



Report of the
MLA Compensation Review
Commission 2007

Rapport de la Commission
d'examen de la rémunération
parlementaire 2007

Hon. Patrick A.A. Ryan, Q.C.

L'hon. Patrick A.A. Ryan, c.r.

Compensation Commissioner

Commissaire à la rémunération

Volume II

Volume II

New  Nouveau
Brunswick

Spem Reduxit

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**REPORT OF THE COMMITTEE
ON PAY AND ALLOWANCES
FOR MEMBERS OF THE
LEGISLATIVE ASSEMBLY**

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COMMITTEE ON PAY AND ALLOWANCES
FOR MEMBERS OF THE LEGISLATIVE ASSEMBLY

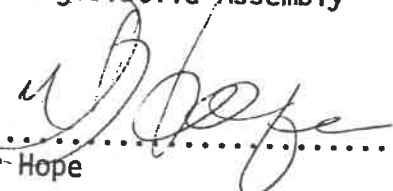
The Honourable Richard B. Hatfield, MLA
Premier
Province of New Brunswick
Centennial Building
Fredericton, New Brunswick

Dear Sir:

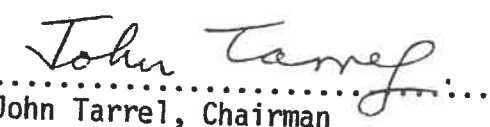
We have the honour to submit our report on pay and allowances for Members of Legislative Assembly in accordance with the terms of reference established by Cabinet.

Yours sincerely,

Committee on Pay and
Allowances for Members
of the Legislative Assembly


.....
Gregor Hope


.....
Ed Levert


.....
John Tarrel, Chairman

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NOTE

Pronouns reflecting gender in this report are to be considered applicable to either sex unless the context used is referring to a specific person.

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I - INTRODUCTION

On May 28, 1980, Premier Hatfield announced the formation of a Committee on Pay Allowances for Members of the Legislative Assembly. The detailed terms of reference of the Committee are as follows:

1. The Committee will conduct such examination as is necessary to provide the following information:
 - (a) The total remuneration of Members of the Legislative Assembly, the Premier, Cabinet Ministers, the Leader of the Opposition, the Speaker, the Deputy Speaker, the Party Whips, and House Leaders in New Brunswick compared with total remuneration in other provinces and with that of Members of Parliament;
 - (b) The remuneration of Members of the Legislative Assembly and Cabinet Ministers in New Brunswick compared with the remuneration of equally onerous positions in industry in the Maritime Provinces; and
 - (c) The adequacy of remuneration of Members of the Legislative Assembly and Cabinet Ministers in relation to general levels of expense and income loss.
2. The Committee will formulate recommendations on changes in the pay and allowances for Members of the Legislative Assembly, the Premier, Cabinet Ministers, the Leader of the Opposition, the Speaker, the Deputy Speaker, the Party Whips and the House Leaders.

The first meeting of the Committee was held on June 2, 1980. At that meeting the Committee reviewed the terms of reference and determined the approach which would be followed by the Committee in carrying out its work.

The terms of reference required the Committee to develop extensive background information which would permit inter-provincial comparisons of pay and allowances for Members of the Legislative Assemblies in all provinces and for Members of Parliament, as well as to permit assessments of adequacy of remuneration levels in relation to levels of expense and income loss of Members, and in relation to remuneration for comparable positions in industry.

Data relating to pay and allowances for Members of the Legislative Assemblies in other provinces was obtained directly through the appropriate contact persons in the various provincial governments. In addition, the Committee was assisted by having access to relevant data collected on an ongoing basis by the federal Pay Research Bureau relating to remuneration of elected officials at the federal, provincial and municipal levels.

Although the information collected by the Committee in this area is extremely detailed, in the case of certain elements of remuneration (such as per diem allowances for work on Legislative Committees) the Committee was able to obtain only rates of payment rather than absolute amounts. In other words, for Committee work we were able to identify per diem allowances but were not able to determine the numbers of days in respect of which a particular member or group of members in any other

provinces would receive the per diem allowance. Therefore, we were not able to translate the per diem rates into annual rates of additional remuneration in other provinces, although we were able to do this with a reasonable degree of accuracy for New Brunswick.

With respect to data for comparisons of MLA's remuneration with that of positions in private industry similar to the role of an MLA (or a Minister, the Leader of the Opposition, etc.) a number of problems arose.

First of all, it is extremely difficult to identify positions in private industry where the work involved is comparable to that of an MLA. In addition, even if such an identification can be made the nature of the MLA's position in aspects such as lack of "tenure" lead one to question a direct comparison.

Furthermore, the Committee found that employers in the private sector were extremely unwilling to divulge actual present salary levels for particular positions in which the Committee was interested, although in some cases they were willing to quote salary ranges. The extent of detailed quantitative information obtained by the Committee in this area was therefore limited.

The Committee did, however, attempt to supplement the information obtained from industry sources in two other fashions. The first was to contact a number of employment agencies who are involved either regularly or from time to time in the placement of individuals in middle management or higher positions to determine typical salary levels for various types of positions at these levels.

As a second alternative, the Committee also made an attempt to draw comparisons between MLA's and various public service positions, or positions in government agencies, boards or commissions. More detailed comments on these various comparisons are made in Section II.

The Committee also decided at its first meeting that it would not hold public hearings or actively seek submissions from the public. However, if any individuals or organizations expressed an interest in making a submission the Committee would certainly receive it and take it into account in formulating recommendations. No such expressions of interest were made to the Committee.

The Committee's reason for adopting this approach was that in preparing a previous report concerning pension benefits for MLA's, the Committee had received briefs and held extensive public hearings which, although primarily directed towards the issue of pensions, also contained a significant number of comments on the matter of pay and allowances. The Committee was able to extract such information from the previous briefs and to take it into account in formulating its recommendations. In view of this, we did not consider that the holding of further public hearings or inviting of public briefs would add significantly to the Committee's decision-making process since the public views previously discussed would presumably remain valid.

The Committee conducted a series of separate interviews with, respectively, the Premier, the Leader of the Opposition, the Speaker, two members of the opposition caucus and two members of

the government caucus. The purpose of these interviews was to obtain information on the respective roles of MLA's, Cabinet Ministers, etc., the extent to which these roles may be changing, the relevance of various principles which might be used to judge the adequacy of remuneration or expense allowances, the relative demands of committee work, constituency work and attendance at Legislative sessions in the overall workload of MLA's and similar items.

The Committee also conducted interviews with a number of former MLA's and Ministers to obtain their views on questions similar to those addressed to present Members and Ministers, as well as views on more specific aspects of the pay and allowances of Members. In this case the Committee was interested in comparing and contrasting the views of present and past incumbents, the latter group presumably being in a position to be more detached and objective although, of course, also somewhat removed from current developments.

The Committee also contacted the two other official political parties in the province who do not have members elected to the Legislature, namely the New Democratic Party and the Parti Acadien. The Committee invited these parties to submit written briefs or to appear before the Committee to express their views on pay and allowances for MLA's. The Parti Acadien declined the Committee's invitation. However, a representative of the New Democratic Party did appear before the Committee on June 20th to present its views.

Finally, the Committee held discussions with a representative of the Comptroller's Office to determine precisely the details of the expense allowances which are available to Members, Ministers, etc., the aggregate amounts paid with respect to these various allowances, and the administrative procedures followed in assessment and payment of expense claims.

Section II of this report discusses various general considerations relating to pay and allowances for Members of the Legislative Assembly; Section III discusses the comparative data referred to earlier, complete details of which are presented in the Appendices to the report; Section IV contains the Committee's recommendations regarding pay and allowances; and, Section V contains a general commentary on the question of the role of the MLA and related factors, and the possible need for further action in this regard.

