RESOURCING PARLIAMENT

Report of the Review Committee on the
First Triennial Review of the
Parliamentary Appropriations

14 October 2002

Report of the Review Committee
on the First Triennial Review of the Parliamentary Appropriations

14 October 2002

Rt Hon Jonathan Hunt
Speaker
House of Representatives
Parliament House
WELLINGTON

Dear Mr Speaker

Resourcing Parliament

We have the pleasure of presenting the report on our review of the parliamentary appropriations, carried out in accordance with sections 20-22 of the Parliamentary Service Act 2000.

Our aim has been to produce a report that focuses on what we have identified as the priorities for additional resourcing and to establish a clear rationale for these.

As the committee carrying out the first triennial review of parliamentary appropriations under the Parliamentary Service Act, we have also set out to develop a framework that would not only guide our own deliberations but also establish a pattern for successive triennial reviews.

Our experience with undertaking the review has led us to a firm view on the value of the triennial review process. The regular re-assessment of parliamentary resourcing, over time, should ensure that support for Parliament and MPs keeps in line with changing demands in terms of the functions they perform, the activities that go with these functions and the expectations the public holds of them.

It will be seen from the report that the overall expenditure implications of our recommendations are not major relative to the overall cost of Parliament and the long period of time over which there has been no systematic examination of Parliament's resourcing needs.

Our recommendations do not have any legislative implications. The administrative implications are not significant.

We believe you will find the report offers a practical way forward.

The Review Group acknowledges with grateful thanks the support provided by senior officers of the Parliamentary Service and our adviser Adrienne von Tunzelmann, Principal, McKinlay Douglas Ltd.

Yours sincerely

Barry Dineen	Hon Stan Rodger	Joy Quigley
Chair, Review Group	**Review Group Member**	**Review Group Member**

CONTENTS

Executive Summary

Recommendations

Part One: Introduction and Background to the Review

1.1 Terms of Reference

1.2 Scope of Review

1.3 The Aims and Purposes of Our Review

1.4 The Fiscal Context

1.5 Our Process

Part Two: Framework

2.1 Introduction

2.2 Parliamentary Tradition and the Roles of Parliament and MPs

2.3 The Impact of MMP

2.4 Principles for Resourcing Parliament

2.5 The Current Structure of Funding and Services: An Overview

2.6 Expenditure Trends and Cost Drivers

Part Three: Resourcing Priorities

3.1 Introduction

3.2 Party and Members' Support

3.2.1 Introduction

3.2.2 Leadership Funding

3.2.3 Whips Office/Research Funding

3.2.4 Members' Support: List and Constituency MPs

3.3 Staff Support

3.4 Information and Research Services

3.5 Information and Communications Technology

3.5.1 Introduction

3.5.2 Use of ICT for Parliamentary Business

3.5.3 E-Parliament

3.5.4 Management Issues
3.5.5 Joint Office of the Clerk/Parliamentary Service ICT Initiatives
3.5.6 Capturing the Gains from New Technology Investments
3.5.7 Planning for Future Developments in ICT

3.6 Select Committee Resourcing
3.6.1 Introduction
3.6.2 Staffing
3.6.3 Public Access to Select Committees
3.6.4 Liaison With Australian Committees
3.6.5 A Select Committee Presence on the Internet

3.7 Other Resourcing Issues
3.7.1 Accommodation in Parliament
3.7.2 Televising Parliament
3.7.3 Training

Part Four: Budget Management

4.1 Bulk Funding for Parliamentary Party and Members' Support Services
4.1.1 Introduction
4.1.2 Background
4.1.3 Options
4.1.4 Rationale
4.1.5 Practical Implications
4.1.6 Assessment: A Bulk Funding Trial?

4.2 Out-of-Parliament Premises and Employment Issues

4.3 Guidelines and Disclosure
4.3.1 Guidelines
4.3.2 Disclosure

Part Five: Administrative and Fiscal Impact

5.1 General Observations

5.2 Fiscal Implications

5.3 Administrative Implications

5.4 Timing

Part Six: Next Triennial Review

Part Seven: Concluding Remarks

APPENDICES

Appendix 1 Terms of Reference

Appendix 2 Membership of Review Committee

Appendix 3 List of People and Organisations that Provided Input

Executive Summary

The Parliamentary Service Act 2000 provides for an independent committee to be appointed within each Parliament, to review the money appropriated by Parliament to meet the costs of providing resources to the House of Representatives and to members of Parliament. The appropriations include funding for each of the recognised parties in Parliament as well as for individual MPs, for parliamentary purposes.

The committee's comprehensive terms of reference encompass appropriations under the two votes that cover services to the House and to its members, Vote: Parliamentary Service and Vote: Office of the Clerk.

The committee has approached the review in the belief that resourcing issues should be addressed in the context of an effective, modern parliament. As part of establishing what this might mean, the committee looked overseas at developments in other Parliaments.

We have balanced this against the climate of fiscal constraint across all public sector spending. Our terms of reference require us to consider the need for fiscal responsibility, alongside the consideration of the services and funding required for MPs and parliamentary parties to perform their respective functions effectively.

The other important element in our approach has been to focus on key resourcing issues and priorities, rather than to conduct a detailed review of all expenditure activity under the two votes. This way we have been able to identify the areas where, in our view, a change in funding and services would have the most benefit.

In reaching its conclusions, the committee has taken into full account the New Zealand parliamentary tradition, the established roles of Parliament and MPs, and relevant factors in our MMP electoral system.

Other key influences on the committee's analysis and conclusions have included:

- The move over time towards increased flexibility and discretion in how parliamentary parties and MPs are able to use resources, within the purposes for which the funding is provided. There is in effect a limited form of bulk funding in the present system, and accordingly parties have some ability to maximise the overall use of their parliamentary party appropriations.
- Our view that greater flexibility must be accompanied by a commensurate degree of accountability. Balancing these two requirements has been a fundamental principle of public sector management in New Zealand reforms.
- A discernible shift towards more emphasis on party management of resources and less on individual MPs, although in important respects MPs still adhere to a tradition of being able to choose the nature of some of their specific services.

To underpin our whole approach we have identified a set of principles to guide appropriations over the coming triennium, and possibly in the longer term.

Our investigations have convinced us that there is a sound case for an increase in expenditure in the two votes, Parliamentary Service and Office of the Clerk. We

have offered a number of suggestions as to how this should be allocated and managed.

Among the changes we have aimed to reflect in our recommendations are the still-evolving impact of MMP, the ever-increasing importance of information in a modern Parliament and the growing diversity of community interest in the work of Parliament.

Most of our proposals do not break new ground. A number of them reflect developments that are already occurring. In these cases our approach has been to add impetus and indicate directions these developments could take – such as in information and research services to Parliament and MPs, information and communications technology and select committee resourcing.

Our recommendations fall broadly into the following categories:

- Recommendations on the quantum of budgetary support for parliamentary parties and MPs and enhancements to services for MPs
- Recommendations to improve staff remuneration prospects
- Recommendations for advancing the use of information and communications technology for parliamentary purposes and to enhance public participation
- Recommendations to strengthen support for select committees
- Recommendations on budget management, primarily bulk funding, the management of out-of-Parliament offices (and the associated employment issues) and the development of principles to distinguish parliamentary business from other political activity that ought not to be funded from the public purse.

We believe our proposals to be significant and justified enhancements in the resources available to Parliament and in their effective use.

The committee approached its task mindful of the opportunity presented by this first review to set some reference points for future reviews. Our report finishes with suggestions to take forward into the next triennial review.

Recommendations

Parliamentary Party Support Funding

1. That for parties with up to and including nine non-Executive members in Parliament, leadership funding be increased by an extra $50,000 per party. [Section 3.2.2]

Members' Support Funding

2. That the principle of a funding differential between constituency and list MPs be retained. [Section 3.2.4]

3. That Members' Support allocations be increased from $55,000 to $65,000 for constituency MPs and from $34,200 to $45,000 for list MPs. [Section 3.2.4]

4. That a trial be conducted of a freephone service for constituency MPs in the larger electorates defined as Group F and Group G in the Classification of Electoral Districts. [Section 3.2.4]

Staff Support

5. That work already undertaken towards developing a 'menu' approach to position descriptions and salary structures for support staff in MPs' in-Parliament and out-of-Parliament offices be expedited, with a view to implementation at the first available opportunity. [Section 3.3]

Information and Research

6. That it be noted that the committee endorses the current emphasis on, and strategies for, continuing to enhance the provision of high quality information and research to Parliament and MPs, particularly taking advantage of the opportunities for using advances in information and communication technology effectively and efficiently. [Section 3.4]

Information and Communications Technology

7. That the Parliamentary Service and the Office of the Clerk continue to keep abreast of new ICT uptake as it is relevant to Parliament, with the objective of continuously enhancing effective information flows and communication within Parliament, between Parliament and Executive Government and between Parliament and the public. [Section 3.5.2]

8. That an investigation of the value, feasibility and cost implications of providing high speed Internet access for out-of-Parliament offices be carried out early in the new Parliament and that it should include a survey of MPs to establish the need. [Section 3.5.2]

9. That the Parliamentary Service and the Office of the Clerk invest in upgrading the parliamentary website as soon as practicable. [Section 3.5.3]

10. That consideration be given to the establishment of a process for managing the quality of information made available through the Intranet within Parliament, and for protecting the investment made by the Parliamentary Service through the Parliamentary Library in Internet information sources. [Section 3.5.4]

11. That training for MPs and staff in the use of information and communications technology be further developed. [Section 3.5.4]

12. That appropriate rules be established for the introduction of new computer applications. [Section 3.5.4]

13. That the Office of the Clerk and the Parliamentary Service continue to investigate and act on opportunities for joint ICT initiatives. [Section 3.5.5]

14. That all decisions involving investment in new technology by the Parliamentary Service and the Office of the Clerk to be justified by identification of the efficiency gains with as much anticipation as possible of consequential cost shifting. [Section 3.5.6]

15. That consideration be given to establishing an ICT advisory committee with representation from each parliamentary party. [Section 3.5.7]

Select Committee Resourcing

16. That the nature and intent of the existing provision for select committees to engage independent specialist advisers in specialist fields be clarified and affirmed. [Section 3.6.2]

17. That the Protocol for the Provision of Independent Specialist Assistance to Select Committees be reviewed in the light of experience and to ensure clear and workable procedures for engaging independent specialist advisers, any changes to take effect from the beginning of the 2003/4 financial year. [Section 3.6.2]

18. That the pool of funding in the Office of the Clerk for the engagement of independent specialist advisers be increased to an aggregate sum of $200,000 (net of GST) in 2003/4. [Section 3.6.2]

19. That an evaluation be made of the combined effect of a revised protocol and increased funding on select committee use of independent specialist advisers, in 2004/5. [Section 3.6.2]

20. That it be noted that the review committee endorses the pilot being conducted jointly by the Parliamentary Service (through the Parliamentary Library) and the Office of the Clerk, to enhance the information, research and analysis services to select committees, and encourages the necessary funding to be provided if the pilot produces a positive case for additional research support for select committees. [Section 3.6.2]

21. That it be noted that the review committee endorses further developments in tele-conferencing and video-conferencing as options for select committees, making them available as a regular means for enhancing public access and saving travel costs, and ensuring the facilitation of public use of the technology. [Section 3.6.3]

22. That provision be made for two select committee visits to Australia per year, with appropriate criteria and an appropriate allocation process. [Section 3.6.4]

23. That the Office of the Clerk upgrade its Internet presence by developing more comprehensive and user-friendly select committee pages on the parliamentary website. [Section 3.6.5]

Televising Parliament

24. That investigatory work already carried out on the merits of, and options for, live visual broadcasting of proceedings in the Chamber and possibly of select committee hearings be expedited. [Section 3.7.2]

25. That consideration be given to use of webcasting or other media as well as public televising. [Section 3.7.2]

26. That decisions be timed for implementation by the commencement of the next parliamentary triennium (2005). [Section 3.7.2]

Bulk Funding for Parliamentary Party and Members' Support Services

27. That a bulk funding trial based on the approach suggested in the review report be investigated, involving one parliamentary party, for possible commencement in the 2003/4 financial year. [Section 4.1.6]

Out of Parliament Premises and Employment Issues

28. That new premises leased by MPs for out-of-Parliament offices comply with the interim guidelines drawn up by the Parliamentary Service for issuing to new MPs following the 2002 General Election. [Section 4.2]

29. That the Parliamentary Service Commission consider and agree on overall rules for the establishment of out-of-Parliament offices incorporating, as workplace standards, the minimum guidelines as determined by the Parliamentary Service and such other matters as the Commission considers appropriate. [Section 4.2]

30. That existing leases on premises found not to meet these standards be terminated at the end of the lease. [Section 4.2]

Guidelines

31. That a statement of guidelines be put in place covering the use by parliamentary parties and MPs of funding and services provided under the parliamentary appropriations. [Section 4.3.1]

32. That the objectives of these be to provide greater clarity and certainty for parliamentary parties and MPs, and also to assist the Parliamentary Service in administering entitlements and advising the Speaker. [Section 4.3.1]

33. That the guidelines sit alongside the Higher Salaries Commission's definition of 'parliamentary business' and be actively promulgated among staff in parliamentary party and MPs' offices. [Section 4.3.1]

Disclosure

34. That a system be developed for the disclosure of actual spending from parliamentary party and Members' Support budgets, as the corollary to greater flexibility in spending decisions by the parties and MPs, and as a prerequisite to any extension and formalisation of bulk funding. [Section 4.3.2]

Next Triennial Review

35. That it be noted that future triennial reviews should ideally be initiated mid-term in the parliamentary triennium to allow expenditure proposals adopted from the review to be fully explored and timed for implementation before the following Parliament. (Part Six)

36. That the next triennial review consider the principles set out in Section 2.4 of this report to guide the assessment of resource needs for Parliament, parliamentary parties, and MPs. (Part Six)

37. That the next triennial review:

    - Consider whether attention should be given the factors of electorate size and type as an issue in the quantum of Members' Support funding for constituency MPs.
    - Take on board the importance of continuing to invest in information and research services.
    - Look closely at the merits of, and options for, live visual broadcasting of proceedings in the Chamber and select committee hearings.
    - Evaluate the results of the proposed bulk funding trial and the implications and merits of the formal adoption of bulk funding in the areas shown by the trial to be viable. (Part Six)

Part One: Introduction and Background to the Review

1.1 TERMS OF REFERENCE

A review in 1999 of the Parliamentary Service Act, carried out by an independent review team, proposed a three-yearly review of the parliamentary budget. In the words of the review group:

> *"We believe that in the interests of Parliament's ongoing ability to ensure proper levels of resourcing for members there should be some means for externally assessing members' legitimate resource requirements."* [1]

The envisaged purpose was to assess funding for the forthcoming Parliament, with recommendations to the Speaker who would retain full responsibility for allocating funding within Parliament in the normal budget round.

The result was a provision in the new Parliamentary Service Act 2000 setting out comprehensive terms of reference for an independent committee to be appointed within each Parliament, to review and make recommendations on the amounts of money appropriated by Parliament for:

> *(a) "administrative and support services provided to the House of Representatives and to members of Parliament*
>
> *(b) funding entitlements for parliamentary purposes."* [2]

The first appropriations review committee was appointed in May this year.

1.2 SCOPE OF REVIEW

Our full terms of reference are set out in Appendix 1. Particular features of the work we are required to carry out are:

- A focus on the nature, quantity and quality of services
- An emphasis on effectiveness (the effective operation of the House and the effective performance by MPs and parties of their respective functions) and efficiency in the delivery of services
- Identification of any investments that may "further the aims of high quality representation by members of Parliament and high quality legislation"
- The need for fiscal responsibility.

Our terms of reference encompass appropriations under the two votes that cover services to the House and to its members, Vote: Parliamentary Service and Vote: Office of the Clerk. Vote: Parliamentary Counsel is not included, as the purpose of appropriations to the Parliamentary Counsel Office is to support the Government's legislative objectives.

---

[1] *A Review of the Parliamentary Service Act*, February 1999. Report to the Parliamentary Service Commission (the Rodger Report). Page 29.

[2] Parliamentary Service Act 2000, sections 20 – 22.

The committee has noted that its task is not a performance review of services to the House and its members, nor of the agencies that provide these. It is essentially an opportunity to look into the funding of services and support for Parliament and its members to assess how well their resourcing needs are met.

1.3 THE AIMS AND PURPOSES OF OUR REPORT

The committee has approached the review in the belief that resourcing issues should be addressed in the context of an effective, modern Parliament. The comprehensive support now provided to Parliament and its members is the product of continual evolution in the past, as resources have kept pace with the evolution of Parliament itself. Our assessment of the need to update and improve on the existing funding and services over the term of the next Parliament is based on the requirements of a modern institution and on current expectations (held both within Parliament and by the public at large) of how it should perform.

To underpin this approach we have identified a set of principles to guide appropriations over the coming triennium, and possibly beyond. These are set out in section 2.4 below.

The other important element in our approach has been to focus on key resourcing issues and priorities, rather than to conduct a detailed review of all expenditure activity under the two votes. This way we have been able to identify the areas where, in our view, a change in funding and services would have the most benefit.

In essence, we have seen our role as asking the question at the heart of any expenditure review: how much, for what? This led us to ask, in terms of the main issues:

- Are the funds currently allocated, and services currently provided, adequate?

- Are the funds serving their purpose or do they need to be changed in some way?

1.4 THE FISCAL CONTEXT

The committee is aware that there will never be enough funding to satisfy all the ideal services and support that could be provided to Parliament, MPs and parliamentary parties. It is a matter of striking a balance between a realistic level of resourcing from the public purse, using resources in the best possible way and ensuring that Parliament, parties in Parliament and MPs are sufficiently resourced to be effective in their respective roles.

Our terms of reference require us to consider the need for fiscal responsibility, alongside the consideration of the services and funding required for MPs and parliamentary parties to perform their respective functions effectively. We have been influenced by the current climate of fiscal constraint across all public sector spending.

We have also been mindful that over the past several years there have been no automatic across-the-board adjustments to departments' baseline funding to reflect inflation based increases in operating costs. This has been a key part of successive governments' financial management and fiscal control.

A further factor in our deliberations is that regard must also be had to maintaining the boundary between expenditure covered by the votes, on the one hand, and what is clearly non-parliamentary party expenditure on the other.

1.5 OUR PROCESS

The input we received for the review covered a variety of sources and viewpoints.

