-staff funding

<sup>17</sup> Figures for historical allocations are laid out in previous editions of the Speaker's Directions and Members' Handbook and in past ARC reports.

Year	List member funding	Electorate member funding	Large electorate member funding
1996-2002	\$ 34,200	\$ 55,000	N/A
2003-2004	\$ 38,000	\$ 61,000	N/A
2004-2005	\$ 42,000	\$ 66,000	N/A
2005-2007	\$ 37,900	\$ 59,500	N/A
2007-2009	\$ 40,932	\$ 64,260	N/A
2009-2011	\$ 40,932	\$ 64,260	\$ 105,192
2011-2015	\$ 40,932	\$ 64,260	\$ 85,500

The allocations of \$34,200 for a List member and \$55,000 for an electorate member were introduced in 1996 to coincide with the first MMP Parliament. The allocation for a List member was determined by rounding up the pre-MMP allocation for an electorate member (\$34,120) and the allocation for an electorate member was increased from the pre-MMP amount to reflect the increase in electorate size that accompanied the transition to MMP. A break down of the 1996 non-staff allocation for a List member is shown in Table 3 below.

Table 3: Break down of non-staff allocation for List member (1996)

Cost	Amount
Photocopying/Printing	\$ 7,000
Postage	\$ 7,800
Subscriptions	\$ 700
Depreciation	\$ 1,250
Rent	\$ 8,450
Office Expenses	\$ 9,000
Total	\$ 34,200

## Consultations

During our consultations with members and other interested parties, the following issues regarding non-staff funding were consistently identified as significant:

Theme	Commentary
<b>Adequacy of funding</b>	<p>Members reported that the current allocation of funding does not reflect the significant costs associated with establishing and maintaining out-of-Parliament offices including:</p> <ul style="list-style-type: none"> <li>▶ Rent and operating costs</li> <li>▶ Costs associated with initial fit-out and furnishing</li> <li>▶ Costs of complying with security, health and safety requirements</li> </ul> <p>Trade-offs made by members, as a result of budgetary constraints, have negatively impacted the ability of members to discharge their duties as elected representatives, by restricting expenditure on activities related to constituent engagement and communication. These activities include:</p> <ul style="list-style-type: none"> <li>▶ Advertising, publicity and media public relations</li> <li>▶ Printing and postage for mail-outs</li> <li>▶ Costs associated with meeting constituents outside the office.</li> </ul>
<b>Equity of funding</b>	<p>A significant number of members also identified features of their particular electorate that they believed should entitle them to additional non-staff funding. These features included high rent</p>

Theme	Commentary
	costs (particularly in urban areas), large geographic size, dispersed populations and constituent demographics.

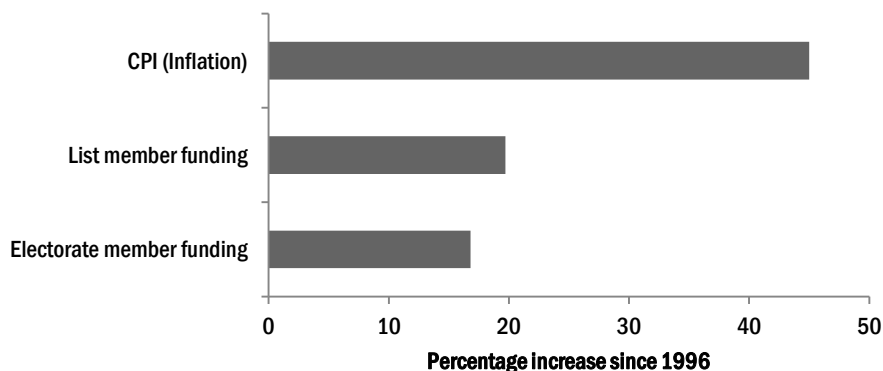
### Analysis/findings

The Committee has considered both the general quantum of non-staff funding and the equity of funding. With regards to adequacy in general, it is our view that there are two sources of pressure on current non-staff budgets, the:

- ▶ Total percentage increase in allocations since their establishment is significantly lower than total inflation since this time and there has been no change in allocations since 2007
- ▶ Baseline level of funding for non-staff expenditures has not been re-assessed since the original allocations for MMP were established in 1996 (see Table 3), meaning that even after inflation adjustment funding amounts may not reflect the current and actual costs incurred by members in discharging their Parliamentary duties

According to Reserve Bank data, Consumers Price Index (CPI) inflation between the 1996 election and the 2014 election was approximately 45%. In contrast, between 1996 and 2015 non-staff funding for List members has increased by only 19.7% and funding for constituency members has increased by only 16.8%. This can be largely attributed to the fact that there has been no change in non-staff funding amounts for List members and electorate members since 2007.

Figure 5: Total percentage increase in non-staff allocations compared to total inflation, 1996-2015



To have the same (CPI) purchasing power as allocations in 1996, current funding for List and constituency members would need to be increased to \$49,590 and \$79,750 respectively. This would constitute a 21.1% increase in the current allocation for List members and a 24.1% increase in the current allocation for constituency members.

The issue of funding equity with regards to non-staff allocations is complex. One of the most commonly suggested revisions to non-staff entitlements was a rent supplement for members in urban electorates. However, while it is true that members in major urban electorates pay greater rent per-office on average, there are also challenges associated with lower population densities found in larger rural electorates. For example, members in rural electorates are more likely to require multiple offices and likely to incur costs associated with staff travelling to meet constituents. They are also likely to face higher communications costs, such as the cost of advertising in multiple local papers.

As noted by the Fifth ARC, choices made by members regarding the location and quality of their offices and the way in which they interact with their constituents can also have a significant impact on costs, which further complicates any attempt to address equity issues through differentiated funding.

A more specific equity issue relates to the definition used to determine the 'large electorate' category. To be classified as large, an electorate must have an area of at least 12,300 km<sup>2</sup>. There are currently 13 electorates that meet this criterion and qualify for large electorate funding. A number of electorates that are close to this threshold (above or below) are listed in Table 4 below.

Table 4: Electorates close to the threshold for large electorates

Electorate	Meet current criteria	Size
Rangitikei	Yes	12,482 km <sup>2</sup>
Hauraki-Waikato	Yes	12,300 km <sup>2</sup>
Wairarapa	No	11,906 km <sup>2</sup>
Northland	No	11,566 km <sup>2</sup>
Napier	No	9,507 km <sup>2</sup>
Taupō	No	9,092 km <sup>2</sup>

The difference in area between the smallest large electorate (Hauraki-Waikato) and the largest other electorate (Wairarapa) is only 394 km<sup>2</sup>. The difference between the 15th largest (Northland) and the 16th largest (Napier) electorates is 2,059 km<sup>2</sup>. It is arguable that this is a more natural point of separation than that determined by the existing threshold.

In considering possible amendments to the existing approach to funding non-staff expenditures for members, the Committee considered information on non-staff funding models in other jurisdictions, including Australia, the United Kingdom and Canada. Of the jurisdictions considered, Australia offered the clearest example of an alternative approach to funding non-staff expenditures.

Each member of the Australian House of Representatives is provided with office accommodation, as approved by the Special Minister of State, plus equipment and facilities necessary to operate the office.<sup>18</sup> Members representing an electorate in excess of 25,000km<sup>2</sup> are entitled to a second (smaller) electorate office. All offices are leased by the Commonwealth and Ministerial and Parliamentary Services (part of the Department of Finance) is responsible for providing these offices and arranging for their fit-out, including security upgrades. Members are generally expected to occupy their predecessor's office.<sup>19</sup> Electorate office refurbishments may be approved from time to time, up to a value of \$20,000 AUD (excluding GST).<sup>20</sup>

In addition to being provided an electorate office, Australian members are allocated office ICT equipment and receive dollar allocations to meet the costs of office requisites and stationery, publications, and printing and communications.

## Conclusions

Members require funding to engage and communicate with their constituents. Allocations for electorate and List members were last adjusted in 2007. This reduction in funding in real terms reduces the ability of constituents to access the key conduit for New Zealanders to access their Parliament.

<sup>18</sup> 'Senators and members' entitlements, Summary, Accommodation and office facilities" Australian Government Department of Finance website, [http://maps.finance.gov.au/entitlements\\_handbooks/senators-and-members/Entitlements\\_Summary\\_-\\_Accommodation\\_Office\\_Facilities.asp](http://maps.finance.gov.au/entitlements_handbooks/senators-and-members/Entitlements_Summary_-_Accommodation_Office_Facilities.asp)

<sup>19</sup> 'Senators and members' entitlements, Part three: Accommodation and office facilities, 3.1.2 Accommodation" Australian Government Department of Finance website, [http://maps.finance.gov.au/entitlements\\_handbooks/senators-and-members/Part\\_Three\\_Accommodation\\_Office\\_Facilities\\_-\\_3.1\\_Electorate\\_Offices.asp](http://maps.finance.gov.au/entitlements_handbooks/senators-and-members/Part_Three_Accommodation_Office_Facilities_-_3.1_Electorate_Offices.asp)

<sup>20</sup> "Approval of electorate office refurbishments, 21 Dec. 2013" Australian Government Department of Finance website, [http://www.finance.gov.au/sites/default/files/Authorisation\\_EO\\_Refurbishments.pdf](http://www.finance.gov.au/sites/default/files/Authorisation_EO_Refurbishments.pdf)

We recommend increasing non-staff aspects of member allocations by an amount equal to the rate of inflation since the last revision to this funding. We estimate that following this increase, members would receive:

- ▶ \$98,325 p/a for large electorate members
- ▶ \$73,900 p/a for other electorate members
- ▶ \$47,070 p/a for List members

The revised allocations would require a total increase in funding of approximately \$1.03 million p/a. This increase will not account fully for the effects of inflation since allocations were originally established in 1996 but should provide adequate relief for cost pressures while Parliamentary Service carries out a review of the existing funding model (discussed below) and implements any resulting amendments.

While the Committee is of the view an immediate increase in funding is desirable to redress this situation, we are mindful that there is an existing surplus in the party and member support allocation. The current surplus is largely driven by delays in members opening offices, employing staff and incurring expenses. This means that members may live within the current allocation for the current parliamentary term, but we note that this is a three-year appropriation and that members may increase spending during the rest of the term. We also note that the surplus is being driven by reduced service levels such as out-of-parliament offices not being open, staff not employed and communication with constituents not taking place.

We would, therefore, prefer the increase to happen this term, but given the surplus there are legitimate reasons for delaying consideration of the increase until the next term of Parliament or should the expenditures increase as can be expected in the following financial year due to Members having engaged all their staff and the consequential increase in activity, consideration could be given to the increase being implemented earlier if the activity and expenditure justifies this.

In addition to an increase in funding to offset inflationary pressures, it is the view of the Committee that the funding model for members' non-staff expenditures should be revisited. This view is supported by observations that the current funding model:

- ▶ Has resulted in tensions on non-staff budgets, as evidenced by consultations with members and support staff
- ▶ Does not support regular updates to mitigate the effects of rising costs, as evidenced by the fact that non-staff funding amounts have been unchanged since 2007
- ▶ Does not ensure that funding reflects actual costs incurred, as evidenced by the fact that the cost profile used to calculate funding amounts has not been updated since allocations were originally established in 1996

If an increase to non-staff the funding allocation is not made this term, we recommend that the increase be made in conjunction with this wider review of members' expenditure and requirements.

The Committee does not have the mandate, time or data to fully develop, test and propose a new funding model. We have, however, considered the relevant issues at length and have a number of suggestions that should be taken into account when changes to the model are designed and implemented.

### Fixed electorate offices

It is our view that New Zealand should adopt the practice of establishing fixed electorate offices that are funded, leased and fitted-out by Parliamentary Service. Retaining fixed offices will increase cost-efficiency by allowing investment in offices, including ICT fit-out, security upgrades, health and safety features, and furnishings, without the risk that the office would be closed and these investments lost following a change in representation for a given electorate. Under current arrangements, the costs incurred in office fit-out are sunk and investments are left stranded when offices are relocated.

Currently, many out-of-Parliament offices do not meet minimum security requirements owing to a misalignment of the responsibility for financing security upgrades and incentives for ensuring that offices comply with security standards (discussed further in section 7.4). The process of selecting and setting up an out-of-Parliament office can also be time

consuming, meaning that new members are not able to effectively access their constituents immediately after taking office. Establishing fixed offices would allow Parliamentary Service to ensure that office security complies with minimum standards and would prevent delays in access and representation by ensuring that offices are already prepared when new members are elected.

The transition from the current model to the model outlined above will need to be carefully managed to ensure that the:

- ▶ Transition does not interrupt the electorate operations of members who already have established electorate offices
- ▶ Office selection process involves multiple parties, as members from different parties can be expected to occupy a given office at different points in time

The Committee recommends that the new approach be phased in by establishing a new fixed office only when there is a new member for a given electorate or if a returning member volunteers to move to the new model. When a fixed office is to be established, Parliamentary Service and members from a range of parties should work together to find a suitable property that befits the office of a local Member of Parliament, that is available for long-term lease and is able to be upgraded to meet security and health and safety requirements at a reasonable cost. All fixed electorate offices should be easily accessible, both in terms of their geographic location and ability to allow access for constituents with physical disabilities.

We recommend that the establishment of any proposed fixed office require approval from the PSC (Parliamentary Service Commission, a committee comprised of representatives from each Parliamentary party and chaired by the Speaker) before a lease is signed, to ensure cross-party support. We recommend that consideration also be given to the establishment of multiple electorate offices in larger electorates or electorates with more than one significant population centre, up to a maximum of three offices. The number of offices established in an electorate should be agreed through the same process used to select office location.

Offices for List members cannot be fixed in the same way as those for electorate members. This is because not all List members choose to have out-of-Parliament offices, some parties provide hub offices and List members do not have fixed locations, such as constituencies. Our view, therefore, is that the existing model for out-of-Parliament offices should remain for List members but that any office they choose to establish must comply with health and safety and security standards, as set out by Parliamentary Service.

### Funding calculation and allocation

The Committee recommends that revisions be made to the amount of non-staff funding that members receive to support them in discharging their duties as elected representatives and the way in which funding amounts are determined. It is our view that such revisions are necessary because:

- ▶ Allocations are not currently informed by analysis of the expenditures that members are expected to make and subsequent benchmarking to ensure that allocations are sufficient to cover these expenditures
- ▶ New allocations are required to complement the move to a fixed-office system, as members will no longer be required to meet costs of establishing and maintaining an office from their non-staff budget

In designing and implementing a new calculation method for non-staff allocations, we suggest that the following principles be considered:

- ▶ Transparent – method of calculation for funding amounts is clear
- ▶ Simple – calculation method is easy to understand and administration costs are not excessive for Parliamentary Service or for members and their staff
- ▶ Uses requirements – process involves building representative expenditure profiles based on member requirements, which are then benchmarked to inform total funding
- ▶ Easy to update – including both inflation adjustment and revision of funding baselines
- ▶ Flexible – members retain the ability to tailor expenditures to their particular style of constituent engagement and management

These principles must be balanced for the proposed revisions to non-staff funding to be effective. While there are a number of factors to consider in determining the funding allocations provided to members, we do not recommend that the funding model attempt to calculate precisely all these possible factors. We believe this will lead to unnecessary complication. The model should, though, provide adequate and reasonable funding for members that allows for a range of requirements and different needs.

The issue of rent differentials will be addressed by the proposed move to fixed offices, as rent costs will no longer be met from member support allocations. It is our view that the existing distinction between large electorates and other electorates should be retained to recognise the challenges associated with a widely dispersed population and large geographical areas. The Committee recommends that the new model for calculating funding allocations be developed within the term of this Parliament, and that implementation of this new funding model and the transition to fixed electorate offices begin with new members elected in the 2017 general election.

### Large electorate threshold

The Committee recommends that the large electorate threshold be adjusted to include the Wairarapa and Northland electorates in the large electorate category. The difference in area between Wairarapa and the smallest of the electorates currently classified as large (Hauraki-Waikato) is only 394 km<sup>2</sup> while the difference in area between Northland and the next largest electorate (Napier) is 2,059 km<sup>2</sup>. Both Wairarapa and Northland are also long, narrow electorates with dispersed population centres and, consequently the distances that members representing these electorates must travel to meet their constituents are similar to those faced by those representing larger electorates. It is the view of the Committee that reclassifying Wairarapa and Northland electorates will result in a more natural separation between the large electorate and other electorate categories. This change will cost approximately \$0.19 million p/a.

### Support staff funding

A member's staff funding covers all costs associated with the employment of their support staff, both in Parliament and in out-of-Parliament offices.

Prior to the implementation of the 2014 Speaker's Directions, members were allocated a number of hours to engage support staff. The Speaker's Directions 2011 provided the following allocations:

*Table 5. 2011 to 2014 support staff allocations (hours)*

Type of member		Staffing Hours	Approximate FTE
<b>Non-Minister</b>	Large electorate	8,633	4
	Other electorate	6,499	3
	List	4,365	2
<b>Minister</b>	Large electorate	6,202	3
	Other electorate	4,268	2
	List	2,134	1

The Fifth ARC recommended that the allocation of support staff funding shift from an allocation of hours to a new system based on dollars. This change was intended to provide better control over the total funding envelope for support staff and allow members greater flexibility to make decisions regarding the type of staff best suited to support them.

To accompany the shift from hour allocations to dollar allocations, Parliamentary Service worked with members and support staff to develop seven new job descriptions. Each job description fits into one of three job families. Each job family has three levels, with each level progressively requiring additional responsibilities, skills and knowledge. Each new job description has an associated salary band,<sup>21</sup> which was set using benchmark market data in 2014. Annual increases are provided for each year of the current Parliamentary term to account for projected inflation. The job families are shown in Table 6 below and associated salary bands are provided in Appendix F: Member support staff salary bands.

Table 6: Job families

Level	Executive Assistant Job Family	Out-of-Parliament Job Family	Policy, Research and Communications Job Family
1	Administrative Assistant	Administrative Assistant	Administrative Assistant
2	Executive Assistant	Member Support	Policy/Research/Assistant Communications
3	Senior Executive Assistant	Senior Member Support	Policy/Research/Advisor Communications

Support staff funding amounts for the 51st Parliament are shown in Table 7 below. These amounts are comprised of the member's staff sub-allocation, along with the 10% of staff funding that is included in the member's general allocation (see Appendix D: Support allocations for individual members).