II - GENERAL CONSIDERATIONS

In this section we review various general considerations which have a bearing on the establishment of rates of pay and allowances for Members of the Legislative Assembly, the Premier, the Leader of the Opposition, Ministers, the Speaker, the Deputy Speaker, the House Leaders and the Party Whips.

ROLE OF MLA

The establishment of pay and allowances for a position or function must obviously be related to the duties and responsibilities of that position or function and the time and effort required to discharge these duties and responsibilities.

In the case of a direct employer/employee relationship such duties and responsibilities are normally clearly defined by the employer and performance can be monitored on an ongoing basis.

The same clear cut definition of duties and responsibilities does not exist in the case of an MLA, except possibly with respect to attendance at actual sessions of the Legislative Assembly (where, in fact, financial penalties can be imposed for non-attendance under the provisions of the Legislative Assembly Act). The position becomes less clear, however, if we consider MLA involvement in the work of Legislative committees. While Members are certainly expected to participate in the work of these committees it is by no means clear that there is a requirement for them to do so or that there is any monitoring of either the quantity or quality of involvement.

If we extend our considerations into the area of constituency work the responsibilities become even more difficult to define. In addition, there is an overlap between those functions performed by an MLA in order to deal specifically with problems encountered by his or her constituents, and those functions which are intended to enhance the probability of re-election of the Member. While the Committee feels that both of these categories of involvement are a legitimate part of the role of the MLA it recognizes that some would suggest that the latter (i.e. those functions which are intended to enhance the probability of re-election) is not a part of the role which should be recognized or considered with respect to the establishment of pay and allowances.

It can clearly be argued that the role of the MLA is, in fact, what he or she makes of it. For example, the MLA who is in full-time attendance at Legislative sessions, who is diligent about his involvement in the work of Legislative committees and in preparatory work related to these committees, and who encourages his constituents to bring problems to his attention, will have a very onerous workload. However, the same would not necessarily be true of individuals who involve themselves less in committee work or who are not as receptive to approaches from constituents.

However, in whichever of these categories an MLA falls there is no doubt in the minds of the Committee members that the time and effort required to be devoted by a Member to satisfactorily discharge his/her duties and responsibilities is increasing. The increasing complexity of the problems with which society is faced, the increasing prevalence and complexity of legislation,

and the greater involvement of government in the everyday lives of the people, all have an impact on the role of the MLA.

For example, it appears questionable that the current length and frequency of sessions is adequate to deal comprehensively with all of the business which must come before the Legislature. More between session work is required of members through the Committee structure, and members face an increased workload in dealing with the questions, problems and concerns of their constituents.

While this does not necessarily mean that the role of an MLA is of a full-time nature at present, it does mean that the role is moving rapidly in that direction. In addition, if the role were recognized as full-time it could well result in an alternative structure or frequency of Legislative sessions and Legislative committees which could facilitate the discharge of the business of the Legislature.

In the Committee's view as far as pay and allowances are concerned, the proportionate loss of time of a Member from his or her normal activities to discharge his or her duties as an MLA is not necessarily proportionate to the loss of income from normal activities. For example, the Committee could well envisage all of the duties and responsibilities of a member occupying about two-thirds of his available time. The loss of that two-thirds of available time, however, could well result in a 100% loss of income from normal activities. True, there are exceptions in which the loss of time may result in no loss of income to the individual, but we would stress that these are the exceptions. If the Committee's conclusions regarding pay and allowances were

based on these exceptions, the only persons who would be in a financial position to offer themselves for political office would be those in a limited number of occupations who could devote time without loss of income, or the independently wealthy to whom loss of income would be immaterial. The Committee does not view either of these situations as desirable.

The Committee therefore takes the view that in establishing pay and allowances for MLA's, whether or not the job can be regarded as full-time with respect to the time commitment involved, it should be recognized as involving major or total loss of income from normal activity.

Although differences of opinion may exist with respect to whether the role of the MLA is full-time or part-time, we are not aware of any significant disagreement with the view of the role of the Premier, Ministers and the Leader of the Opposition as full-time. In addition, because of the executive and administrative functions attached to these positions the possibility of drawing reasonable comparisons with senior salaried positions in industry or the public sector is enhanced, as will be noted below in our discussion of criteria for judging adequacy of pay and allowances.

CRITERIA FOR JUDGING ADEQUACY OF PAY AND ALLOWANCES

There is no single criterion or any precise formula which can be used to establish rates of pay and allowances for MLA's. Many considerations are involved and these are necessarily subjective in nature. Some of the major criteria used by the Committee in its consideration of the adequacy of pay and allowances are outlined below.

Income Loss and Related Factors:

In order to serve as a Member of the Legislative Assembly an individual must forego or seriously reduce his involvement in his normal career. Not only does this involve a loss of normal income (which for most people has to be replaced in order for them to maintain a reasonable standard of living), but it also frequently may retard an individual's progress in his chosen field since his political involvement often occurs in the prime of life when career development is crucial and earnings potential often at its highest.

In addition to this there is the issue of the uncertainty involved in the periodic requirement for re-election and the resulting lack of stability.

Commitment to Public Service:

As a counter-balance to the first criterion indicated above, the Committee is also of the view that the level of total remuneration for elected officials should never be so high as to encourage people to run for office on the basis of the financial rewards only. The Committee feels that there must be a significant element of public service commitment involved which would tend to outweigh modest financial sacrifices.

However, this does not mean that major financial sacrifices should be the order of the day for individuals running for office. In fact, such a situation would lead to intolerable pressure on Members and on their families which would seriously detract from their ability to discharge their duties and responsibilities.

In other words, there must be an appropriate balance between public service commitment and financial incentive (or disincentive, depending on the viewpoint).

Inter-Provincial Comparability:

The Committee considers that the rates of remuneration established for Members of the Legislative Assemblies in other provinces are relevant as reference points but should not necessarily be followed blindly.

Some differences do exist from province to province in the direct involvement of MLA's in the Legislature due to differing lengths of Legislative sessions. However, this is not as large as one might assume, as will be seen from data presented in Section III of the report. In addition, where these longer sessions are common, (and even in some cases where they are not) the support services provided for Members through items such as allowances for a constituency office and constituency staff, secretarial and other services while the Legislature is in session, research services, etc., are vastly superior to those presently in effect in New Brunswick. Comparisons are also affected by the supplementary allowances which may be provided for Committee work at rates which may differ considerably from those in New Brunswick, and so on.

The remuneration levels for other provinces do not therefore represent levels to which New Brunswick MLA's remuneration should necessarily be equated in precise dollar terms. Rather, they represent one reference point among many which must be considered.

Private Sector Comparisons:

As indicated earlier, private sector comparisons are difficult to make because of the nature of the role of the MLA, although they can more easily be made in the case of the Premier, Ministers, or Leader of the Opposition. The other difficulty encountered is that of actually obtaining sufficiently specific data from the private sector to enable the comparisons to be made.

Nevertheless, the Committee has done what it could in this area and has considered the limited private sector data available to it in formulating its recommendations on pay and allowances.

It is also worthwhile noting that during the Committee's deliberations about eighteen months ago on the issue of pensions for MLA's, strong arguments were made in various briefs and by many individuals and organizations appearing at public hearings for comparability with the private sector, after making due allowance for differences in the nature of the MLA's duties and responsibilities. This was a significant factor in the Committee's conclusions regarding pensions. We consider such comparisons to be significant in the case of pay and allowances also, although the weight which could be attached to this factor was limited due to the availability of data.

Comparability With Other Public Sector Positions:

The role of the MLA can more readily be equated to positions in the public sector than in the private sector, with due allowances being made for extent of time devoted to the position.

The same is true in the case of Ministers whose role can certainly be compared in its totality to that of various senior positions in the public.