Discussions with MPs and parliamentary party leaders were a significant factor in identifying the issues and potential priorities. There was, needless to say, a wide range of views on what could be improved, but also a substantial consensus on what MPs regard as strengths in the present arrangements for supporting MPs, parliamentary parties and Parliament.

As required by section 21(2)(b) of the Parliamentary Service Act, the committee submitted its draft recommendations to the Parliamentary Service Commission. Further submissions received after meeting with the Commission were carefully considered.

Senior officials of the Parliamentary Service and the Office of the Clerk provided experienced views and information on the present system, and offered informed comment on our analysis and proposals.

We appreciated the assistance provided by the Office of the Controller and Auditor-General, the Treasury and the E-Government Unit of the State Services Commission.

We received very well presented and thoughtful submissions from the trade unions representing staff in Parliament.

We also carried out our own research, making extensive use of information sourced through the Internet on the approaches taken to funding and the level of services in other Parliaments, direct exchanges with officers in other Parliaments and literature sources provided by academics in the field of Parliament.

We greatly appreciate the frank, cordial meetings we had with MPs and others, and the oral and written analysis submitted to us.

Appendix 2 lists the people and organisations we met with and from whom we received submissions, information and valuable input.

Part Two: Framework

2.1 INTRODUCTION

As the committee carrying out the first triennial review of parliamentary appropriations under the Parliamentary Service Act, our task has included the development of a framework to guide our deliberations. We have sought also to establish a pattern for successive triennial reviews.

The value of the triennial review process is that it provides for the regular re-assessment of parliamentary resourcing. Over time, this should ensure that support for Parliament and MPs keeps in line with changing demands in terms of the functions they perform, the activities that go with these functions and the expectations the public holds of them. None of these remains static. There are nevertheless some important enduring factors in our parliamentary system that will always need to be taken into account when considering what levels and forms of funding and services are appropriate at any point in time.

In this section we identify components of a framework which we expect future reviews will use as a reference point, but which we are sure they will refine and improve on.

The five components are:

- The NZ parliamentary tradition and the roles of Parliament and MPs
- The MMP environment
- Principles for resourcing Parliament
- The structure of funding and services
- Expenditure trends and cost-drivers.

2.2 PARLIAMENTARY TRADITION AND THE ROLES OF PARLIAMENT AND MPS

Like any other Parliament, the New Zealand Parliament has its own distinct history, albeit one that reaches back over 800 years to the foundations of the British parliamentary system.

The system we have now is a blend of tradition and progression reflecting 150 years of evolution. An important factor in our approach to this review is that that evolution will inevitably continue, sometimes in large leaps as with the advent of MMP, sometimes as an ongoing response to society's changing values, our demographic trends, New Zealand's place in the world, our social and economic development (an example we highlight in our report is the 'knowledge age') and a system of Government that continuously reforms itself.

The core functions of Parliament remain the same:

- To play its part in the making of law
- To provide a government

- To scrutinise the activities of government and hold it accountable
- To vote supply
- To influence policy
- To provide an open forum for debating issues
- To represent government and citizens.

The resources Parliament is given to carry out these functions in modern times must be such as to enable Parliament to perform them fully, and in ways that meet the expectations of an increasingly well-informed public and participative society.

There is no definitive 'job description' for MPs, hence no definitive criteria for determining adequate resourcing. MPs fulfil many roles – as legislators and watchdogs of government, representing their constituencies and acting as 'ombudsmen', representing communities of interest on matters of policy and, whether as list or constituency MPs, being party members. They carry out these roles in the debating chamber, select committees, party offices, constituencies and anywhere in New Zealand that calls for their presence.

A Controller and Auditor General report highlights some of more demanding aspects of an MP's job:

- The MP's representative role extends to both domestic and international forums and requires MPs to be able to identify, analyse and present on local and international issues in Parliament and, in some cases, outside the country
- They must be well-informed, to contribute effectively to the development of sometimes complex new laws and the amendment of existing laws
- They must be able to cope with the conduct of financial reviews, and the detailed examination of Budgets and Estimates of Expenditure
- People expect them to be experts on the operations of the Crown so that they can offer informed advice to those who come to them for help to solve a problem.[3]

Further, with the strong emphasis now placed on consultation as a necessary component of decision-making, MPs are expected to be well-versed in how communities, and groups within communities, perceive issues.

MPs bring to these parliamentary roles their own individual style and emphasis. This has been one important factor in introducing more flexibility for MPs in how they use their funding resources, and was stressed in the discussions we had with MPs during the review.

The main roles of parliamentary parties are to present their policies in Parliament and to challenge the government's policies from a party perspective. They will need to undertake research, gather and analyse wide-ranging and in-depth information from within New Zealand and internationally, and organise themselves to use this to effect in parliamentary debate and select committee work.

At all three levels – Parliament as a whole, MPs and parliamentary parties – the Westminster parliamentary system has always been fundamentally a 'competition for

---

[3] *Parliamentary Salaries, Allowances and Other Entitlements, Final Report*. July 2001. Page 16.

ideas'. MMP has made the competition more vigorous than ever. In the committee's view, it is inevitable that this will flow into resourcing needs.

2.3 THE IMPACT OF MMP

It is not the committee's role to comment on MMP as an electoral system. The purpose of this section is rather to note some of the impacts MMP has had on parliamentary activity, as part of the context for our review.

MMP was introduced in New Zealand with expectations that it would change the composition and operation of Parliament. Not least among these have been expectations of more openness and more citizen participation. Another major influence has been the more complex political environment – more diverse representation, a more multi-party setting and potentially more significant roles for the smaller parties. As one submission to the review committee suggested, "we no longer have just a 'government' and an 'opposition' ".

One illustration of the impact of MMP has been the rapid increase in the volume of parliamentary business. Examples are the number of select committee inquiries and detailed reviews, the rising volume of submissions to select committees and the growth in parliamentary questions. A new feature is the work that goes on in negotiation between the Government and the parliamentary parties on policy and procedural issues.

MMP has also affected the relationship between the role of the MP and the parliamentary party. 'Party' is clearly now more significant relative to the individual MP than it was pre-MMP. The long tradition of geographical representation and of MPs attending to local issues is maintained with constituency seats, but the introduction of list MPs and the party vote has shifted the balance towards 'party'. One illustration of this is the shift towards more party management of resources and less by individual MPs, although in important respects MPs still adhere to a tradition of being able to choose the nature of some of their specific services.

The greater emphasis on 'the party' is seen in the arrangements for resourcing parties and MPs introduced in 1996. Previously separately itemised budget allocations have been amalgamated into a single appropriation for each parliamentary party. Each appropriation is divided into three allocations – one to fund the Leadership functions of the parliamentary party, one to fund the research activities of the parliamentary party, and one for support for the individual MP. With less compartmentalised funding, parties have considerable flexibility in how they use their party group resources and, as explained further in a later section of our report, can 'pool' the Members' Support allocation and thus shift the balance between party group and individual MP activity.

As with the revamping of Standing Orders in 1996, these resourcing changes are to some extent useful modernisations, not required only by MMP. MMP has been an opportunity for a number of adjustments in the way Parliament operates and continuing experience with it will, we believe, inevitably produce further change.

2.4 PRINCIPLES FOR RESOURCING PARLIAMENT

We believe it is important to have some recognised measures of an 'effective, modern Parliament' against which to assess the merits of different approaches to funding and services.

New Zealand exemplifies one of a diversity of approaches taken to the funding and operation of Parliaments around the world.

Newer Parliaments (Scotland, and the Northwest Territories in Canada) have adopted principles to guide how they will operate. These flow through into the provision of resources. While they are very interesting examples of modern approaches to the operation of the Parliament, they do not translate readily into the New Zealand context because in both cases the systems could be designed from scratch without the constraint of inherited tradition.

We do note the work that has gone into developing outcome statements for expenditure under both the Parliamentary Service and Office of the Clerk votes in New Zealand. These are useful contributions to developing some 'anchors' for prioritising expenditure. They do not cover the funding for parliamentary parties and MPs that is a Crown appropriation.

For the purposes of our review we have identified the following principles as relating to the conclusions we reach in the report and to the proposals we put forward. They are not intended to produce outcomes different from those currently expected of Parliament, parliamentary parties and MPs, but we believe they do represent a useful set of reference points for assessing future resource allocations.

The principles we have adopted are:

- Recognising the distinct history of the New Zealand Parliament, including its long history as a unicameral Parliament[4], in contrast to most Westminster-style Parliaments
- Recognising the evolving nature of Parliament (changes in the electoral system, the changing demands on the work of Parliament, parliamentary parties and MPs, changing relationships between Parliament and the Executive and the changing structure of New Zealand's population as it is reflected in the political and parliamentary landscape)
- Maintaining a balance between the resources available to a government and to Parliament, given Parliament's role in holding government to account
- Enabling Parliament to serve the democracy of New Zealand better, especially in terms of an open accessible Parliament
- Supporting MPs to do a more effective job and to work more efficiently
- Recognising the fundamental importance of information to a modern Parliament and of communication between Parliament and the public, including communication between MPs and their constituencies and communities
- Utilising the advantages of information and communications technology
- Ensuring Parliament and MPs are able to present an image that gains greater awareness and respect for the work of Parliament and MPs.

[4] New Zealand's Upper House, the Legislative Council, was abolished in 1951.

Parliament needs to be resourced for all of these.

2.5 THE CURRENT STRUCTURE OF FUNDING AND SERVICES: AN OVERVIEW

Parliament, the parliamentary parties and MPs are supported in a variety of ways with funding and support services aligned with their roles and functions, and related directly to the diverse range of activities that qualify as 'parliamentary'.

We have not found a case for altering the basic structure of budget categories and services provided. Our proposals are designed to fit into the structure presently in place.

The funding and services to support Parliament, parliamentary parties and MPs, as encompassed by our review, fall under two votes. These are Vote: Parliamentary Service and Vote: Office of the Clerk.

The following is a summary of only those components of the parliamentary appropriations that we have addressed in the review (it does not cover all components).

Vote: Parliamentary Service

This has two components – expenses that are met by the Crown, and departmental expenses as represented by the Parliamentary Service's output classes.

OTHER EXPENSES TO BE INCURRED BY THE CROWN

Party and Member Support

Each recognised party in Parliament receives a separate appropriation which is an aggregation of three categories of funding (these are described further in section 3.2 below). Movements in the budget allocations that come within these appropriations are a function of the configuration of each Parliament which is, in turn, a consequence of the outcome of each general election.

The appropriations for the first MMP Parliament in 1996/7 combined a number of old budget categories, including the former leaders' support budgets and the budgets for the former research units which used to be included in the departmental outputs of the Parliamentary Service and are now funded as a Crown expense. These are now covered by the allocations for Leadership funding and Whips Office/Research funding. The total of the party appropriations was $13.2 million in 2001/02.

The components of the parliamentary party and Members' Support appropriations (a separate appropriation for each parliamentary party) are:

Leadership funding (Allocated to the Leader's office)	Covers costs of: - Leader's office staff - covering portfolio issues - parliamentary party management	Full year funding: For each MP in the party who is not a member of the Executive - $57,176
Whips Office/Research funding	Covers costs of: - research staff - Whips office staff - office operating costs	Full year funding: For each MP in the party - $20,000
Members' Support funding	Covers costs of: - rental of out-of-Parliament office(s) and operating costs - printing - postage from Parliament - advertising - technology purchases	Full year funding: For each list MP - $34,200 For each constituency MP - $55,000

Members' Communications

This is the budget to which all MPs' parliamentary-related communication is charged and covers telephone costs for telephones in the parliamentary complex, a cell phone for each MP, stationery usage within Parliament by MPs and stamp warrants.

The budget provision for this in 2001/2 was $3.7 million. The appropriated funding has remained static over recent years because although the level of communications activity has increased dramatically over time, costs have been balanced by better contracted rates negotiated by the Parliamentary Service.

PARLIAMENTARY SERVICE DEPARTMENTAL EXPENSES

For the purposes of the review the committee focused on two areas of expenditure[5]:

- Services to members, which in 2001/2 totalled $15.4 million from which come the budget allocations for Executive secretaries ($4.8 million in 2001/2) and out-of-Parliament support (staff salaries) ($8.0 million in 2001/2).
- Parliamentary information services which covers Library services, computing facilities at Parliament and telecommunications advisory services to MPs and staff. The budget allocation for this in 2001/2 was $4.8 million. This includes an increase in the base level in 1996/7 to recognise the impact of the increase in the size of the House on Parliamentary Library and computing services. Similarly, in 1996/7 the Library had an increase of $278,000 for additional research staff while Information Services had an increase of $226,000 for the additional computers necessary for the greater number of members and support staff.

[5] These figures are GST inclusive.

Vote: Office of the Clerk

We focus in the review on the support provided to select committees. The allocation for this comes from the output class for 'administrative and support services for the House' which covers a broad range of Office of the Clerk expenditure. The budget allocation for select committee support in 2001/02 was $2.6 million.

2.6 EXPENDITURE TRENDS AND COST DRIVERS

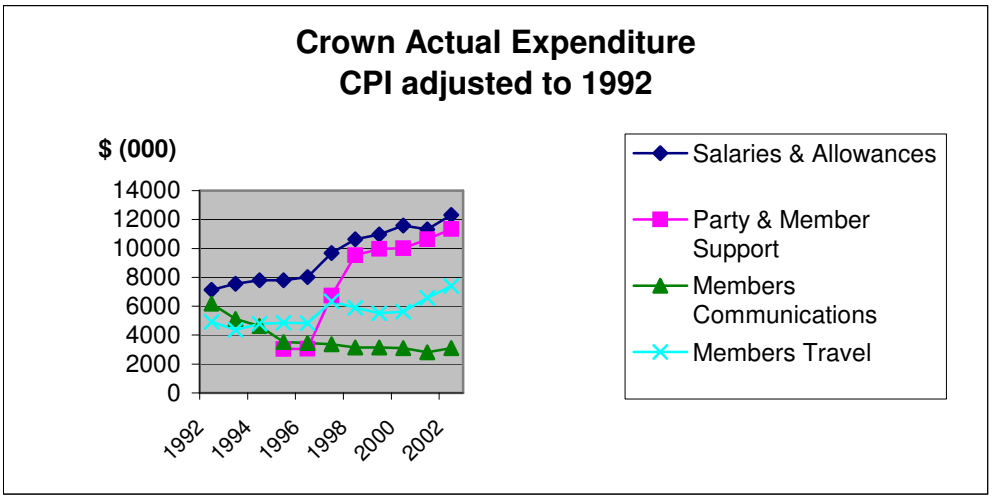
A marked feature of both votes has been the 'flatness' of expenditure over the past several years.

The areas of expenditure where growth has occurred are almost all accounted for by the advent of MMP in 1996/7 and the increase in the number of MPs from 99 to 120, and are contained in:

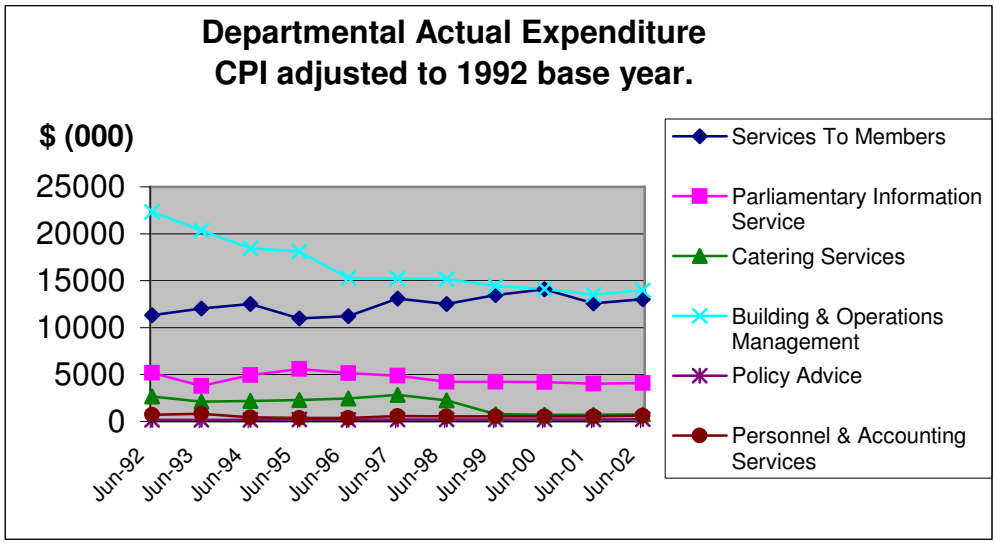
- The Crown expenses appropriation, which post-MMP has grown from $6.7 million (1996/7) to $11.3 million in 2001/2.
- Parliamentary Service departmental funding, where the cost of support staff for MPs within Parliament and out-of-Parliament rose in line with the increased number of MPs and the budget allocation for parliamentary information services was increased, as noted above.
- Office of the Clerk funding where the allocation for administrative support services for the House has risen over recent years, from $3.4 million in 1994/5 to $5.8 million in 2001/2. Factors have been the additional staff and operational costs for select committees under MMP (including the formation of two special select committees, one to review MMP and one to inquire into employment relations and accident compensation).

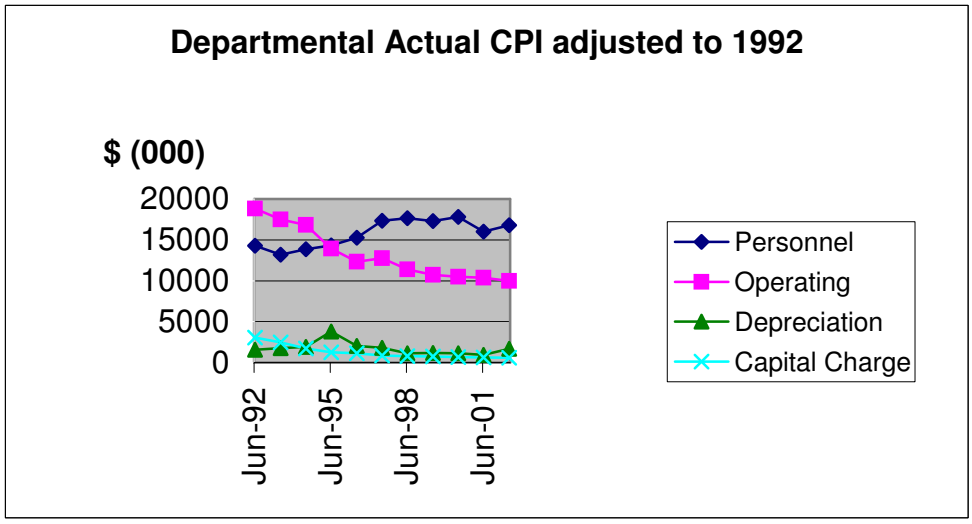
Otherwise, as the graphs below show, expenditure has been notably static in real terms.