Table 7: Post-2014 support staff funding (dollar budget)

Type of Member	Year 1 (2014/15) Staff funding	Year 2 (2015/16) Staff funding	Year 3 (2016/17) Staff funding	
<b>Non-Minister</b>	Large electorate	\$ 264,992	\$ 269,332	\$ 273,674
	Other electorate	\$ 201,552	\$ 204,852	\$ 208,154
	List	\$ 197,808	\$ 201,048	\$ 204,290
<b>Minister</b>	Large electorate	\$ 134,368	\$ 136,568	\$ 138,770
	Other electorate	\$ 130,624	\$ 132,764	\$ 134,905
	List	\$ 67,184	\$ 68,284	\$ 69,385

The amounts recognise the change from hour allocations to dollar allocations for members' support staff and provide each member type with funding to employ the corresponding number of staff FTEs shown in Table 5 at the top step of the salary band for a level 2 role from any of the job families shown in Table 6 (i.e., Executive Assistant, member Support or Policy/Research/Communications Assistant). The allocations include all financial obligations under the applicable employment agreement e.g., annual leave, ACC levies and employer contributions to KiwiSaver.

Support funding allocations are designed to be flexible; the member may choose any combination of full- or part-time staff from any job family and at any level, as long as the cost of their total staffing profile is within their budget.

Parliamentary Service employs member support staff, while the member acts as their day-to-day manager. Table 8 below details Parliamentary Service and members' individual and shared responsibilities under this three-way employment relationship.<sup>22</sup>

Table 8: Division of employer responsibilities under three-way employment agreement

Parliamentary Service responsibilities	Member responsibilities	Shared responsibilities
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<sup>20</sup> Within each salary band there are five steps.

<sup>22</sup> These responsibilities are listed in the guide for engaging and managing support staff, issued by Parliamentary Service as part of the 2014 Speaker's Directions policies, procedures and guidelines.

<ul style="list-style-type: none"> <li>▶ Employment agreements</li> <li>▶ Salaries</li> <li>▶ Leave facilitation</li> <li>▶ Training and network group meetings</li> <li>▶ Induction delivery</li> <li>▶ Professional support</li> </ul>	<ul style="list-style-type: none"> <li>▶ Determining staff and office needs</li> <li>▶ Providing direction / agreeing duties with staff</li> <li>▶ Leave timing</li> <li>▶ Encouraging training</li> <li>▶ Monitoring activity</li> <li>▶ Providing regular feedback</li> </ul>	<ul style="list-style-type: none"> <li>▶ Identifying requirements and competencies</li> <li>▶ Recruitment</li> <li>▶ Managing leave</li> <li>▶ Performance enhancement</li> <li>▶ Health and safety</li> <li>▶ Office safety and security</li> <li>▶ Termination of employment</li> </ul>
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Parliamentary Service supports members through the recruitment process and can provide advice on all aspects of staff management. A member may indicate the type of work they need done by their support staff, and Parliamentary Service will determine the appropriate job description and provide members with a shortlist of suitable candidates. After a member has nominated their preferred candidate, the candidate is placed on the corresponding salary band (see Appendix F: Member support staff salary bands), taking into account their skills, experience and qualifications.

## Consultations

During our consultations, the following issues were seen as significant:

Theme	Commentary
<b>Parliamentary Service job descriptions and salary bands</b>	Members reported that job descriptions do not accurately reflect the roles and responsibilities of their staff or that the associated salary bands did not allow them to provide staff with the level of compensation that they believed to be appropriate.
<b>Administrative burden of managing a dollar budget</b>	Members reported that there is additional administrative burden associated with managing a dollar budget rather than an hours-based allocation, such as management of cover for annual leave. Members also suggested that the responsibility for managing a dollar budget exposes them to additional risk.
<b>Three-way employment relationship</b>	Some members and Parliamentary Service staff reported that the division of responsibilities between member and Parliamentary Service in the three-way employment relationship is sometimes not clear enough, especially where responsibilities are 'shared'. This can result in gaps where neither Parliamentary Service nor the member fully discharges a certain responsibility (e.g., security of out-of-Parliament offices).
<b>Type of staff used in funding calculations</b>	Some members suggested that funding calculations should use the salary band for a level 3 role, to allow them to recognise long-serving and experienced staff members.
<b>Hours worked by staff</b>	Some members and staff reported that staff work longer hours than they are compensated for.
<b>Requirements for additional staff</b>	In some cases members noted that particular challenges associated with their constituency mean that additional requirements are placed on staff. For example, owing to high needs or specific local events out-of-Parliament office staff may experience higher caseloads or be required to travel to meet constituents. An electorate may be high needs owing to its demographic or geography.

## Analysis/findings

The issues raised during our consultations in relation to staff funding are broadly associated with either the:

- ▶ Model used to fund and employ member support staff, including the method of allocation (i.e., hours or dollars), job descriptions, salary bands, and division of employer duties and administrative tasks under the three-way employment agreement
- ▶ Size of the dollar allocation provided to members, including the number of staff that this allocation allows members to employ, the roles that they can be employed in and funding for leave cover

Given that members are day-to-day manager of support staff, the only possible alternative to the existing three-way employment model is for members or Parliamentary parties to employ support staff directly. In our view there are a number of benefits to Parliamentary Service remaining the employer of support staff, including consistency in the recruitment process and delivery of human resources (HR) support. Having Parliamentary Service responsible for the

administrative burden and legal liability associated with the employer role also allows members to focus on their Parliamentary duties. These considerations indicate that increased clarity surrounding the division of roles and responsibilities is preferable to a revision of the existing employment arrangement.

With regards to the adequacy of staff funding, the Committee has considered both the level and number of staff used to calculate allocations. Allocations are currently calculated to provide members with a certain number of staff in level two positions. The distinction between level two and level three job descriptions is not tenure based but is related to the staff member's role. Level three staff are responsible for the management of a member's offices, including other staff and budgets. In our visits to out-of-Parliament offices, it was the observation of the Committee that in most offices a particular staff member was responsible for management of the office, including staff and budgets. These staff members were often employed in level 2 roles owing to the impact of funding limits, despite their managerial responsibilities.

Our visits to out-of-Parliament offices showed most appeared to be functioning adequately with the existing number of staff, though naturally staff reported that they could do more for constituents if they had more support. In some offices, however, there were indications that staff numbers were insufficient, such as reports that staff work more hours than they are paid for. Typically, these reports came from the staff of members who transfer a portion of their individual funding to supplement party budgets. This makes it difficult to determine whether the number of staff funded for is actually insufficient, as in these instances funding is impacted by party decisions regarding resource allocation. Further, many members do not currently collect information on caseloads or case duration in any way that is systematic and consistent across offices, making it difficult to verify whether some offices deal with more cases than others or whether caseloads have increased over time.

Currently, members' staff allocations are calculated to provide sufficient funding to meet salaries and other costs of employment, such as ACC levies and KiwiSaver contributions and to provide three weeks' leave cover per staff member. Employment agreements, however, entitle staff to five weeks' annual leave, including two weeks of consecutive leave. This discrepancy between the amount of leave cover provided for and staff leave entitlements has forced some members to close their offices for greater lengths of time, thus limiting constituents' access to their elected representatives.

## Conclusions

The ARC does not recommend that any substantive change be made to the model used to fund and employ member support staff. Allocation of budgets in dollars rather than hours, while slightly increasing the administrative burden faced by members, prevents overspend and has facilitated increased flexibility for members to move funding between staff and non-staff budgets. The new job descriptions and salary bands were developed using a robust process, including specialist third-party support and input from members and parties, and salary bands were benchmarked to ensure that remuneration levels for support staff are reflective of market salaries.

The Committee does recommend, however, that increased clarity be provided regarding the division of employment responsibilities between Parliamentary Service and members, in respect of member support staff. The current Parliamentary Service guide for engaging and managing support staff provides a list of responsibilities for each party but these lists are not sufficiently detailed and also include a number of 'shared' responsibilities for which the expectations of each party are not explicitly clear.

We recommend that staff funding calculations be revised to provide members with sufficient funding for one FTE in a level three role (note that this does not imply an increase in the number of FTE but an increase in level for one of the FTEs already allocated). This additional funding should be available to a member only if he or she employs at least one staff member in a level three role. This will result in staff being recognised for managerial responsibilities, including the increased administrative burden associated with more flexible budgets and the move from hours to dollars and will require a funding increase of approximately \$0.45 million p/a. To promote accessibility to members and the Parliamentary process, we also recommend that calculations be adjusted to provide sufficient funding for five weeks' cover per-FTE rather than three, so that members are able to keep their offices open and fully staffed year-round. This will require a funding increase of approximately \$0.52 million p/a.

## ICT equipment funding

Prior to the 51st Parliament, members were provided with a fixed set of ICT equipment for their own use and a fixed set for use by support staff. Any additional ICT costs were met from the member's individual support (non-staff) budget.

The 2014 Speaker's Directions introduced a dedicated ICT equipment budget for each member, which is used to fund ICT equipment for the member's direct use during the term and for use in the member's Parliamentary and out-of-Parliament office(s). The size of the allocation is determined by the type of member and the full amount is available from the first year of the term. Allocation amounts are shown in Table 9 below.

Table 9: ICT equipment funding allocations for individual members

Type of Member	ICT equipment allocation per term
Large electorate member	\$ 10,280
Electorate member	\$ 9,060
List member	\$ 7,840

The allocations shown in Table 9 are calculated to provide the member with adequate funding for ICT equipment for:

- ▶ Member use, including one laptop or tablet, one iPad, one iPhone, one car-kit and one docking station with a monitor
- ▶ Staff use, including one desktop computer and one monitor per staff member (the number of staff FTEs used in the funding formula for each member type are shown in Table 5)

The ICT allocations are flexible and may be used to purchase any alternative combination of ICT equipment. In addition to the ICT equipment allocation, the following ICT costs may be met from a member's non-staff or general purposes allocations or from the Members' Communications Appropriation:

- ▶ The use and provision of multi-function devices (MFDs) on the Parliamentary precinct
- ▶ The use of MFDs in the member's out-of-Parliament office
- ▶ Printing in the member's out-of-Parliament office
- ▶ Any additional ICT equipment for the member or their staff, for use in their in or out-of-Parliament office(s)
- ▶ Telephony-related equipment on the Parliamentary precinct
- ▶ Telecommunications costs for members
- ▶ High-speed internet services and a phone landline for their home and Wellington residence
- ▶ A wireless router and secure high-speed internet services and a phone landline for each out-of-Parliament office
- ▶ Standard Microsoft Office productivity software
- ▶ A single function device (SFD) printer for use in the member's Parliamentary office and the costs associated with it

The changes to the way in which ICT funding is allocated to individual members represent a significant increase in flexibility. Members are now able to prioritise expenditures to obtain the devices that most effectively enable them to communicate with their staff and constituents and discharge their Parliamentary duties.

In addition to these changes in funding, the ICT Group has introduced an option for members to 'bring their own' devices, as long as these devices are compatible with the Parliamentary network. A list of fully compatible and partially compatible devices has been provided to members. Parliamentary Service provides training for members and staff in the use of all compatible devices.

## Consultations

During our consultations the following issues were raised with regards to ICT equipment allocations:

Theme	Commentary
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Theme	Commentary
<p><b>Adequacy of allocations</b></p>	<p>Most members and staff felt that funding provided for ICT equipment was broadly adequate. There was general approval of the increases in allocation flexibility. Members also noted a marked improvement in the level of support provided for new devices in recent years.</p> <p>It should be noted that many returning members have ICT equipment that they have retained from the previous term and opinions regarding the adequacy of ICT allocations may change as existing hardware becomes outdated and needs to be replaced.</p>
<p><b>ICT requirements in out-of-Parliament offices</b></p>	<p>A number of members expressed concerns related to the provision of ICT equipment for staff working in out-of-Parliament offices.</p> <p>A number of members suggested that funding is not sufficient to provide mobile devices for out-of-Parliament office staff, such as mobile phones and laptops. Members questioned the relevance of providing a landline only given:</p> <ul style="list-style-type: none"> <li>▶ The need for staff to travel frequently to meet constituents</li> <li>▶ Changes in the way in which people and businesses interact which demand greater mobile connectivity</li> </ul> <p>Some members also noted that where multiple part-time staff were employed, allocations did not allow them to provide equipment for each staff member.</p>

### Analysis/findings

In response to the issues raised in our consultations, the Committee considered the technology requirements of member support staff, with a focus on mobility and the implications of hiring part-time staff.

Most businesses provide their staff with mobile devices to ensure they can connect with clients and colleagues regardless of location, taking advantage of the flexibility and opportunity that technology provides.

Currently, ICT allocations do not provide staff with mobile technology required to communicate and access information when operating outside of the office. During our visits to out-of-Parliament offices, the Committee was informed by support staff that they are often required to engage with constituents outside the office for a variety of reasons. For example:

- ▶ Constituents may be unable to leave their home owing to a disability
- ▶ Constituents may require support in their interactions with government agencies, such as Work and Income or Housing New Zealand
- ▶ Clinics may be held in communities that are a considerable distance from the member's out-of-Parliament office (especially in larger electorates)

The ICT budget for each member is calculated to provide a computer and monitor for each FTE used in the calculation of the member's staff budget. As such, if the member employs staff in full-time roles they will have sufficient ICT funding to provide each staff member with a computer. If, however, they employ multiple part-time the staff allocation will be insufficient to provide each with a computer. Often members employ a number of part-time staff to meet their office and constituent needs.

### Conclusions

Technology is increasingly used by members and their staff to facilitate interaction with constituents, and out-of-Parliament support staff are often required to attend meetings outside of the office. We recommend adjusting the funding formula for ICT equipment allocations to provide members with sufficient funding for mobile phones and laptop computers for out-of-Parliament support staff. Based on the prices of the laptops and mobile phones currently available to purchase through the Parliamentary campus store, we estimate that this recommendation will require an increase in funding of approximately \$0.22 million p/a. The flexibility of current allocations should be retained so that

members may use this additional funding to purchase mobile phones or laptops or may use it to purchase other ICT equipment the member or their staff require.

The ICT equipment allocation was introduced with the 2014 Speaker's Directions, and is a three-year allocation intended to meet members' ICT equipment needs throughout the Parliamentary term. While members generally stated that allocations were adequate, less than one year of the current term has passed. The ARC is therefore unable to fully assess the adequacy of these allocations, as any budgetary tensions are likely to occur closer to the end of the three-year period. We therefore recommend that the adequacy of ICT allocations be reassessed by the seventh ARC.

## Party and Leadership funding

Party and leadership allocations are used to fund the leader's and Whip's offices and the research operations for each party. While these allocations are flexible, in most cases, staff-related expenses are the most significant costs incurred, including both employees and contractors. Typically, the larger parties have also used a significant percentage of their party and leadership funding to undertake research activities. It is also common for parties to allocate some of this funding to pay for international travel and accommodation, and advertising.

Currently, parties receive:

- ▶ Leadership funding of \$100,000 p/a for each party, plus \$64,320 p/a for each non-Executive member in the caucus
- ▶ Party and group funding of \$22,000 p/a per member in the caucus to fund the party's Parliamentary operations, including the Whip's office and research operations and \$3,744 per non-Executive caucus member that may be used by a party to provide staff to replace an executive assistant who is on leave

Aside from the introduction of the \$3,744 per member to provide leave cover, these amounts have been unchanged since 2007.

Members of some parties transfer a portion of their individual member support funding to supplement the party and leaders' budgets. The proportion of funds transferred depends on a member's party, and member type (i.e. list or electorate).

## Consultations

During our consultations with party leaders, Whips and chiefs of staff, the following issues were raised with regards to party and leadership allocations:

Theme	Commentary
<b>Adequacy of allocations</b>	Market salaries are rising, while allocations have remained fixed since 2007. As staff costs make up the majority of leader's and Whip's office expenses, parties can no longer afford the same level of capability they have had in the past. A particular area that has reportedly suffered is party research units. Research tasks are now often the responsibility of the offices of individual members, meaning that research work is done either by the Parliamentary Library or member support staff.
<b>Adequacy of support for opposition parties</b>	Opposition parties believe they cannot adequately fund their Parliamentary party offices without drawing from support budgets for individual members. Those consulted believed this to be a significant issue affecting their ability to function as an effective opposition and provide appropriate challenge to Executive Government across the spectrum of issues.  It was suggested to the Committee that a possible way to address this would be to support opposition parties in key portfolio areas by funding them for secondees from relevant government departments.
<b>Resources available to leader of the opposition</b>	The Leader of the Opposition's Office has additional duties that are not fully reflected in the additional resources provided to this office. These duties include ceremonial roles, an obligation to coordinate with other opposition parties and dealing with constitutional issues that require the Executive Government to consult with the opposition.
<b>Funding for smaller parties</b>	A number of parties stated that the existing funding model does not provide adequate support to smaller parties that are not able to afford dedicated Parliamentary research and

communications staff and are thus restricted in their ability to develop views on all bills that come before the house.

## Analysis/findings

The Committee considered both the general adequacy of Party and Leadership allocations, and the equity of these allocations, with a focus on the resourcing of small parties and parties in opposition.

The current Party and Leadership allocations have remained unchanged since 2007. Inflation (CPI) since the last increase has been 15%. This has resulted in significant pressures on these budgets. The practice of transferring funds from individual members to parties indicates that static Party and Leadership allocations are also contributing to observed tensions on individual member support budgets.

During our consultations, smaller parties suggested the current funding model does not provide them with sufficient resource. The Committee recognises there are significant costs associated with the effective management of a Parliamentary party, including some minimum level of communications, policy and research support.

In our discussions with parties and with Parliamentary Service, it was suggested that the resource available to opposition parties is not currently sufficient. In examining the relative funding between opposition parties and parties in Government, the Committee considered the resources available to each party. Parliamentary funding is calculated using the formula outlined earlier and includes fixed and variable leadership funding, as well as a per-member allocation to fund the Whip's office and research activities. Total per-annum Parliamentary funding received by each party for the 51<sup>st</sup> Parliament is shown in Table 10 below.

Table 10: Per-annum funding amount for each party (51<sup>st</sup> Parliament)

Party	Number of Members	Parliamentary Funding	Ministerial Support
National	59	\$3,742,526	Yes
Labour	32	\$2,982,048	No
Green	14	\$1,360,896	No
NZ First	11	\$1,132,814	No
Maori	2	\$212,064	Yes
United Future	1	\$122,000	Yes
ACT	1	\$122,000	Yes

In addition to Parliamentary funding, Ministers receive substantial resources from Ministerial Services and support from the government departments associated with each Ministerial portfolio. These resources are intended to support them in their roles as Ministers, rather than their roles as members. There is, however, an unavoidable overlap where activities undertaken using Ministerial resources and departmental support will enhance the ability of governing parties to develop policy and engage in effective Parliamentary debate. Opposition parties do not have access to the same level of resources and support.