However, we think it would be unwise to draw precise comparisons between specific positions or to suggest these as a reference point at present or for the future. Such a situation would give elected representatives a vested interest in the levels of remuneration for public service positions which we would consider undesirable.

However, while the Committee would not recommend precise position to position comparisons in this area it did consider the levels of salaries for various public sector positions as outlined in Appendix B to this report.

RELATIVE REMUNERATION FOR VARIOUS POSITIONS

Following a review of the duties and responsibilities of MLA's and the various other positions included in the Committee's terms of reference, the Committee addressed the question of the appropriateness of the present relativities in remuneration between these various positions. The Committee also requested comments on this issue in its interviews with the Premier, the Leader of the Opposition, the Speaker, present Members and Ministers, and former Members and Ministers.

Following this review the Committee concluded that present relativities in remuneration do not provide adequate recognition of the present roles of the Deputy Speaker and the Party Whips. The Committee's recommendations are therefore geared to correct this situation.

There was also a possible under-recognition of the role of the Speaker, but not as much with respect to his primary duties as with respect to administrative duties connected primarily with the overseeing of the Legislative complex, and certain administrative work connected with the operation of Legislative Committees. However, some of these duties could reasonably be regarded as staff functions rather than necessarily those of the Speaker himself and the appointment of a full-time Clerk of the Legislative Assembly announced recently should relieve the Speaker of some administrative functions.

It is also the Committee's view that the present situation in which the remuneration of the Leader of the Opposition is related to that of Cabinet Ministers is appropriate and should be continued. The Committee also considers that the present relativity of total remuneration of the Premier to that of Cabinet Ministers or the Leader of the Opposition is of the correct order of magnitude.

Further, the Committee considered that provision for third party representation in the Legislature in the way of the Leader's salary and support services be made and that the allowance for support services for the Leader of the Opposition's Office was inadequate.

GENERAL EXPENSE ALLOWANCE

Consideration of the general tax-free expense allowance of one-half of the sessional indemnity presents some difficulty due to a lack of any specific definition of what the allowance is intended to cover. The Legislative Assembly Act indicates that the allowance is paid to a Member "for expenses incidental to the discharge of his duty as a Member".

Similar tax free allowances apply to MLA's in all of the provinces and at the federal level. The applicable legislation tends to define these amounts as being in respect of expenses incidental to the discharge of the Member's duties although there are other descriptions in other provinces such as the amount representing an "entertainment allowance" in the case of Quebec, and representing a "travel allowance" in the case of Newfoundland.

There is no doubt in the minds of the Committee members that there are many expenses which are incurred by a Member in the discharge of his duties for which specific reimbursement is not made under other expense allowances and which would therefore be a charge against the general expense allowance. We also have no doubt that the level of these expenses varies significantly from one Member to another according to how the Member perceives his role, or based on factors related to the area served by the Member (rural constituencies in general appearing to require significantly higher levels of expense than urban constituencies).

The alternative to a general expense allowance would be expense claims supported by receipts or vouchers and the Committee did consider this alternative. However, it is clear that in the case of many of the expenses which might be charged against the general expense allowance it could be difficult to produce receipts or vouchers and a submission of individual claims for numerous items would be very time consuming and administratively complex. The Committee therefore did not favour this alternative and considered that the provision of a general expense allowance is appropriate. It is common practice for elected officials at various levels throughout Canada and, furthermore, is specifically provided for as a tax-free allowance under the Income Tax Act.

On the other hand, the Committee is not of the opinion that this allowance should necessarily always remain at one-half of the amount of the sessional indemnity, particularly if the sessional indemnity becomes more in the nature of a "salary" as and when a full-time role develops for MLA's. In fact, even at the present level of the general expense allowance it may well be that some Members will not fully expend this allowance on "expenses incidental to discharge of duties as a Member". On the other hand, others may expend more than the amount of the general expense allowance.

ADDITIONAL EXPENSE ALLOWANCES

Members are entitled to various additional specific expense allowances while attending Legislature sessions, while involved in committee work away from their homes, or in travel between their constituency and Fredericton.

Two of these additional specific expense allowances are intended to meet the costs of accommodation and meals, respectively, and the Committee feels that the present levels of reimbursement are appropriate in the context of the actual costs of such accommodation and meals.

Obviously these amounts must be reviewed regularly as accommodation and meal costs rise as a result of inflationary trends or other factors. Because of this need for regular review, authority for the specific per diem expense allowances is provided through the Legislature Administration Committee or by Order-in-Council. The Committee views this as an appropriate process and sees no need to comment on per diem expense allowances for Member's during their absences from home to attend Legislature sessions or Committees.

The Committee is of the opinion that some specific recommendation is required, however, with respect to the accommodation allowances for Ministers from constituencies outside the Fredericton area who are required to live in Fredericton in order to discharge their duties. The Committee believes that the present level of accommodation allowance is inadequate in relation to the level of rents or other accommodation costs in the Fredericton area and needs to be increased, a recommendation on which follows later in this report.

However, the accommodation allowance is presently paid as an automatic amount without any need for vouchers or receipts or other evidence of actual accommodation costs incurred. The

Committee believes that the increased allowance which is recommended should be supported by voucher and that only actual costs incurred up to the specified maximum amount should be paid. This would have the added advantage of providing specific actual expenditure data on which future assessments of the adequacy of the accommodation allowance could be based.

Travel allowances paid to Members for approved travel between their constituencies and Fredericton are at the same rates as approved for civil servants for travel on government business. Again, this seems an appropriate procedure and the Committee does not feel it requires any comment.

The remaining area which the Committee considered under this heading is that of the various expenses incurred in conducting government business which Ministers are able to claim. The criteria in this case are very general and, in effect, any "reasonable" expenses incurred by a Minister are reimbursed. However, the very general nature of the criteria and the minimal requirements relative to documentation of expenses make it a difficult area to assess. A greater level of documentation than exists at present appears to be desirable, if only to assist in future reviews of the appropriateness of the expense allowance arrangements.

PER DIEM ALLOWANCES FOR COMMITTEE WORK

Traditionally, work on Legislative committees has been regarded as above and beyond that for which a Member is being reimbursed by means of his sessional indemnity.

This, in effect, implies a concept of a "part-time" Member who is required on an individual or selective basis to perform certain other functions for which per diem rates are paid.

If the role of an MLA were regarded as "full-time" then presumably whatever remuneration is established for the position should cover all functions including work on Legislative committees. The present structure of per diem allowances therefore argues against the concept of a "full-time" Member.

Whichever viewpoint is taken, the per diem allowances represent a component of the total remuneration of Member's in New Brunswick, and, in fact, are common to all jurisdictions with the exception of Prince Edward Island, Newfoundland and the Federal Government.

In the Committee's view, with the increasing level of commitment on the part of Members towards a full-time role, it is perhaps appropriate to now consider an integration of payments for committee work into the overall indemnity paid to Members, rather than treating it as a separate component.

While this has some advantages and represents a logical intermediate step if a transition to a full-time role was being contemplated, it can also be argued that it has some disadvantages.

For example, it may be argued that some Members spend a great deal more time on committee work than others and yet under the revised system all would receive the same amount. In fact, it could be argued that some Members would receive this additional amount without performing any committee work.

In the opinion of the Committee this is an administrative issue which could certainly be dealt with. If Members were being remunerated automatically for work on committees they should not only be expected to participate but should be required to participate, their attendance at committees should be monitored and they should be subject to financial penalties for non-attendance in much the same manner as is contemplated at present for non-attendance at Legislative sessions with respect to the sessional indemnity. In addition, Members could be required by their party leader or caucus to perform other supplementary duties such as research into specific areas of concern if they were not appointed to committees.