- Under Crown expenses (Parliamentary Service), stable expenditure in members' communications.

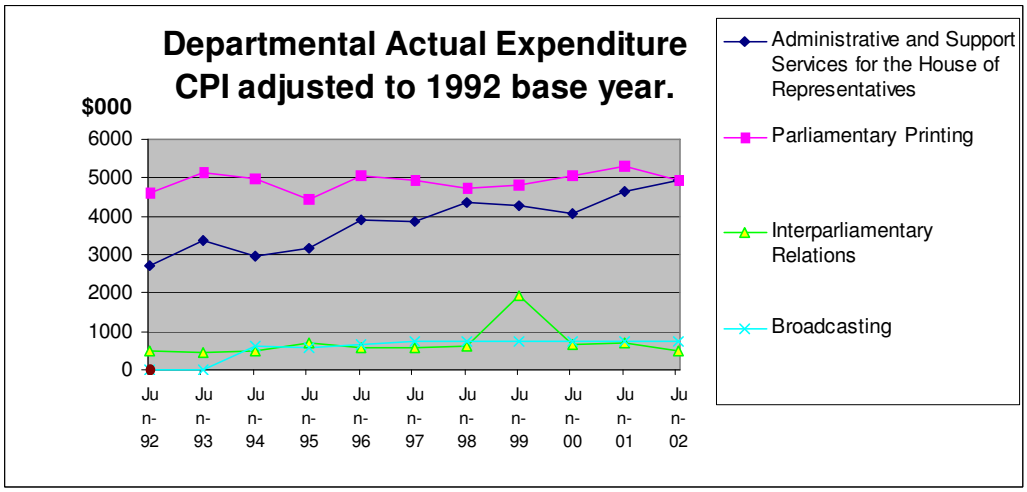


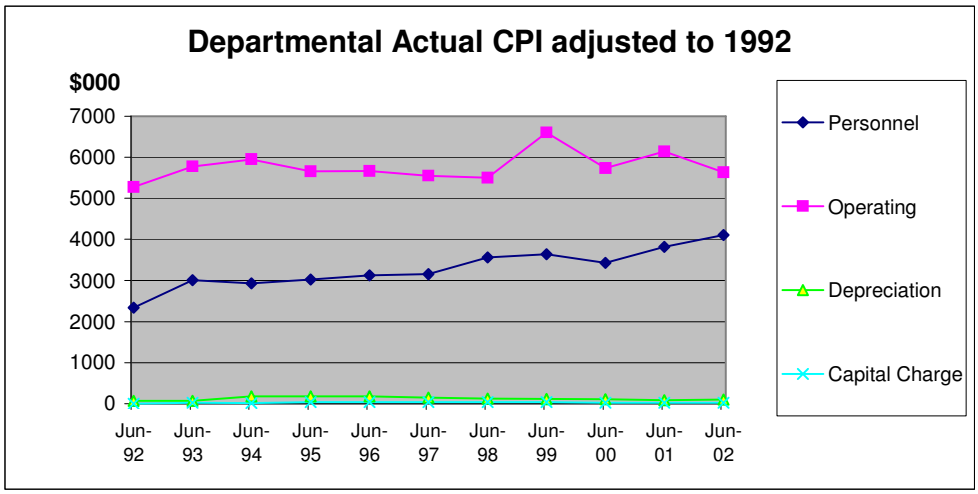
- Under departmental funding (Parliamentary Service), stable expenditure in all the significant areas.





- Under Office of the Clerk funding, stable expenditure in all the significant areas (the higher level of spending on Interparliamentary Relations in 1998/99 was related to the Commonwealth Parliamentary Association Conference held in Wellington that year).





A major cost driver in the future will be staff salaries. For the Parliamentary Service, we are advised that salary increases could not be managed within the existing budget baseline and would require an increase in the departmental vote for the Parliamentary Service. Pressure to raise salary scales for MPs' support staff would have implications for other categories of staff employed by the Service. We note also that a rise in salary rates for MPs' support staff would need to be reflected in Leadership and Whips Office/Research funding (met from Crown Expenses under Vote: Parliamentary Service) because salaries are a significant expenditure item from these allocations.

Energy cost pressures for the Parliamentary Service may also be a significant future cost driver.

An area of expenditure risk is members' communications which, as we have noted earlier, is fixed in terms of the appropriation but is under pressure of over-spending because it is demand-driven. Communications was overspent by $120,000 in 2001/2.

Looking out to future years, Treasury forecasts show continuing stability in the appropriation for the Parliamentary Service up to 2003/4. Estimates are not made for future years' Crown expenses. The forecast for the Office of the Clerk shows a drop in the appropriations for each year to 2003/4, reflecting the shift in control of legislative printing from the Office of the Clerk to the Parliamentary Counsel Office at the expiry of the present printing contract on 31 January 2003 and, in 2002/3, the demise of two temporary select committees.

Part Three: Resourcing Priorities

3.1 INTRODUCTION

In this part of our report we address the areas of resourcing we have identified as priorities for the coming triennium. They are:

- Party and Members' Support
- Staff support
- Information and research.

We also comment on other areas of resourcing that were brought to our attention and are worthy of note.

3.2 PARTY AND MEMBERS' SUPPORT

3.2.1 Introduction

Budgetary support for parliamentary parties and MPs is essential to enable them to carry out their work, and in the case of individual MPs to fulfil their parliamentary duties. The most important of their functions are:

- To be representatives of the people (and for constituency MPs, their individual constituents)
- To participate effectively in the processes of parliamentary government – in law-making, public debate and in the scrutiny of executive government
- To be well-informed on policy issues, and
- To research and prepare for debates on legislation and supply, and other matters that come before Parliament.

Under the present system the budget provisions come under the three categories of:

- Leadership funding
- Whips Office/Research funding
- Members' Support funding.

Taken together, the current provisions add up to 'per MP' totals as follows:

Funding for:	**Amount per MP**	**Total (1)**
Leadership funding	$ 57,176	$ 5,431,720
Whips Office/Research funding	$ 20,000	$ 2,400,000
Members' Support funding - Constituency MP	$ 55,000	$ 3,685,000

- List MP	$34,200	$1,812,600

(1) For the configuration of Parliament prior to the 2002 General Election. Leadership funding applies only to non-Executive MPs.

The first two of these are a function of party size, as the funding formula is based on an amount per non-Executive MP. The third, Members' Support funding, is individual to the MP, with a differential between constituency and list MPs.

A number of issues were raised with the committee about these provisions. The main issue raised was the quantum amount of each of the funding allocations. The current levels were set in 1996, based essentially on the levels of previous allocations with some adjustments. They are essentially the cumulative total of adjustments over the years. As across expenditure in the public service as a whole, the amounts have not been adjusted for inflation. Neither have they been adjusted to reflect changes in the demands of parliamentary party and MPs' work other than the impact of MMP on electorate size.

One point worth noting is the flexibility, within the overall party and member allocations, which the parliamentary parties can use if they wish. We understand practice varies among the parties in terms of the use made of this flexibility.

Specific issues that have been raised with the committee were:

- The 'smaller party' problem – there is a minimum threshold of activity associated with being a party in Parliament, and with being a party leader, that has to be carried out regardless of party size, such as being expected and able to participate in debate on all matters before Parliament, to develop a position on government policies and to interact with the public (including travelling around the country)
- The formula for Leadership funding – the concept of Leadership funding has grown from the 'Hunn/Lang' report of 1990 which put forward a range of proposals designed to provide tax-payer funded resources to the opposition party, as a reasonable counterpart to the resources available to the government front bench.[6] The present formula has evolved to cater for a multi-party parliament. There is no particular rationale for the amounts now allocated.
- Flexibility in the use of the allocations – this is effectively a question of whether the allocations should be put on a systematic 'bulk fund' basis that the committee discusses in detail in section 4.1 below. It was pointed out to the committee that the problem may not be the amount of funding, but how it is able to be used.

We believe it is important to consider whether any change is needed in these three forms of funding parliamentary parties and MPs, given changing demands and expectations particularly with the significant impacts of MMP, and to ask if they are still serving the purposes for which they were established.

3.2.2 Leadership Funding

Leadership funding comprises an amount of $57,176 for each non-Executive MP, combined into a fund that is allocated to the Party Leader's office to meet the costs of Leader's office staff in Parliament, resourcing work on portfolio issues and

[6] *Review of the Office of the Leader of the Opposition,* D.K. Hunn and Henry Lang, January 1990.

parliamentary party management. All leaders of parties in Parliament receive this funding.

The committee's consideration of the 'small party' problem outlined above, and the quite lengthy time Leadership funding has been in place, led us to the view that a case can be made for a different formula.

We considered a formula that would establish a minimum baseline regardless of the size of the party, but found that the level of any meaningful baseline would be excessive for a party of say one MP, when account is taken of the 'correction' for very small parties that is currently provided by way of the Whips Office/research funding they receive as well as Leadership funding.

We prefer a formula that recognises the actual resource constraints party leaders face. One of these is the level of staff support. Another is the dis-economies of scale very small parties face.

We propose a flat increase of $50,000 per party for each of the smaller parties. It could be used to employ additional staff or it could be disbursed in other ways, depending on where the resource constraint was being most felt.

Recommendation:

- That for parties with up to and including nine non-Executive members in Parliament, Leadership funding be increased by an extra $50,000 per party.

3.2.3 Whips Office / Research Funding

Whips Office/Research funding comprises an amount of $20,000 per MP, paid into a fund allocated to the Whips offices for use in meeting the costs of research unit staff, Whips office staff and the operating costs of each office.

This method of allocation gives parties flexibility in how they resource their research needs.

Given other research resources available to parliamentary parties and MPs, which we outline in section 3.4 below, and the general level of satisfaction expressed to us on how well research needs are met, we do not think extra funding in the Whips Office/Research budget is a priority. There was no real call in submissions to us for an increase in this budget, which we take as a sign that the amount is broadly adequate, even though at times and for some parties there may be a desire for resources to support more research activity. We note also that the flexibility to pool Member Support allocations gives further choice to parties as to how much they wish to allocate to research.

3.2.4 Members' Support: List and Constituency MPs

Members' Support funding comprises an allocation of $55,000 for each constituency MP and $34,200 for each list MP. These allocations are intended to cover the running of constituency or local offices (where rent is the biggest component), postage from Parliament, printing in and out of Parliament, advertising costs and technology purchases.

The amounts were set at the time of the first MMP Parliament in 1996 and have not been adjusted since. The constituency MP allocation was based on the pre-MMP member support entitlement, and was increased proportionately to recognise that with fewer constituencies under MMP constituencies were larger both geographically and population-wise. List MPs have been allocated the pre-MMP amount. On a 'per constituent' basis the amount has remained at essentially the same level since its introduction in 1985.

The committee considered two issues: the adequacy of these amounts; and the differential between constituency and list MPs.

ADEQUACY

There has been no adjustment to the quantum of Members' Support since 1996, and in effect since well before then since the 1996 adjustment was based on a rounding up of the previous allocation (of $34,120) plus provision for the larger post-MMP electorates. Since then there have been cost increases in all the items covered by the allocations.

The biggest cost increases have been in rents for out-of-Parliament offices. The committee has not attempted to price these increases because of wide variations across the country and in the type of premises rented. Rent increases have certainly been significant in the main centres and especially Auckland and Wellington. Another factor in rent costs is the pressure to ensure an appropriate standard of accommodation is provided for out-of-Parliament staff, particularly occupational and health standards.

The committee is reluctant to propose a major increase in the allocations. One reason for taking this view is the system operated by a number of the parliamentary parties of pooling Members' Support funding into a central party pool. Members' Support funding is not ring-fenced. It is an allocation within the overall parliamentary party appropriation, determined administratively according to a formula agreed to by the Parliamentary Service Commission. The amount actually in the hands of the individual MP will vary according to whether any of their allocation is pooled with the party's funding (which requires the MP's consent) or they transfer some of their allocation to another MP; or they may receive extra funding from the party's central pool. This means that part or all of any increase in Members' Support funding may go into the central pool, leaving rent and other cost issues unaddressed. Another reason is that we cannot see a realistic way to allow full compensation for rent increases when these have impacted heavily in some areas but much less so in others. More anomalies would be created.

The committee believes an increase in Members' Support funding is justified to reflect the changed roles of MPs under MMP and costs associated with those. We propose that the constituency MP allocation be increased from $55,000 to $65,000 and the list MP allocation from $34,200 to $45,000.

We believe that increasing Members' Support allocations is the appropriate way to feed in additional funding. The 'pooling' system allows the parliamentary parties the flexibility to make a choice as to balancing the funding needs of individual MPs and the funding needed for party group activity. With the MP's consent, part or all of the increase we are recommending may be 'pooled'.

The committee did give consideration to the factors of electorate size and type as an issue in the quantum of Members' Support funding for constituency MPs. We accept

that there are some shortfalls in how far funding takes account of these factors, but we are equally mindful that there are always electorate-by-electorate differences in the cost components MPs face, which by and large are counter-balanced. We concluded that the status quo represented a reasonable balance. The next triennial review might wish to re-consider the issue.

THE DIFFERENTIAL BETWEEN CONSTITUENCY AND LIST MPS

The allocations for constituency and list MPs were set in 1996 with the advent of an MMP Parliament. The resulting differential reflected the assumption that without constituency responsibilities, list MPs would have lower expenses and particularly would not incur the out-of-Parliament office expenses facing constituency MPs.

The committee considered this assumption in the light of experience with MMP.

The 1986 Royal Commission on the Electoral System anticipated that list MPs would take on at least some constituency work. In a discussion on effective representation of constituents, the Commission said "We expect, moreover, that many list members will attach themselves to a constituency or group of constituencies, particularly where they have been unsuccessful constituency candidates, and that the parties will require them to provide good constituency service as a prerequisite for continued high placement on the list." [7] Apart from how they are selected, there is no constitutional difference between constituency and list MPs – the Electoral Act, and also Standing Orders, refer only to "members of Parliament".

It is not surprising therefore to find that many list MPs are in fact carrying out de facto constituency work and have established out of Parliament offices. A Parliamentary Information Brief provided to the committee, prepared with input from MPs, says "Many list MPs also work to represent local communities, especially in areas where their party has no electorate MP." [8] List MPs may also operate a local office to provide people with an alternative avenue to the constituency MP for inquiry or assistance.

The Information Brief also notes that "Other list MPs work to represent special communities that do not have geographical boundaries, such as Maori, Pacific Islanders, trade unions, the business community and women … who are spread throughout the country." The committee also had drawn to its attention the roles list MPs play in taking on responsibility for specific major policy portfolios or geographical areas of responsibility. These roles create 'constituencies' and incur costs in the form of research, administration and community contact and responsiveness.

Despite this, the perception has developed of a different status between constituency and list MPs – among the public at large, among parliamentarians themselves and in the media. There is a view that list MPs do not have an obligatory role or mandate in constituency work and are not required to perform tasks equivalent to constituency MPs.[9]

---

[7] Report of the Royal Commission on the Electoral System *Towards a Better Democracy*, December 1986, page 53, para 2.141.

[8] *What MPs Do*, a Parliamentary Service briefing in *Decision Maker Guide to Parliament and Government, How Parliament Works*.

[9] This has been researched and reported in an article by Leigh Ward, Victoria University of Wellington, '*Second Class MPs? New Zealand's Adaptation to Mixed-Member Parliamentary Representation*, Political Science, Vol 49, No 2, Jan 1998, pp 125-152. Other research by Auckland University (*Proportional Representation on Trial: The New Zealand General Election and the Fate of MMP*, Jack Vowles, Peter Aimer, Jeffrey Karp, Susan Banducci, Raymond Miller, Ann Sullivan. AUP, 2002) has shown that list MPs have contact

We consider there is a case to continue the differential at least in the shorter term, for the reason that the roles are still evolving. Our proposed increases for constituency and list MPs slightly close the gap as a result of rounding up, but preserves the principle of a differential. At some point in the future there may be a case for reducing or even eliminating the differential. We note that the Scottish Parliament, under its newly established MMP system, has, as a matter of broad principle, opted for treating constituency and regional (list) Members of the Scottish Parliament equally in terms of allowances (certain differences do exist to keep a balance of regional office activity where there is more than one regional MSP in a region).

Another factor in retaining the differential in the meantime is the scope within the present funding system for the amount left in the hands of the individual MPs to vary. We understand that all parties pool the allocations to some extent, but that pooling is more pronounced in predominantly list member parties, partly because they are not necessarily needing to have an out-of-Parliament office, and may see no necessity, thus making a sizeable portion of their funding available for the party pool and hence parliamentary party activities. Constituency MPs need, and are expected to have, out-of-Parliament offices to fulfil their duties in geographic representation, and must retain funding for these costs.

Recommendations:

- That the principle of a funding differential between constituency and list MPs be retained.
- That the Member Support allocations be increased from $55,000 to $65,000 for constituency MPs and from $34,200 to $45,000 for list MPs.

A FREEPHONE SERVICE

Another issue considered by the committee was the question of communication costs in larger electorates and the need to overcome any sense of isolation and disadvantage for constituents in the larger electorates.

We believe a freephone service could be an effective way to enhance Members' Support resources in the larger electorates. We envisage it would be restricted to the boundaries of the largest and most rural electorates (Groups F and G in the Classification of Electoral Districts) which covers 14 electorates and includes most Maori electorates. The service would be available for constituency MPs as referred to in the Higher Salaries Commission's determinations, since its use would relate to constituency work, and would be connected to the MP's constituency office. It would not be designed for party related work. We do not believe it would be a greatly expensive development as we would not expect the volume of calls to be large. It would undoubtedly provide greater public accessibility to the MP, if only because it would feel more 'user-friendly' to people than, for example, making a reverse charge call. If we are correct in our belief that the volume of calls would not be large, we would expect it not to add unduly to the MP's workload. When the constituency office was closed a standard answering service would operate. To contain costs, the answering service would be set up to limit the length of the message left by the caller.