Part of the role of Parliament is to provide an effective check on the Executive Government. Parliament requires a well informed opposition for this check to be effective. It is the view of the Committee that an effective opposition requires some minimum level of support in key portfolio areas to support them in critiquing policy, in the same way that Ministers receive support from the departments associated with their respective portfolios to aid them in policy development. An effective way to ensure that opposition parties receive support in these areas is to provide them with the resources required to second advisors from core government departments.

## Conclusions

Allocations were last adjusted in 2007. We recommend adjusting all allocations for CPI inflation since this time. As the majority of costs incurred are staff-related and wage inflation has been greater than CPI inflation across the period in question, this increase is unlikely to account fully for the cost pressures on Party and Leadership allocations since 2007. The increase will, however, be complemented by further revisions to the funding model, discussed below.

In addition to adjusting all allocations for inflation since 2007, we recommend increasing the fixed component of leadership funding by a further \$85,000. This will result in a total fixed leadership allocation of \$200,000, an amount that we believe will provide parties with sufficient funds to cover the fixed costs of core staff. These changes will require a total funding increase of approximately \$2.00 million p/a. Following the changes, each party will receive:

- ▶ Leadership funding of \$200,000 p/a, plus \$73,970 p/a for each non-Executive member in the caucus
- ▶ Party and group funding of \$25,300 p/a per member in the caucus to fund the party's Parliamentary operations, including the Whip's office and research operations

To provide the opposition with the resources required to effectively fulfil its role, we recommend that opposition parties be provided with the following funding allocations, which may be used to second staff from core government departments. This funding is explicitly for policy advice only:

- ▶ \$450,000 p/a for the party that supplies the leader of the opposition
- ▶ \$150,000 p/a for any other opposition party that has at least six members (and thus met the 5% party vote threshold in the most recent general election)

Allocations are calculated assuming an annual salary of \$150,000 for a Senior Advisor role, to provide sufficient funding for approximately three FTEs to the party that supplies the leader of the opposition and one FTE to any other party with at least six members. The current number and size of parties in opposition means this recommendation will require a total of \$0.75 million p/a in additional funding.

These funding allocations should be provided in addition to Parliamentary funding allocated through the existing funding model. Parties should not be permitted to use this additional funding for any purpose other than financing secondments from government departments (i.e., funding should be ring-fenced).

## Party and Member Support recommendations

In summary, we have made the following recommendations in respect of Party and Member Support allocations, which will require a total increase in non-departmental funding of approximately \$5.17 million p/a:

- ▶ Increase current non-staff funding for individual members and Party and Leadership funding allocations to offset the effects of CPI inflation since 2007 and increase fixed leadership allocations to \$200,000 to recognise the fixed costs of operating a Parliamentary party (total increase in funding of approximately \$1.03 million p/a non-staff funding and \$2.00 million p/a Party and Leadership funding)
- ▶ Adjust the large electorate threshold to include the Wairarapa and Northland electorates in the large electorate category, resulting in a more natural separation between the large electorate and other electorate categories (funding increase of approximately \$0.19 million p/a)
- ▶ Provide funding allocations to opposition parties to allow for secondments from major government departments (estimated increase in funding of approximately \$0.75 million p/a)
- ▶ Adjust calculations for support staff allocations to provide members with funding for one senior (level 3) staff member (with other FTEs remaining at level 2) to recognise managerial responsibilities of staff in out-of-Parliament offices (total increase in funding of approximately \$0.45 million p/a). Additional funding should be available only if a staff member is employed in a level 3 role
- ▶ Adjust calculations for support staff allocations to provide all members with funding for five weeks of leave cover per-FTE in out-of-Parliament offices rather than three weeks, to allow members to keep their offices open and fully staffed year-round (total increase in funding of approximately \$0.52 million p/a)

- ▶ Adjust calculations for ICT equipment allocations to provide additional funding based on the cost of mobile technology for out-of-Parliament office staff (estimated increase in funding of approximately \$0.22 million p/a)

In addition to the above changes to support allocations, we have made the following recommendations:

- ▶ Adopt the practice of establishing fixed electorate offices which are funded, leased and fitted-out by Parliamentary Service. These should be chosen in consultation and with the consent of the PSC. Current members should retain the right to choose and lease existing offices, but as these change, or as members choose, the new arrangements should be put in place
- ▶ Develop for the next Parliamentary term a new model for calculating non-staff funding allocations, to complement the move to fixed electorate offices and to ensure that funding reflects the costs that members actually incur in their duties as elected representatives

## 7.2. Core Services

### Background

Parliamentary Service is divided into four business groups that provide services to members and other users of the Parliamentary precinct<sup>23</sup>: Shared Services, Precinct Services, the Parliamentary Library, and the Information Systems and Technology Group.

The core business services of the groups are funded from the Operations, Information and Advisory Services multi-class output appropriation. The groups also provide some services that are funded from non-departmental appropriations, including travel services for members and members' communications.

As noted earlier, the Committee determined that the adequacy of funding for the Parliamentary Library and for the Precinct Services group should not be considered by this review, but should be addressed in the report of the seventh ARC. The analysis of services undertaken in this section is therefore focused on:

- ▶ Information Systems and Technology (IST) Group
- ▶ Learning and development provided by the Shared Service group and other Parliamentary Sector agencies
- ▶ Accessibility of Parliament

### Information Systems and Technology

ICT Services are critical to meet the operational needs of members and their staff. The Information Systems and Technology Group (IST Group) is responsible for computing facilities, information sharing, telecommunications and associated advisory services on the Parliamentary networks across the Parliamentary precinct and for out-of-Parliament offices. The IST Group is funded from the Parliamentary Information and Communications Technology Services appropriation. The appropriation for IST for 2015/16 is \$14.073 million. In addition to providing support for members and Parliamentary Service staff, the IST Group provides various ICT services to other agencies operating within or adjacent to the Parliamentary precinct, including:

- ▶ The Office of the Clerk
- ▶ Ministerial Services (Department of Internal Affairs)
- ▶ The Department of the Prime Minister and Cabinet
- ▶ State Services Commission
- ▶ Parliamentary Counsel Office

Parliamentary Service receives third-party revenue from these groups and is currently developing a cost-of-service model to ensure it is recovering the full value of services provided.

The IST Group also manages and maintains the precinct network. The network has been developed over the last decade, with limited consideration for scalability and supportability over time. There was a network failure in February 2015 that disrupted Parliament; it highlighted that the network no longer had the stability to handle the scale of usage required.

The IST Group has developed an Information Systems Strategic Plan for 2013-2017. This plan outlines the Group's strategic intentions, which include: improvements in the engagement between IST and its customers, building its core capability and bringing in the most effective solutions possible.

Datacom is contracted by Parliamentary Service to provide the IST Helpdesk function for both members and Parliamentary Service staff. Datacom has been providing these services since 2010 and is coming to the end of its 3+1+1 contract in March 2016. Datacom operates a team on the precinct to manage issues raised on site, and also has a number of offices around the country that enable technicians to visit the out-of-Parliament offices if needed. Datacom is contracted to deliver 20 Key Performance Indicators (KPIs), which are weighted by importance. Datacom's

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<sup>23</sup> The Precinct Group and the Library provide services to all visitors and tenants of the precinct. Parliamentary Service also provides some shared services to other agencies working on the Parliamentary precinct, such as the Office of the Clerk, and the Department of the Prime Minister and Cabinet. In the main these shared services comprise ICT, Precinct Services and Security. Parliamentary Service derives some supplementary revenue from these shared services.

KPIs are currently being renegotiated and are expected to include higher levels of service. The new KPIs will come into effect prior to the current contract ending in March 2016.

Parliamentary Service offers the standard Office suite to members and their staff at no cost and fully supported by the helpdesk. There is also an extensive Whitelist of other applications the helpdesk will support. However, the cost of the licence for the software must come from the member's support budget.

Since the 2011 election, the IST Group has made a number of improvements. It has phased out BlackBerry devices and moved members onto smartphones (e.g., iPhones) with secure mobile email services from 'Good for Enterprise'. This was in response to members' requests to be able to use smartphone technology and to remain compliant with the standard of email security needed.

The IST Group has also enabled members to be more mobile by providing and supporting a range of tablet computers, such as iPads, improving work flexibility. In addition, the IST Group has worked to strengthen the infrastructure to support more stable email services.

One of the core themes of Parliamentary Service's Vision 20/20 is "Technology is a key enabler". The IST Group has developed a number of business initiatives to deliver on this vision. These include transitioning the out-of-Parliament offices to the 'Office in a Box' solution. This solution will enable offices to connect to the Parliamentary precinct and the internet up to 20 times faster than the current technology allows. To date, 40 offices have been upgraded, with the remaining funded for upgrades in the next twelve months.

In the next year the IST Group will redesign the core network to improve its resilience. This follows a 48-hour outage that occurred during a sitting week in February 2015. A back-up solution is available in Auckland, which is reliant on the core network being available, which it was not at the time of failure. The network infrastructure project will improve network reliability and resilience and be implemented alongside other technology upgrades and simplification of the environment.

## Consultations

Consultations undertaken as part of this review provided the following feedback on the level of IST Group's services:

Theme	Commentary
<b>Performance of Services</b>	<p>Members and support staff reported that the IST Group had made significant improvements in recent years. However, they believed there was still room for improvement. Members and support staff wanted ICT to be more 'service oriented' and to have more face to face contact. Some members felt that solutions were not permanent, service levels appeared inconsistent (particularly at out-of-Parliament offices), and wait times were excessive.</p> <p>Some out-of-Parliament office staff reported that internet access was poor, however, this was typically from offices that had not received the 'Office in a Box' upgrade detailed above.</p>
<b>Communication</b>	<p>Members and support staff reported that the communications on new initiatives and upgrades from the IST Group were inadequate.</p>
<b>Mobility</b>	<p>Members, and especially support staff, felt there was insufficient support for mobile working.</p>
<b>Fragile infrastructure</b>	<p>Members reported that there was a 48-hour network outage in February, which disrupted Parliament. Members also commented that the systems were slow.</p>
<b>Tools for the Job</b>	<p>Members and support staff expressed a strong desire for a CRM (customer relationship management) system to enable them to effectively manage their caseloads. Some members stated that project management software would also be helpful. Neither system is available on the suite of Office products provided to members and staff and</p>

Theme	Commentary
	would have to be purchased out of the member's support budget. Generally, members wanted the ICT helpdesk to support a broader range of devices and software.

## Analysis/findings

### Service levels

Achievement of KPIs has been improving month on month. In February this year 85% of KPIs were met, in March 95% and in April 100%. KPIs include:

- ▶ Priority applications are available 99.8% of the time during business hours
- ▶ At least 75% of all incidents are resolved within 30 minutes
- ▶ At least 90% of incidents with priority applications at out-of-Parliament offices are responded to on site, within six business hours
- ▶ 90% of new hardware is provisioned within 24 hours of approval of request

'Priority applications' include email services, standard office applications and network files, internet access, remote access, the Parliament website and a number of other core services. Over the last two years, the number of incidents received by the Datacom Helpdesk has steadily decreased<sup>24</sup>.

Support staff noted in consultations that there was no CRM (Customer Relationship Management) system<sup>25</sup> or case management tool available as standard<sup>26</sup> to out-of-Parliament offices. Case management is the core work of an out-of-Parliament office and makes up the majority of the workload. Offices often receive complex cases that can take months to resolve. A CRM system would enable a logical, consistent and reportable method of managing these cases and support the logging and tracking of every point of contact with the constituent and any relevant government agency.

Customer or case management tools are part of standard practice for law and accounting firms and many other service-oriented businesses. Providing a tool to manage cases would bring the capability of out-of-Parliament offices up to standard practice. This would enable the staff to effectively manage their caseloads and the member to quickly and easily see the case history of a particular constituent. Members would also benefit from the management reporting of a CRM system and could easily understand the caseload at their offices, and the common issues. Members and support staff also noted that this tool would need to be flexible and mobile. Currently, the member would have to fund such systems out of their support budget.

Members and support staff also felt that a project management tool would support their effective work.

The IST Group is currently working with out-of-Parliament offices to understand what products would be useful. However, this work has not yet identified or provided a set of standard tools for member and support staff, based on their everyday needs.

## Conclusions

One of the most consistent pieces of feedback from member consultations was that IST Group services have improved in recent years. This is supported by the initiatives that the IST Group has implemented since the 2011 election, such as the flexible working arrangements. Projects are planned to drive further change. For instance, the roll-out of the 'Office in a Box' solution will address the slow service and access issues experienced in some out-of-Parliament offices.

<sup>24</sup> For the twelve months beginning October 2013 to October 2014 the number of incidents reduced from 835 to 738. For the 24 months ending April 2013 to April 2015 the number of service desk requests reduced from 839 to 628.

<sup>25</sup> A CRM System is a database that enables the logical management of cases and customers.

<sup>26</sup> It is possible for a member to purchase a CRM from their support budget but it is not part of the standard software package for out-of-Parliament offices. This software is often costly.

The network infrastructure project should resolve single points of network failure, and enable the IST Group to focus on providing value-added services. The project has been prioritised by the IST Group and is currently fully funded. Once completed, the new infrastructure will have prioritised and streamed (separated) network traffic, enabling greater flexibility in service levels and will ensure security is maintained. In our view, Parliamentary Service ICT Sub-committee should continue to gather feedback to inform the development of initiatives. This engagement will enable the IST Group to continue making improvements to its services.

Despite the improvements and meeting existing service-level agreements, some Members remain dissatisfied with the existing service levels. A number of these issues could be resolved or avoided through better communication and management of change.

To bring the applications available to Members and support staff up to standard business practice, the IST Group should provide case management and project management tools to Members and their staff. These should be funded by from the Communications appropriation, and not member support budgets.

There should also be ongoing work to gather the user requirements of members and support staff to identify any other tools that would assist the majority of users with their core duties. The Parliamentary Service should then make these tools readily available as part of its standard (i.e., not funded by the member support budget) ICT package. Training should be provided on all tools that members and support staff are provided.

Our conclusion is that, notwithstanding the recommendation above, IST services and current funding levels provided to Parliament are reasonable, and adequate work is under way to ensure they continue to meet members' needs.

## Learning and development

Learning and development supports members and staff to develop the capabilities, skills and competencies to be effective in their roles. In recognition of the importance of induction, and ongoing learning and development, the Committee specifically agreed to focus on the availability and adequacy of funding for Learning and Development.

### Induction and learning and development for members

Parliamentary Service and the Office of the Clerk provide a two-week induction for new members. This programme gives members a detailed briefing and supporting manual on the operational side of being a member; 100% of members were satisfied with induction in 2014.<sup>27</sup>

Parliamentary Service runs ad hoc training sessions. For instance, it has previously offered a seminar on good HR practice. These sessions may be driven by member requests and are funded depending on whether Parliamentary Service has the capacity and capability to provide the session. Training sessions are also offered by the Office of the Clerk.

Development funding for members mainly relates to international programmes where members can travel to other Parliaments and meet Parliamentarians from other countries in New Zealand.

There are two programmes that enable this development: the Inter-Parliamentary Relations Programme, and the Political Exchange Programme.

The Inter-Parliamentary Relations Programme includes a broad range of initiatives managed by the Office of the Clerk. Funding for the Inter-Parliamentary Relations Programme is a three-year appropriation under Vote: Office of the Clerk, currently running from 2014 to 2017. The original appropriation was \$3.0 million, of which \$1.1 million was used in 2014/15, and it is expected that \$1.0 million will be used in 2015/16. This leaves \$0.9 million remaining for the final year (2016/17) of the appropriation. One of the core initiatives is the Speakers' Delegation, which travels every year and in April 2015 visited Europe. Each delegation includes the Speaker, their spouse/partner and four members who are nominated by their caucus.

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<sup>27</sup> Based on a 45% response rate and up from 88% satisfaction in 2011.

The Political Exchange Programme is funded by Parliamentary Services but newly managed by the Office of the Clerk. Funding for the Political Exchange programme is part of an annual appropriation to cover 'Travel of Members and Others' under Vote: Parliamentary Service. The 2014/15 estimated and actual spend for this appropriation was \$4.9 million. The budget for 2015/16 has been reduced to \$3.8 million. This budget is expected to cover "domestic air, land and sea travel for members and...international travel services for members and qualifying spouses/partners, political exchange participants and officials as allowed under directions given by the Speaker".<sup>28</sup>

The Political Exchange programme includes two exchanges: a biennial exchange with the United States (US) and an annual exchange with Australia. There are places for six members to travel on the outbound exchanges. The exchanges are governed by eligibility criteria. For the US exchange, members need to be between the ages of 25 and 40 and between 25 and 45 for Australia, along with other eligibility constraints. The age constraints are in place to ensure a focus on the development of future leaders.

The international programmes are intended to develop international relations but also enable members to investigate policy in other Parliaments and use this to inform policy in New Zealand.

It is generally understood that as part of their Party and Leadership funding, the parties also have scope to develop their members. The type of learning and development provided to members from their parties is varied and totally dependent on the priorities and inclination of the party.

#### Induction and learning and development for member support staff

Development for Parliamentary Service staff, including member support staff, is funded directly by Parliamentary Service as part of its People and Culture budget. The budget for support staff for training, network meetings and induction for 2015/16 is \$215,180. There was significant underspend in this area in 2014/15.<sup>29</sup>

For 2015/16 Parliamentary Service will spend \$724.51 per member support staff on learning and development<sup>30</sup>. Based on BASS metrics, Parliamentary Service is spending a similar amount on learning and development for its staff as other medium-sized cohorts. Alongside training and induction, this funding supports network meetings that occur four times a year in various areas around the country. Support staff members gather and learn about new initiatives and meet their colleagues. The Parliamentary Service also funds temporary staff so that support staff can attend these meetings.

#### Consultations

During our consultations with members and other interested parties, the following issues were raised with regards to learning and development for both members and their support staff:

Theme	Commentary
<b>Availability of member support training</b>	<p>Members and support staff reported there were challenges in arranging member support training. There was a lack of understanding around the responsibility for this, what training was available, and how it could be accessed.</p> <p>Support staff often stated that given the workload in their electorate, they did not have the spare capacity to do online training, or to travel for training. They also noted that it would be helpful to have follow-up training after orientation.</p> <p>Both members and support staff particularly noted there was insufficient training on new systems, especially the finance system.</p>
<b>Funding challenges</b>	<p>Members believed that their non-staff funding would need to be used to fund support staff development and that they could not afford to fund cover staff to enable their support staff to take advantage of training courses.</p>
<b>Member induction</b>	<p>Members presented a mixed view on induction, despite the fact that 100% of those members surveyed reported to be satisfied with the induction in 2014. They felt that follow up after the induction could have been improved, to help solidify the knowledge from induction.</p>

<sup>28</sup> Vote: Parliamentary Service, 2015.