It is illogical for anyone to argue against consolidation of amounts for committee work due to arguments related to differing performance or commitment of various Members while at the same time arguing that a virtual full-time role exists. After all, under a completely full-time role this problem would be even more acute, and if performance cannot be demanded and monitored under the system proposed above, it could not be demanded or monitored under a full-time approach either.

The other potential difficulty of building the committee allowance into the sessional indemnity is that it would then also apply to the indemnity received by Ministers who do not participate in committee work because of their other duties. While this is a significant consideration, we feel that it can be dealt with by means of a Ministerial salary adjustment which would recognize the added remuneration already granted from consolidation of the allowance for committee work so that the resulting overall total remuneration for a Minister still met the desired objective.

TOTAL REMUNERATION CONCEPT

The terms of reference of the Committee require them to address the question of the "total remuneration" of Members. This concept had already been alluded to in earlier sections of this report.

The Committee's view of total remuneration is the value of all current cash payments (i.e. indemnities, salaries, per diem allowances, etc.) and deferred cash payments (for example value of pension benefits) but excluding allowances related to general or specific reimbursement for expenses incurred by Members. Remuneration comparisons (inter-provincially or otherwise) should therefore include the various elements of current or deferred cash compensation.

In fact, however, there are difficulties in applying this concept with precision. With respect to the value of pension benefits, for example, in its previous study the Committee found it impossible to obtain from other provinces their assessments of the dollar values of the benefits granted or even the funding payments

made for such benefits where the plans were funded. It is therefore impossible for the Committee to derive dollar values for pension benefits for other provincial plans. Therefore, only general assessments of relative values can be made by means of a review of plan provisions or general comparative information such as that presented in the Committee's report on the Members' Superannuation Act.

In addition, the value of per diem allowances related to items such as committee work will depend on the extent of individual Members' involvement in committee work, which information is not available to the Committee with respect to other provinces.

The Committee does not include in the concept of "total remuneration" items which constitute expense allowances, either specific or general. Neither does it include items such as allowances for constituency offices and staff or other similar allowances which are provided in a number of provinces, but not in New Brunswick. Nevertheless, these latter items are relevant in comparison of allowances (as opposed to pay) and are therefore grouped together under the category of expense allowances for purposes of inter-provincial and other comparisons.

Therefore, in addition to considering as one entity the total of current and deferred cash compensation, the Committee also addresses the issue of "total expense reimbursement" for Members, as will be noted later.

III - COMPARATIVE DATA

RESPECTIVE ROLES OF MLA's, BY PROVINCE

As was observed in Section II of the report, the establishment of pay and allowances for a position or function should be related to the duties and responsibilities of that position or function and the time and effort required to discharge these duties and responsibilities. Similarly, inter-provincial comparisons of remuneration levels for MLA's should take account of differences, by province, in the nature of the role or function (to the extent that such differences can be identified).

Clearly, the basic elements of an MLA's role are similar from province to province, comprising the three main areas identified earlier, namely involvement in Legislature sessions, involvement in Legislative committees or similar activities between sessions, and constituency responsibilities. However, while the elements are similar the demands in terms of time and effort of the individual may differ from province to province.

It is simply not possible, however, to quantify the time and effort required for an MLA to discharge constituency responsibilities, either in New Brunswick or in other provinces. In addition, it is not possible to quantify with any degree of accuracy the extent of involvement of MLA's in other provinces in Legislative committee work and similar activities. It could well be argued that, in the larger provinces such as Quebec and Ontario which have significantly longer Legislative sessions than the others, committee work may be more extensive than in the smaller provinces. However, the longer Legislative sessions will reduce the total available time for Legislative committee work outside

of Legislative sessions and the substantially greater numbers of Members available for appointment to committees may reduce the workload of individual Members in serving on these committees.

In the third area, namely attendance at Legislative sessions, the involvement of MLA's can be quantified with a reasonable degree of precision by comparing the typical length of the Legislative sessions in the various provinces. It will be appreciated, of course, that these vary from year to year and that an abnormal length of session in any particular year in any province could distort comparisons. In view of this, rather than using data for a single individual year we have made a comparison by determining the average lengths of Legislative sessions for the past two or three years (depending on available data) and have rounded the results to the nearest five days. On this basis, the lengths of the Legislative sessions by province are as shown in Table 1 on the following page, together with the corresponding annual or sessional indemnities for the various provinces.

The lengths of Legislative sessions by province are not such as to suggest significantly different overall time involvement of MLA's in all aspects of their duties, with the possible exception of Prince Edward Island which appears to have very short sessions and Ontario and Quebec which have much longer sessions than average.

It may also be argued that the workload of a Member with respect to constituency responsibilities varies according to the number of constituents he represents.

TABLE 1AVERAGE LENGTHS OF LEGISLATIVE SESSIONS, TOTAL
ANNUAL OR SESSIONAL INDEMNITIES, BY PROVINCE

<u>Province</u>	<u>Average Number of Sitting Days</u>	<u>Annual or Sessional Indemnity</u>
Newfoundland	70	\$19,000
Nova Scotia	60	14,800
Prince Edward Island	45	12,000
New Brunswick	65	14,015
Quebec	100	31,236
Ontario	120	24,500
Manitoba	90	15,000*
Saskatchewan	70	15,347
Alberta	80	21,000
British Columbia	75	22,344
Average for Ten Provinces	77.5	\$18,924

*Proposed rate. Not yet enacted.

Certainly, there is a wide variation by province in the number of constituents per MLA. In this regard three provinces differ dramatically from the rest, namely Quebec, Ontario and British Columbia with constituents per MLA of about 40,000, 47,000 and 31,000 respectively. In the remaining provinces the average ranges from a low of about 2,500 in Prince Edward Island to a high of about 16,500 in Alberta. The corresponding figure in New Brunswick is about 8,000.

However, it must also be borne in mind that the averages for the three highest provinces will be significantly affected by the population in large urban ridings, and that the workload involved in serving constituents is significantly affected by population dispersion as well as by total population volume.

Secondly, in each of the three largest provinces (as well as in a number of the smaller ones) generous allowances are granted to MLA's for operating and staffing constituency offices which would be of major assistance to Members in discharging their constituency responsibilities. These constituency offices in the three provinces in question are in addition to private offices with secretarial service available to each individual Member at their respective provincial Legislatures while the Legislature is in session.

Thirdly, ease of access of a constituent to a Member is probably greatly enhanced in smaller communities and many of the contacts which an MLA may have to deal with personally in a province such as New Brunswick would not necessarily reach the Member personally in large provinces but would rather be dealt with at the staff level.

In addition, the more impersonal nature of the large urban ridings in some provinces could even result in less potential contacts with the MLA being initiated than in smaller constituencies.

Therefore, while there may be some basis for arguing that MLA's carry heavier constituency responsibilities in, say, Quebec, Ontario and British Columbia, there seems little basis for arguing that such responsibilities vary significantly in the remaining provinces, with the possible exception of Prince Edward Island (and even there one would question whether such differences would be major since the Member will be known personally to the vast majority of his constituents and therefore probably more accessible than anywhere else in the country).

The Committee concludes that the role of the MLA does not differ in nature from province to province and that the extent of time and effort required to discharge responsibilities in overall terms also does not differ significantly from province to province with the possible exception of Quebec, Ontario and British Columbia. However, even in these cases the impact of the difference is mitigated by the resource support available to the Member in carrying out his or her functions.

PAY AND ALLOWANCES BY JURISDICTION

Complete details of the pay and allowances for MLA's in all provinces, and for Members of Parliament, are set out in Appendix A to this report. The information presented therein includes items such as annual or sessional indemnities, general expenses allowances, salaries for various positions, per diem payments for

Legislative committee work and similar activities, specific expense allowances for items such as accommodation and meals, constituency allowances, mailing privileges and so on.