---

with fewer voters than constituency MPs – but one of the authors has noted that they may have more contacts among fewer people, which could be expected if they are cultivating policy-interest networks. It may also be that the differential funding is itself limiting the number of contacts list MPs have with voters.

We propose that the cost of the trial be met from the communications budget in Vote: Parliamentary Service.

Recommendation:

- That a trial be conducted of a freephone service for constituency MPs in the electorates defined as Group F and Group G in the Classification of Electoral Districts.

3.3 STAFF SUPPORT

An issue that was raised consistently with the committee by MPs and the unions was the remuneration of support staff in MP's offices within Parliament and out-of-Parliament.

Secretarial staff salary bands have not been increased since 1995. The scale stops at an upper limit of $38,762 for Executive Secretaries (in Parliament) and $37,839 (out-of-Parliament). The scale does provide for automatic progression through the scales based on time in the job.

There is a widely held view among MPs and staff that remuneration levels are too low to permit the recruitment and retention of good support staff. A Parliamentary Service report to the Parliamentary Service Commission indicates that Parliamentary Service scales are at or below the market median. A September 2001 survey showed the market median had moved approximately 3%. The Parliamentary Service has maintained it cannot afford that catch-up without an increase in its baseline funding from 2002/3 on.

We note that the Parliamentary Service has secured some additional funding for the 2002/3 financial year in respect of Executive Secretaries and out-of-Parliament secretarial staff, with negotiations to take place later this year.

The committee acknowledges that staff salaries have been held at the same levels for a number of years. When placed in the context that jobs in the parliamentary arena have become much more demanding in terms both of workloads and complexity, and that skill requirements have risen considerably, a case can be made for some change. MMP is seen as having added significantly to these factors, with no adjustments having been made in response.

We are not charged with the task of dealing with matters that are for industrial relations negotiations on salaries between staff and the Parliamentary Service.

The committee was however interested to learn of work that has been done by a joint working party of the Parliamentary Service and the Public Service Association looking at the range and extent of duties undertaken by Executive Secretaries and out-of-Parliament support staff, in comparison with position descriptions for these staff. The working party carried out a detailed survey of all staff in these groups to gather information about the work they are required to perform. The information gathered by the working party showed an increasing diversity in support staff roles reflecting the different styles, needs and expectations of the MPs they work for, and ranging from basic secretarial to much more demanding roles more akin to Executive Assistant or, in the case of out-of-Parliament offices, an office manager.

These diverse roles all have to be accommodated within the current position descriptions which are in turn based on past expectations – in effect, a 'one size fits all' approach. A Parliamentary Service report to the Parliamentary Service Commission noted that this approach is probably "no longer feasible and there needs to be a system that incorporates some choice for members but within some affordable parameters".

The committee is attracted by the concept of establishing a menu of differing principal job components as a way of dealing with the diversity of roles staff perform. MPs would be able to select the combination of support skills and tasks they required, within set criteria and budget allocations. An example given in the Parliamentary Service report to the Parliamentary Service Commission is an MP choosing to engage an Executive Assistant in Parliament who would, in addition to general office support (word processing, diary etc) provide specialised assistance in areas like writing and media services, cultural knowledge and liaison or research support. Such a person would be paid at a higher salary range than present salary scales permit, balanced for example by the MP choosing less support in the out-of-Parliament office.

In effect the job descriptions and salary structure would be aligned with the actual work the staff support person was expected to do, and was skilled to do. This would be a fairer regime for staff, it would offer better job opportunities and it would allow a better match between staff support provided and the MP's needs. It is likely some positions would justify a higher salary than can be paid under the existing salary structure.

The committee supports the concept and recommends that it be investigated expeditiously. Any such move would require a careful assembly of the following key elements:

- A clear structure of position descriptions reflecting the diversity of roles support staff play
- Matching these with the actual duties individual staff are required to perform and for which they are skilled
- Relating both of these to an appropriately benchmarked salary structure.

We understand that the Parliamentary Service has done this detailed work.

Such a system would need good management and oversight to ensure it was implemented in a fair and consistent way. We would anticipate the Parliamentary Service working with the Whips to this end.

We note that such a move would have an element of 'bulk funding' in it, to the extent that it involves an overall cap within which MPs would be able to choose the 'mix' of staff support resources they wanted.

We are advised that it may not be possible to take any steps to action the concept within the next three year parliamentary term, as employment contracts for the coming Parliament will be well in place by the time our report is considered for implementation.

The approach we are proposing is a separate matter from that of adjustment of staff salaries under the present structure of positions and salary rates.

The committee is aware that additional new funding may be necessary to implement such an approach.

Recommendation:

- That work already undertaken towards developing a 'menu' approach to position descriptions and salary structures for support staff in MPs' in-Parliament and out-of-Parliament offices be expedited, with a view to implementation at the first available opportunity.

3.4 INFORMATION AND RESEARCH SERVICES

Information and research is of fundamental importance to all of the work of Parliament and its members. MPs must be well-informed if they are to contribute fully to the work of Parliament, and the legislature needs to be collectively well-informed to play its role in our system of government. Parliament deals with increasingly specialised topics and with issues that reflect an increasingly diverse society, which requires a range of high quality research and information services.

Considerable attention has been given to the development and provision of information and research services over the years, more recently boosted by the advent of information technology that permits access to a huge breadth of information and delivers it to the desktop in readily useable form. The committee fully endorses this emphasis.

Parliament and MPs access research and information from sources that fall into three categories:

- A 'first tier' comprising the Parliamentary Library, parliamentary research units and staff undertaking research in party and MPs' offices. Funding in 2001/02 comprised:
  - $3.0 million for Library services (from the $4.8 million in the Parliamentary Service's output class for Parliamentary Information Services - which also includes computing facilities and services)
  - such portion of the funding for the Whips Office and Research as the party chooses to allocate to research ($20,000 for each MP in the parliamentary party, a total of $2.4 million across all parties)
- A 'second tier' comprising research and information-gathering undertaken for select committees. A separate figure is not available on the portion of the select committee budget spent on these activities. The Library provides a significant amount of this along with select committee staff in the course of advising the committees.
- A 'third tier' which is information provided to Parliament from external sources – official sources (official information requests, replies to parliamentary questions and other information, paid for by the government agencies providing it) and private and community sources.

These sources are summarised in the following diagram.

Regular Sources of Information

INFORMATION PAID FOR BY PS

- Library multi-client products
- Bills Digest
- Research papers
- Profile
- Desktop resources
- Newspapers

DISCRETIONARY PARTY FUNDING

- Research Units

DISCRETIONARY MP FUNDING

- Personal subscriptions to information services and magazines
- Radio/TV transcripts

INFORMATION NOT PAID FOR

- Unsolicited information
- Lobby groups
- Constituents
- Newsletters sent to MPs
- Emails
- Radio/TV

'On Demand' Sources of Information

INFORMATION PAID FOR BY PS

- Library research requests

DISCRETIONARY PARTY FUNDING

- Information from Research Units

INFORMATION FUNDED ELSEWHERE

- OIA requests
- Parliamentary questions
- Information from departmental officials
- Information from advisors, friends, constituents.
- Research on intranet, internet and other resources

The discussions the committee had with a range of MPs and key staff indicated a high level of satisfaction with the services currently available. The Library comes in for particular praise, for the high quality, authoritative and impartial information it provides to all users in the parliamentary complex, and for the advances it is making in electronic delivery to the desktop.

Given the importance of information and research to a Parliament, and the ongoing opportunities for using information and communications technology, there will always be scope to improve services even further. The committee notes and endorses developments already underway, particularly the Parliamentary Service's strategy of a gradual re-focusing of effort towards electronic sources and forms for accessing information rather than large 'one off' projects, and supplying information in a user-friendly way. This approach is very appropriate in the parliamentary environment where there is still a wide variation in computer usage and, among MPs, a lingering preference for paper-based information.

People and resources will be an ongoing need. The committee is aware of the difficulty of obtaining specialist and middle management-level staff and that this is a potentially significant cost-driver in terms of the Parliamentary Service Vote.

The challenge is going to be to continue enhancing information and research services in an information age, within ongoing resource constraints. There may be scope for such lateral initiatives as exemplified by the pilot programme underway between the Parliamentary Library and Select Committee Office to enhance select committee information, research and analysis service, on which we elaborate in our section on select committees (section 3.6.2). This initiative is designed to get the best out of existing resources. In the end however the committee believes additional investment in information and research is inevitable, and concludes it will need to be faced by the time of the next triennial review.

Recommendation:

- That it be noted that the committee endorses the current emphasis on, and strategies for, continuing to enhance the provision of high quality information and research to Parliament and MPs particularly taking advantage of the opportunities for using advances in information and communication technology effectively and efficiently.

3.5 INFORMATION AND COMMUNICATIONS TECHNOLOGY

3.5.1 Introduction

In New Zealand, as world-wide, rapid advances are being made in using the new possibilities offered by information and communication technology (ICT), with huge impacts on all aspects of society . Internationally, E-Government is a fundamental element in programmes for modernising government. Parliaments world-wide are also making the shift to information-age technology and are taking advantage of the scope ICT offers to enhance the effectiveness and efficiency of Parliament, at three levels:

- In the operations of Parliament, to support the goal of making the institution work better and more cost-effectively
- In the processes of Parliament, to enhance parliamentary business and public participation
- By MPs, using technology to access the information they need in their legislative and representative roles, and to communicate with people and interests in the community.

Parliaments that have been particularly progressive in applying the new technologies are also mindful that it is important that Parliament, just as much as Government, is part of the nation's progress into the information age.

The committee is in no doubt that the use of new information and communications technology will have profound implications for the future functioning of Parliament and for the way parties in Parliament and MPs operate. There will be impacts on the various facets of the work of Parliament, on Parliament's relationship with Executive Government, on Parliament's interaction with the public and in the sphere of MPs' work outside Parliament.

Parliament will be expected to remain abreast of the increasing sophistication of information transfer and communications in society at large. Use of information and communications technologies will be an important factor in ensuring Parliament remains relevant to people and how they gain access to and information on Parliament.

It will also be necessary for Parliament to keep pace with the use of advanced technology by government agencies in generating policy information which is increasingly a product of networking and multi-dimensional consultation among government ministries, departments and organisations outside government. It is now much less a product of traditional, linear processes. For example, the government in the UK has developed electronic tools for policy-making which include the

establishment of a Knowledge Network designed to provide ministers and public servants with access to a broad range of network and information services.

We fully expect new developments in information and communications technology to feature in future triennial reviews. In this report we deal with the more immediate issues that we think warrant attention in the next parliamentary cycle.

The committee does note that information and communications technology is a tool, not an end it itself. It is how it is applied and used that provides the true value. To be worthwhile it must help materially (and ideally measurably) with achieving objectives for Parliament. We see these objectives as falling under two headings – internal efficiency (promoting the efficiency of Parliament through supporting modern ways of working); and external communication (using the technology to make information about, and participation in, Parliament more widely accessible).

For this reason any future investment in technology for Parliament should be justified by its value in terms of facilitating the parliamentary process and the work of parliamentary parties and MPs.

Another note we wish to strike regarding investment in information and communications technology is that, as a means of communicating with the public, it needs to sit alongside the more traditional forms of information and participation as these will continue in the foreseeable future to be the primary, perhaps only, means available to many people.

Over the past decade great strides have been made in harnessing new technologies within the New Zealand Parliament. In the following sections we explore ways we believe further advances can realistically be made.

3.5.2 Use of ICT for Parliamentary Business

Personal computers for MPs have allowed MPs to use their time more productively, for example by emailing constituents and staff, keeping in touch with their out-of-Parliament offices, accessing research sources provided by the Parliamentary Library and doing some of their own research through the Internet. These basic uses are bound to grow as more MPs make more use of the IT resources available to them. MPs will want the advantages that motivate growing Internet use by the population at large – breadth and speed of access to people and information.

Beyond this, the potential for using IT to enhance information flows and communication is still unfolding. Areas where it can be expected that the business of Parliament will be facilitated by future IT developments include:

- **Information flows within Parliament**. Just one example of the possibilities for electronic transmittal of material relating to day-to-day parliamentary business is illustrated by the proposal to move from the present paper-based system for publishing replies to an electronic publishing system for processing and publishing written questions. The proposal was put to the Standing Orders Committee in August 2001. Electronic processing and publishing would vastly improve efficiency in the handling and dissemination of this growing area of parliamentary business: the number of written questions asked has increased from under 8,000 in 1993 to 14,000 in 1997 to well over 20,000 in 2001; currently each question is printed at least four and often five times and replies are printed three times; printing in the 2000/1 financial year cost $666,000 and staff costs in processing the questions, excluding the cost of scrutinising them which would be

incurred however they were published, was approximately $35,000 in 2000/1. An electronic based system would not require any paper publication at any stage and would allow a highly functional search facility.

- **Communication between Parliament and Executive Government and officials**. We note in the introduction to this section the necessity for Parliament to keep pace with the use of advanced technology by government agencies in the generating of policy information. One area this is likely to happen is the electronic exchange of material on legislation before the House and issues before select committees. It will require careful management.

- **Electronic communication between MPs' in-Parliament and out-of-Parliament offices.** There would seem to be a good case for more seamless electronic communication allowing, for example, MPs and their staff at each end to share data used in day-to-day work, such as the MP's electronic diary, and the MP's current working files. This would mean a significant investment in upgrading and co-ordinating computer systems in out-of-Parliament offices. A future possible option is the new converged telecommunications and computer technology that is becoming available which, as the committee understands it, would allow MPs, when they are on the move, to create and send text material from mobile phones to their in-Parliament and out-of-Parliament offices for immediate processing or, if it is out of office hours, to be 'queued' for processing, checked and acted on without the MP needing to return to the office. At the moment these sorts of developments are still a little conjectural, but the committee can envisage a time when they may become cost-effective aids to MPs being able to do more work away from the office, provided that security issues can be dealt with.

- **Access to high speed Internet services for MP's out-of-Parliament offices.** This was an issue raised with the committee by MPs frustrated by the standard dial-up connection Internet service which requires dialling up every time the user wants to use email. It means the phone line cannot be used at the same time, and provides an often slow and not always reliable connection. The currently available high speed access service is 50 times faster than a standard dial-up connection and does not tie up the phone line. It is not yet available in a number of areas outside urban centres.

  MPs meet out-of-Parliament office computer costs from their Members' Support budget allocations, but we are told would need additional funding to cover the higher cost of high speed access (the monthly service fee and possibly usage costs). For a number of MPs the problem is simply the lack of a high speed option in their area. The committee did not see this as a particular priority for parliamentary spending in the immediate future. But we do accept that the inexorable advances in Internet use, and the expectations people will have of MPs because of it, mean that it will become increasingly important, and probably quite quickly.

  In due course the spread of broadband technology should address the problem of service availability, certainly in the areas MPs are likely to have their offices and probably where they live (unless they live in a very isolated area). We note the major initiatives being taken regionally to promote the spread of broadband technology across New Zealand, and the Government's measures to encourage the supply of broadband over the next 2 years.

  There will, of course, be a user cost associated with out-of-Parliament offices having access to broadband technology, as is the case now with high speed

access where it is available. MPs who already have out-of-Parliament high speed access pay for this from their current budget allocations. We envisage that the user charge continue to be met from Members' Support allocations, noting that we have recommended a substantial increase in these allocations for both constituency and list MPs.

We suggest that under any future developments to provide MPs with high speed access, MPs be offered the flexibility to locate the service either in their out-of-Parliament office or their home (thus catering for list MPs who do not have an out-of-Parliament office). We would expect any MP with an out-of-Parliament office to locate the service in the office, since high speed access is of equal importance to staff carrying out work on behalf of the MP.

Any security issues over and above those facing users generally will also need to be dealt with.

The Parliamentary Service has been responding to requests from MPs for out-of-Parliament high speed Internet access on a case by case basis.

We understand that the Service has extensions to high speed internet access under active consideration along with other information and communication technology developments, as a key part of information services planning over the coming term of Parliament.

The committee proposes further investigation of the value, feasibility and cost implications of high speed Internet access for out-of-Parliament offices, early in the new Parliament. It would be useful to include a survey of MPs to establish the nature of services they need.

- **Public participation in select committees.** The committee discusses this in section 3.6.3 below.

Recommendations:

- That the Parliamentary Service and the Office of the Clerk continue to keep abreast of new ICT uptake as it is relevant to Parliament with the objective of continuously enhancing effective information flows and communication within Parliament, between Parliament and Executive Government and between Parliament and the public.
- That an investigation of the value, feasibility and cost implications of providing high speed Internet access for out-of-Parliament offices be carried out early in the new Parliament and that it should include a survey of MPs to establish the need and value.

3.5.3 E-Parliament

Information technology is being used in Parliaments throughout the world to enhance public participation in the democratic parliamentary process. This is becoming known as 'E-Parliament', in a reference to E-Government (which so far has tended to focus primarily on the delivery of government services and information to citizens via the Internet).

New Zealand ranks high internationally in terms of electronic technology take-up and access to the Internet. Internet access includes not only individual members of the public, but the broad spectrum of interest groups and community organisations likely, at some stage and possibly regularly, to want to be informed about issues before Parliament. There are growing expectations in the community at large of being able to interact with Government and Parliament. This is a large and fast-growing audience for information about Parliament.

The committee notes the developments in the parliamentary website. Both the Office of the Clerk and the Parliamentary Service have built up their website content to include easily accessed information on Parliament itself and Members of Parliament. In the case of the Office of the Clerk, this covers:

- Up-to-date information on the business of the House and its committees,
- Progress on Bills before the House
- The opportunity to make submissions to select committees
- Bills Digests (but not yet on-line access to the Bills themselves)
- Research papers.

In the case of the Parliamentary Service, the website contains information on the operations of the parliamentary campus.

Compared with website development in other Parliaments, New Zealand seems to be lagging and has some way to go to meet what could be considered to be best practice.

The greatest value of parliamentary websites is their potential to facilitate the 'top-down' flow of information from Parliament to citizens, providing detailed up-to-date information about parliamentary business and legislative procedures, and at the same time allowing a 'bottom-up' channel for citizens to communicate with Parliament.

As we have noted above, provision still needs to be made alongside electronic forms of communication for people who do not have access to it.

The committee discusses the select committee pages of the parliamentary website in more detail later (section 3.6.5). At this point our recommendation is directed to improving the website overall.

Recommendation:

- That the Parliamentary Service and the Office of the Clerk invest in upgrading the parliamentary website as soon as practicable.