<sup>29</sup> From a budget of \$246,000 there was an actual spend of \$160,000.

<sup>30</sup> This is based on a \$215,180 budget across 297 support staff.

Theme	Commentary
<b>Member learning and development</b>	<p>While feedback on this area was not as common, members generally felt that there was not enough funding or support for their learning and development. This meant there could be knowledge gaps for new members, given the broad range of experiences a new member may have.</p> <p>Other stakeholders, such as the Office of the Clerk, the Speaker and Parliamentary Service, felt that member development could be improved. They particularly noted lack of infrastructure around learning and development for members.</p>

## Analysis/findings

### Member support staff learning and development

Considerable interest was shown regarding professional development, however, underspend on training in 2014/15 suggests there may be barriers to support staff taking advantage of the funding available for training. Consultations highlight a number of challenges facing support staff when undertaking training, for example:

- ▶ A high workload prevented some staff from having sufficient time to do online learning
- ▶ The opportunities for development were not well communicated
- ▶ The member may not have sufficient budget to fund cover staff
- ▶ The process for arranging and funding for the training was unclear

These factors could prevent a support staff member from receiving the training they needed to effectively support their member and serve constituents.

There is, however, a new learning and development framework for member support staff, recently implemented by Parliamentary Service. The framework provides support staff with online training, as well as other skills-based workshops, such as business writing. Staff can also apply to attend other workshops and courses funded by Parliamentary Service based on their relevance. Support staff are now also part of a biannual performance review process where they can set goals for learning and development.

This programme is a recent addition for Parliamentary Service and as such, it is difficult to assess its impact. While it does address the issue of the availability and funding of training, we remain concerned that it does not address the issue of funding for temporary staff to cover training absences, and the method of communicating and delivering this training to the support staff and members.

### Member learning and development

In the experience of the Committee, members arrive as newly elected representatives with varied skills and experience. They may have limited political experience, understanding of the mechanisms of Parliament or understanding of any portfolio responsibilities. While induction covers the operational side of being a member, there is no detailed training on how to create and argue legislation, hold the Executive Government to account and be a representative of the people.

The current provision of learning and development opportunities to members is owned by different organisations, including political parties. There is not an overall view of the skills and knowledge required by members to effectively discharge their Parliamentary duties. There is not an agreed set of learning and development opportunities that are available to help members undertake the development they may require.

In the Committee's experience, there is often a considerable difference between parties and the development opportunities they offer. Often, parties will arrange their own induction for members to introduce them to key elements of the Parliamentary process, for example, the Select Committee process.

The opportunities provided by the Office of the Clerk under the Inter-Parliamentary Relations Programme are not dedicated learning and development opportunities. They do provide some input towards enabling an effective democratic process. This is achieved by giving members the opportunity to research their policy areas in-depth and to learn from initiatives in other countries.

Participation in current international learning and development each year is low: six members for the Political Exchange and six for the Speakers' Delegation<sup>31</sup> of which only four are likely to benefit significantly from a development point of view, given that the Speaker and Deputy Speaker regularly have this opportunity. This implies that many members may never have the opportunity to participate in these programmes. The eligibility constraints further narrow which members are able to take advantage of these opportunities.

International experience is only a part of the development need that a member may have. Members also need the skills, knowledge and understanding to scrutinise the Executive Government, be an effective representative for constituents and efficiently manage their workload. It is notable that businesses and public sector agencies will invest in their employees' development; however, this same approach does not currently apply to members.

The role of Parliament is to provide representation for the people, to legislate, scrutinise the Executive Government and to approve and scrutinise the collection and spending of funds. Members need the skills, knowledge and understanding to be effective participants in fulfilling this role.

The democratic process of electing representatives into Parliament makes it uniquely different from any other enterprise or undertaking, for which the recruitment process will have a carefully thought through job description and an equally careful selection process. Parliament and political parties are given their members by popular vote of the people. This successful candidate selection by a mass vote, not say by interview with a panel of three, is more about how the successful candidate(s) related to the public mood of the time. No suggestion is being made here about changing the democratic process; we simply note it is different, as it must be, from choosing staff for business or a player for a team.

Another difference is that a political vocation is unusual in that no experience is deemed necessary. Even if it were, it would be challenging to find a career that would provide the environment to gain experience in the skill sets and the knowledge required.

Most elected members arrive at Parliament for the first time with little knowledge of what is required and expected of them, only to find that their understanding of what was expected of them is vastly different to reality. Members come from a wide range of backgrounds, bringing with them the experience and skills they have gained from this that strengthens the collective knowledge base of Parliament but they are often lacking in the knowledge and skills their new position as a lawmaker, policy analyst, Cabinet Minister will push them to and demand of them.

Central to the effectiveness of Parliament are the 120 or more elected representatives. The tax payer has spent millions completing the process of electing Parliament every three years. The tax payer will then spend millions more supporting them and the cost of Parliament for the three-year term but spend an infinitesimal amount on knowledge and skill development. This is quite unlike any other activity in our community. Business commonly spends between 2% and 5% of payroll on staff development. Sports teams having selected their team members will have an array of coaches, nutritionists and every other form of professional to assist the team achieve its potential. But not Parliament. This, we think, is a weakness.

We seek to make a distinction between the art of politics and the skills associated with running offices in and out of Parliament, understanding and making policy, understanding constitutional law and law-making, analysing public accounts, knowledge of policy areas, such as economics, finance, law, health, welfare, international convention – the list could go on. Without a doubt members do work to familiarise themselves with these issues, and gain experience and knowledge over time, but we doubt that the practice to date of ad hoc provision of training and education provides the optimum result.

The art of politics, we believe, is a matter that rests solely with party leaders, party Whips and political parties themselves. This is not a matter for public investment. The knowledge for being a lawmaker and for the development of public policy, however, is an area in which there should be a significant increase in investment and coordination.

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<sup>31</sup> This is the main feature of the Inter-Parliamentary Relations Programme.

## Conclusions

### Member support staff learning and development

It is our view that the learning and development programme for member support staff should be assessed once the changes have been fully embedded by the next ARC, given the availability of information and the infancy of the programme.

### Member learning and development

The knowledge for being a lawmaker and for the development of public policy is an area in which there should be a significant increase in investment and coordination. We see this being in three broad categories:

- ▶ **Policy and Academic Knowledge:** it is critical for members to have an in-depth understanding of their areas of focus, especially areas in their portfolios. This could include areas such as public policy, law, economics, health, constitutional law, etc.
- ▶ **Parliamentary Process:** a member needs to understand how Parliament works, and how to best leverage the system. For instance, how to be a successful Select Committee member
- ▶ **Operational Duties and Basic Competencies:** it is important to enable members to fulfil their duties as managers and all their administrative tasks as effectively and efficiently as possible to maximise their time. This includes areas such as staff management, budget management, letter writing, reading efficiency etc.

Opportunities for members to participate in existing learning and development programmes are limited. It appears likely that, owing to the current fragmented approach to learning and development, there are skills that members need that are not currently being addressed.

It is important as part of this process to consider who holds the funds for various opportunities. The initiatives for members do not necessarily need to be managed and funded by the single agency that owns member learning and development.

We recommend that there be work done to reach a cohesive understanding of what learning and development should entail for members. This would require a new structure, investment and a single point of responsibility and accountability for member learning and development. The Parliamentary Service Commission should decide how this framework would be administrated, allocated and funded. Parliamentary Service should facilitate this work.

The funding required for such a programme can be estimated once work is done to understand members' requirements. To begin this work, an allocation can be set aside for learning and development. This allocation can grow over time as the programme grows, along with experience of what opportunities have the most value. A view of learning and development should address the current lack of formal structure and communication around the opportunities available to members. It should also protect the Parties' ability to manage members' learning by providing a formal structure around the opportunities available rather than a mandatory programme.

## Accessibility of Parliament

Access to the institution of Parliament, its processes and members is an important enabler of the democratic process. Constituents should have the opportunity to communicate with their members, visit and learn about Parliament and participate in the democratic process; for example, by observing or making a submission to a select committee. Likewise, members should not be impeded in their ability to communicate with their constituents, or to participate in Parliamentary debate. These principles should apply equally to all constituents and all members, including those with a physical or sensory impairment and those who face some other barrier to communication or participation.

## Accessibility

In May 2014, the Government Administration Committee (GAC), chaired by the Hon Ruth Dyson, released a report on its inquiry into the accessibility of services to Parliament<sup>32</sup> (GAC Report). This report sought to evaluate the extent to which the services provided to Parliament were in line with the provisions of the United Nations Convention on the Rights of Persons with Disabilities. It also briefly considered the need for informational materials to be presented in other languages and accessibility of out-of-Parliament offices and venues.

The Speakers Directions state that the Speaker may authorise additional support to a member with physical or sensory impairment, which will be met from the 'Additional Support for Members appropriation'. There is a new non-departmental, multi-year appropriation of \$900,000 established in 2014 to support this. The appropriation runs for the term of the 51st Parliament to provide additional support for members who are at a disadvantage for reasons outside their control. There is \$675,000 remaining in this appropriation to cover the 2015/16 and 2016/17 financial years. This appropriation is used to assist members with a physical or sensory impairment, make contractual parental leave entitlement payments to member support staff, make loyalty payments to support staff and assist members with staff costs when staff are on extended sick leave.

There has been special dispensation to support Green Party List member, Mojo Mathers, since 2012. This was originally provided under a special direction from the Speaker, which was renewed with some changes after the passing of the Members of Parliament (Remunerations and Services) Act 2013. The dispensation is \$30,000 p/a, which funds interpreter services or electronic notetakers for proceedings in the House and its committees, cross-party forums and Ministerial briefings and public or sector group meetings in Ms Mathers' portfolio area.

## Education and outreach

In considering the accessibility of Parliament and members, we felt that the education and outreach services provided by Parliamentary Service provided visitors, specifically school children, with important access to the workings of Parliament and New Zealand's democracy. We have therefore considered the provision of these services in this section of the report.

In the 2014-2018 Strategic Intentions, Parliamentary Service states that as part of its strategic outcome to have 'an accessible Parliament' an intermediate outcome of that is to enable the public to learn about and engage with the Parliamentary process. Education Services were introduced by Parliamentary Service in 1996 and are part of Visitor Services in the Precinct Group.

Education Services has an annual operating budget of \$160,000, which funds 2.5 FTEs led by the Education Coordinator, who facilitates educational visits for over 500 groups per year. These visits include a role-playing exercise to understand Parliament, time in the Education Centre, often a visit from their electorate member and a tour of parts of the precinct. They also have outreach resources for teachers and schools to assist with classroom learning and some digital resources. Surveys from teachers indicate this service is very well received, with over 90% of teachers consistently finding the experience very good or better over the last three years.

## Consultations

While not universally raised, access was raised by a number of members who had issues where they had constituents who were disabled or did not speak English fluently:

Theme	Commentary
<b>Funding for translators</b>	Members reported that there was no available funding to support constituents with a sensory impairment or non-English speaking constituents to speak with members or their staff at out-of-Parliament offices.
<b>Access at the out-of-Parliament office</b>	Members and support staff reported that many out-of-Parliament offices do not have disabled access. Finding an office with appropriate access is the members' responsibility and it was stated that offices with good access were rare and expensive, especially in urban areas.

<sup>32</sup> *Inquiry into the accessibility of services to Parliament*, Report of the Government Administration Committee, May 2014.

Theme	Commentary
	<p>Upgrading the office to be accessible was funded out of the member's support budget, which in all cases was already constrained.</p> <p>Support staff often stated that where the office did not have disabled access, they were conducting home visits with constituents.</p>

## Analysis/findings

### Accessibility

The GAC Report presented a number of recommendations to the House and to the Government. The report also requested that the Government approve funding to carry out physical upgrades and to also fund upgrades to Parliamentary communications, such as the website and Parliament TV, to make them more accessible to people with sensory disabilities. This extended, for example, to ensuring hearing-impaired constituents were aware that they could enter submissions in New Zealand sign language, and ensuring that information was available in multiple languages.

In response to the GAC Report, the Speaker released a report on 'The Accessibility of Services to Parliament' in December 2014. This outlined the actions that would be taken by both Parliamentary Service and the Office of the Clerk to address the concerns raised in the report.

The GAC Report recommended a number of changes to make Parliament more accessible to disabled people. A number of these have already been implemented, as noted in the Accessibility implementation report for June 2015:

- ▶ Extensive upgrades to physical access to the precinct have already been completed
- ▶ It is now possible to request in advance a New Zealand Sign Language (NZSL) interpreter for Parliamentary tours, select committee hearings and Parliamentary functions, which are managed by the Office of the Clerk. The only exception to this is meetings with members, where it is expected that the Party would fund any interpretation costs
- ▶ There is a project in progress with Parliamentary Service and the Office of the Clerk to update the Parliament website, with changes being rolled out throughout 2015. In terms of Parliament TV, updates are planned to allow more captioning and NZSL interpretation on the programmes

The GAC report also recommended specifically that Parliamentary Service help members make their out-of-Parliament offices more accessible to disabled constituents. This is an area that has not been addressed as fully by Parliamentary Service. The GAC Report did not provide detailed recommendations or analysis in this area.

Out-of-Parliament offices are a commonly used and easy way for constituents to access their member. Constituents should be able to access out-of-Parliament offices, or make appropriate alternative arrangements to meet with members or their staff, even if they are disabled or do not speak English as a first language.

While Parliamentary Service will offer assistance to members in making their offices accessible, they will not fund these upgrades or interpretation services for constituents to speak with their member or electorate staff. The Parliamentary Service does review disabled access at the member's out-of-Parliament office as part of its security audit and will make a recommendation to the member on this. However, unlike some security upgrades, Parliamentary Service will not fund disability access upgrades to out-of-Parliament offices.

Through consultations we found that members and support staff currently work around the lack of disabled access and translator services. Often support staff will visit disabled constituents to make up for the lack of access at their office and, where they are able, they will translate for constituents. This puts the onus on the constituent to arrange an alternative to visiting the office or bringing along a friend or relative for translation. If they are unable to arrange this other method of communication or access, they are restricted from communicating with their local electorate office and having an opportunity to participate in the democratic process.

Regarding services to enable members, there has been financial assistance for Ms Mathers' (the only sensory-impaired member currently in Parliament) since her induction. Prior to the update to the Remuneration Authority determination, Ms Mathers' husband travelled with her to rural areas to provide signing assistance where it was more

difficult or expensive to source interpreter assistance. This has been restricted owing to new limits on spouse/partner travel. To work around this limitation, Ms Mathers can now apply to have her husband's travel converted, so it can be funded from her interpreter budget where it can be shown that this is a more cost-effective option. The Speaker has also been working with Ms Mathers to provide her with sufficient funding for support in the House.

### Education and outreach

There has been a focus on educating children to become democratically engaged citizens in recent years, most notably in the Report on the Conversation on New Zealand's Constitution in November 2013.<sup>33</sup> This report recommended that there was the development of a national strategy for civics and citizenship education in school and the community. It notes that there were a diverse and scattered range of resources available to assist with this and considered the Education programme at Parliamentary Service in its review. The report recommended that work be done to coordinate these educational activities. It does not state an owner of this project and until this work begins, the role of Education Services towards this goal is undefined.

The most recent major change for Education Services was in 2007 when the new school curriculum was released by the Ministry of Education. It had a stronger focus on Civic education, especially in Level 3 Social sciences where students are expected to learn about how laws are made and how resources are allocated and used. Parliamentary Service recently redesigned its educational resources and a project to create and release these was implemented in 2012-2013. Project funding of \$445,000 was allocated for this project, including an allocation for ICT. Education Services has no upcoming projects to continue developing its service. However, it notes that there are opportunities for development available.

## Conclusions

### Accessibility

The progress in making the precinct more accessible to disabled people and non-English speakers has been good; however, we find that the progress outside of the precinct is not as strong. The GAC did not consider access to out-of-Parliament offices, or accessibility for non-English speakers in depth, and this is an area that requires further attention.

Access through members' out-of-Parliament offices and electorate staff is one of the most common ways constituents can engage with their representatives. Our investigation into Party and Member Support funding suggests that, for many members, their support budgets would not be adequate to fund the upgrades needed to have full disabled access or to afford the rent of an accessible office. Interpretation services for non-English speakers or people with sensory impairments to communicate with the member and their electorate staff are funded out of member support budgets, which as discussed, are under pressure.

It may not be reasonable to retrofit existing members' offices to allow full disabled access, as in many cases the cost of doing so would be prohibitive. It will be possible to improve physical access to out-of-Parliament offices as Parliamentary Service transitions to fixed electorate offices and we recommend that accessibility be considered as one of the criteria used to assess prospective fixed offices. In the interim, we have recommended increased ICT equipment funding to allow for the provision of mobile technology to member support staff, which will enable them to meet with disabled constituents in their homes or in other more accessible locations.

Members should be able to access a translation service when constituents have a sensory disability or are non-English speakers. For instance, there are services within New Zealand that offer telephone translation services, a reasonable alternative to an on-site translator. The Department of Internal Affairs offers a service (Language Line) where participating agencies can ring and access a translator at a relatively low cost.<sup>34</sup> There are also sign language

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<sup>33</sup> "New Zealand's Constitution: A report on a Conversation." *Constitution Advisory Panel website*, [http://www.ourconstitution.org.nz/store/doc/FR\\_Full\\_Report.pdf](http://www.ourconstitution.org.nz/store/doc/FR_Full_Report.pdf)

<sup>34</sup> Participating agencies are charged \$24-\$27 per call, assuming a call time of around 10 minutes.

interpreters available around the country through various agencies and opportunities available to use technology such as Skype to facilitate easy (and potentially cheaper) sign language translation.

There is an existing allocation of \$900,000 to assist members (the Additional Support for members appropriation, discussed on page 68) who are at a disadvantage for reasons outside of their control. The use of this allocation should be extended to improve access to members and Parliament for disadvantaged constituents, for example by providing translation services for constituents who do not speak English or have a sensory impairment, or by facilitating physical access to members where the cost of doing so is reasonable. The sufficiency of this funding will need to be reviewed in time.

We note specifically that the provision of support for members with disabilities should be transparent and easily available as a matter of course. The experience of Ms Mathers in applying for and receiving the support she requires to fulfil her role as a member has suffered from a lack of clarity and ease.

### Education and outreach

Education Services are adequately funded to continue operation and have the opportunity to develop and fund projects through a business case for additional funding to Visitor Services. The Committee notes, however, that more could be done and recommends that Education Services look to continue to improve and develop its offering to schools and the community. In this term, Parliamentary Service should develop a more thorough and innovative education and outreach programme to assist in promoting an understanding of Parliament in schools. This could involve, for example, the use of digital media, which would be a low-cost way to engage with young constituents around New Zealand.