The data in Appendix A are self-explanatory. However, a few salient points may be noted as follows:

- the annual indemnity in New Brunswick is the second lowest of the ten provincial jurisdictions (the lowest being in Prince Edward Island);
- the ministerial salary in New Brunswick is the lowest of all ten provinces;
- The Premier's salary in New Brunswick is the lowest of all ten provinces;
- the general expenses allowance in New Brunswick ranks sixth among the provinces and is approximately equal to the ten province average;
- of those provinces providing specific per diem payments for Legislative committee work, the rates in New Brunswick are the lowest.

SALARIES FOR OTHER PUBLIC SECTOR EMPLOYEES OR OFFICIALS

Examples of current salary levels for other public sector employees or officials in New Brunswick are outlined in Appendix B. The positions in question range from lower to middle management up to the level of Deputy Minister, and include positions in the civil service proper as well as positions in other public sector employment areas such as schools and hospitals.

It. In the case of Deputy Ministers (or Deputy Heads) there are five existing classifications in New Brunswick with Level I ranging from \$38,735 to \$41,122 and Level V ranging from \$49,151 to \$51,972, these being the salary rates which came into effect on April 1, 1980.

The Committee considers these ranges to be relevant as reference points in consideration of the total remuneration of Ministers and the Leader of the Opposition.

In the case of hospital administrators there are also various classifications with differing salary ranges based on size of hospital. For example, in the case of a hospital with 86 to 149 beds the salary range at April 1, 1979 was \$23,232 to \$28,260, while for a hospital with 650 beds or over the corresponding salary range was \$36,948 to \$45,924. Increased rates are due to come into effect retroactive to April 1, 1980, but have not yet been established. The Committee considers the salary range applicable to larger size hospitals to be relevant as a reference point for purposes of total remuneration of Ministers, while the salary ranges for smaller hospitals are more relevant to the total remuneration of an MLA, subject to any adjustment which might be considered appropriate in the latter case in respect of differences in time commitment between an administrator's position and that of the MLA.

With respect to other management positions in the civil service proper, the current salary ranges are noted in Appendix "B" for a number of such classifications.

In the case of teachers, current salary levels range from \$14,131 to \$21,851 in the case of starting level teacher with Certificate IV up to \$26,059 to \$33,109 in the case of the principal of a major school with a Certificate VI qualification.

The Committee considers the ranges in the categories of civil service middle management and teachers to be relevant as reference points with respect to total remuneration levels for MLA's or possibly with respect to the total remuneration of Ministers (at the higher end of these ranges). Again, in the case of the MLA the comparison would have to take into consideration any differences in time commitment for the salaried position versus that of the MLA.

REMUNERATION LEVELS FOR PRIVATE SECTOR POSITIONS

As indicated earlier, it is difficult to identify positions within the private sector with which direct comparisons can be made for MLA's, although such comparisons can more readily be made in the case of a full-time senior executive role such as that of a Minister or the Leader of the Opposition. The second difficulty which arises is that private sector employers are often unwilling to provide specific information with respect to current remuneration levels, particularly for senior employees.

However, the Committee made numerous contacts with both private sector and quasi public sector employers in the Maritime provinces to determine current remuneration levels for various types of positions. As would be expected, remuneration levels vary widely from position to position and from organization to organization, and generally speaking only ranges rather than actual salary levels

for individual positions were made available to the Committee. However, a few examples of private sector remuneration which the Committee would consider relevant as reference points. Further details are provided in Appendix "C".

Supermarket Chain:

Store Manager	-	\$17,000 to \$26,000, plus incentive bonuses
District Manager	-	\$22,000 to \$30,000
Divisional Manager	-	\$27,500 to \$37,500
Vice-President	-	\$40,000 to \$80,000

Wholesalers, Distributors:

Departmental Manager	-	\$24,000 to \$40,000
Divisional Manager	-	\$38,000 to \$50,000
Senior Executives	-	\$56,000 to \$70,000

Major Resource-Based Corporation:

Assistant Departmental Manager	-	\$32,500 to \$37,000
Departmental Manager	-	\$39,000 to \$42,500
Senior Executives	-	\$50,000 and over

Insurance:

Departmental Manager (administration, claims, etc.)	-	\$24,000 to \$36,000
Branch Manager	-	\$30,000 to \$46,000

Food and Beverage Industry:

Salary levels for management classifications ranging from a low of about \$25,000 to a high of about \$60,000, excluding the top executive position which could be well above this range.

While the foregoing ranges are admittedly wide they do point to the fact that positions in the private sector which carry a substantial degree of responsibility, require superior administrative skills, or involve decision making at a senior level, command salaries greatly in excess of current levels of total remuneration for MLA's and, in many cases, substantially in excess of the total remuneration of Ministers, the Leader of the Opposition or the Premier, all of which involve a full-time commitment with onerous responsibilities.

REMUNERATION LEVELS FOR OTHER OCCUPATIONAL GROUPS BASED ON TAX DATA

The data on average earnings of various occupational groups based on income tax statistics are set out in Appendix D. Some of these groups involve clearly defined professions or occupations while others are broad groupings which cover a wide range of individual occupations.

The data shown for the year 1977 is actual, while estimates are shown for 1980 assuming an 8% per annum increase in remuneration levels from 1977 to 1980. At the top of the list of average remuneration levels are various professional groups, headed by physicians with an estimated 1980 remuneration level in excess of \$60,000. The corresponding average for all professionals is about \$40,000, with both lawyers and accountants being close to this average level.

The corresponding average for teachers and professors is \$21,000, federal government employees slightly under \$17,000 and provincial government employees slightly under \$16,000. For all employees the average is slightly over \$13,000.

It should also be noted that these averages include all individuals filing income tax returns and therefore would include part-time as well as full-time workers, as well as a wide range within an occupational group based on qualifications and experience ranging from the most junior to most senior. Generally speaking, persons with greater experience and qualifications would receive earnings substantially in excess of the average levels.

COMPARISON OF TOTAL REMUNERATION FOR NEW BRUNSWICK MLA'S
WITH TOTAL REMUNERATION FOR MLA'S IN OTHER PROVINCES

Table 2 below sets out a comparison of "total remuneration" for New Brunswick MLA's and MLA's in other provinces, and for Members of Parliament. In this context, "total remuneration" includes the annual indemnities paid to MLA's, per diem payments for Legislative committee work, any additional lump sum payments for Legislative committee work and, in the case of Saskatchewan, the sessional allowance which is payable in respect of each sitting of the Legislative Assembly in addition to the annual indemnity. However, the "total remuneration" does not include any items described as expense allowances, which are dealt with under a separate heading below. In addition, in the case of per diem allowances for Legislative committee work, annual amounts for each province have been determined on the basis of sixty paid days of such committee work per year, which is a reasonable average for Members serving on committees based on payments received for such activities in recent years in New Brunswick.

TABLE 2

<u>Jurisdiction</u>	<u>Total Annual Remuneration</u>
Newfoundland	\$19,000
Nova Scotia	20,550
Prince Edward Island	12,000
New Brunswick	16,115
Quebec	34,236
Ontario	27,620
Manitoba	18,000
Saskatchewan	18,887
Alberta	25,500
British Columbia	25,344
Average for Ten Provinces	\$21,725
Government of Canada	\$30,600

Total remuneration shown in the preceding table does not include any value in respect of pension benefits.

However, on the basis of the recommendations made by the Committee in 1979 in respect of pensions for MLA's in New Brunswick, if the Committee's recommendations were accepted the value attributable to pension benefits in New Brunswick would be significantly less than in most other provinces and certainly below the average for all ten provinces. Hence, the inclusion of pension benefits in accordance with the Committee's recommendations would tend to show New Brunswick in a less favourable light than would be indicated by the total remuneration figures shown in Table 2 above.