3.5.4 Management Issues

If the momentum in the use of information technology is to be maintained in Parliament, a number of management issues will need to be addressed.

Training in the Use of IT Resources

The committee is aware that it is not unusual for technology 'take-up' in any organisation to be behind the technology that is available. This is perhaps especially the case in Parliament given the diverse backgrounds of MPs and the great variety of tasks that occupy their time.

As in the wider community, MPs can be expected to make increasing use of information technology, and to become increasingly adept in the required skills. The committee realises that this is in part a generational matter, and the passage of time will mean a higher proportion of MPs becoming sufficiently technically proficient to take full advantage of the services available to them – such as communication with constituents and, of increasing importance, for accessing research information (eg taking full advantage of the Library's new information portals, the forthcoming statute database and information on parliamentary business in progress).

We believe however that this is not something to be left to chance, and that MPs should have training available to them to ensure they can be as up to date as they wish to be in these skills, and at least do not fall behind. Training timetabling needs to be flexible, and it was suggested to us that training should be staggered in small modules rather than in a single block, to maximise the take-up of newly learned skills. It needs also to be ongoing to keep pace with new technology programmes, and to be available on a 'refresher' basis.

Training is equally important for MPs' support staff within Parliament and in out-of-Parliament offices, if they are to remain an effective support for MPs in an environment where information technology moves fast.

Managing Information Volumes

A major issue everywhere is managing the ever-expanding volume of information and communication flows made possible by technology. As the committee heard, greater and faster access and communication is a two-edged sword.

MPs who met with the committee said that electronic communication has tended to add to rather than lessen their workloads, making their working lives more pressured than ever. This is a particular issue in respect of email, because MPs are on the receiving end of the increasing ease (and low cost) of email as a way for the public to communicate with them; the flow of lobby group material; and the increasing volume of material relating to parliamentary business (for example select committee submissions) made possible by electronic transfer and dissemination.

Individual MPs also face the dilemma of coping with the undoubtedly valuable expansion of information in electronic form relevant to debates in the House and to select committee work - bills, existing statutes, policy and research material, budget data and so on. They have limited time to read and absorb, and may often be needing to concentrate on quite pragmatic, short term information needs. They also cannot avoid the responsibility of giving their personal attention to material relating to parliamentary business.

Training for MPs, as suggested above, can include methods of managing the ever-growing flow of communication and information. Beyond this, their main practical resource will in many, perhaps most, cases be their support staff. Staff should be included in the same training programmes.

We also note the work the Library is doing on providing easier access to research-type information for MPs and staff. Particularly valuable is the move to desktop

delivery of information, along with initiatives to make electronic information more accessible and relevant to parliamentary users. An example is the innovative creation of subject portals that make it easy to find the most useful and relevant information in subjects of interest to Parliament. Another important development is the Intranet that organises access to the electronic information resources relevant to Members of Parliament and staff employed in the parliamentary complex. The committee commends this focus.

In respect of managing the volume of parliamentary business information created by using electronic collection and dissemination, the techniques will be similar to those already in use (and being constantly improved) for managing complex internally and externally accessible databases. The additional issue in the case of parliamentary information is making it user-friendly to the public. The committee sees this as a management task for the agencies within Parliament.

Management of Desk Top Service Delivery Within Parliament

Of prime importance in the parliamentary environment is the quality of information that MPs receive electronically through the various Internet sources. This is a knowledge management issue, and one which, with so much material on-line nowadays, and multiple links to it, it is difficult for most people (and that would include most of the Parliamentary Library's users) to be sure of the status of material they are accessing.

The Parliamentary Library already has a key role in this, with expertise built up through staff involvement in managing Internet subscriptions, negotiating and managing supply contracts, monitoring usage, managing the technical aspects of providing seamless access, and training users.

Knowledge management also includes protecting investment in electronic information. About half the Internet material made available to MPs and staff in Parliament is free while the Library pays significant subscriptions for the other half. It does so under licensing agreements designed to protect the intellectual property of the suppliers.

With the inevitable growth in Internet applications and their use, it may be timely to consider establishing responsibility for developing standardised practices for knowledge management within Parliament. It would need to be achieved through some element of centralised management but in such a way as to maintain reasonable freedom for users in the parliamentary complex (undue restrictions would negate the universally recognised benefits of the Internet). For example, could Internet information be coded to alert parliamentary users to licence constraints. The Parliamentary Information Managers Group could be an avenue for a collaborative approach to identifying the issues and formulating consistent practices to deal with them.

Security Issues

Particular security issues arise for Parliament from the proliferation of new information and communications technology applications. The committee acknowledges people's wish for a relative degree of freedom in their use of technology – it is in the very nature of new technologies that they create scope for highly individualised usage, and therein lies much of their benefit. In the parliamentary context security is a major consideration, and there is clearly a need

for some control over the circumstances under which users in Parliament may introduce new applications which may be of particular value and relevance to them.

The inherent tension between these two needs was raised with the committee. Our recommendation is that the Parliamentary Service engage in consultation with the parties in Parliament to establish the principles from which the necessary rules can be developed (which may simply involve bringing together and affirming existing controls, or it may identify scope for flexibility within safe boundaries).

Recommendations:

- That consideration be given to the establishment of a process for managing the quality of information made available through the Intranet within Parliament, and for protecting the investment made by the Parliamentary Service through the Parliamentary Library in Internet information sources.
- That training for MPs and staff in the use of information and communications technology be further developed.
- That appropriate rules be established for the introduction of new computer applications.

3.5.5 Joint Office of the Clerk / Parliamentary Service ICT Initiatives

The significant costs associated with any investment in ICT suggest that where uses can be shared between organisations, the investment will be better justified. Within Parliament there is likely to be scope for joint initiatives between the Office of the Clerk and the Parliamentary Service. This would involve collaboration in the conception, planning and implementation of ICT investments.

We are advised that the introduction of video-conferencing technology is one such area being considered, as a joint investment of the two agencies. The Office of the Clerk has already successfully tried it as a means of holding a select committee hearing. In the case of such joint investments both agencies would have accounting responsibility and costs would be allocated according to use.

Information management and the dissemination of information is also an area where collaboration and joint effort could be advantageous. The committee notes and commends the establishment of a Parliamentary Information Managers Group with the objective of improving access to electronic parliamentary information for parliamentary agencies and the public.

The Parliamentary Service and Office of the Clerk have some experience in working together on collaborative projects, as for example with the pilot programme between the Parliamentary Library and Select Committee Office to enhance select committee information, research and analysis service, on which we elaborate in our discussion of research support for select committees (section 3.6.2). We believe this approach to be an appropriate way to make the best use of parliamentary resources while recognising the distinct roles of each agency.

Recommendation:

- That the Office of the Clerk and the Parliamentary Service continue to investigate and act on opportunities for joint ICT ventures.

3.5.6 Capturing the Gains from New Technology Investments

Investment in new technology can usually be justified on grounds of effectiveness – that is, it has the potential to achieve better outcomes. The committee believes also that efficiency gains should always be to the fore. We recognise that more advanced technology does not necessarily translate into efficiency gains and reduction in the costs of parliamentary business.

Dealing first with efficiency gains, investment in communication technology should aim to:

- Create opportunities to reduce the costs of parliamentary travel
- Possibly replace more expensive forms of communication
- Enable MPs to work more efficiently across their geographical areas
- Provide MPs with tools to deal with constituency and policy issues more speedily and with fewer steps in the intervention process.

These all involve new ways of working.

A good example of efficiency gains is the use of tele-conferencing and video-conferencing for select committee hearings that we discuss in section 3.6.3, and possibly for conducting other parliamentary business where it is a substitute for travel. There will be other examples of technology development in the future that, while they begin as speculative and/or expensive, may offer benefits in terms of efficiency, as well as enhancing Parliament's and MPs' effectiveness. We noted above for example (section 3.5.2) emerging technology linking phone and computer that in the area of MPs' communication with their offices, when they are on the move, may provide another opportunity for efficiency gains through enhanced use of MPs' and staff time.

Take-up and training for MPs and staff in the use of technology tools, as we have observed above, will be important in capturing the efficiency gains from new technology.

The committee realises that assessing the potential efficiency of new technology is not going to be scientific as there are many facets to what makes Parliament work well and what can be regarded as benefits.

Turning to the question of achieving cost reductions from new technology, the committee is aware that distortions can occur through cost shifting from one category of parliamentary expenditure to another. This happened with the introduction of the E-fax service for MPs that allowed MPs to move some communication costs from their capped support budgets to the uncapped communications budget. E-fax is also more expensive per page than a mail-out which was the main mode of communication with constituents and others before E-fax and email. In the experience of the Parliamentary Service this is a not-untypical 'lifecycle' phenomenon that occurs with new services and technology, and can be expected with new electronic forms of communication. The service may begin as an open-ended entitlement for MPs but if there are expenditure over-runs the end result may well be specific monetary caps, or merging of the budget provision into Members' Support budgets. It will become a growing issue with the increasingly rapid advances in technology developments.

Recommendation:

- That all decisions involving investment in new technology by the Parliamentary Service and the Office of the Clerk be justified by identification of the efficiency gains with as much anticipation as possible of consequential cost shifting.

3.5.7 Planning for Future Developments in ICT

The committee believes that there could be merit in considering the approach being taken in the Saskatchewan State Parliament in Canada (the Legislative Assembly) to establish an IT advisory committee, chaired by the Speaker and with representative Members from each caucus. It is envisaged that the committee would be the planning group to identify the IT needs of Members and caucuses and to work with the Assembly administration to prepare proposals to the Board of Internal Economy for the allocation of IT resources and support. It would deal with problems as they arise and would be a means to communicate and promote IT development with Members.

Recommendation:

- That consideration be given to establishing an information, communications and technology advisory committee with representatives from each parliamentary party.

3.6 SELECT COMMITTEE RESOURCING

3.6.1 Introduction

Select committees are seen as an essential part of modern legislatures. They are an effective avenue (many would say the most effective avenue) for Parliament to hold the Executive to account, they make the legislature more effective and they allow Members to look in detail into budgetary, legislative and government management issues. They are where serious scrutiny of government takes place, and they provide for public participation in this process.

The committee shares this view of the importance of select committees. The active use of select committees in New Zealand has been a highly valued development in our parliamentary system and has attracted favourable attention from Parliaments and parliamentary commentators around the world.

Select committees therefore warrant a high priority in the resourcing of our Parliament.

There is another side to select committees in our parliamentary system, which is that the way they exercise their roles and influence is quite complex. Their role in legislation (where committees are primarily processing government business) is quite different from investigations (where they have considerable discretion over how active to be and over what scope and breadth of inquiry to conduct). Their focus and level of activity can change according to the configuration of Parliament and the

Government over a parliamentary term. The politics of a committee is another factor that can affect the work it takes on.

The committee is also aware of practical limits on how far select committees can use additional resources to support a growing workload – whether in the form of advice and research or facility to travel. They are constrained by time and by the collective and individual capacity of their members. Furthermore, their output, in the form of reports to the House, will at some point meet a constraint in terms of time in the House to deal with select committee business.

Submissions made to the committee indicate a consensus for increasing resources for select committees, particularly in the form of additional staff resources. Other proposals put forward for improving services to select committees were further steps to improve public access to select committees, and providing more opportunities for committees to meet with their Australian counterparts.

The committee deals with each of these in turn. Our main emphasis is on staffing.

In considering additional resources for select committees, the committee is mindful of the need for balance. First, a balance needs to be struck between further strengthening the committee system and the importance of other aspects of the parliamentary system that serve to scrutinise the executive. The former should not overshadow the latter. Some would argue that MMP has been effective in achieving a good balance between executive and parliamentary power, with select committees sitting at about the right place in the scheme of things. Second, we believe that there is such a thing as moving the select committee resourcing boundary out too far: going to the full extent of meeting potential (or supposed) select committee needs may blunt their resilience as a key part of the democratic process. If, for example, select committees were too generously funded for travel domestically to hear evidence and conduct investigations, the significance of being able to do so could be under-valued. There would also be less incentive to seek out the alternatives for public participation and information gathering offered by evolving technology.

Answers to these questions must come from parliamentarians themselves. The committee was briefed on a paper before the Standing Orders Committee Review that was underway at the time of our review, which proposes a survey of members designed to gain their views on how select committees should be resourced for the work members consider they should be doing. The paper raises some fundamental questions the responses to which would contribute greatly to an understanding of the direction select committee resourcing should take. The survey would provide a wider range of perspectives than we were able to take into account in our review, and would provide more in-depth context. We are advised that the Standing Orders Committee in the coming Parliament is expected to address this matter further, in the light of responses already made to the paper by select committees, and further work that the Committee may decide to undertake.

In this report we put forward an assessment of the more immediate resource issues raised with us and our view on an appropriate response for at least the shorter term.

3.6.2 Staffing

The stronger role select committees are playing in scrutinising the executive and refining legislation has been recognised in an increase over the years in the level of staffing for select committees and in the skills of select committee staff, and in more

recent years by the provision that has been made for engaging independent expert advisers:

- The select committee staff establishment now stands at 41 permanent staff compared with 32 in the period immediately before the first MMP Parliament that followed the1996 election (since 1996 temporary staff have been employed to supplement resources for specific select committee inquiries). We note that select committees are also serviced from other parts of the Office of the Clerk
- Since 1993 select committees have been able to engage independent expert advisers. We discuss this in more detail later in this section.

Both these developments have been important in assisting select committees and their lay members with the complex policy issues in much legislation and with the breadth and depth of inquiry work. The staffing issues raised in submissions to the committee covered three aspects: permanent staff in the Office of the Clerk; contracted expert advisers; and research support.

PERMANENT STAFF

The Standing Orders Committee has recognised the importance of select committee staff being able to provide the "first-line analytical, research and advisory needs of committees."[10] The achievements of the Office of the Clerk in meeting these purposes can be measured by the very high regard MPs have for select committee staff support.

Two issues were identified in the course of the committee's inquiry pertaining to permanent staff for servicing select committees – the overall number of staff, and the level of experience and turnover.

- **Staff numbers:** The issue here is the capacity of staff in the Office of the Clerk to handle the committee workload. Submissions to the review committee from union representatives make a case for a significant increase in staff, on the grounds of increasing demands on existing staff and work overload.

  Detailed information provided to us shows a definite growth in select committee workloads as measured by select committee business through-put (reports, Bills, Estimates, petitions and inquiries), correspondence processed and the amount of time spent in select committee and sub-committee meetings. The figures also show quite wide variations in select committee activity year to year.

  Consideration must be given to whether select committee work will continue to grow, given the factors we highlight in section 3.6.1 above. If it was to stabilise around the present level, the question to address is whether an increase in staff is justified, up to some reasonable 'catch-up' point. Other measures to alleviate workload that can be considered are more use of expert advisers and building on the Library-Select Committee Office pilot for research support, both of which we discuss below.
- **Level of experience:** The issue here is whether skill levels represented in the present staff establishment are sufficient to meet the often complex demands of select committee work. Recruitment does not seem to be a significant problem as experience working for select committees is regarded as an excellent career step. Staff turnover below senior levels is high. The problem this causes, as presented to the committee, is lack of continuity in the support provided to individual committees, and insufficient depth and breadth of experience at the

[10] 1995 Report of the Standing Orders Committee on the Review of Standing Orders, I.18A, 1995, 45-46.

more junior levels to meet the demands of the job. (Although low turnover in the more senior ranks of select committee staff does provide an element of continuity and stability in the oversight of the work of select committee staff.)

It is a fact of life that good graduate recruits, such as sought for select committee positions, are these days highly mobile, and when they embark on their first career job are not necessarily focused on it being their long term option. The committee believes that at least some of the turnover among the newer select committee staff is a normal, and indeed healthy, feature of fields of employment where the policy is to recruit the best possible university graduates, and train them into the job. It is a widespread issue in the field of government policy work generally.

That said, it is desirable to retain capability as far as is realistic, and to do so actively. The options are higher pay on the one hand and, on the other, active policies to encourage staff to want to stay longer. Young professionals tend to balance financial reward against the reward of job satisfaction. The latter is clearly very high in select committee work. We believe that non-financial factors such as active policies for providing opportunities to develop in the job (external exchanges, sabbaticals, study time and so on) would have a beneficial impact on retention.

We understand that the new Standing Orders Committee will have the opportunity to consider proposals to increase the level of select committee staffing. This will tie into work underway to clarify the services expected for select committees. We think that creating that link is the best approach to take. We do not see a strong case for ourselves to propose an increase in permanent staffing levels in the next triennium of Parliament, ahead of the Committee's findings.

We believe that the retention of skilled staff should be dealt with by active policies focused on career development. This is a matter for the Clerk of the House as the chief executive.

INDEPENDENT EXPERT ADVISERS

Select committees each have available to them a budget provision of $10,000 a year to engage independent expert advisers, with additional funding potentially available by application to the Speaker. The $10,000 budget is a channel of extra support for the scrutiny and legislative functions of the subject committees, and is additional to the specialist tax advisers for the Finance and Expenditure Committee, the specialist legal adviser for the Regulations Review Committee (who is permanently attached to the Office of the Clerk) and advisers appointed for ad hoc select committee inquiries.

Committees have used this resource variably. The number of expert advisers engaged has fluctuated considerably year to year (it has averaged six in the last three years), and the range of topics for which they have been engaged has been quite diverse (including monetary policy, defence, gambling, transport, forestry and education).

The value of outside experts lies partly in the fact that they are a flexible resource able to be engaged on an 'as needed' basis; and they are an effective way of accessing specialist ready-made skills and knowledge that could not realistically, or efficiently, be retained in-house.

A number of committees have not availed themselves of the funding. On the face of it this is surprising given the apparent advantages, but we were told of some understandable reasons for the relatively low take-up which include:

- There is quite a lot of effort required by a committee to specify the task and the particular expertise required, and then for it to be found
- The relatively low provision of $10,000 is below a threshold that would encourage the routine use of any meaningful expert resource
- We have been advised that committees that have sought additional funding from the Speaker have not been turned down, but to apply for it does require a special process, and funding above a certain level may run into the practice of competitive tendering which is complex and expensive
- Lack of experience with, and established practices in, using the provision means it is easier for committees to simply ask staff to do the work rather than seek an independent expert adviser
- There may be some professional reluctance on the part of committees to be seen to be 'hiring' outside experts.