## Core Services recommendations

In summary, the Committee makes the following recommendations in regards to Core Services:

- ▶ Parliamentary Service should administer a funding pool that enables and improves access to the democratic process for constituents with a disability or where there is language barrier. This access can be funded from the Additional Support for Members Allocation based on additional directions for use from the Speaker
- ▶ A learning and development framework for members should be created. The Parliamentary Service Commission should decide on the administration, allocation, and funding for the development of this framework. Parliamentary Service should facilitate this work
- ▶ Parliamentary Service should provide ICT tools based on user requirements to support members and their staff, particularly case management and project management tools. These should be provided as standard by Parliamentary Service, not funded out of member support budgets. Training on these tools should also be available
- ▶ Parliamentary Service should review the provision of additional support and funding for members with physical or sensory impairments to ensure that support is sufficient and that the process for obtaining it is as easy and clear as possible
- ▶ In this term, Parliamentary Service should develop a more thorough education and outreach programme to assist in promoting an understanding of Parliament in schools

## 7.3. Security

### Background

The safety and security of Parliament, members, Parliamentary Service staff and constituents is fundamental to an open democratic process. Recent security incidents and risks both globally and in New Zealand have led to heightened security concerns for Parliamentary Service. As elected representatives, members attract the attention of discontented and occasionally dangerous individuals. Recent research has also shown that 87% of New Zealand members have experienced some form of unwanted harassment in their roles.<sup>35</sup>

The security of information held by members and their staff is also important. To maintain trust in Parliament and to protect the privacy of constituents it is important that information available to members and their staff be stored and shared securely.

Decisions regarding security measures must take into account the requirement that Parliament and members are accessible to the public. This requires a delicate balance to be struck between safety and security and providing open and ready access.

During the year ended 30 June 2014 there were over 76,000 visitors to the Parliamentary precinct<sup>36</sup> and many constituents also visited members at their out-of-Parliament offices.

#### Appropriations and expenditure

Currently, different areas of Parliamentary security are funded from multiple appropriations, including:

- ▶ **Precinct security:** this is funded from the Building and Operation departmental appropriation (part of the operations, information and advisory services multi-class output appropriation)
- ▶ **Out-of-Parliament office security:** the internal staff costs of security audits are included in the Building and Operation departmental appropriation. The costs of security upgrades required as a result of an audit are met from members' non-staff sub-allocations (included in non-departmental Party and Member Support appropriations). Parliamentary Service may contribute up to \$5,000 towards these costs on a case-by-case basis
- ▶ **ICT security:** this is funded from the Parliamentary Information Communication Technology Services departmental appropriation

Funding allocated for precinct security is also used to meet costs associated with security leadership and training<sup>37</sup>, and security planning, policies and protocols.

The majority of Parliamentary Service's total security expenditure is incurred against the Building and Operation departmental appropriation. In 2013/14 security costs incurred against this appropriation were \$4.80 million, including \$4.2 million for security operations and \$0.6 million for security management. This represents approximately 18% of the total expenditure on Building and Operations Management and approximately 9% of the total expenditure incurred against the information and advisory services multi-class output appropriation.

Because security expenditures are met from multiple appropriations, and because the costs incurred against Party and Member Support appropriations are not allocated a separate account code, it was not possible to obtain further information on security expenditure.

As at April 2015, Parliamentary Service employed 79 staff in security roles.

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<sup>35</sup>Every-Palmer, S., Barry-Walsh, J., and Pathe, M. (2015). *Harassment, stalking, threats and attacks targeting New Zealand politicians: A mental health issue*. Australian & New Zealand Journal of Psychiatry, 49 (7), 634-641

<sup>36</sup> *Annual Report 2014*. Parliamentary Service.

<sup>37</sup> *This includes executive commitment and governance oversight, management structure/roles/responsibilities, monitoring and assurance, organisation culture and behaviour and education and communications.*

## Protective Security Requirements (PSR)

Significant work is currently being undertaken by Parliamentary Service security team to improve Parliamentary security in line with the Protective Security Requirements (PSR). This is a security guide for all of government, developed with input from the Department of the Prime Minister and Cabinet, New Zealand Security Intelligence Service (NZSIS), Government Communications Security Bureau and a number of other agencies.<sup>38</sup>

The PSR includes both mandatory requirements and guidelines to help agencies achieve a level of security appropriate for their specific level of risk tolerance. The PSR has a broad focus and addresses each of three dimensions of security: physical security, information security and people security. It also provides guidelines for developing appropriate security leadership and culture and proper planning, processes and procedures.

## Consultations

During our consultations with members and other interested parties, the following opinions were raised with regards to Parliamentary security:

Theme	Commentary
<b>Precinct security</b>	Many members expressed the view that security on the Parliamentary precinct is reasonably relaxed and it is not difficult for members of the public to move between areas of the precinct. Members did recognise that there is a trade-off between security and accessibility, which makes it difficult for the precinct to be made completely secure.
<b>Processes and procedures (precinct)</b>	Some members commented that escalation procedures for precinct security are not sufficiently transparent and noted that responses to security threats and incidents do not always appear to be proportional to the risk posed to members and staff.
<b>Out-of-Parliament office security</b>	Both Members and Parliamentary Service staff suggested that a combination of static Member support allocations and split accountabilities for out-of-Parliament office security has resulted in under-investment in security for these out-of-Parliament offices. Security standards are often poor compared to the Parliamentary precinct and there is a lack of consistency across offices.
<b>Processes and procedures (out-of-Parliament)</b>	Members provided mixed feedback in relation to the provision of security services in response to an incident. While a number regarded response services as appropriate, there were instances where critical support was not delivered when it was most needed. There were a number of incidents in members' out-of-Parliament offices that went unreported. There is currently uncertainty around procedures and reporting paths following an incident.
<b>Training</b>	Members and support staff both noted that there was a lack of training around the principles and practices of security, including for situation management, such as threat de-escalation.

The issues raised during our consultations have already been identified by Parliamentary Service and the majority of them should be addressed through the implementation of the PSR. PSR implementation, however, will not address the issue of accountability for out-of-Parliament office security.

In relation to security, we have focused our analysis on the adequacy of funding:

- ▶ To align Parliamentary Service security with the PSR
- ▶ For and appropriateness of, accountabilities relating to out-of-Parliament office security

<sup>38</sup> These agencies are: New Zealand Customs Service; New Zealand Defence Force; New Zealand Police; Department of Internal Affairs (DIA); State Services Commission; Accident Compensation Corporation; Inland Revenue Department; Ministry of Business, Innovation and Employment; Ministry of Culture and Heritage; Ministry of Foreign Affairs and Trade; Ministry of Health; Ministry of Primary Industries; New Zealand Qualifications Authority; New Zealand Trade and Enterprise; Office of the Controller and Auditor-General; Reserve Bank; Ministry of Social Development; Ministry of Education; Crown Law Office.

## PSR implementation project

### Analysis/findings

To effectively oversee the implementation of the PSR, Parliamentary Service has established a project control group comprised of the Chief Security Officers for each of the five agencies working within the Parliamentary precinct.<sup>39</sup> A project reference group has also been established to manage the implementation of the PSR. This group includes the security operations managers from each of the five agencies, and reports to the project control group.

The project reference group recently completed a Capability Maturity Model (CMM)<sup>40</sup> to assess the current state of Parliamentary security and the target state, which the precinct agencies hope to achieve over this Parliamentary term. This modelling exercise was conducted in conjunction with the NZSIS, using tools and templates provided in official PSR documents.

To achieve the desired target state, Parliamentary security requires improvement in a number of areas. In particular, significant maturity gaps were observed in categories relating to leadership and culture and planning, policies and procedures. A high-level roadmap has been developed outlining the improvements that are required for each category. Parliamentary Service is also developing a more detailed list of activities required to deliver the project.

The CMM exercise also identified areas where ICT security needs to be improved to align with the PSR. A representative of the ICT services team has been appointed to the PSR reference group to coordinate ICT security improvements with the overarching PSR implementation project.

### Conclusions

The Committee is satisfied that the current approach to improving security, including consultation with PSR reference materials, undertaking maturity assessments with the support of NZSIS and developing a roadmap to achieve the target state for security, is robust and is being well managed.

A number of the required activities already identified by the implementation project reference group are, however, unable to be funded out of existing allocations. It is the opinion of the Committee that Parliamentary Service should be provided with the additional funding required to successfully complete the PSR implementation project.

The full amount needed to deliver the PSR implementation project cannot be identified until the detailed roadmap for the project is finalised.

## Out-of-Parliament office security

### Analysis/findings

Our consultations with members and staff identified out-of-Parliament offices as a particular security concern.

Clause 39(2) of the Speaker's Directions 2014 stipulates that each member's out-of-Parliament office must meet minimum criteria relating to the health, safety and security of staff, as prescribed by the Speaker. The Members' Guide to out-of-Parliament offices details these criteria, which are discussed below.

### Out-of-Parliament security requirements

Out-of-Parliament offices must be established and operate under the following legislation:

- ▶ Health and Safety in Employment Act 1992
- ▶ Health and Safety in Employment Regulations 1995

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<sup>39</sup> These agencies are Parliamentary Service, the Office of the Clerk, the Parliamentary Counsel Office, The Department of the Prime Minister and Cabinet and Executive Government Support (part of DIA).

<sup>40</sup> "Protective security," *Protective Security Requirements website*, <https://www.protectivesecurity.govt.nz/assets/Uploads/Protective-Security-Capability-Maturity-Model.pdf>.

- ▶ Building Act 2004
- ▶ The Building Code
- ▶ Speaker's Directions 2014

The minimum security requirements specified in this legislation include a separate exit (or secure retreat area) in case of emergencies or threats to staff and securable locks, doors and windows.

The Health and Safety Reform bill was passed as this report was being finalised. This will result in changes to legislation (including replacement of the Health and Safety in Employment Act 1992 with the new Health and Safety at Work Act) and the introduction of new regulations which are currently under development.<sup>41</sup> These changes will come into force in April 2016, and are likely to affect security requirements and the responsibilities of both members and Parliamentary Service in respect of staff safety.

Before any new out-of-Parliament office can be leased it is expected that it will comply with the standards of Parliamentary Service Health, Safety and Security audit. Parliamentary Service uses an intelligence-based approach to assess the risk to out-of-Parliament staff and offices, which assesses the level of compliance with physical standards and the historic level of incidents. This approach also considers the profile of the member, the office location and any known persons of interest that may be in the area. In addition to those required by minimum legislative standards, office upgrades may include a dedicated reception area, alternative egress, burglar alarms or CCTV.

#### Accountabilities and incentives

The Members' Guide to out-of-Parliament offices stipulates that costs of security upgrades to out-of-Parliament offices must be met from a member's non-staff budget. Parliamentary Service will additionally contribute up to \$5,000 on a case-by-case basis. Landlords of out-of-Parliament offices can also be asked to contribute.

If an office does not comply with audit standards, the Speaker's Directions 2014 instruct Parliamentary Service to cease payment of operating costs, such as rent from the member's support allocation. Consultation with members and Parliamentary Service staff, however, revealed that, despite this policy, some members have been reluctant to pay for security upgrades and remain non-compliant unless Parliamentary Service covers the cost of the upgrades. This is owing to a number of factors, including:

- ▶ Competing demands on the member's non-staff sub-allocations, from which security upgrade costs are met, which have not increased since 2007
- ▶ The incentive to make offices secure and the financial accountability for security upgrades are not aligned. Parliamentary Service has the strongest incentives to ensure that offices meet security standards, as they are the legal employer of all support staff and are required by law to provide a safe working environment. The cost of security upgrades are met from a member's individual support allocations. Often members want their offices to be accessible to the public and want to minimise the cost of security upgrades so they can spend more money connecting with constituents

As part of the PSR implementation project, all existing out-of-Parliament offices are currently being audited to ensure that they meet minimum security standards, with Parliamentary Service subsidising the costs of required upgrades from departmental appropriations. This has reportedly resulted in positive changes in the level and consistency of security for the offices already audited. However, increased funding will be required if this practice is to continue.

#### Conclusions

Many out-of-Parliament offices do not comply with Parliamentary Service security standards, posing risks to the safety of members and staff, the security of constituent information stored at these offices and to Parliamentary Service that is currently legally responsible for the safety of support staff. This appears to be at least partially a result of a lack of alignment between accountability for staff safety and the financial accountability for security upgrades.

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<sup>41</sup> "Health and Safety Reform Bill." *Worksafe website*, <http://www.business.govt.nz/worksafe/about/reform>

In our discussion of members' non-staff funding, the Committee recommended that the practice of establishing fixed electorate offices which are funded, leased and fitted-out by Parliamentary Service should be adopted. If this recommendation is implemented, the existing issues relating to security in out-of-Parliament offices will be partially resolved, as a single party (Parliamentary Service) will have sole financial accountability for security upgrades and have strong legal incentives for providing a safe working environment as the employer of staff. Because the move to fixed offices will be gradual, and because List members will continue to have the option to open offices, further change is required to ensure that offices of List members and returning members who do not yet have fixed offices in their electorates also comply with security standards.

It is the assessment of the Committee that the most effective way to improve the standard of out-of-Parliament office security in member-leased offices is to make Parliamentary Service financially accountable for security upgrades. This is supported by the fact that recent audits and upgrades undertaken as part of the PSR implementation project, and subsidised by Parliamentary Service, have been successful in increasing the level and consistency of security across offices. The funding for future upgrades should not be subtracted from member support budgets. This may require additional security funding for Vote: Parliamentary Service. Analysis of ongoing legislative and regulatory changes and their implications for health and safety requirements in out-of-Parliament offices is needed to determine the magnitude of any required funding increase.

Where members continue to hold office leases, making Parliamentary Service financially accountable for upgrades may reduce the incentive for members to choose offices for which upgrades required to meet minimum standards are not prohibitively expensive. There is also the possibility that, despite not being financially responsible for office security, members will (as the leaseholder) refuse upgrades that reduce accessibility of their office to constituents. In light of these considerations, the Committee recommends that members work with Parliamentary Service to ensure that it is possible for a new office to meet security standards at a reasonable cost before a lease is signed and that members work with Parliamentary Service to ensure that a level of security is reached that is acceptable to both.

## Security recommendations

To ensure that Parliamentary Security is brought to an acceptable level, the Committee recommends that Parliamentary Service:

- ▶ Is provided with additional funding required to meet the full cost of PSR implementation
- ▶ Should fund security upgrades to member-leased out-of-Parliament offices required to bring these offices to minimum security standards. This may require additional funding for Vote: Parliamentary Service

Any member who plans to lease a new office needs to work closely with Parliamentary Service to ensure that the selected office can meet required security standards at a reasonable cost.

## 7.4. Services to Elected Representatives

### Background

The purpose of this section is to review how well the services provided to members meet their requirements and how well Parliamentary Service is placed to provide services that are centred on members' needs.

The Parliamentary Service provides administrative and support services to members, the House and other agencies working on the Parliamentary precinct. Service to elected representatives (SERs), in the context of this section, includes:

- ▶ **Shared Services Group:** finance, human resources, policy support, travel office, communications and member and staff support
- ▶ **Precinct Services Group:** facilities management, security, building maintenance, reception and telephony and messenger and distribution services
- ▶ **Parliamentary Library:** Library services, including information and research services, collection management, and archiving advice
- ▶ **IST Group:** information and communications technology services, including IT operations, business systems and information architecture

Funding for SERs is drawn from various components of the departmental appropriation, rather than a specific appropriation. The departmental appropriation also funds services delivered to the other parties, including other agencies operating on the precinct, and the public. As a result, we are not able to provide a detailed view of the amount of funding used for delivering services to elected representatives specifically.

Within Parliamentary Service the General Manager's Office (GMO) provides services to the General Manager and Senior Management Team to support the effective running of Parliamentary Service. This includes strategic planning and governance, which directly impact the way in which services are, or plan to be, implemented and delivered to members.

### Consultations

Overall, satisfaction with the level of service and support provided by Parliamentary Service was described as lower than expected, suggesting a gap between member and support staff<sup>42</sup> service-level expectations and their experience. This was primarily driven by one or more of the following reasons:

Theme	Commentary
Limited understanding of needs/ requirements	<ul style="list-style-type: none"> <li>▶ Members and support staff feel that Parliamentary Service does not always understand individual members unique needs or requirements.</li> <li>▶ Members felt services were 'generic' and not sufficiently flexible for their unique circumstances. Limited consultation has been undertaken to better understand specific member needs.</li> </ul>
Communication from Parliamentary Service is not engaging Members and support staff effectively	<ul style="list-style-type: none"> <li>▶ Members and support staff feel the quality, frequency, style and timeliness of communications from Parliamentary Service does not meet their needs.</li> <li>▶ Communication currently feels reactive, rather than proactive and is used to inform rather than engage with Members and support staff. For example, there was limited consultation regarding proposed changes to service or support levels.</li> </ul>
Service quality and consistency are variable	<ul style="list-style-type: none"> <li>▶ The level of support, both technical and informational, provided by Parliamentary Service is perceived as variable and often does not meet quality expectations.</li> <li>▶ A number of Members noted a lack of flexibility in the services provided, particularly in relation to security improvements and finance management.</li> </ul>

<sup>42</sup> Member support staff comprise 59% of Parliamentary Service's total workforce, are critical in supporting members and are therefore considered a significant proportion of the 'user-base' of the services and support provided by Parliamentary Service.

Theme	Commentary
<b>Tension in the working relationship between Members and Parliamentary Service</b>	<ul style="list-style-type: none"> <li>▶ Members and support staff felt there was high turnover of key staff members within Parliamentary Service that had affected services levels</li> <li>▶ There is a perceived lack of trust in the relationship between members, Parliamentary Service and support staff, particularly in relation to finances and the management of staff and out-of-Parliament offices</li> <li>▶ The establishment of Relationship Advisors in Parliamentary Service were noted as improving rapport and building a better working relationship between Parliamentary Service, Members and support staff</li> </ul>

Members stated that Parliamentary Service did not adequately understand the unique circumstances and preferred methods of working for each Member. Subsequently, it was unclear on members' service requirements and members felt they were treated like corporate employees. Members suggested that their specific electorate requirements (e.g., based on size, constituent demographics, cultural responsibilities etc.) and the way they work within those constituencies are not accounted for through the current suite of services. Parliament is unique and therefore the service they receive also needs to be unique. It was widely agreed that, as a result, Parliamentary Service is not currently geared towards providing services to members that effectively support their roles as elected representatives.