COMPARISONS OF TOTAL EXPENSE ALLOWANCES FOR NEW BRUNSWICK MLA'S
WITH TOTAL EXPENSE ALLOWANCE FOR MLA'S IN OTHER PROVINCES

In Table 3 on the following page we present for total expense allowances a comparison equivalent to that shown in Table 2 above for total remuneration. The term "total expense allowances" includes the general tax-free expense allowance available to Members in the various provinces, lump sum travel allowances, constituency allowances, mailing privileges and similar items. However, it does not include specific per diem or vouchered amounts paid in respect of actual accommodation and meal costs while the Member is living away from home while on official business as a Member. In addition, it does not include items such as free travel privileges available to Members in many provinces, mileage for travel between a Member's constituency and the Capital, or items such as individual office accommodation and secretarial services available to Members in some of the larger provinces at the Legislative building (in addition to allowances for constituency offices).

Also excluded are telephone privileges (such as telephone credit cards or similar arrangements) which are difficult to quantify and which are available in virtually all provinces in one form or another.

The resulting total expense allowances by jurisdiction are as set out in Table 3 below.

TABLE 3

<u>Jurisdiction</u>	<u>Total Annual Expense Allowance</u>		
	<u>Lump Sum</u> (unvouchered)	<u>Vouchered*</u>	<u>Total</u>
Newfoundland	\$9,500-\$14,000	\$ 5,440	\$14,940-\$19,440
Nova Scotia	\$ 7,400	\$ 3,600	11,000
Prince Edward Island	6,000	-	6,000
New Brunswick	7,004	-	7,004
Quebec	7,500	31,600	39,100
Ontario	8,000	28,292	36,292
Manitoba	7,500	1,500	9,000
Saskatchewan	8,885	10,536	19,421
Alberta	6,176	14,000	20,176
British Columbia	11,172	17,100	28,272
Average for Ten Provinces	\$7,914-\$8,346	\$11,207	\$19,120-\$19,571
Government of Canada	\$13,500	\$10,370	\$23,870 + cost of staff salaries for constituency office plus various other perquisites

*Where a value is placed on mailing privileges it is based on the average number of voters per constituency in New Brunswick.

Table 4 below shows a summary by jurisdiction of the aggregate of the total remuneration shown in Table 2 and the total expense allowances shown in Table 3.

TABLE 4

<u>Jurisdiction</u>	<u>Total Annual Remuneration Plus Total Annual Expense Allowances</u>
Newfoundland	\$33,940 to \$38,440
Nova Scotia	\$31,550
Prince Edward Island	18,000
New Brunswick	23,119
Quebec	73,336
Ontario	63,912
Manitoba	27,000
Saskatchewan	38,308
Alberta	45,676
British Columbia	53,616
Average for Ten Provinces	\$40,845 to \$41,296
Government of Canada	\$54,470 + cost of staff salaries for constituency office plus various other perquisites

COMPARISON OF TOTAL REMUNERATION FOR MLA'S IN NEW BRUNSWICK
WITH AVERAGE REMUNERATION FOR OTHER GROUPS

Table 5 below provides a comparison of the total remuneration for MLA's in New Brunswick as indicated in Table 2 previously, with average remuneration for various other groups for which information has been presented earlier.

TABLE 5

<u>Group</u>	<u>Level or Range of Remuneration*</u>
Physician	\$60,000
Deputy Minister	\$38,735 to \$51,972
Accountant	\$40,000
Lawyer	\$40,000
Hospital Administrator (1979 Rates)	\$23,232 to \$45,924
Teacher	\$14,131 to \$33,109
Supermarket Manager	\$17,000 to \$26,000 plus bonuses
Supermarket District Manager	\$22,000 to \$30,000
Department Manager: Insurance	\$24,000 to \$36,000
Department Manager: Wholesaler/Distributor	\$24,000 to \$40,000
Department Manager: Resource Industry	\$39,000 to \$42,000
All Employees, New Brunswick (average for those with annual earnings of \$6,000 or over in 1977)	\$16,700
All Employee Averages Canada:	
- Industrial Composite	\$16,200
- Mining Industry	\$23,600
- Manufacturing	\$17,500
- Service Industries	\$10,800
New Brunswick MLA's	\$16,115

* 1980 levels, except for Hospital Administrators

COMPARISON OF TOTAL REMUNERATION FOR NEW BRUNSWICK MINISTERS, ETC.
WITH TOTAL REMUNERATION FOR MINISTERS, ETC., IN OTHER PROVINCES

Table 6 on the following page provides an inter-provincial comparison for the Premier, Ministers, the Leader of the Opposition, the Leader of a Third Party, the Speaker and the Deputy Speaker, similar to the comparison presented in Table 2 for MLA's.

In this case, total remuneration does not include per diem payments for Legislative committee work since, because of their other day-to-day responsibilities, the individuals listed above generally do not serve on Legislative committees. Total remuneration therefore includes the basic annual indemnity (and the sessional allowance in the case of Saskatchewan) and the specific salary or other remuneration provided in respect of the particular position in question.

TABLE 6

<u>Jurisdiction</u>	<u>Total Annual Remuneration of:</u>					<u>Deputy Speaker</u>
	<u>Premier</u>	<u>Ministers</u>	<u>Leader of Opposition</u>	<u>Leader Of A Third Party</u>	<u>Speaker</u>	
Newfoundland	\$47,455	\$36,315	\$36,315	N/A	\$36,315	\$29,000
Prince Edward Island	44,000	34,000	28,000	N/A	17,000	14,500
Nova Scotia	46,800	39,800	39,800	\$24,800	29,800	22,300
New Brunswick	41,515*	30,015	30,015	N/A	22,015	16,515
Quebec	72,936	61,816	61,816	43,746	61,816	45,136
Ontario	60,400*	49,500*	49,500*	33,500*	40,000	31,500
Manitoba	41,600	35,600	35,600	21,000	21,000**	19,000
Saskatchewan	44,695	37,425	37,425	N/A	23,963	20,462
Alberta	60,300	53,000	53,000	N/A	40,600	28,300
British Columbia	50,344	46,344	41,344	30,844	41,344	30,844
Average for Ten Provinces	\$51,005	\$42,382	\$41,282	\$30,778	\$33,385	\$25,756
Government of Canada	\$68,400	\$53,200	\$53,200	\$36,500	\$53,200	\$39,600

* Including "representation allowance".

**Plus a further \$50 per day in respect of any duties performed while Legislature not in session.

IV - RECOMMENDATIONS

The Committee recommendations regarding the various items specified in its terms of reference, and regarding several other related items, are set out below.

The specific reference data on which the Committee's recommendations are based are set out elsewhere in this report. In addition, the Committee wishes to identify below a number of basic premises which underlie its recommendations, as follows:

1. Whether or not the role of the MLA can be regarded as full-time in terms of the actual time commitment involved, the nature and extent of the time commitment does result in a major loss of income from normal activity and this must be recognized in establishing remuneration levels.
2. It is desirable to attract candidates of a high calibre to run for public office and therefore remuneration levels should not be so low as to create a disincentive or necessitate major financial sacrifices.
3. In contrast to item 2 above, it should also be accepted as a basic premise that remuneration should not be so high as to encourage people to run for office primarily on the basis of the financial rewards. A desire to render public service must be a major factor.