Of these factors we regard the first two as the most important. In terms of the first, committees should be expected to make a well-considered assessment of the value of an expert adviser and how the person will be used to best effect. Experience to date suggests that the most satisfactory results are achieved where that work is done. The committee also believes that the protocol for engaging outside advisers could be made clearer and easier so that select committees are more likely to take advantage of the available funding. Although the protocol was drawn up as recently as 1997[11], we believe it is timely to review it and take account of experience since then. We are advised that experience with the scheme has not been formally evaluated. There have been enough cases (29) since 1997 to provide the basis for analysis. The requirement would seem to be a set of practical, established procedures with guidelines as to how and when independent expert advisers are of most value to select committees.

We also think there would be value in establishing a database of potential candidates by select committee subject area. The database would comprise interested, available and competent people across subject areas.[12] One way to do this could be to create an 'on tap' panel of experts for each committee from which the appropriate expert person could be drawn as needed. Guidelines would be needed to ensure that appointments were made on merit and that the database reflected a comprehensive range of expertise and opinion.

We also believe that there is justification for enlarging the pool of funding for independent expert advisers to a level that is meaningful in terms of a threshold of value to select committees. Select committees should be given a clear idea of how much funding is in the overall pool so that they can assess the priority of their need.

Enhancing the availability of expert advisers would in the committee's view be an effective and efficient way to ensure select committees are covered for the expertise

---

[11] *Protocol for the Provision of Independent Specialist Assistance to Select Committees* funded through the Office of the Clerk, December 1997.

[12] The Committee Office of the House of Representatives in Australia maintains a register of "persons with qualifications, knowledge and skills that may be relevant to the inquiries conducted by any of the committees." It is promoted on the parliamentary website www.aph.governance.au/house/committee/information/employment.htm.

they may need in specific circumstances and to augment the quantum of resource available to committees without building in staff increases.

Recommendations:

- That the nature and intent of the existing provision for select committees to engage independent specialist advisers be clarified and affirmed.
- That the Protocol for the Provision of Independent Specialist Assistance to Select Committees be reviewed in the light of experience and to ensure clear and workable procedures for engaging independent specialist advisers, any changes to take effect from the beginning of the 2003/04 financial year.
- That the pool of funding in the Office of the Clerk for the engagement of independent specialist advisers be increased to an aggregate sum of $200,000 (net of GST) in 2003/04.
- That an evaluation be made of the combined effect of a revised protocol and increased funding on select committee use of independent specialist advisers, in 2004/05.

RESEARCH SUPPORT

Another option for adding to the resources available to select committees has been the subject of a pilot project.

The pilot, a collaborative venture between the Parliamentary Service (through the Parliamentary Library) and the Office of the Clerk, is designed to enhance the information, research and analysis services to select committees. The agreed framework has the following aims:

- To offer a research analyst from the Parliamentary Library to a particular select committee during its consideration of a specific piece of legislation or inquiry on a part-time basis
- To fill key gaps in information by the synthesis of evidence, or by a comparative analysis of other countries' experience
- To provide a good linkage between the Office of the Clerk and the Parliamentary Library information services
- To build good working relationships between the Library and the members and staff of committees, in particular the Chairperson and the Committee Clerk, in order to provide the most effective research service to the committee.

Pilots have been underway in two select committees during 2001/2 . The intention was to have completed these, at least to a stage where an evaluation could take place by 31 July 2002 but the calling of the General Election has affected timing. A written evaluation will be completed, and the results reported back to the Clerk and the General Manager, including recommendations on possible future enhancements of the service provided to select committees through a collaborative working relationship between the Office of the Clerk and the Parliamentary Library.

The outcome of the pilot programme will have a bearing on whether this sort of initiative will be taken any further. One question that arises is what professional environment staff should be working in.

The committee sees the pilot as a very worthwhile step in the direction of assessing select committee research needs and resources. We note that it has potential for addressing select committee workload capacity and also career development issues. There are implications for select committee staff some of whom have skills, but not the time, to undertake research work.

The pilot has been carried out within existing resources by devoting two specialist Library staffers to the two select committees. We are advised that additional funding would be necessary if the pilot led to implementation.

Recommendations:

- That it be noted that the review committee endorses the pilot being conducted jointly by the Parliamentary Service (through the Parliamentary Library) and the Office of the Clerk, to enhance the information, research and analysis services to select committees, and encourages the necessary funding to be provided if the pilot produces a positive case for additional research support for select committees.

3.6.3 Public Access to Select Committees

Select committees increasingly travel away from Wellington to other parts of the country, thereby taking to the people the opportunity for public participation in the parliamentary process, and at the same time providing the select committee with a higher level of public input on Bills and to inquiries than would be possible if committees met only in Wellington.

Apart from travel, select committees have used different means to increase the accessibility of their processes to the public. At some point the question needs to be asked as to whether select committees already receive enough public input. The committee believes that there is useful scope to diversify the ways the public can access select committees. This may or may not increase the amount of public input.

We understand that there is a definite intention to install a video-conferencing facility in Parliament House. A select committee room would be adapted for this purpose. A trial use has shown that tele-conferencing and video-conferencing, as would be expected, give rise to worthwhile cost savings. The 10-week trial realised savings of $60,000 in travel, accommodation and conference hire costs.

Use of these technologies has the potential also to increase significantly the opportunities for public input. This will become even more so as video-conferencing technology with more sophisticated features becomes more common-place, and more sophisticated webcasting becomes an option.

It will require that Parliament take steps to assist people to recognise how they can use the technology to interact with Parliament.

It will also still require an ongoing ‘face to face’ presence of Parliament, as represented by select committees, outside Wellington. While technology has potential to increase the level of interaction, it is not a complete substitute for the tangible benefits of Parliament meeting people. Technology can equally give people a sense of alienation from the ‘real thing’. Unless it is used appropriately it may also cut across cultural norms. The objective should be that Parliament is made more

effective by the use of the technology, which means in turn that people find it an accessible way to participate .

Recommendation:

- That it be noted that the review committee endorses further developments in tele-conferencing and video-conferencing as options for select committees, making them available as a regular means for enhancing public access and saving travel costs, and ensuring the facilitation of public use of the technology.

3.6.4 Liaison with Australian Committees

Submissions to the committee raised the question of whether more liberal provision should be made for select committees to travel to Australia to meet their counterpart committees. Support for this is based on the close common interests of Australia and New Zealand in areas that from time to time will be the subject of select committee work. These interests are broad-ranging and include New Zealand's economic relations with Australia, the harmonisation of laws and matters that arise in the social policies of the two countries.

The committee believes there is merit in allowing select committees to build up relationships and cross-Tasman expertise and understanding over time. We think the scope offered by video-conferencing should be explored seriously, but also acknowledge the importance of the 'face-to-face' contact in building relationships and in moving the two countries closer together in the future. We also share the view that the use of video-conferencing for this sort of purpose is likely to be an effective option only once 'face-to-face' contact has taken place and a level of comfort in the relationship is established. We do note that trans-Tasman airfares are often lower than New Zealand's domestic fares.

The present provision is for one select committee to travel to Canberra per year (visits can take in one or two states as well). This is reciprocated by one visit a year by an Australian committee. We believe extending this to two per year would allow a reasonable opportunity for select committees to develop and maintain relationships over time. We appreciate that a mechanism would be needed for select committees to put their case and for the allocation to be apportioned out.

Recommendation:

- That provision be made for two select committee visits to Australia per year with appropriate criteria and an appropriate allocation process.

3.6.5 A Select Committee Presence on the Internet

A future development that we would completely endorse is the development of select committee pages on the parliamentary website. This would be a significant advance in the provision of information to the public about select committee business and could include an on-line facility for people to make submissions.

The committee notes that a very good example of committee website pages is to be found on the website of the Queensland Parliament. From this site the public can find out the areas of responsibility of each committee, committee activities and

inquiries, contact officers of the committee, forward submissions on committee inquiries by email on a form that is provided on line and review reports of current and past committees. The information provided includes general information on the history of committees, the current committee system, protocols, committee administration and 'frequently asked questions'. It has information about making a submission and the rules for interviews. It contains material about committee inquiries, reports and publications including government responses to select committee reports and transcripts of select committee proceedings. There is a calendar of events, and contact names and details. All of this is set out in an easily accessible template.

The Queensland Parliament is by no means a unique example of such comprehensive website information on committees.

Recommendation:

- That the Office of the Clerk upgrade its Internet presence by developing more comprehensive and user-friendly select committee pages on the parliamentary website.

3.7 OTHER RESOURCING ISSUES

3.7.1 Accommodation in Parliament

The general impression gained by the committee was that the fabric of the parliamentary campus is of a very high order, and serves the needs of Parliament and MPs extremely well. The refurbishment of Parliament House has been a magnificent achievement. MPs and staff in the old refurbished building enjoy an excellent standard of accommodation.

The same will be true of the Beehive building when refurbishment is complete.

The committee accepts that the standard of accommodation for MPs in Bowen House is variable. We note the assurance of the Parliamentary Service's General Manager that some of the particular concerns MPs have will be addressed over time with the normal cycle of refurbishment and the best possible result will be sought within reasonable budget constraints and within the physical constraints of the building's design and site. The Parliamentary Service has a twelve year lease on the building. It has the convenience of being close to the main parliamentary campus.

3.7.2 Televising Parliament

New Zealand has a long record of full live radio broadcasting from the Chamber. It was the first Parliament in the Commonwealth to do this, beginning in 1936.

The televising of Parliament in New Zealand has remained limited to:

- Question time televised live on Parliament's internal system between 2 and 3 pm on sitting days
- Live broadcast on Sky News (via Australia's News Channel Digital 54) for a limited time shortly after 2 pm on each sitting day

- Live broadcast of question time by TVNZ accessed through the NZoom website[13].

Elsewhere in the report we argue the case for improving public access to Parliament. A number of other Parliaments have introduced live televised proceedings of Parliament, and in some cases also of select committee proceedings.

New on-line technology has been utilised for this. The Scottish Parliament for example has adopted permanent live webcasting of the Chamber and committee meetings, with a system that is very easily accessed from the parliamentary website by anyone, and is regarded as a service that allows the Parliament to communicate worldwide. In Australia the House of Representatives, the Senate and some committee hearings are webcast, and the Western Australia Legislative Assembly has an on-line live system in test mode. A different approach is taken in Finland which has live televising of major debates in Parliament. These are but a few examples of a clear trend towards providing services that allow people to watch the proceedings of Parliament live.

The televising of Parliament in New Zealand has been mooted at various times, most recently two years ago. The Office of the Clerk has been provided with costed proposals for a video centre that would provide outputs to local, national and international broadcasters and offering the options of live or recorded select committee meetings. The proposals involve the provider meeting the cost of installing the necessary equipment with an annual contract fee for provision of the service.

The committee is keen to see this work progressed. The televising of Parliament has great potential for taking the highly visible forum that is Parliament, and the issues it debates, to the attention of New Zealand citizens. We would like to see the next triennial review look closely at the merits of, and options for, live visual broadcasting of proceedings in the Chamber and possibly of particularly significant select committee hearings.

We encourage consideration to be given to webcasting from the parliamentary website as well as broadcasting through public broadcasting channels.

Recommendations:

- That investigatory work already carried out on the merits of, and options for, live visual broadcasting of proceedings in the Chamber and possibly of select committee hearings be expedited.
- That consideration be given to use of webcasting or other media as well as public televising
- That decisions be timed for implementation by the commencement of the next parliamentary triennium (2005).

3.7.3 Training

[13] www.onenews.nzoom.com. The live broadcast can be downloaded from the website but the user would need some technical competence and the necessary computer hardware.

The committee has earlier discussed the question of training for MPs and staff in information and communications technology (section 3.5.4). The suggestion was raised with us that training should be available to MPs at the time they leave Parliament. We have been advised of at least one party that provides 'exit' training for its MPs, designed to assist the MP's move back into other fields of work.

We note that it is now common 'good employer' practice to provide exit support, even for relatively short term staff.

In the committee's view there is considerable potential value in making this a more recognised option for MPs. The committee commends it to all parties as an initiative they might take, from existing parliamentary party budgets.

Part Four: Budget Management

In this part of the report the committee covers three issues that represent opportunities for improving budget management within the parliamentary Votes system:

- The possible consideration of bulk funding for Members' Support services
- The issues that arise from the link between premises used by MPs as out-of-Parliament offices on the one hand, and employment of out-of-Parliament staff on the other
- Areas where guidelines on the use of budget allocations should be strengthened or new ones established.

The issues predominantly affect the Parliamentary Service Vote, with just one relating to the Office of the Clerk Vote (guidelines for the engagement of expert advisers to select committees).

4.1 BULK FUNDING FOR PARLIAMENTARY PARTY AND MEMBERS' SUPPORT SERVICES

4.1.1 Introduction

Bulk funding as a way of funding party and Members' Support services has been a recurring theme in the consideration of how best to fund support services to parties and MPs met from Parliamentary Service Crown payment appropriations.

Bulk funding involves the decentralisation of budget resources to a designated group (such as a party group in Parliament) which then has the autonomy to make decisions about how those resources will be allocated among the various (legitimate) activities for which funding is broadly intended, and within a framework of central policies and guidelines. It essentially raises the level at which the group self-manages its resource allocations.

Views on its merits diverge widely. Amongst the parliamentary parties, views range from a high level of enthusiasm to strong opposition. Enthusiasm for bulk funding is based on the belief that parties could make much better use of available funding as a 'bulk' resource, with budget control decentralised to them and flexible decision-making, than is possible at the moment. It is seen as providing a desirable level of flexibility for parliamentary parties in keeping with a strong party system.

Those against bulk funding consider that it would be an administrative nightmare, with administrative costs to the party outweighing the benefits. It is also thought that arriving at a fair, workable formula for allocating budget amounts would be extremely difficult, given the wide differences in each party's mix of list and constituency MPs, where its MPs are geographically located and where it priorities lie.

Views also vary on the question of how bulk funding would be implemented:

- Where accountability would lie
- What areas of funding could desirably and feasibly be managed under bulk funding, and

- Whether bulk funding could remain partial or whether it needs to be implemented on an 'all or nothing' basis if it is to achieve the expected benefits.

In this part of the report we elaborate on the background to bulk funding in the New Zealand Parliament, what is seen to be the case for and against it, and the committee's view of a possible way forward.

4.1.2 Background

A quite considerable degree of aggregating funding for each parliamentary party already exists. Items of expenditure that used to be separately budgeted for have, since the advent of MMP, been aggregated under parliamentary group activities (Leaders' office and Whips Office/Research funding) and support for individual members. These aggregated budgets encompass quite a range of expenditure activities. For example, the Members' Support budgets cover the costs of running local offices, technology purchases, postage, printing and photocopying. MPs choose how they apportion their funding across these items. Parties are able to 'pool' their parliamentary group activities and, with the consent of the individual MP, may 'pool' a portion or all of the list and constituency Members' Support budgets. The composite sums can then be used with a degree of flexibility (for example, more or less on research), within the purposes each budget is provided for.

To this extent, party leaders, and managers in the parliamentary party offices, are already exercising a general stewardship role.

The question therefore is whether bulk funding could usefully be formalised and extended in order to achieve better outcomes, more efficiently. The significant areas of funding support for Members that could, in principle, be included are MPs' travel, and/or communication and/or support staff costs. The committee also considered the possibility of a form of bulk funding to bring together the expenditure involved in running out-of-Parliament offices into a single identifiable allocation.

4.1.3 Options

A paper jointly prepared by the Parliamentary Service and the Treasury in 1998 describes bulk funding – in its pure form – as a system under which MPs would receive a single budget allocation out of which to finance their activities, including their own remuneration. At the other extreme is the 'direct provision' approach whereby the MP's salary and a set level of each type of good or service would be provided directly by the Crown.

The committee does not believe that either extreme is likely to be contemplated in the foreseeable future. The most likely alternative if there was to be a move forward from the present provisions for aggregated funding is to extend its scope, and formalise accountability and management arrangements.

The two areas most often suggested for bulk funding are MPs' parliamentary-related travel and communications. These are funded as a Crown expense – that is, they are not departmental outputs. While the appropriation is fixed, MPs themselves are not subject to any spending limit, so the actual level of spending is a result of the demand MPs place on travel and communications services. This recognises the importance of MPs being able to move freely within New Zealand, and communicate with people, in the fulfilment of their representative and legislative roles.

The other area that could be considered for including in bulk funding is budgeting for secretarial services within Parliament and out-of-Parliament offices. This is currently funded as a departmental output.

We discuss these options more fully in section 4.1.5 below.

4.1.4 Rationale

In considering the rationale for bulk funding, the first question that arises is what issues it would address.

The joint Parliamentary Service/Treasury paper describes three problems with the way MPs' support services from Crown funding are presently provided:

- Fiscal risk - the uncapped, demand-driven components of MPs' support funding creates, in the words of the report, "unacceptable" fiscal risks.
- Blurred accountability - accountabilities for actual spending under the present arrangements are blurred in so far as it is the acts of MPs that drive spending even though under the Public Finance Act it is the Speaker, as Minister for the Vote, who purchases the services.
- Limited flexibility - MPs are limited in being able to determine how they configure their support services. They cannot 'trade' services across different output classes, eg more out-of-Parliament support in return for less travel.

We note that the first two of these problems – demand-driven expenditure and blurred accountabilities – have been alleviated to an extent by systems adopted by some parliamentary parties for informally monitoring MPs' travel and communications costs. The Parliamentary Service provides the Whips with summarised monthly expenditure reports. The Whips can then pass these on to individual MPs, showing how the MP's expenditure is tracking against the average for their party – hence bringing to the MP's attention any out-of-line deviations and highlighting cases where spending might need to be modified. These systems do not carry sanctions but, as we understand it, operate quite effectively by peer pressure. That the parties are seeing value in undertaking this kind of monitoring is a significant improvement in managing and accounting for open-ended expenditure. The committee regards both 'problems' as factors to consider in making a case for bulk funding, but also acknowledges party office monitoring as a step in the right direction.

Flexibility remains a strong argument for bulk funding. In principle, more direct control over how budgets are used means the budget-holding group is able to allocate resources based on close knowledge of their priorities, to respond more promptly to any changes in priorities and to be proactive in initiating any new priorities within the scope of budget guidelines. These benefits, as a matter of principle, could be expected to bring effectiveness and efficiency gains because of the ability under bulk funding for the budget-holding group to allocate funding to those services of most value to it.