Notwithstanding the above, members and their staff consistently noted there had been some positive improvement to services and their delivery over time, particularly in areas such as HR, finance, ICT and Security services and support. Relationship Advisors were specifically noted as having had a positive impact on relationships, in an environment where staff turnover within Parliamentary Service has been noted by members as impacting service continuity and quality. It was also widely agreed that Parliamentary Service has continued to deliver high-quality precinct, Library<sup>43</sup> and member travel<sup>44</sup> services and support.

Parliamentary Service needs to continue to develop its capability to have a greater understanding of, and focus on, the requirements of members.

## Analysis/findings

### Performance reporting and surveying

Parliamentary Service commissions an annual service satisfaction survey of members based on its Service Level Agreements with the Parties. This survey is completed by party Whips and chiefs of staff on behalf of the members they represent. Members may be consulted but the response rate is often low.

Those surveyed are asked to rate service levels from 1 ('poor') to 5 ('excellent') for each of nine service categories and provide a rating for overall service satisfaction. The average overall service satisfaction score for members remained static at 3.5 ('satisfactory' to 'good') across the 2013 and 2014 surveys and increased to 3.8 in the 2015 survey. The results of the 2015 survey indicate some variation in the service levels across different categories, with average scores ranging from 2.6 (Finance) to 4.7 (Library and Information Services).

Parliamentary Service also undertakes an annual performance review, the member Support Staff Survey<sup>45</sup>, to measure satisfaction levels in relation to five key drivers: service experience versus expectation, staff competency, keeping promises, fair treatment, and consideration of individual circumstances<sup>46</sup>. In addition to providing information regarding the quality of services delivered to support staff, it is intended that this survey provide some insight into member satisfaction, as it is claimed that support staff interact with Parliamentary Service on behalf of members and thus may be considered a proxy for the member they work for. The survey measures overall satisfaction and satisfaction with individual service groups using a satisfaction index that ranges from 0% to 100%. Parliamentary Service aims to maintain an average satisfaction score of at least 80% across each service group.

<sup>43</sup> It is our understanding that any further cost cutting in this area could undermine the Library's ability to continue delivering its services to the same levels of quality.

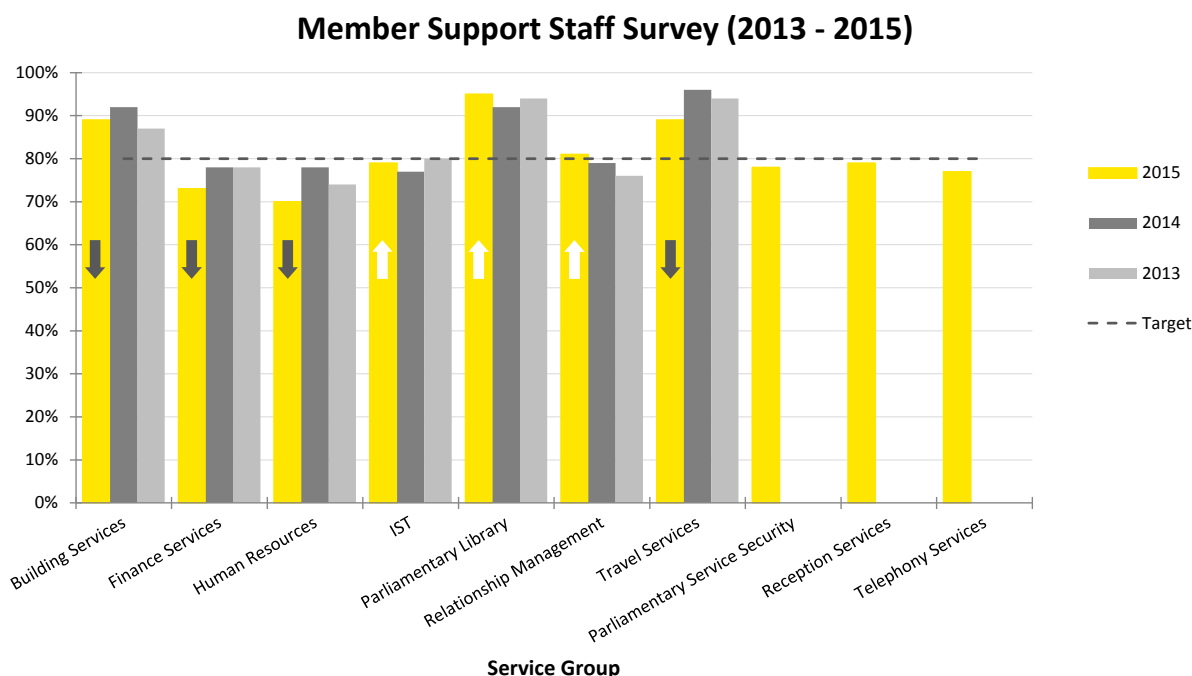
<sup>44</sup> Note: this does not include spousal travel, which was described as inadequate.

<sup>45</sup> The survey is designed using the Common Measurements Tool (CMT), based on the 'Kiwis Count' methodology and adapted for Parliamentary Service.

<sup>46</sup> Note: the sixth driver that was not investigated relates to value for money "it's an example of good value for tax dollars spent".

The 2015 survey showed an overall decrease in satisfaction from 83% to 81%. The most significant decreases from 2014 results were for finance services (-5%) and human resources (-8%), which dropped to 73% and 70% respectively. Scores for individual service groups are shown in Figure 6 below.<sup>47</sup>

Figure 6: Comparison of results from the Member Support Staff survey across service groups by year



The surveys capture variation across service groups, and within individual service groups over time, that need to be accounted for if Parliamentary Service is to undertake well-informed improvement initiatives. There also appears to be some inconsistency between survey results and the feedback we obtained from members. It is our view that Parliamentary Service could improve and standardise its performance reporting and surveying, particularly across service groups.

#### Performance Improvement Framework (PIF) review

A PIF Review<sup>48</sup>, carried out by the State Services Commission, was conducted in July 2014 to look at Parliamentary Service’s current state and how well placed it is to deal with the issues that may confront it in the medium-term future. A number of recommendations were provided, aimed primarily at ensuring Parliamentary Service was fit-for-purpose and capable of delivering on its strategic intentions.

These recommendations were subsequently considered by Parliamentary Service and used to inform the development of its Strategic Intentions 2014-2018, which includes a renewed Strategic Framework, and a number of initiatives that are outlined in the Business Plan 2015.

The Strategic Framework acknowledges Parliamentary Service’s changing work environment and need to focus on how best to provide for members’ needs and facilitate greater flexibility in the manner in which it conducts its Parliamentary business. The framework and the supported business plan initiatives have been designed to drive the development of a more customer-centric approach to service delivery.

Figure 7: Parliamentary Service Strategic Framework

<sup>47</sup> Note: three new drivers were added to the 2015 survey: Parliamentary Service Security, Reception Services, and Telephony Services.

<sup>48</sup> Performance Improvement Framework review of the Parliamentary Service (the Parliamentary Service), July 2014. State Services Commission.

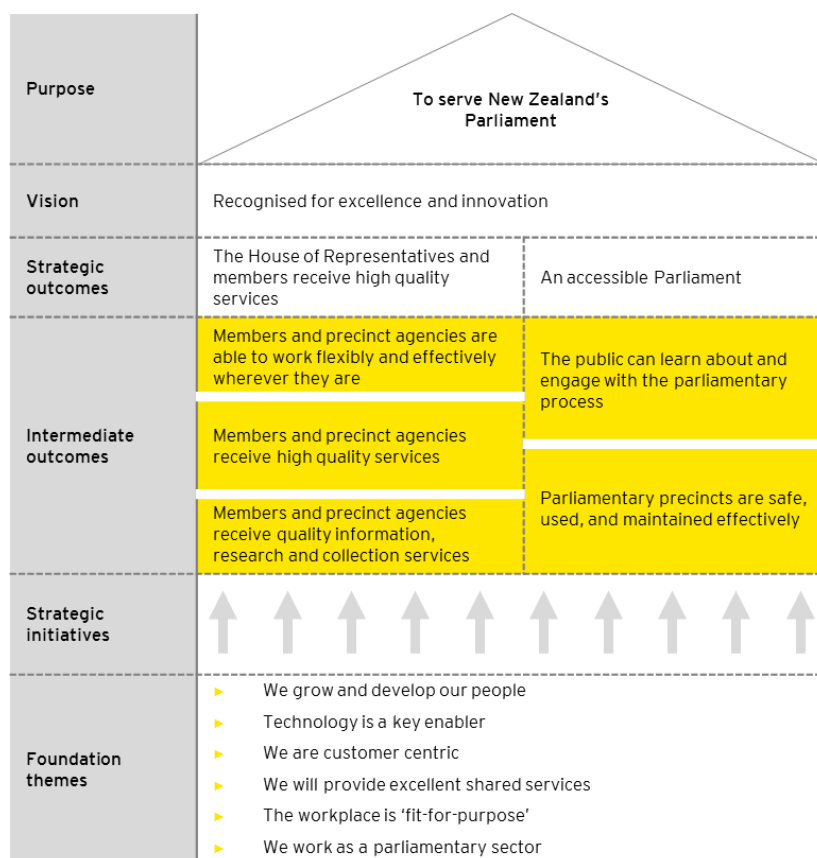


Table 11 below provides an analysis of the progress made to date by Parliamentary Service to respond to the PIF recommendations and the strategic themes vs PIF Recommendations.

Table 11: Strategic Themes vs PIF Recommendations

Strategic Theme <sup>49</sup>	PIF Recommendation <sup>50</sup>	Commentary
<b>We grow and develop our people</b>	Investment in the strategic human resource management area	▶ Investment in this area, specifically increased capability at the senior manager level and improved HR practices and processes, has been noted as having a positive impact both within Parliamentary Service and from the perspective of Members and support staff.
	Complete a communications strategy	▶ Limited progress has been made in this area and in our view is a fundamental component of achieving positive outcomes for members.
	Develop a more explicit people management strategy for member support staff	▶ Documentation suggests a new people management strategy has been developed that will support better learning and development for support staff but it is too early to comment on how effective this strategy will be.
<b>We are customer centric</b>	Develop a clear service catalogue in collaboration with members	▶ Only limited early work has been undertaken in this area.

<sup>49</sup> Note: there are six key strategic themes in total that were extracted from the 2014 PIF Review (the last is 'Technology is a key enabler').

<sup>50</sup> Performance Improvement Framework review of the Parliamentary Service (the Parliamentary Service), July 2014. State Services Commission.

Strategic Theme <sup>49</sup>	PIF Recommendation <sup>50</sup>	Commentary
	Develop better customer insight/intelligence, especially for working with and meeting members' needs	<ul style="list-style-type: none"> <li>▶ The Parliamentary Service responded by creating a number of Relationship Managers, now renamed Relationship Advisors. Their role is to facilitate discussions with members around their needs.</li> <li>▶ Customer centricity champions have been established. They form an advisory group that is focused on promoting a consistent customer experience across Parliamentary Service.</li> </ul>
<b>We will provide excellent services</b>	Develop a better understanding of the cost of services	▶ Work on a cost-to-serve model has been advanced. We note also that the cost-to-serve model is based on existing services rather than an analysis of members' needs.
	Avoid becoming too risk averse and continue to innovate as it improves service delivery	▶ There are no specific initiatives planned in this area.
<b>The workplace is fit-for-purpose</b>	Parliamentary Service needs to choose and implement an appropriate operating model	▶ While Parliamentary Service has established a number of discrete service improvement initiatives, there is not a planned approach to looking at the overarching operating model.
<b>We work as a Parliamentary sector</b>	Parliamentary Service needs to consider what accessibility means	▶ The Parliamentary Service is responding to the recommendations of the Speaker and the GAC Report to improve accessibility to the Parliamentary precinct.

### Internal capability assessment

We understand Parliamentary Service has assessed it will need to significantly increase its internal capability. One of the limitations on capability uplift is the availability of funding to strengthen capability in key parts of Parliamentary Service<sup>51</sup>.

In our view, the six foundational themes that underpin the strategic framework are aspirational and whilst they may adequately describe the areas within Parliamentary Service that will require change, they are not in our opinion sufficiently detailed. The initiatives that are outlined in the Business Plan 2015 appear to be relevant. However, again there is currently not sufficient detail underneath these to give the Committee confidence that they will fully deliver their proposed outcomes.

The establishment of Relationship Managers (now Relationship Advisors) by Parliamentary Service is viewed as a first step in "putting members and their support staff at the centre of its service offering"<sup>52</sup>, and may enable Parliamentary Service to better anticipate needs and respond to opportunities for improvement<sup>53</sup>. In our view this is an important role that should be maintained. It, however, remains unclear how information gathered through Relationship Advisors, or any other channel, would be used by Parliamentary Service to inform potential improvements to the quality and/or type of services being delivered.

Gathering requirements needs to be an essential component of Parliamentary Service understanding its current performance and how it can better meet member needs<sup>54</sup>. Without an effective baseline of member requirements, it is difficult to draw an accurate conclusion as to the adequacy of services. Implementing a robust, effective and ongoing method of requirements gathering should therefore be a priority.

Through the consultations undertaken as part of this review, and from the conclusions made in other external reviews, we feel that the structures in place to manage and coordinate the required portfolio of change are not currently adequate.

<sup>51</sup> *Strategic Intentions 2014-2018*, Parliamentary Service, page 28.

<sup>52</sup> *Strategic Intentions 2014-2018*, Parliamentary Service, page 19.

<sup>53</sup> *Strategic Intentions 2014-2018*, Parliamentary Service, page 25.

<sup>54</sup> *Interim Management Report 2015*. Audit New Zealand.

## Conclusions

The core purpose of Parliamentary Service is to support the 120 or more members of Parliament. This is the first of the principal duties of Parliamentary Service set out in the Parliamentary Service Act 2000. To discharge this duty effectively Parliamentary Service needs to have a strong working relationship with each member.

Through our consultations, and the analysis of the PIF Review and the performance surveys, it appears that Parliamentary Service is not optimally set up to deliver services to members at a level that meets their expectations. The current operating model and organisational structure do not facilitate the agile and member-centric service delivery that is required by members. A step-change in capability is required.

In a challenging environment Parliamentary Service has continued to make improvements to its current suite of services and has planned ongoing initiatives to continue to make incremental improvements, as outlined in the Business Plan. We are not, however, confident that the discrete improvement activities will be sufficient to deliver an organisation that aligns to Vision 20/20. Specifically:

- ▶ Member requirements are not being used sufficiently to inform service improvements
- ▶ Limited consideration has been given as to what 'customer-centric', or Member-centric, services means in practical terms, and how these services may be delivered
- ▶ Improvement initiatives are not implemented with a consistent or coherent approach to programme management or governance across the organisation
- ▶ A target state operating model has not been defined and, therefore, there is limited understanding of the organisational structure that would be required to support it
- ▶ Sufficient work has not been undertaken to fully understand the capabilities required to deliver a target operating model (once defined) or to maintain it (once established)

In our view, a number of the service performance issues currently facing Parliamentary Service will continue until members are fully engaged and communicated with. Using member requirements to inform development of Parliamentary Service, and the services it delivers, is fundamental to its success as an agile and member-centric service-delivery organisation.

There is a range of ways Parliamentary Service can design its services around members. One example may involve the Senior Management Team spending time with members and sharing the experience of their daily lives. This would help Parliamentary Service understand why there needs to be change. Parliamentary Service needs to get to know how members experience the service they receive, and then use this experience to design its services.

Based on our review of documents and consultations, there appears to be a lack of structure and governance to support a 'whole-of-service' view. The current approach to projects and programme management does not enable Parliamentary Service to view planned and ongoing initiatives as an integrated programme of work. We believe that to deliver effective change, on the scale required, a 'whole of service' view of the current services and ongoing service improvements should be adopted, however, we are not confident there is the internal capability available to support this approach.

We expect this will require Parliamentary Service to strengthen its current capability as it relates to: change management, programme delivery and management, strategy and planning, governance, organisational design, communication and engagement with members and other groups within the Parliamentary precinct. If this capability is not available internally, Parliamentary Service may need to consider sourcing the required capability from an external provider. It is unlikely that Parliamentary Service will be able to fund the capability uplift required to deliver the programme of work out of baseline. If this is the case, Parliamentary Service will need to seek alternate funding.

## Service to elected representatives recommendations

Parliamentary Service should develop and implement a comprehensive programme of work to improve Parliamentary Service's ability to meet the needs of members and support staff in line with Vision 20/20. This programme should provide additional organisational capabilities that include the ability to better understand individual member

requirements and design and deliver improved services. Our view is that this will require changes to Parliamentary Service's operating model that are not yet planned.

## 7.5. Financial independence from the Executive Government

In developing an approach to this review, we considered the factors that were critical to a successful Parliament. One of these factors was independence from the Executive Government, in particular, financial independence.

### Background

Parliamentary Service was founded pursuant to the Parliamentary Service Act 1985. In the 10 years following that the State Sector Act 1988 and the Public Finance Act 1989 were passed, and in 1996 the MMP (Mixed Member Proportional) voting system was introduced. These changes introduced inconsistencies in the original Parliamentary Service Act, which had also undergone a number of amendments.<sup>55</sup> To address these inconsistencies a ‘clean slate’ approach was taken and the Parliamentary Service Act 2000 replaced the original Act.

One of the notable differences between the 1985 and 2000 versions of the Act is the responsibility for funding. In the original 1985 Act the Parliamentary Service Commission was established as a body corporate with responsibility for budgetary control over Parliamentary Service, and determining the size, organisation and services provided by Parliamentary Service<sup>56</sup>. The 1985 Act also noted that all expenses incurred or payable under the Act would be appropriated by Parliament for this purpose.<sup>57</sup>

The Public Finance Act 1989 identified that Parliamentary Service should act much in the same way as a government department. The Speaker was introduced as the responsible Minister, and Parliamentary Service funding was controlled via the Treasury. These changes were reflected in the Parliamentary Service Act 2000.

As part of the Parliamentary Service Act 2000 a triennial review was introduced. The purpose of this review was to ensure an independent view of the funding appropriated for members and parties to ensure they were adequately funded. Part of the thinking behind this inclusion was that an independent review would also address concerns around the decreased independence of the new funding mechanism, given that the Public Finance Act transferred budgetary control to the Executive Government<sup>58</sup>.

### Analysis

One of the fundamental principles of democracy is the separation of powers. This refers to the need to maintain independence between the three branches of the legislature. The purpose of this separation is to enable fairness and equality in matters of the law for citizens, with no one group holding the total power of the law. Parliament debates and creates the law, the Executive Government initiates and administers the law and the Judiciary upholds the law<sup>59</sup>.