4. Other sources of income (for example private, business or employment-related) are not relevant to the establishment of an overall remuneration level appropriate to the duties and responsibilities of an MLA (any more than they are relevant to the establishment of rates of pay for salaried positions in private industry or the public sector).
5. The current level of general tax-free expense allowance should be regarded as a reimbursement which approximates actual costs "incidental to discharge of duties as a Member", and that it therefore does not contribute materially to the income of a Member.
6. The income loss from normal career activity as a result of serving as an MLA will vary widely according to type of career, qualifications, experience and so on. A uniform remuneration level appropriate to the effort and skills required to discharge the responsibility of an MLA may therefore exceed the income loss of some MLA's and fall far short of the income loss of others. Such a situation must be accepted. It is fruitless to seek "equity" in terms of remuneration versus income loss since this is unattainable with a uniform remuneration level. Conversely, however, a variable remuneration level dependent on income from normal career activity could, and probably would, be even more inequitable.
7. The duties and responsibilities of the Premier, Ministers and the Leader of the Opposition require a full-time commitment and are comparable to the duties and responsibilities of

individuals at a senior management level in private industry or in the public sector.

8. Specific expense allowances for items such as accommodation, meals and mileage should approximate actual costs, and should be based on criteria similar to those which would apply in the private sector with respect to reimbursement for business related expenses.
9. Future changes in expense allowances for specific purposes (as opposed to the general expense allowance) should, wherever practical, be in the direction of requiring vouchers or receipts with reimbursement then being made based on actual expenses up to a specified maximum.

The Committee's specific recommendations regarding pay and allowances are set out below.

Committee Per Diems

The Committee's recommendation regarding per diems for the work of Members of the Legislative Committees is stated first since a change in policy is proposed in this area.

The Committee recommends that per diem remuneration in respect of work of Members on Legislative committees be eliminated effective from the end of the current Legislative session, and that a compensatory adjustment be included as part of the increase in the annual indemnity recommended below.

If the Committee had not proposed the integration of payment for Legislative committee work in to the annual indemnity, it would have presented a recommendation for a major increase in the rate of per diem allowance from the current level of \$35.00 per day to a level more in line with rates in other jurisdictions.

Indemnity

The Committee recommends that the annual indemnity, inclusive of the compensatory adjustment for Legislative Committee per diems as indicated above, be increased to \$20,000 to be effective with the current (1980) session.

Since the Legislative committee work for the current year in respect of which per diems are being eliminated would fall primarily after the current session and prior to the next session of the Legislature, it is important from the viewpoint of equity that the increased indemnity be paid in respect of the current (1980) session.

General Expense Allowance

The Committee recommends that the general tax-free expense allowance be increased to \$8,000 effective with the 1981 session.

Minister's Salary

The Committee recommends that the total remuneration of a Minister from annual indemnity and ministerial salary combined should be \$40,000 per annum. On the basis of the increased annual indemnity of \$20,000 recommended above, the required level of ministerial salary would be \$20,000 per annum.

It is recommended that this increased level of ministerial salary be implemented effective retroactively to January 1, 1980.

Premier's Salary

The Committee recommends that the total remuneration of the Premier from annual indemnity and salary be \$50,000 per year. On the basis of the increased annual indemnity recommended above, the required salary for the Premier would be \$30,000 per annum.

As in the case of the salary for Ministers, we recommend that the increased salary for the Premier be implemented effective retroactively to January 1, 1980.

Salary of Leader of the Opposition

The Committee recommends that the salary for the Leader of the Opposition be the same as that recommended above for a Minister.

Speaker's Salary

While the Speaker does have responsibilities in addition to those which he discharges during Legislature sessions per se, these tend to be largely administrative in nature and could be reduced (or certainly would be prevented from increasing) as the result of the recent decision to establish the Clerk of the Legislature as a full-time position.

Also, the Speaker's salary was increased in 1979 from \$5,000 to \$8,000 to recognize his added responsibilities.

Therefore, since the Speaker would benefit from the proposed increase in the annual indemnity (which includes a compensatory adjustment in respect of per diems for committee work, in which the Speaker is engaged to only a minor level), the Committee recommends that the salary of the Speaker remain at its existing level of \$8,000 per annum.

The Committee has noted that the Speaker's salary in various other jurisdictions is considerably higher than in New Brunswick. However, we conclude that this is as much a result of a desire to recognize the "prestige" of the Speaker's position as it is a recognition of the additional duties and responsibilities of the Speaker over and above those of an MLA. If the Speaker's salary is to reflect such a criterion we feel it should be a matter for the Legislature, rather than this Committee, to consider.

Deputy Speaker

The Committee considers the additional duties of the Deputy Speaker relative to that of an MLA to be onerous. These duties include acting as Chairman of the Committee of the Whole and as Chairman of the Public Accounts Committee.

In order to adequately reflect these additional responsibilities over and above those of an MLA, the Committee recommends that the additional remuneration of the Deputy Speaker be increased to \$5,000 per annum.

Additional Remuneration of Party Whips and Government and Opposition House Leaders

The Committee recommends that the additional remuneration for both Government and Opposition Whips be increased to \$1,500 per annum.

At present there is not additional remuneration for Government or Opposition House Leaders and the Committee recommends that this situation remain unchanged.

Additional Remuneration for Elected Leader of a Recognized Party

While this is hypothetical at present in New Brunswick, it is a reality in several other provinces and the Committee therefore considered it desirable to address the question.

The Committee therefore recommends that, if the Leader of a recognized party becomes a Member of the Legislature, the duties and responsibilities of that individual as Leader of that recognized party be provided for by means of additional remuneration (over and above the annual indemnity) of \$8,000 per annum.

Expense Allowances for Specific Purposes

A number of expense allowances for specific purposes such as accommodation costs and meal costs of Members while absent from their homes attending sessions of the Legislature or attending meetings of Legislative committees, are presently established by the Legislature Administration Committee or by Order-in-Council, and are regularly reviewed through these mechanisms. The same

situation applies in the case of other specific expense allowances such as mileage for travel of a Member between his constituency and Fredericton for approved trips.

The Committee therefore concluded that no recommendations are required in such areas, with the one exception noted below, and that the present mechanism should continue to apply to the establishment of such allowances.

The exception is the accommodation allowance provided to Ministers from constituencies outside the Fredericton area who are required to maintain a separate residence in Fredericton in order to effectively discharge their responsibilities as a Minister. This allowance is presently an amount of \$250 per month which is paid without any requirement for vouchers to support the expenditure.

The Committee feels that this allowance is totally inadequate at present in relation to rental costs in the Fredericton area and other associated costs such as heat, utilities and telephone.

The Committee therefore recommends that the accommodation allowance for Ministers be increased to a maximum of \$400 per month and that any amount up to this maximum may be claimed, if supported by vouchers. The vouchered expenses which would be eligible for reimbursement up to the \$400 per month maximum would be rent, heat, utilities and monthly charge for local phone service.

Constituency Allowances

The Committee thoroughly reviewed the matter of constituency allowances which apply in a number of other provinces for items such as constituency offices and related costs, and staff support at the constituency level.

The Committee concluded that this was not an item of high priority and that no provision for payment of constituency allowances should be made at the present time.

Support Staff and Services for Office of Leader of the Opposition

The Committee concludes that serious inadequacies exist with respect to the support staff and services for the office of the Leader of the Opposition.

With respect to staffing, it is recommended that the present number of positions be increased from four to six through the addition of a further research assistant (at the salary level for Research and Planning Officer II) and an additional full-time secretary. The budget of the Leader of the Opposition for staff salaries should therefore be increased accordingly.

In addition, although adequate office space is provided at present, the operational budget for support services for the office and for related items such as staff travel is grossly inadequate. In addition, there has been no increase in this element of budget, even at its existing low level, for a number of years.

On the basis of a review of the actual operational budget for the office of the Leader of the Opposition, the Committee recommends that the provision for operational costs, in addition to staff salaries, be increased from the present level of \$8,000 per annum to \$35,000 per annum effective July 1, 1980 and that this amount increase in future years at the same rate as the salary component of the budget.

Support Staff and Support Services for Office
of Elected Leader of a Recognized Party

The Committee recommends that provisions similar in concept (but different in amount) to those provided for the office of the Leader of the Opposition be provided for the office of the elected Leader of a further recognized Party.