The second question in considering the rationale for bulk funding is what objectives it would achieve. The joint Parliamentary Service/Treasury paper lists the features of a 'good' system for allocating and monitoring the appropriation of public money for the support of Parties and MPs. A good system would:

- Be fiscally sustainable in the medium term

- Promote accountability through adequate disclosure of expenditure and specification of the responsibilities of funding recipients and administrators
- Be transparent from the point of view of funding provided and services delivered
- Maintain and enhance MPs' effectiveness as legislators and elected representatives
- Be readily understood and widely accepted among MPs and the general public.

Bulk funding is often presented as meeting these objectives, but only provided that it is accompanied by a clear, albeit broad, definition of eligible expenditure under the bulk fund, good disclosure requirements and suitable sanctions against misuse or over-spending.

In principle, bulk funding has a strong theoretical logic and appeal, and hence some obvious attractions. We turn now to look at the practical implications.

4.1.5 Practical Implications

A prerequisite to any move to formalise and extend bulk funding would be designing a sound system for ensuring it was an improvement over the current method of funding party and member support. At a general level, this is likely to mean the following:

- Calculating the quantum of the bulk fund – this would in effect mean setting a cap for travel and communications expenditure (internally, parties would gain flexibility by being able to switch between travel and communications and other priorities)
- A commensurate level of disclosure by the parties of group expenditure against budget – the more detailed the disclosure requirements, the greater the degree of accountability and transparency that would be achieved
- Clear delegations – this would need to be worked out in consultation with each of the parties, with some degree of consistency if the system is to be manageable
- Assurance of appropriate management controls by the budget-holder.

These are quite demanding requirements and reinforce the committee's view that bulk funding should not be undertaken without very considerable investigation of the forms in which it would be implemented, the feasibility of these and possible unintended side-effects. For example, implying a quantum for travel and communications which was then available for switching to other priorities could give parties and MPs a valid excuse to curtail these activities which are important in a democratic parliamentary system. In section 4.1.6 below we propose bulk funding be piloted before any move is made towards adopting it, the trial to include testing the viability and impact of setting quantums.

As well as the 'systems' issues outlined above, there are significant policy issues to resolve:

- *Who would be the budget holder?* Options are the parliamentary party leaders, the Whips and individual MPs. The expenditure that could come under bulk funding is parliamentary related and should be kept clear of any party political slant that might blur the parliamentary focus. The 'purest' way to achieve this is making individual MPs the budget holders, but the committee rules this out for fully-fledged bulk funding, because of the

multiplied burden of administration and compliance. The parliamentary nature of the role of the Whips suggests that they could be appropriate budget holders as this would help ensure that a parliamentary focus continued to underpin budget management. An alternative is party leaders as they may have the best overview of their parliamentary party and member activity, and have the authority in an organisational sense to set strategy and delegate budget management responsibility. We note that budget holders' delegation powers could include sub-delegation to individual MPs, thus allowing this option to be part of a bulk funding regime. A party leader regime also caters for independent MPs who could be treated as a party group.

- *What mechanism would be used?* Bulk funding could be effected either by the delegation of budget-holding responsibility, or legislation to restructure the appropriations so that funding was appropriated directly into the bulk funds. The drawback of legislation is that it would lock in a pre-determined set of arrangements which may, because of the evolving nature of the parliamentary and political landscape, prove quite quickly to be the wrong ones. The drawback of using delegation as the mechanism is that it would require, in the words of the joint Parliamentary Service/Treasury paper (para 57) "a web of delegations and sub-delegations" with the Speaker inevitably involved in "adjudication issues that are not readily reconciled with his functions in the Chamber." The joint paper concludes that at least in the medium term, a more permanent approach with legislative change will be required.
- *What areas of activity could be included?* The potential benefits of bulk funding are more likely to be realised the more categories of funded activity can realistically be included. More aggregation means more flexibility for budget-holding groups to determine their relative spending priorities. The primary 'candidates' for bulk funding, over and above existing party and member support funding, are:
    - MPs' **communications**. This appropriation currently provides for the costs associated with the entitlements to telecommunications, both in Parliament and out of Parliament. It also includes the cost of stationery used in Parliament. This would seem to be a reasonably obvious candidate for bulk funding as costs fall according to usage, without any significant disadvantage from geographical location or other factors. Communications funding could be added to both the Members' Support and the Leaders Office allocations, under the umbrella of the single appropriation for each party that covers these allocations. We are advised that the Parliamentary Service is able to attribute costs.
    - MPs' **travel**. There is a general view that it would be difficult to establish an equitable formula for this, although as we have already noted, an informal 'cap' for travel expenditure per MP now operates through the party offices. The bulk funding pilot we propose below could be set up to test the feasibility of formalising a travel quantum, and also allow provisional testing of details such as how spouse travel for official duties could be handled.
    - MPs' **secretarial support staff**, in Parliament and out-of-Parliament. Staff support costs are currently funded through the Parliamentary Service appropriation as a departmental output, with the General Manager as the responsible employer. If this category of funding was to be transferred into party group bulk funds it would be necessary also to transfer employment powers and obligations, since the reason for

including staff costs in a bulk fund is to provide flexibility in the use of these resources.[14] If the Parliamentary Service was to remain the employer, statutory employer responsibilities would be separated off from staffing decisions (on such aspects as the level and type of staffing, pay and job content) which would be at the discretion of the parliamentary party. The joint Parliamentary Service/Treasury paper observes that "If support staff funding was transferred, and the General Manager remained as employer, the effectiveness of delegations as a means of managing staff/management relations and employment law issues (eg personal grievance actions) would have to be critically examined." In fact, as the committee appreciates, it would be extremely difficult to design delegations that were robust, manageable and ensured fair treatment for staff. Delegations might have to take into account the differing capacity in party offices for managing staff, and the vulnerability of staff to variations in management capability – in Parliament, and even more so in out-of-Parliament offices where there is no real peer support for staff. For these reasons the committee is cautious about including staff costs in bulk funding.

A fundamental question in respect of each of these three possible candidates for bulk funding is what purpose they are meant to serve, particularly as between party and parliamentary work.

The committee discusses the strengthening role of the party under MMP in the introduction to this report. Allowing for that, we believe we reflect the view of most MPs, and the views of the wider public and experts on Parliament, in saying that when MPs are travelling around the country, communicating with the community and working from local offices, with costs met from the public purse, the purpose should be parliamentary business. If this was not the case, the funding could be seen as akin to public funding of political parties which, if it is to occur, should be overt and not blurred with funding for parliamentary business. We realise that the line between party and parliamentary business is not always cut-and-dried, and it is not always possible to be exact about what falls on which side. It is however reasonable to expect strong guidelines to be in place as to acceptable uses of the funding provided.

An alternative approach, if bulk funding did not proceed for overall party funding, could be to create a bulk fund just for members' out-of-Parliament costs. This would combine, for each MP, the present Members' Support allocation and out-of-Parliament staff costs. Effectively each out-of-Parliament office would be a stand alone bulk fund. The committee realises that a move in this direction raises the same employer issues as outlined above, so these would need to be resolved. The committee also notes that it might require a change in the present system for pooling group party and individual member funding allocations.

[14] The committee notes that under the system of bulk funding adopted in the Saskatchewan Legislative Assembly, caucus staff (the parliamentary party office in the Legislative Building) are employees of the caucus. The caucus hires, fires, sets hours of work, assigns duties, sets rates of pay and evaluates performance. In Members' constituency offices, the staff are employees of the Member. For both, the Legislative Assembly's Human Resource and Financial Services offices handle most of the payroll and benefit administration. Caucus employees and constituency staff are eligible for all the same benefit plans and policies as Legislative Assembly employees.

Our conclusion is that any extension of bulk funding must be carefully constrained within robust guidelines that ensure it is parliamentary, and not party, work that is being undertaken. In a later section of our report we discuss the nature of the guidelines that could be adopted (section 4.3).

- *What administrative support would be needed?* It would seem likely – at least over a transition period – that budget holders would require very considerable administrative support from the Parliamentary Service, whether the budget holder was the party, the Whips or the MP. Areas for such support would include dealing with any legal implications (such as employment matters, financial management and fiscal responsibility), accounting and possibly human resource expertise at least in the immediate term, and generally the assurance that the framework of the Parliamentary Service can provide against the risks associated with establishing new funding relationships, financial responsibilities and management practices.

As will be evident from the discussion above, any further development of bulk funding needs to occur systematically. There needs to be a rational basis for deciding what goes in; there are legal implications to sort out; and there would need to be considerable support from the Parliamentary Service in terms of administration.

4.1.6 Assessment: A Bulk Funding Trial?

Bulk funding represents one of two clear alternatives for how parliamentary parties and MPs are funded for their parliamentary work:

- Devolved decision-making, which is the bulk funding option. With this goes 'ownership' of the way resources are allocated, how they are controlled and responsibility for the outcomes.
- Centralised management which would include integrating the responsibility for employment and out-of-Parliament office accommodation within the Parliamentary Service.

The committee noted above that in principle, bulk funding has a strong theoretical logic and appeal, and hence some obvious attractions.

That said, the committee does accept the considerable practical difficulties involved in attempting to implement bulk funding 'on the ground'. They are not difficulties that are easily resolved. This would seem to mean, at the very least, further work on investigating carefully the means of implementation, and using this work as a test of the merits of moving to bulk funding at all.

There is no doubt that bulk funding would lead to the evolution of different patterns of support services – by parties or by individual MPs, or both. There seems little doubt that their purchasing decisions would be different from those that result from present funding arrangements and the present split between aggregated and non-aggregated funding. There are many 'trades' parties and MPs would be able to make. As well as the example in the joint Parliamentary Service/Treasury report (more out-of-Parliament support in return for less travel), they might for example elect to spend less on equipment and more on research and secretarial staff.

The committee sees these sorts of developments as desirable in terms of achieving a match between, on the one hand, the evolving roles of parties and MPs in our MMP Parliament, and on the other, the effective use of funding. It may be also that such

developments would be in line with the way the public expects parties and MPs to operate in an MMP Parliament.

The committee would not like to see the idea of bulk funding abandoned in the face of difficulties with implementation, and recommends instead that a bulk funding pilot be initiated to test its merits and feasibility.

We understand that one of the parties in Parliament has told the Parliamentary Service Commission that it is willing to be the 'guinea pig' for a bulk funding trial. We believe this would be a useful next step. It would of course be trialing a parliamentary **party-based** bulk fund, and bulk funding of the party (we noted above that one option is to bulk fund individual MPs). The pilot would need to be carefully designed so that it produces a reliable steer on whether bulk funding is a realistic future option. It should, among other things, trial:

- A clear definition of parliamentary business and criteria to guide the use of the bulk funds
- The formulation of a bulk funding quantum covering travel and communications
- If support staff costs are included, arrangements for managing employment relationships and a reliable staff management system acceptable to staff
- A method for evaluating the use made of the flexibility in allocating resources permitted under bulk funding
- A method for reporting back to Parliament on expenditure.
- Delegations and sub-delegations
- Administrative support needed from the Parliamentary Service
- Compliance costs to the party.

A process for rigorously evaluating the overall trial is necessary, and should be built into the design of the trial.

Setting up a trial would require provision in the parliamentary appropriations. We understand that if a decision to trial bulk funding was made at an early enough stage in the annual Budget process, the necessary appropriation can be built into the Estimates of Expenditure for the following year (for example, a decision made by early January 2003 could be accommodated in the 2003/4 Estimates).

Ideally a bulk funding trial would be ready for implementation for the 2003/4 financial year. The outcome would then be available for consideration by the next triennial review. The committee accepts, however, that time is needed to design the trial well, including resolving the more complex issues. The trial should not be put at risk by rushing it.

The most complex issue is that of employment responsibilities. We do not under-estimate the difficulty of arriving at an appropriate arrangement – it certainly can not be left to chance in a bulk funding trial. We therefore propose that the trial focus on travel and communications funding, at least in the first instance. If the trial proved successful on these dimensions, it could be taken further by extension to support staff funding. On this basis, bulk funding of out-of-Parliament office activity would also await the outcome of the initial trial.

We understand that the Parliamentary Service Commission has agreed to the preparation of a paper setting out how a bulk funding system would operate and

teasing out the factual issues. We suggest that the issues we have raised here be investigated as part of this, and put before the Commission.

Recommendation:

- That a bulk funding trial based on the approach suggested above be investigated, involving one parliamentary party, for possible commencement in the 2003/4 financial year.

4.2 OUT-OF-PARLIAMENT PREMISES AND EMPLOYMENT ISSUES

An issue of increasing concern to the Parliamentary Service arises from current arrangements relating to the provision of out-of-Parliament offices and staffing in them.

The current system allows MPs (whether list or constituency MPs) to choose their own premises from which to run a local or constituency office. This gives MPs the flexibility to choose premises that suit their needs in terms of location, style and configuration, and that fit their pockets - MPs meet rent and operating costs themselves from the Members' Support budget.

It is the Parliamentary Service however that is the employer of the staff who work in out-of-Parliament offices. As employer, the Parliamentary Service is responsible for the statutory obligations regarding workplace health and safety. It carries this responsibility without having the ability to reject premises that do not meet health and safety standards.

There is quite obviously a conflict between the desirable objective of flexibility for MPs and the absolute importance of up-to-standard work environments for the MPs' staff.

The problem is a very real, and acute, one. Using external specialist consultants, the Parliamentary Service has recently conducted full health and safety audits of all out-of-Parliament offices. A number of offices (about 30) have been found to have serious shortcomings from the point of view of personal safety of the staff concerned. The most serious deficiency is the lack of an alternative means of exit from such premises.

Additional funding for the Parliamentary Service in 2001/2 has allowed provision of some new equipment for staff (suitable ergonomic furniture, etc) and arrangements for workstation assessment. The funding is not sufficient to address deficiencies in the suitability of premises, particularly with regard to security issues, or ensure compliance with any mandatory minimum standards. In the view of the committee it is not appropriate for public money to be spent on upgrading premises that are privately owned where benefit would go to the owner in the form of higher-value property.

At this time matters relating to the physical suitability of premises, and whether or not they meet building compliance standards, have been drawn to MPs' attention.

Unless there is some form of management that reconciles the issues, the health and safety standards of out-of-Parliament offices will remain a major issue in terms of staff well-being, and leave the Parliament Service with an unacceptable legal risk.

Considerable work has gone into trying to find solutions that allow the Parliament Service to fulfil both its good employer and occupational and health responsibilities, while not unduly overriding the MP's choice.

One option is the system used in Australian State Parliaments, which is centralised provision of office space. The parliamentary authority generally leases premises that are allocated to MPs after each election. In the New Zealand case, funding for these would come from a centralised output class in Vote Parliamentary Service rather than from the Members' Support budget. MPs would continue to meet operating costs, excluding out-of-Parliament office rent, from their Members' Support allocation. Such an approach clearly establishes the employer of the staff as also the agency responsible for their workplace. However, it removes the flexibility for the individual MP that is a much valued feature of the approach adopted here.

Other options the committee considered do not appear viable. A theoretical solution would be to make the MP the employer of out-of-Parliament staff and by definition responsible for workplace health and safety. The committee's distinct impression from discussions with MPs is that this would not be a welcome development, and the problem would arise of varying levels of interest and expertise among MPs in being an employer. We note also that a change of employer would not necessarily change the issues needing to be addressed. It would affect who would be responsible and accountable for meeting the requirements of the statute and the risks involved in not doing so properly.

The committee also considered the idea of locating MPs' offices in local authority premises that could be leased long-term by the Parliament Service. Local authorities typically have rigorous workplace health and safety standards which would provide the necessary assurance to the Parliamentary Service in its employer role. Comment sought from a small selection of local authorities indicated a range of views, some in favour but generally indicating some practical and perceptual problems. It would only anyway be a solution in some areas, as local authority offices are not geographically located in enough places to meet the locational needs of MPs.

The committee concluded that the best approach, at least in the first instance, would be to make it a requirement that MPs only lease premises that have complied with an OSH audit before the lease is taken out. This can be phased in to reduce the administrative and financial impact. It would apply to all new leases after the next election and to all offices at the next triennium, so that all premises are brought up to an acceptable standard in a defined timeframe.

We propose that the Parliamentary Service Commission develop standards based on occupational health and safety standards and refined to be appropriate to out-of-Parliament offices and the functions they serve.

A last resort would be to require MPs located in deficient premises to give consideration to seeking alternative premises and withdrawing staff if such action was not taken.

As part of such an approach we suggest that the Parliamentary Service Commission agree on the rules to apply to out-of-Parliament workplace standards.

Recommendations:

- That new premises leases by MPs for out-of-Parliament offices comply with the interim guidelines drawn up by the Parliamentary Service for issuing to new MPs

following the 2002 General Election.

- That the Parliamentary Service Commission consider and agree on overall rules for the establishment of out-of-Parliament offices incorporating, as workplace standards, the minimum guidelines as determined by the Parliamentary Service and such other matters as the Commission considers appropriate.
- That existing leases on premises found not to meet these standards be terminated at the end of the lease.

4.3 GUIDELINES AND DISCLOSURE

4.3.1 Guidelines

At various points in our report we have referred to the need for definitions and guidelines to ensure decision-making and actions involving the use of parliamentary resources, whether at the level of the individual MP or the parliamentary party, are within the intended purposes.

The degree of legitimate public interest in, and potential scrutiny of, spending by parliamentary parties underlines the importance of having clear reference points against which the 'right' or 'wrong' of any specific incident of spending can be judged. Definitions become even more important as MPs and parliamentary parties are given greater flexibility to allocate their funding entitlements in ways that best meet their priorities.

We note, for example, that the bulk funding model used in the Saskatchewan Legislative Assembly is subject to each caucus being responsible for making and managing expenditures from their fund subject to guidelines from the Board of Internal Economy, having expenditure audited and preparing financial statements which are tabled in the Assembly annually.

MPs and parliamentary parties already have considerable flexibility as to how they spend their appropriated funding. We expect this to be the subject of ongoing testing – a natural corollary to providing greater scope for flexible use of public funds. Any further moves towards flexible funding will increase the degree of testing that goes on. Bulk funding presents the greatest challenge in this regard.

There are already two sources of guidance available to MPs and parliamentary parties:

- Procedures and criteria covering permitted uses of funding and support services, contained in the Members' Handbook. Following elections, the Parliamentary Service provides new MPs with comprehensive briefing material setting out their entitlements and highlighting the areas where guidelines and rules apply. MPs receive advice on the setting up of out-of-Parliament offices, employing support staff and making use of the various allowances and services, eg postage, advertising, photocopying, technology purchases, telecommunications and travel.
- A definition of 'parliamentary business' both as defined by the Higher Salaries Commission[15] and as defined in the Members' Handbook relating to mail-outs, printing, photocopying and advertising.