The Inter-Parliamentary Union notes that the strength of the legislative branch of government (in the case of New Zealand, Parliament) has a significant impact on the quality of democracy. There are two powers that Parliament needs to be effective: capacity of rights and resources, and relational power. This means Parliament must be adequately resourced and also have power and independence relative to the Executive Government.<sup>60</sup>

Where the Executive Government holds budgetary power or influence over Parliament, the separation of powers is diminished. Under current New Zealand legislation, the funding for Parliament is treated like other government departments. This makes it part of the fiscal policy of the time and reverses the lines of accountability: the Treasury ‘buys’ services and audits the results, rather than Parliament requiring accountability from the Executive Government.<sup>61</sup>

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<sup>55</sup> Hon Roger, S. McArley, R., von Tunzelmann, A. *Report of Review Team on A Review of the Parliamentary Service Act; February 1999.*

<sup>56</sup> Parliamentary Service Act 1985, Section 5 & 6.

<sup>57</sup> Parliamentary Service Act 1985, Section 54.

<sup>58</sup> Hon Roger, S. McArley, R., von Tunzelmann, A. *Report of Review Team on A Review of the Parliamentary Service Act; February 1999. Section 5.5.6.*

<sup>59</sup> “About the Judiciary,” *Ministry of Justice website, www.justice.govt.nz.*

<sup>60</sup> “Parliament and Democracy in the Twenty-First Century: A Guide to Good Practice.” Chapter 6, *An effective Parliament (I): The National Level.* Inter-Parliamentary Union.

<sup>61</sup> Sloane, M. *The role of the separation of powers and the parliamentary budget setting process.*

Parliament is not a government department. The funding of Parliament should be separate to the fiscal policies of the Executive Government, otherwise the ability of Parliament to hold the Executive Government to account could be compromised either in perception or reality.

## Conclusion

In New Zealand, the Officers of Parliament are currently the only independently funded office of Government. They were each created under their own Act of legislation and their primary purpose is to place a check on the Executive Government and perform a function that Parliament would normally undertake. Current Officers of Parliament include the Ombudsman, the Auditor-General and the Parliamentary Commissioner of the Environment. The Parliamentary Officers Committee monitors the performance of the Officers of Parliament and sets their budgets.

Of the options available, having an understanding with the Executive Government (currently used in the United Kingdom) is probably the simplest solution. However, this is also not enforceable by law.

It is not advisable to create an Officer of Parliament merely for the purpose of funding Parliament, as the primary duty of this Officer would be budget setting and not as a check on the Executive Government. It is also not a function that Parliament would normally undertake and therefore does not fit the 'rules' of an Officer of Parliament. Furthermore, the intention is to utilise the funding mechanism rather than the various other processes that would come with being made an Officer of Parliament.

In consultation with the Treasury, the Parliamentary Service Commission and Parliamentary Service, we believe the most appropriate option in New Zealand is to make Parliamentary funding independent via a change to legislation, using the same funding mechanism as the Officers of Parliament. In this way, the financial independence of Parliament would be protected by legislation. Using the Officers of Parliament funding mechanism would bypass the need for an entirely new funding mechanism. The legislative change required would include amendments to the Parliamentary Service Act 2000, the Public Finance Act 1989 and potentially the State Services Act 1988.

This method of funding is proven within New Zealand as providing independence as well as fiscal responsibility. Officers of Parliament do not necessarily receive all the funds they request. Additionally, funding in this way enables greater transparency around the money spent on governing the country. Finally, Vote: Parliamentary Service is a small budget in the scheme of the public funds managed by the Crown, and therefore, the financial risk associated with this change is small.

This legislation should include an independent review similar to the current triennial review to ensure Parliamentary funding is adequate and effectively managed.

## Financial Independence Recommendations

We recommend that Parliament and Parliamentary Service be funded independently of the Executive Government, via a funding mechanism consistent with the Officers of Parliament. This funding mechanism should include seeking advice from an independent third party, such as the ARC, which will promote adequacy and fiscal responsibility.

## 8. Conclusions on adequacy, efficiency and effectiveness

The Committee is directed to consider the efficiency of funding use, the adequacy of funding to support members, and the need for fiscal responsibility.

Owing to the economic climate of the time, the report of the fifth ARC had a focus on fiscal responsibility and cost-efficiency and recommended that Parliamentary Service make efficiency gains in a number of areas. The fifth ARC concluded, however, that while realising the recommended efficiencies would be feasible without significantly compromising the effectiveness of members, Parliamentary Service would not be able to make further efficiency gains without either receiving additional funding to offset rising costs or reducing the level of services it provides to members.

Parliamentary Service has implemented the efficiency savings recommended by the fifth ARC, and the recommended switch from hours to dollars for staff funding. It is also in the final stages of developing a cost-to-serve model, which will allow it to more accurately recover the costs associated with provision of shared services to other users of the Parliamentary precinct. While some of our recommendations do address areas in which minor efficiency gains could be realised (such as a move to fixed electorate offices reducing the investment lost through relocations), our review has focused on the adequacy of funding received by members and parties and the services that Parliamentary Service provides to support them in effectively discharging their duties as representatives.

An assessment of funding adequacy requires an understanding of the purpose for which funding is provided. The Committee has considered the functions of Parliament and concluded that for Parliament to carry out these functions effectively and sustainably the following are required:

- ▶ Fair and equitable access to the democratic process
- ▶ An effective democratic process to ensure that representation, legislation and executive scrutiny is well informed and capable
- ▶ Financial independence from the Executive Government

Given these considerations, the Committee has assessed whether the funding currently provided to members and Parliamentary Service is adequate to facilitate fair and equal access to the democratic process and to ensure that the democratic process itself is effective. In addition, we have considered possible changes to the way in which Parliament is funded to provide financial independence from the Executive Government.

### Adequacy of support for members and parties

The Committee encountered a number of challenges in our assessment of the adequacy of funding for members and parties. The flexibility with which members and parties can use their allocations, including the ability to shift funds between different allocations, across years and between the member and the party, mean that apparent inadequacy of a particular budget may be driven by funding inadequacies in other areas or by a member's choice to prioritise particular expenditures over others. There are also a number of areas in which data required to comprehensively assess the adequacy of a particular allocation were not available. For example, data on out-of-Parliament office caseloads, including number and complexity, would be required to draw firm conclusions regarding changing demands on these offices but this information is not gathered consistently by members and is not collected by Parliamentary Service.

The Committee did not observe any instance where current levels of funding have significantly prevented a member from connecting with their constituents or discharging their other duties as elected representatives and legislators. There are, however, areas where static funding levels are creating tensions, driving trade-offs and reducing the effectiveness of members and parties or where allocations had not been appropriately benchmarked to meet the varied and evolving needs of modern members.

Non-staff funding and Party and Leadership funding have been static since 2007, while costs, such as rents and wages, have risen since this time. The funding model for members' non-staff costs has not been reviewed since 1996

and as a result non-staff allocations do not reflect member requirements or a view of the costs actually incurred by a member in engaging with, and representing, their constituents. It is the view of the Committee that the current model used to determine Party and Leadership funding does not adequately reflect the fixed cost of operating a Parliamentary party and does not provide opposition parties with sufficient resources to effectively critique policy and legislation and thus provide a check on the Executive Government. Given these considerations, both non-staff and Party and Leadership funding require increases to alleviate cost pressures, as well as more substantial revisions to the respective funding models.

The models used to calculate member ICT allocations and staff allocations were recently updated and in our view do not require fundamental revision. Allocations are calculated to provide members with sufficient funding for a specific set of ICT equipment and a certain number of FTEs, depending on member type. Allocations for ICT do not, however, provide members with sufficient funding for mobile technology for out-of-Parliament office staff or computers for part-time staff, and staff allocations do not provide sufficient leave cover to keep offices staffed year-round or funding for a staff member in a managerial role. It is our view that calculations should be amended to allow for these expenditures, which we believe to be necessary for effective engagement with constituents through out-of-Parliament offices.

## Operational effectiveness of Parliamentary Service

Whether Parliamentary Service itself is adequately funded is reflected in the level of the services that are provided to members and to other users of the Parliamentary precinct, including the public.

In our assessment of the core services Parliamentary Service delivers, we have determined there are a number of discrete areas where services are provided to a good standard and where projects are in place that can be expected to improve service levels. The service provided by the Parliamentary Library was described as excellent by the majority of those consulted. Precinct Services has developed a business case in consultation with parties to agree and fund a strategy that will ensure accommodation for future Parliaments is adequate and cost-effective. Parliamentary Service also continues to make good progress in the provision of IT to members. We found that the funding and services levels for IT to Parliament are largely adequate, notwithstanding the need to provide increased mobility to members' out-of-Parliament staff and a need for case management and project management software.

The Committee also identified a number of areas in which services to members could be improved, such as security services. A comprehensive strategy is in place to improve the security of the Parliamentary precinct, as well as security governance and processes, in line with all-of-government guidelines. Out-of-Parliament office security is, however, more problematic as the financial responsibility for security and the incentive to make necessary upgrades are not aligned. Currently, members rent offices and are financially responsible for security upgrades,<sup>62</sup> but Parliamentary Service holds the primary accountability for the safety of staff as their legal employer. We believe that, over time, this should change so that Parliamentary Service leases and maintains fixed electorate offices and that where members continue to hold leases Parliamentary Service should take financial responsibility for upgrading offices to meet minimum security standards.

More could also be done to ensure that everyone in New Zealand has access to Parliament and to members. While accessibility to the Parliamentary precinct in Wellington is adequate and continues to improve, more could be done to make out-of-Parliament offices accessible to those with disabilities or whose first language is not English. Likewise, more can, and should, be done to provide education and outreach services regarding Parliament, especially to schools.

Despite the large investment made in the provision of services and infrastructure to Parliament, there is a large gap in the investment made in the learning and development of members. Parliament is only as effective as the people who make it up. In any other organisation, careful attention is paid to increasing the skills, knowledge and capability of its people. Current provision of learning and development opportunities to members is ad hoc and requires greater coordination and investment. We believe this will improve the effectiveness of members as representatives.

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<sup>62</sup> Parliamentary Service will subsidise costs of security upgrades by to \$5,000, though these contributions are made on a case-by-case basis.

In addition to the individual services provided, the Committee considered the effectiveness and direction of Parliamentary Service at an organisational level. The recent PIF Review of Parliamentary Service concluded that it needs to change how it operates to provide better and more innovative services to members. In response, Parliamentary Service recognises that change is required and has developed a renewed strategic framework. Despite the efficiency gains that Parliamentary Service has been required to make in recent years, it has also continued to make improvements to its current suite of services and has planned ongoing initiatives to continue these incremental improvements.

We are not, however, confident that the discrete activities planned will be sufficient to make the step-change in capability necessary to deliver the responsive and member-centric services that are required. To deliver effective change, on the scale required, a more clearly defined target state and greater high-level coordination of projects are needed. As such, it is our view that Parliamentary Service needs to strengthen the capabilities required to develop and deliver a comprehensive change programme that supports a 'whole-of-service' view.

## Financial independence

For Parliament to provide effective scrutiny of Executive Government, it is important it be financially independent of the Executive branch. This is not currently the case – the Parliamentary appropriations, from which both funding allocations and support services delivered to parties and members are financed, are determined and approved through the same budget process as a government department. This means that while the budget is ultimately voted by Parliament, there is a high degree of influence and direction from the Executive Government, which shapes and presents the budget to Parliament.

The Committee considered a number of alternative funding mechanisms that would increase the independence of Parliamentary funding from the Executive Government. It is our view that the most appropriate option is to fund Parliament through a mechanism consistent with that used to determine funding for the Officers of Parliament. This new approach to funding Parliament should be supported by an independent review similar to the existing triennial review to ensure Parliamentary funding is adequate and effectively managed.

## Conclusion

There is an inherent tension between ensuring that funding to Parliament is adequate and services provided to members are effective and ensuring that funding is used in a way that is cost-efficient and fiscally responsible. In line with the recommendations of the fifth ARC Parliamentary Service has implemented efficiency savings and operational changes that facilitate responsible spending. Our review has found that these drives for efficiency are beginning to compromise some of the effectiveness of members and of Parliament itself and as such, our recommendations focus on ensuring that Parliament is adequately funded to fulfil its purpose.

A summary of our recommendations is provided on page 94. To support members in communicating with, and representing, their constituents and Parliament in developing legislation and scrutinising the Executive Government, the Committee has recommended increases to various Party and Member Support allocations and revisions to the respective funding models for members' non-staff costs and the costs incurred by Parliamentary parties. To promote equal and unfettered access to Parliament, we have recommended that planned upgrades to Parliamentary security be funded and that more be done to support constituents with disabilities or whose first language is not English accessing out-of-Parliament offices.

To ensure that future Parliaments are adequately funded and that services delivered to these Parliaments are of a high standard, we have recommended that the funding mechanism for Parliament be moved to a Parliamentary Committee to attain financial independence from the Executive Government and that Parliamentary Service deliver a comprehensive programme of work to improve its ability to meet the needs of members and support staff.

## 9. Recommendations

All of our recommendations are designed to improve access to Parliament and the democratic process for all New Zealanders, to increase the effectiveness of that process so that members of Parliament provide better representation of the people they are elected to serve, to provide well informed and effective contributions to the creation of policy and legislation and to better enable scrutiny of the Executive Government.

Our main recommendations are:

- ▶ Fund Parliament and Parliamentary Service independently of the Executive Government, via a funding mechanism consistent with the Officers of Parliament. This funding mechanism should include seeking advice from an independent third party, such as the ARC, which will promote adequacy and fiscal responsibility
- ▶ Parliamentary Service should develop and implement a comprehensive programme of work to improve Parliamentary Service's ability to meet the needs of members and support staff. This programme should provide additional organisational capabilities that include the ability to better understand individual member requirements and design and deliver improved services. Our view is that this will require changes to Parliamentary Service's operating model that are not yet planned
- ▶ Parliamentary Service should adopt the practice of establishing fixed electorate offices that are funded, leased and fitted-out by Parliamentary Service. These should be chosen in consultation with and with the consent of the PSC. Current members should retain the right to choose and lease existing offices but as these change, or as members choose, the new arrangements should be put in place. In the interim, Parliamentary Service should fund security upgrades to out-of-Parliament offices required to bring out-of-Parliament offices to minimum security standards
- ▶ Increase current non-staff funding for individual members and Party and Leadership funding allocations to offset the effects of CPI inflation since 2007 and increase fixed leadership allocations to \$200,000 to recognise the fixed costs of operating a Parliamentary party (total increase in funding of approximately \$1.03 million non-staff funding and \$2.00 million Party and Leadership funding)
- ▶ Provide funding for secondments to opposition parties from major government departments to support Parliament in effectively challenging the Executive Government (estimated increase in funding of approximately \$0.75 million)
- ▶ Adjust the large electorate threshold to include the Wairarapa and Northland electorates in the large electorate category, resulting in a more natural separation between the large electorate and other electorate categories (funding increase of approximately \$0.19 million p/a)
- ▶ Parliamentary Service should develop for the next Parliamentary term a new model for calculating non-staff funding allocations, to complement the move to fixed electorate offices and to ensure that funding reflects the costs that members actually incur in their duties as elected representatives
- ▶ A learning and development framework for members should be created. The Parliamentary Service Commission should decide on the administration, allocation, and funding for the development of this framework. Parliamentary Service should facilitate this work

Our further recommendations are:

- ▶ Adjust calculations for support staff allocations to provide members with funding for one Senior (level 3) staff member (with other FTEs remaining at level 2) to recognise managerial responsibilities of staff in out-of-Parliament offices (total increase in funding of approximately \$0.45 million p/a). Additional funding should be available only if a staff member is employed in a level 3 role
- ▶ Adjust calculations for support staff allocations to provide all members with funding for five weeks of leave cover per-FTE in out-of-Parliament offices rather than three weeks, in order to allow members to keep their offices open and fully staffed year-round (total increase in funding of approximately \$0.52 million p/a)

- ▶ Adjust calculations for ICT equipment allocations to provide additional funding based on the cost of mobile technology for out-of-Parliament office staff (estimated increase in funding of approximately \$0.22 million)
- ▶ Parliamentary Service should provide ICT tools based on user requirements' gathering to support members and their staff, particularly case management and project management tools. These should be provided as standard by Parliamentary Service, not funded out of member support budgets. Training on these tools should also be available
- ▶ Parliamentary Service should administer a funding pool that enables and improves access to the democratic process for constituents with a disability or where there is language barrier. This access can be funded from the Additional Support for Members appropriation based on additional directions for use from the Speaker
- ▶ Parliamentary Service should review the provision of additional support and funding for members with physical or sensory impairments to ensure that support is sufficient and that the process for obtaining it is as easy and clear as possible
- ▶ Parliamentary Service should be provided with additional funding required to meet the full cost of PSR (Protective Security Requirements) implementation
- ▶ In this term, Parliamentary Service should develop a more thorough education and outreach programme to assist in promoting an understanding of Parliament in schools

### Recommendation costs and timeframes

The table below provides a summary of the expected implementation costs and recommended implementation timeframes for each of our recommendations. We have provided where possible an estimated dollar figure where we expect significant ongoing or one-off costs to be incurred, though for some recommendations further analysis or project scoping work is required in order to obtain cost estimates. In total, the recommendations for which we have provided estimates will require one-off funding of \$0.55-0.75 million and increased ongoing funding of approximately \$5.17 million p/a. These totals are likely to increase as implementation cost estimates are obtained for remaining recommendations.