[15] Parliamentary Salaries and Allowances Determination 2001, section 4.

An aspect not covered in any source available to MPs and parliamentary parties is a guide as to what is meant by 'parliamentary operations'. This leaves a significant gap in the overall framework for ensuring the proper use of funding because 'parliamentary operations' is the phrase used in the appropriations to describe the purpose of parliamentary party and MPs' support appropriations. Part B of the Statement of Appropriations includes the following description against the annual appropriations:

The Party and Members' Support appropriations are to provide

> *"Funding for the (name) parliamentary party to support its Leader's office, research operations, Whip's office, and members' parliamentary operations."*

There is no clear definition of what 'parliamentary operations' actually includes, either by way of guiding principles or as an inclusive-type description.

The committee believes there is a need for an overarching definition against which all expenditures on support services and members' entitlements from the Vote can be tested. Such a definition will be a necessary prerequisite to any expanded bulk funding arrangement, but we believe it is also needed to provide MPs and parliamentary parties with the ongoing guidance they are entitled to have on making use of the flexibility provided under the present parliamentary party and members' support funding arrangements. It would also provide the Parliamentary Service with a clear measure for dealing with any circumstance where a question arises about the appropriateness of a party's or MP's spending, and to be in a position to better advise the Speaker on any occasion when a spending matter has to be referred to him/her.

In the old two-party system the 'rules' were generally understood and needed less prescription. The more diverse MP and party representation in Parliament becomes, the more diversity there will be among MPs and parties as to how they can best utilise their budget resources. This is a feature of the MMP environment which in our view should be accompanied by clear guidance on the extent of, and limits on, the use of flexible budget arrangements.

What we have in mind is a statement of guidelines to define the scope of, and limits to, the flexible use of parliamentary party and member support funding. It would act as a guide to all MPs and parliamentary parties as to the categories of spending that are clearly inside these guidelines and those that are clearly outside, and as such ought not to be charged to the parliamentary party and member support allocations.

The guidelines would sit alongside the Higher Salaries Commission's definition of 'parliamentary business'.

By way of illustration, the committee has prepared a draft as a basis for discussion. The approach we have taken is to set out what resources are provided, contrasted with what they are not intended for. We believe it strikes a good balance between clarity and simplicity, and that it would help clarify the line to be drawn between political activity that falls within the definition of parliamentary operations and political activity that relates to party work outside Parliament.

It is consistent with the principles that have applied historically but brings these 'under one roof'. We would envisage the version that may be finally adopted have a prominent place in the Member's Handbook.

1 *Resources are provided to assist members of Parliament and parliamentary parties (1) in –*

a discharging their responsibilities as legislators and elected representatives, including responsibilities determined by their parliamentary party, and
b developing, researching, critiquing and communicating policy, and
c communicating with constituents or other communities of interest, including the establishment and operation of out-of-Parliament offices, and
d meeting the operational needs of each parliamentary party in fulfilling its parliamentary responsibilities.

2 *Resources are not provided and may not be used for –*

a personal or private benefit, or
b in circumstances where provision has already been made by way of remuneration or the reimbursement of expenses to the member pursuant to a determination applicable to members of Parliament under the Higher Salaries Commission Act 1977, or
c soliciting subscriptions or other financial support for a political party, or
d producing or distributing promotional or electioneering material by mail or other means of communication for the purpose of supporting the election of any person or the casting of a party vote for any political party, or
e any work directly related to the administration or management of a political party, or
f any work undertaken as a member of the Executive.

(1)'Parliamentary party' means a party recognised for parliamentary purposes in accordance with the Standing Orders.

As a general practice we think that guidelines should be actively addressed to and promulgated among staff as much as MPs, as staff are often interpreting and applying them, and advising MPs and party leaders on the proper use of funding allocations.

Recommendations:

- That a statement of guidelines be put in place covering the use by parliamentary parties and MPs of funding and services provided under the parliamentary appropriations.
- That the objectives of these be to provide greater clarity and certainty for parliamentary parties and MPs, and also to assist the Parliamentary Service in administering entitlements and advising the Speaker.
- That the guidelines sit alongside the Higher Salaries Commission's definition of 'parliamentary business' and be actively promulgated among staff in parliamentary party and MPs' offices.

4.3.2 Disclosure

Putting in place definitions and guidelines is one side of the accountability equation. The other side of the equation is having a system of disclosure to sit alongside flexibility in parliamentary party and MPs' use of their budget allocations.

We have already commented on disclosure as a necessary corollary to any extension of bulk funding.

The committee believes a stronger disclosure system is timely, even without more formalised bulk funding. The greater flexibility provided under the present system has come about without, we believe, sufficient emphasis on disclosure.

Recommendation:

- That a system be developed for the disclosure of actual spending from parliamentary party and Members' Support budgets, as the corollary to greater flexibility in spending decisions by the parties and MPs, and as a prerequisite to any extension and formalisation of bulk funding.

Part Five: Administrative and Fiscal Impact

5.1 GENERAL OBSERVATIONS

In identifying the areas where we believe some change in resources is justified (whether in the level of resourcing or how it is deployed, and areas of possible new investment) we have aimed in each case to establish a clear principle, to present the supporting analysis and to describe, in broad terms, the nature of the change we propose should be made. In every case, there are obviously further matters of policy and detail to be worked through.

In this section we summarise the main fiscal and administrative implications of our proposals. It has not been possible to prepare a detailed breakdown of costings because of the work needed to develop our proposals in more detail.

Our proposals represent a menu of possible resourcing changes. Most could be adopted individually. We note however that some need to be treated as going hand-in-hand. For example, we regard the development of guidelines, as set out in section 4.3.1, as a prerequisite to any extension to, or formalisation of, bulk funding.

5.2 FISCAL IMPLICATIONS

As required by our terms of reference, our proposals relate to the coming parliamentary triennium. Costs arising from the adoption of our proposals would therefore fall, in the first instance, in the 2003/4, 2004/5 and 2005/6 financial years. The cost implications would of course extend beyond then – while any area of new expenditure can (and should) be re-visited in the medium to longer term, our proposals are designed to help ensure that resources are commensurate with a modern, effective Parliament. The 'benchmarks' we have set would probably therefore not be significantly reversed.

Information and communications technology is a potentially major area of expenditure growth. We have noted in section 3.5.1 of our report that Parliament must keep abreast of advances in these fields, but also that future developments must be thoroughly assessed for the real gains they will achieve, and remain in line with the capacity for the practical application of new technologies. The managing and monitoring of major government information technology projects is now supported by guidelines promulgated by the State Services Commission.[16]

Other areas of expenditure where we have not made specific proposals can be expected over time to grow in line with the objectives of keeping Parliament up-to-date with its changing environment and the demands of a 'modern, effective Parliament' – for example, spending on information and research.

The major cost impacts from our recommendations are in Members' Support and Leadership funding. Other cost items are shown in the table below. No areas have been identified where resources could realistically be cut. To a considerable extent the expenditure impacts of our recommendations are a 'catch up' on cost increases against very stable expenditure in Votes: Parliamentary Service and Office of the

[16] *Guidelines for Managing and Monitoring Major IT Projects*, State Services Commission, August 2001.

Clerk over recent years. Some of our recommendations involve costs that would come within existing operating budgets.

In summary, the areas that would require additional resourcing if they were to be adopted are as follows.

Area of Expenditure	Proposal	Cost Implication	Vote
Leadership funding (section 3.2.2)	A new formula under which parties with nine or fewer non-Executive MPs would receive an extra $50,000 per annum.	$200,000 increase (1)	Parliamentary Service (Crown Expenses)
Members' Support (section 3.2.4)	An increase in the budget allocation - for constituency MPs, from $55,000 to $65,000 - for list MPs, from $34,200 to $45,000.	$1,242,400 increase (1)	Parliamentary Service (Crown Expenses)
Freephone trial (section 3.2.4)	Trial freephone service for constituency MPs in larger electorates.	Approx. estimate $40,000 pa (2)	Parliamentary Service (Crown Expenses) (MPs' communications)
Staff support (section 3.3)	The concept of a 'menu' approach to position descriptions and salary structures for support staff in MPs' in-Parliament and out-of-Parliament offices.	Depends on details of policy and implementation, and outcome of negotiations	Parliamentary Service (Departmental Expenses)
Information and communications technology (sections 3.5.2, 3.5.3, 3.5.4)	Ongoing investments in ICT with the objective of continuously enhancing effective information flows and communication within Parliament, between Parliament and Government and between Parliament and the public. Investigation of high speed Internet access for out-of-Parliament offices Training for MPs and staff in ICT Further development of the parliamenary website.	No estimate. Any requirement for continuing investment in ICT in response to new technology development means a rising baseline of expenditure in this area which will need to be reconciled with Government's overall budget constraints.	Parliamentary Service (Departmental Expenses) Office of the Clerk (any joint initiatives)
Select committee support (sections 3.6.2, 3.6.3, 3.6.4, 3.6.5)	Increase the pool of funding in the Office of the Clerk for engaging expert advisers. Provide additional funding for enhancing the research needs of select committees if justified by current pilot to test the research needs of select committees. Investigate tele-conferencing and video-conferencing as options for holding select committee hearings. Provision for two select committee visits to Australia per year. An upgrade of the select committee pages of parliamentary/Office of the Clerk website.	Cost increase for expert advisers $75,000 pa. Est. cost for video-conferencing $54,000 pa (a 10 week trial produced savings of $60,000). Australian travel $27,000 per visit. Website upgrade est. $60,000.	Office of the Clerk
Televising Parliament (section 3.7.2)	Expedite decisions on investigations already carried out on proposals for live visual broadcasting of Parliament and possibly select committees.	Minor further investigatory costs; thereafter contract management costs only.	Office of the Clerk Possibly Parliamentary Service (Departmental Expenses)
Bulk funding (section 4.1.6)	A bulk funding trial for implementation in the 2003/4 financial year. Possible wider implementation in the 2004/5 or 2005/6 financial year.	Fiscally neutral.	Parliamentary Service (Crown and Departmental Expenses)
Out-of-Parliament workplace standards (section 4.2)	Adoption of standards that meet occupational health and safety requirements.	Already funded.	Parliamentary Service (Departmental Expenses)

(1) Based on configuration of Parliament prior to 2002 General Election.
(2) Based on 14 qualifying electorates.

5.3 ADMINISTRATIVE IMPLICATIONS

We have noted above that detailed policy and implementation work would need to be carried out to test the feasibility of our proposals more fully.

One of the more significant tasks will be the setting up of a bulk funding trial, if a decision was made to go ahead with this proposal.

Some of our proposals are themselves in the nature of further investigation. These are:

Area of Work	**Proposal**
Management of electronic information (section 3.5.4)	A process for managing the quality of information made available through the Intranet within Parliament, and for protecting the investment made in Internet information sources. Appropriate rules for the introduction of new computer applications.
Expert advisers for select committees (section 3.6.2)	Establish clear and workable procedures for engaging independent expert advisers.
Out-of-Parliament office standards (section 4.2)	Drawing up of a set of occupational health and safety standards, for PSC approval.
Guidelines (section 4.3.1)	Development of a statement of guidelines covering the use by parliamentary parties and MPs of funding and services provided under the parliamentary appropriations to include a definition of 'parliamentary operations'.
Disclosure (section 4.3.2)	Development of a system for the disclosure of actual spending from parliamentary party and Members' support budgets.

Our proposals do not require any legislative changes.

We note in our report collaborative work being done between the Parliamentary Service and Office of the Clerk. We would endorse continuing collaboration where our proposals involve common interests and where a 'joint venture' approach between the two agencies would be beneficial.

We note that the Treasury would be involved in re-casting of the appropriations to allow a bulk funding trial.

5.4 TIMING

Our terms of reference relate to the triennium of Parliament that begins with the 2002 General Election. Our proposals are designed for implementation within that parliamentary cycle.

Part Six: Next Triennial Review

The committee approached its task mindful of the opportunity presented by this first review to set some reference points for future reviews. Some areas identified by the committee for possible additional investment lie further in the future than the three-year time horizon of this present review.

Recommendations:

- That it be noted that future triennial reviews should ideally be initiated mid-term in the parliamentary triennium to allow expenditure proposals adopted from the review to be fully explored and timed for implementation before the following Parliament.
- That the next triennial review consider the principles set out in section 2.4 of this report to guide the assessment of resource needs for Parliament, parliamentary parties and MPs.
- That the next triennial review:
  - Consider whether attention should be given to the factors of electorate size and type as an issue in the quantum of Members' Support funding for constituency MPs.
  - Take on board the importance of continuing to invest in information and research services.
  - Evaluate the results of the proposed bulk funding trial and the implications and merits of the formal adoption of bulk funding in the areas shown by the trial to be viable.

Part Seven: Concluding Remarks

We have approached our task very mindful of the fact of its being the first triennial review. From carrying out this exercise, we believe regular reviews are a vital component in keeping parliamentary resourcing up to date with the ongoing transformation of Parliament itself. Among the changes we have aimed to reflect in our recommendations are the still-evolving impact of MMP, the ever-increasing importance of information in a modern Parliament and the growing diversity of community interest in the work of Parliament.

Our investigations have convinced us that there is a sound case for an increase in expenditure in the two votes, Parliamentary Service and Office of the Clerk. We have offered a number of suggestions as to how this would be allocated and managed.

At the same time, we are aware of the continuing climate of fiscal constraint. Most of our proposals do not break new ground. A number of them reflect developments that are already occurring. In these cases our approach has been to add impetus and indicate directions these developments could take – such as in information and research services to Parliament and MPs, information and communications technology and select committee resourcing.

We have taken the view that developments in the resourcing of Parliament should be made within a framework that takes into account five components:

- The NZ parliamentary tradition and the roles of Parliament and MPs
- The MMP environment
- Principles for resourcing Parliament
- The structure of funding and services
- Expenditure trends and cost-drivers.

We believe our recommendations to be significant and justified enhancements in the resources available to Parliament and in their effective use.

Finally, we wish to repeat a maxim from the 1999 Rodger report, that "resources should be allocated on the basis of the results being sought".[17] This has been an overriding factor in our review.

[17] See footnote 1 above.

APPENDIX 1 • TERMS OF REFERENCE

TERMS OF REFERENCE FOR COMMITTEE TO REVIEW PARLIAMENTARY APPROPRIATIONS

Parliamentary Service Act 2002, Sections 20-22

Review committee

20 Establishment of committee to review appropriations

(1) The Speaker may from time to time, and must at least once during the term of each Parliament, establish a review committee of up to 3 persons to review the amounts of money appropriated by Parliament for the following purposes:

(a) administrative and support services provided to the House of Representatives and to members of Parliament:

(b) funding entitlements for parliamentary purposes.

(2) No person appointed to the review committee may be a member of Parliament or an officer or employee of the Parliamentary Service.

(3) Before appointing a person to the review committee, the Speaker must:

(a) consult with the Parliamentary Service Commission about the proposed appointment; and

(b) take into account any relevant recommendation made by the Commission under section 14(1)(c).

(4) The Speaker may appoint persons to the review committee on any terms and conditions, including terms and conditions as to remuneration and travelling allowances, that the Speaker considers appropriate.

22 Work of review committee

(1) In carrying out its work, the review committee must consider each of the following matters:

(a) the nature, quantity, and quality of administrative services and support services required for the effective operation of the House of Representatives:

(b) the nature, quantity, and quality of administrative services and support services that members of Parliament require for the effective performance of their functions:

(c) the funding that recognised parties and members of Parliament require for the effective performance of their respective functions:

(d) the scope for efficiency gains in the delivery of administrative services and support services to the House of Representatives and to members of Parliament:

(e) investments that may be necessary or desirable in order to further the aims of high quality representation by members of Parliament and high quality legislation:

(f) the need for fiscal responsibility.

(2) The review committee may, subject to any written direction by the Speaker, regulate its own procedure.

21 Report By Committee

(1) The review committee must:

(a) set out in a report the details of its review and the conclusions reached and recommendations formulated as a result of the review; and

(b) submit the report to the Speaker within 3 months after the date on which the review committee is established, or within any further time the Speaker allows.

(2) Before submitting its report to the Speaker, the review committee must consult with the Parliamentary Service Commission by seeking:

(a) the views of the Commission on the matters to be included in the review committee's report; and

(b) the comments of the Commission on any preliminary assessments or recommendations that the review committee proposes to include in the report.

(3) The Speaker must present the report to the House of Representatives not later than 6 sitting days after the date on which the review committee submits its report to the Speaker.

APPENDIX 2 • MEMBERSHIP OF REVIEW COMMITTEE

APPOINTED MEMBERS

Chairperson

Mr Barry Dineen, President, Institute of Directors and Chairman, Business and Parliament Trust.

Members

Joy Quigley, former MP.
Hon Stan Rodger, former MP.

ADVISER

Adrienne von Tunzelmann, Principal, McKinlay Douglas Ltd.

APPENDIX 3 • LIST OF PEOPLE AND ORGANISATIONS THAT PROVIDED INPUT

Significant input and advice was received from the following persons and organisations.

PARTY LEADERS AND OFFICE HOLDERS

Deputy Prime Minister and Leader, Alliance Party	Hon Jim Anderton
Minister of Finance	Hon Dr Michael Cullen
Leader, ACT Party	Hon Richard Prebble
Leader, United Future Party	Hon Peter Dunne
Co-Leader, Green Party	Rod Donald
Whip, Alliance Party	Grant Gillon
Whip, Labour Party	Rick Barker
Parliamentary Service Commission member	Gerry Brownlee

OTHER MEMBERS OF PARLIAMENT

Mita Ririnui and Nanaia Mahuta	Labour Party Maori Caucus
Stephen Franks	ACT Party

OFFICIALS

General Manager, Parliamentary Service
Parliamentary Librarian, Parliamentary Service
Clerk of the House of Representatives
Office of the Controller and Auditor General
The Treasury
E-Government Unit, State Services Commission

OTHER AGENCIES

Parliamentary Party Office Managers:

Labour Party
NZ First Party
Green Party

Unions:

PSA
Service and Food Workers Union
Unite!

RESEARCH SOURCES

Other Parliaments (websites and direct contacts)

Electoral Commission

New Zealand university academics

New Zealand literature on Parliament and MMP

Overseas experts on Parliament

New Zealand sources on information and communications technology