#	Recommendation	Implementation cost	Timeframe
1	Fund Parliament and Parliamentary Service independently of the Executive Government, via a funding mechanism consistent with the Officers of Parliament.	Administrative cost of implementing legislative and operational change (resourced internally).	Implemented for the 52 <sup>nd</sup> Parliament
2	Parliamentary Service should develop and implement a comprehensive programme of work to improve their ability to meet the needs of Members and support staff.	Initial scoping exercise required before full cost of change can be determined. Operating model redesign is likely to cost c. \$0.2-0.4m but subsequent change programme will require additional funding.	Work to begin as soon as possible
3	Increase non-staff funding to account for inflation since 2007.	\$1.03 million p/a	Prefer an immediate increase but implemented for the 52 <sup>nd</sup> Parliament
4	Increase Party and Leader allocations to account for inflation since 2007, and increase fixed leadership allocations to \$200,000.	\$2.00 million p/a	Implemented for the 52 <sup>nd</sup> Parliament
5	Provide funding allocations to opposition parties to allow for secondments from major government departments (\$450,000 for party that supplies the Leader of the Opposition, \$150,000 for each other opposition party with at least 6 members)	\$0.75 million p/a	Implemented for the 52 <sup>nd</sup> Parliament
6	Adjust staff allocations to provide members with sufficient funding for one FTE in a Senior (managerial) role. Amend staff funding calculations to provide 5 weeks of leave cover per staff member rather than 3 weeks.	\$0.45 million p/a \$0.52 million p/a	Implemented for the 52 <sup>nd</sup> Parliament
7	Adjust calculations for ICT equipment allocations to provide additional funding based on the cost of mobile technology for out-of-Parliament office staff.	\$0.22 million p/a. Estimate based on prices for laptops, mobile phones and plans purchased through the Parliamentary campus store	Implemented for the 52 <sup>nd</sup> Parliament
8	Adjust large electorate threshold to include the Wairarapa and Northland	\$0.19 million p/a	Implemented for the 52 <sup>nd</sup>

	electorates in the large electorate category.		Parliament
9	Parliamentary Service should take accountability for, establish and fit out permanent electorate offices for electorate members.	Expected long-term cost saving (fewer offices opened each term).	Implemented over time as new members take office. To begin with the 52 <sup>nd</sup> Parliament.
10	Parliamentary Service should develop for the next Parliamentary term a new model for calculating non-staff funding allocations, to complement the move to fixed electorate offices and to ensure that funding reflects the costs that members actually incur in their duties as elected representatives.	Administrative cost of developing model and consulting with members and parties. Estimated cost of \$0.25m.	Model to be developed in this Parliamentary term and implemented for the 52 <sup>nd</sup> Parliament
11	Parliamentary Service should be financially responsible for security upgrades to out-of-Parliament offices (including offices leased by members)	Analysis of recent legislative change required to determine changes to health and safety requirements for out-of-Parliament offices, and costs of required upgrades. Additional funding may be required.	Implemented for the 52 <sup>nd</sup> Parliament
12	Parliamentary Service should be provided with additional funding required to meet the full cost of completing planned upgrades to Parliamentary security.	Total cost of upgrades not yet known (roadmap currently being developed by Parliamentary Service security team).	Implemented for the 52 <sup>nd</sup> Parliament
13	A learning and development framework for members should be created. The Parliamentary Service Commission should decide on the administration, allocation, and funding for the development of this framework. Parliamentary Service should facilitate this work.	Development of framework required to identify ongoing costs of any new learning and development initiatives.	Implemented for the 52 <sup>nd</sup> Parliament
14	Parliamentary Service should provide necessary ICT tools to support members and their staff, particularly case management and project management tools.	Analysis of member requirements needed to determine appropriate software and related costs.	Implemented for the 52 <sup>nd</sup> Parliament
15	Funding to support Members with physical or sensory impairments should be extended in use to support access for disabled or non-English speaking constituents.	Analysis needed to determine costs of translation services. Funding could be drawn from 'Additional Support for members' appropriation.	Implemented for the 52 <sup>nd</sup> Parliament
16	Parliamentary Service should review the provision of additional support and funding for Members with physical or sensory impairments in order to ensure that support is sufficient and that the process for obtaining it is as easy and clear as possible.	Administrative cost (resourced internally).	Implemented for the 52 <sup>nd</sup> Parliament
17	Parliamentary Service should develop a more thorough outreach programme through Education Services for schools to learn about Parliament.	No additional funding.	Implemented for the 52 <sup>nd</sup> Parliament
18	Parliamentary Service should provide additional clarity around the division of employment roles and responsibilities in the three-way employment relationship between Parliamentary Service, members, and their staff.	Administrative cost (resourced internally).	Implemented for the 52 <sup>nd</sup> Parliament

## 10. Appendices

### Appendix A: Sixth Appropriation Review Committee

#### Sixth Appropriation Review Committee

The members of the Sixth Appropriation Review Committee are:

- ▶ Chair Grant Taylor (Managing Partner, Wellington, EY)
- ▶ Hon John Carter
- ▶ Hon Rick Barker

EY has provided advisory and support services to the Committee.

#### Previous Appropriations Review Committee Reports

- ▶ Parliamentary Appropriations: Report on the Committee of the Fifth Triennial Review, October 2012
- ▶ Report of the Fourth Triennial Parliamentary Appropriations Review, June 2010.
- ▶ Parliamentary Appropriations: Report of the Committee on the Third Triennial Review, March 2007
- ▶ Resourcing Parliament: Parliamentary Appropriations Review: Report of the Committee on the Second Triennial Review, November 2004
- ▶ Resourcing Parliament: Report of the Review Committee on the First Triennial Review of the Parliamentary Appropriations, 14 October 2002

## Appendix B: Consultations held

Speaker of the House of Representatives	
Name	Role
Rt Hon David Carter	Speaker of the House of Representatives

Parliamentary Service Commission	
Name	Role
Hon Gerry Brownlee	For the Leader of the House
Rt Hon David Carter	Chair
David Clendon	For the Green Party
Chris Hipkins	For the Labour Party
Hon Annette King	For the Leader of the Opposition
Tim Macindoe	For the National Party
Ron Mark	For the New Zealand First Party

Members of Parliament	
Member of Parliament	Party
Hon Amy Adams	National Party
Jacinda Ardern	Labour Party
Todd Barclay	National Party
Hon Gerry Brownlee	National Party
Dr David Clark	Labour Party
David Clendon	Green Party
Clare Curran	Labour Party
Hon Peter Dunne	United Future Party
Hon Ruth Dyson	Labour Party
Hon Te Ururoa Flavell	Māori Party
Marama Fox	Māori Party
Hon Paul Goldsmith	National Party
Chris Hipkins	Labour Party
Hon Nikki Kaye	National Party
Hon Annette King	Labour Party
Andrew Little	Labour Party
Tim Macindoe	National Party
Hon Trevor Mallard	Labour Party
Tracey Martin	New Zealand First Party
Mojo Mathers	Green Party
Stuart Nash	Labour Party

Rt Hon Winston Peters	New Zealand First Party
Alastair Scott	National Party
Carmel Sepuloni	Labour Party
David Shearer	Labour Party
Su 'a William Sio	Labour Party
Hon Dr Nick Smith	National Party
Barbara Stewart	New Zealand First Party
Rino Tirikatene	Labour Party
Hon Lousie Upston	National Party
Hon Nicky Wagner	National Party
Meka Whaitiri	Labour Party
Poto Williams	Labour Party

#### Party Chiefs of Staff

Name	Party
David Broome	New Zealand First Party
Wayne Eagleson	National Party
Peter Keenan	ACT Party
Matt McCarten	Labour Party
Kirsten Rei	Māori Party
Ken Spagnolo	Green Party

#### Parliamentary Service Staff

Name	Role
David Stevenson	General Manager
Katrina Nowlan	Chief Financial Officer
Michael Middlemiss	Chief Information Officer
Michelle Malyon	Director, General Managers Office
Jim Robb	Group Manager Precinct Services
Anne Smith	Group Manager Shared Services
Barbara McPhee	Parliamentary Librarian
Wayne Murphy	Manager Policy and Directions Advice
Jonathan Howe	Security Manager
Alan Hasell,	Manager IST Operations and Architecture
Robin Fepuleai	Manager IST Service Delivery
Philippa Henwood	Manager Visitor Services
Miranda Thomson	Education Coordinator
Ainslie Chapman	Relationship Advisor

Jane McKenzie	Relationship Advisor
Karl Brewerton	Relationship Advisor
Jenny Beech	Relationship Advisor
Natasha Paku	Relationship Advisor
Paul Tyron	Services Manager, People and Culture
Morwen Thomas	Independent contractor, People and Culture
Lucy Fookes	Senior Learning and Development Advisor

#### Member Support Staff

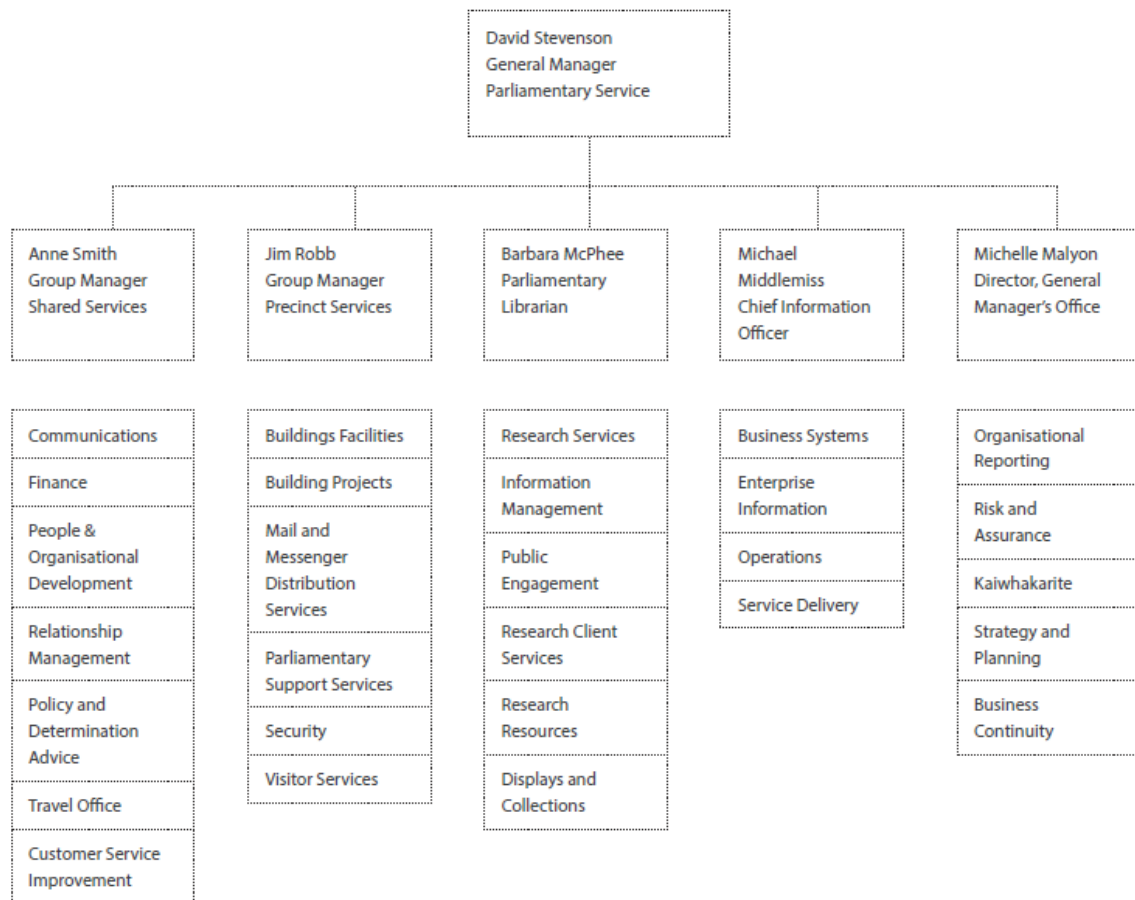
Member	Electorate
Hon Amy Adams	Selwyn
Jacinda Ardern	List (Auckland)
Todd Barclay	Clutha-Southland
Clare Curran	Dunedin South
Hon Peter Dunne	Ōhāriu
Hon Ruth Dyson	Port Hills
Hon Te Ururoa Flavell	Waiariki
Hon Paul Goldsmith	List (Auckland)
Hon Annette King	Rongotai
Jami-Lee Ross	Botany
Carmel Sepuloni	Kelston
David Shearer	Mt Albert
Su'a William Sio	Māngere
Hon Anne Tolley	East Coast
Hon Nicky Wagner	Christchurch Central
Poto Williams	Christchurch East

#### Other Stakeholders

Name	Organisation (role)
Mary Harris	Clerk of the House of Representatives
Steve Cutting	Office of the Clerk (Manager Parliamentary Relations)
Stella Teariki	New Zealand Public Service Association
Jennifer Lawless	New Zealand Public Service Association
Raewyn Tate	New Zealand Public Service Association
Meaw-Fong Phang	Office of the Ombudsman (Finance and Business Services Manager)
PSC ICT Sub-committee	PSC ICT Sub-committee
John Errington	Remuneration Authority (Chairperson)
Angela Foulkes	Remuneration Authority (member)
Geoff Donovan	The Treasury (Vote Specialist)
Peter Lorimer	The Treasury (Principal Advisor)



## Appendix C: Organisational chart



## Appendix D: Support allocations for individual members

Year 1 (2014/15)	Type of member		Staff sub-allocation (\$)	General sub-allocation (\$)	Non-staff sub-allocation (\$)
	Non-Minister	Large electorate	238,493	35,049	76,950
		Other electorate	178,027	26,207	57,834
		List	117,562	17,156	36,839
	Minister	Large electorate	181,397	28,705	76,950
		Other electorate	120,931	19,863	57,834
		List	60,466	10,812	36,839

Year 2 (2015/16)	Type of member		Staff sub-allocation (\$)	General sub-allocation (\$)	Non-staff sub-allocation (\$)
	Non-Minister	Large electorate	242,399	35,483	76,950
		Other electorate	180,943	26,531	57,834
		List	119,488	17,370	36,839
	Minister	Large electorate	184,367	29,035	76,950
		Other electorate	122,911	20,083	57,834
List		61,456	10,922	36,839	

Year 3 (2016/17)	Type of member		Staff sub-allocation (\$)	General sub-allocation (\$)	Non-staff sub-allocation (\$)
	Non-Minister	Large electorate	246,308	35,918	76,950
		Other electorate	183,861	26,855	57,834
		List	121,415	17,584	36,839
	Minister	Large electorate	187,340	29,366	76,950
		Other electorate	124,893	20,303	57,834
List		62,447	11,032	36,839	

Years 1-3 (entire term)	Type of member		Total staff (\$)	Total general (\$)	Total non-staff (\$)	ICT sub-allocation (\$)	Total (\$)
	Non-Minister	Large electorate	727,200	106,450	230,850	10,280	1,074,780
		Other electorate	542,831	79,593	173,502	9,060	804,986
		List	358,465	52,110	110,517	7,840	528,932
	Minister	Large electorate	553,104	87,106	230,850	10,280	881,340
		Other electorate	368,735	60,249	173,502	9,060	611,546
List		184,369	32,766	110,517	7,840	335,492	

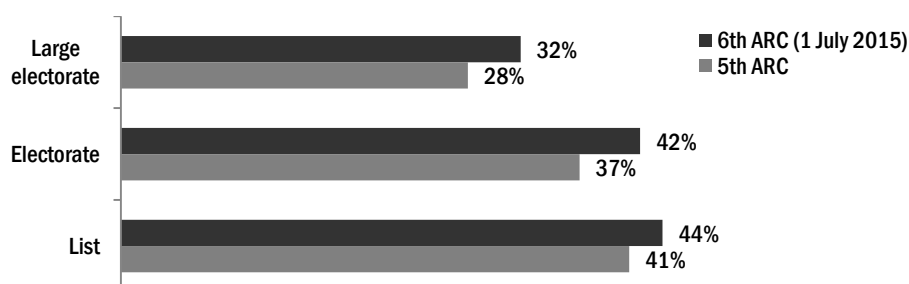
## Appendix E: Analysis of rent costs

Rent for out-of-Parliament offices is one of many expenses that may be met from a member's non-staff funding allocation. As the most significant fixed cost commonly incurred against the non-staff allocation, rent was also the expense that was identified most frequently during our consultations as a source of budgetary pressure, with members claiming that increases in rent over time have caused them to forgo other expenditures that they would otherwise have incurred in their roles as elected representatives. As such, the Committee has decided to use rent costs as a case study to further illustrate the current issues associated with non-staff funding.

As at 1 July 2015, there were 130 out-of-Parliament offices registered with Parliamentary Service, with a total annual rent cost of \$2.30 million. Rent information was obtained for 68 of 71 electorate members and 24 of 49 List members. Twenty-six electorate members operate multiple out-of-Parliament offices, nine of whom represent a large electorate.

As part of its review, the Fifth ARC also investigated member expenditure on rent. In its analysis, it considered the average rent expenditure as a proportion of total non-staff funding for each member type (large electorate, electorate, List). To illustrate the impact that rising rent costs have had on the adequacy of non-staff funding, we calculated analogous statistics using out-of-Parliament office rent data from the 51st Parliament. A comparison between the two sets of values is provided below:<sup>63</sup>

*Average rent expenditure as a proportion of non-staff funding (Sixth ARC vs Fifth ARC)*



The above comparison shows that the average proportion of non-staff funding spent on rent has increased for each of the three member types since 2012, when the report of the Fifth ARC was published. Furthermore, the breakdown of the original 1996 allocation for a List member provided in Table 3 suggests that when allocations were established it was expected that members would only spend approximately 25% of their total non-staff allocation on rent, while the values in the figure above show that members now spend between 32% and 44% of their non-staff funding on rent.

This indicates that, despite the fact that members may be able to mitigate the effects of inflation by searching for low-rent offices or compromising on the quality of their accommodation, increasing rent costs are putting pressure on non-staff budgets.

As the proportion of funding spent on fixed costs of operating out-of-Parliament offices increases, the proportion of funding available for expenditures related to engagement and communication with constituents falls, e.g., mail-outs, advertising, running clinics. This can be expected to negatively impact the ability of members to perform their duties as elected representatives.

## Appendix F: Member support staff salary bands

Year 1	Job Description	Step 1	Step 2	Step 3	Step 4	Step 5
	Administrative Assistant	\$34,234	\$36,373	\$38,513	\$40,652	\$42,792

<sup>63</sup> Note that the values for the 50<sup>th</sup> Parliament differ slightly from those shown in the report of the Fifth ARC, as a different method of analysis was used.

	EA, Member Support, Policy Research, & Communications Assistant	\$48,800	\$51,850	\$54,900	\$57,950	\$61,000
	Senior EA & Senior Member Support	\$51,712	\$54,944	\$58,176	\$61,408	\$64,640
	Policy / Research / Communications Advisor	\$55,934	\$59,429	\$62,925	\$66,421	\$69,917

<b>Year 2 (2015/16)</b>	<b>Job Description</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>
	Administrative Assistant	\$34,747	\$36,919	\$39,090	\$41,262	\$43,434
	EA, Member Support, Policy Research, & Communications Assistant	\$49,600	\$52,700	\$55,800	\$58,900	\$62,000
	Senior EA & Senior Member Support	\$52,488	\$55,768	\$59,049	\$62,329	\$65,610
	Policy / Research / Communications Advisor	\$56,773	\$60,321	\$63,869	\$67,417	\$70,966

<b>Year 3 (2016/17)</b>	<b>Job Description</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>
	Administrative Assistant	\$35,268	\$37,473	\$39,677	\$41,881	\$44,085
	EA, Member Support, Policy Research, & Communications Assistant	\$50,400	\$53,550	\$56,700	\$59,850	\$63,000
	Senior EA & Senior Member Support	\$53,275	\$56,605	\$59,934	\$63,264	\$66,594
	Policy / Research / Communications Advisor	\$57,624	\$61,226	\$64,827	\$68,429	\$72,030

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