In the view of the Committee, the minimum provision in this area should be as follows:

- office space to be supplied
- support staff consisting of one senior researcher and one full-time secretary
- An appropriate operational budget for office operating costs and additional costs such as staff travel

The Committee recommends that, as and when the Leader of a recognized third party becomes a Member of the Legislature, the Legislature Administration Committee consider the provision of support staff and support services along the lines indicated above.

Additional Secretarial Support Staff
During Sessions of the Legislature

The Committee concludes that the present provisions for additional temporary secretarial staff for the use of Members of the Legislature during sessions is inadequate to meet the needs of

Members. Difficulties are encountered by Members in obtaining even the most basic of secretarial services which they require during the session.

The Committee therefore recommends that temporary additional secretarial staff be provided to Members during sessions of the Legislature on the following basis:

- one temporary additional secretary for each five Members on the Opposition side of the House
- one temporary secretary for each five Members, excluding Ministers, on the Government side of the House.

Future Reviews of Pay and Allowances

The Committee recommends that the present indexing provisions be retained with respect to the annual indemnity and the general expense allowance, and that the next such indexing adjustment apply effective January 1, 1981 with respect to the annual indemnity and effective January 1, 1982 with respect to the general expense allowance with each such index increase being that for the specified twelve month period preceding these dates.

The Committee also recommends that a permanent structure comprising of an independent group of non-elected individuals be established to effect a review of pay and allowances at two year intervals. (The present Committee certainly is not seeking a mandate in this regard!)

Finally, if and when the Legislature defines a full-time role for MLA's in New Brunswick, a comprehensive reassessment of pay and allowances should be undertaken immediately following such definition of a full-time role in order to ensure that a system of pay and allowances appropriate to that new role is put into effect.

Other

It is recommended that Section 26 of the Legislative Assembly Act providing financial penalties for absences in excess of five days during a session of the Legislature be expanded to incorporate attendance at legislative committee meetings since payments in respect of such meeting is being incorporated into the sessional indemnity.

V - THE ROLE OF MLA AND RELATED FACTORS

One of the issues which must be addressed when reviewing the pay and allowances of Members of the Legislative Assembly is that of the role of the elected member in today's society.

The role of the MLA has been evolving for some time. In the past it was clearly regarded as a part-time function primarily involving attending and participating in sessions of the Legislature. However, due to the length of the present sessions, additional Committee work, constituency work and required preparatory research the role of the MLA has expanded to the point where it has almost become and, in some cases, has become full-time. Close examination would indicate that the average Member of the Legislative Assembly would spend approximately eight months of the year, in total, performing duties associated with the office. However, these eight months would be spread out over a twelve month period rather than in one continuous block.

It is also apparent that, even when elected members are not performing duties associated with their office, they are on call to the public and to their constituents most of the time and may be required to perform functions relating to their office. Furthermore, the period of time that an MLA has to perform other functions is not necessarily useful in earning other income proportionate to the period available. This is particularly apparent in situations where an MLA is an employee of a private or public organization rather than self-employed.

This Committee was not asked specifically to study the role of the MLA but had to address this issue in order to determine the

adequacy of pay and allowances. It would seem however that such a review would be in order. The role of the MLA is changing to a role which may well require full time participation. It would also appear that a full time role for MLA's would permit better organization of Legislative business as well as increasing the quality of participation in carrying out public business. Full-time MLA's, paid accordingly, should allow party leaders to better organize their caucuses, assign special projects to Members and allow Members needed preparatory and research time.

However the Committee is also aware that there is not unanimity on this issue.

The Committee feels that this issue should be resolved without delay. It is fundamental to the questions of pay and allowances of MLA's and the organization of the business of the Legislature. We strongly suggest that this matter be considered by the Legislature at the earliest opportunity.

APPENDIX A

INTER-PROVINCIAL COMPARISONS FOR MLA'S

- (a) No expense allowance comparable to those paid by other governments is provided. Various other allowances are provided.
- (b) The salary for Minister without Portfolio can range between \$7,500 and \$25,000, as determined by Governor in Council.
- (c) The salary for any Party Whip is equal to \$75 multiplied by the number of members in that party.
- (d) The annual indemnity and expense allowance will be adjusted annually until 1982 by \$800 and \$400 respectively to a maximum of \$16,400 and \$8,200.
- (e) Each if not more than 3 Government Whips or 2 official Opposition Whips in addition to the Chief Whips and Deputy Whips.
- (f) The members representing the constituences of Athabaska and Cumberland receive annual indemnities of \$11,254 and expense allowance of \$9,186.
- (g) The Speaker also receives \$50/day and is reimbursed for any out-of-pocket expenses when required to work on days when the Assembly is not sitting.
- (h) Bill has been passed 3 times-awaiting Royal assent.

APPENDIX A

TABLE II
OTHER ALLOWANCES: TRAVEL

Jurisdiction	Allowance														
Newfoundland	<p>All members of the Assembly receive a Travel Allowance based on the location of the electoral district represented.</p> <table> <tr> <th>Location Category</th><th>Travel Allowance</th></tr> <tr> <td>1</td><td>\$ 9,500</td></tr> <tr> <td>2</td><td>10,500</td></tr> <tr> <td>3</td><td>11,500</td></tr> <tr> <td>4</td><td>12,500</td></tr> <tr> <td>5</td><td>13,500</td></tr> <tr> <td>6</td><td>14,000</td></tr> </table> <p>The Minister and Leader of the Opposition receive an annual car allowance of \$3,205.</p> <p>Each member is allowed 12 round trips per annum from St. John's to the District.</p>	Location Category	Travel Allowance	1	\$ 9,500	2	10,500	3	11,500	4	12,500	5	13,500	6	14,000
Location Category	Travel Allowance														
1	\$ 9,500														
2	10,500														
3	11,500														
4	12,500														
5	13,500														
6	14,000														
P.E.I.	<p>There are no payments available within the definition of Travel expense. However members do receive an allowance to subsidize the operation of a motor vehicle 16.1c/kilometer for one round trip per sitting between a members residence and Charlottetown.</p>														
Nova Scotia	<p>Each outside member (more than 25 miles from Halifax) is entitled to \$75/day for travelling and reasonable expenses for accommodations and incidentals for not more than 26 round trips per year.</p>														

Appendix A - Table II ... continued

Jurisdiction	Allowance
British Columbia	For members outside Victoria 28 round trips per year. Passes for certain bus lines, railways and provincial ferries. Automobile is supplied to the Premier. Members are also granted up to a maximum of \$1,500 per annum to defray the cost of travel within their own constituency.
Federal	No specified amount given to Members for travel expense. However, actual vouchered removal costs are reimbursed and Members are allowed to make 52 economy-class round trips by air between their constituency and Ottawa each year. Some of these trips may be converted into: (a) 10 special trips across Canada, and, (b) 6 trips between constituency and Ottawa and two trips across Canada, for the spouse.
New Brunswick	Members are reimbursed for actual, vouchered travel costs for: (a) up to 25 round trips Per year between the Member's home and Fredericton when the Assembly is not sitting; (b) one round trip per week (or part there of) during sittings.

Appendix A - Table II ... continued

Jurisdiction	Allowance
Quebec	<p>Travel Allowance covers:</p> <ul style="list-style-type: none"> (a) travel by motor vehicle at the rate of 13c/kilometer (b) actual vouchered expense for other mode of transport (c) vouchered room and board expenses at the rate in force for public servants. <p>Ministers receive \$400 per month for unvouchered travel expenses within the province. Department of Justice supplies the Premier and Ministers with an automobile while National Assembly supplies the Leader of the Opposition, Speaker and Government House Leader.</p>
Ontario	<p>55 round trips per year (4 of which may be used by the Members spouse). Unlimited first class train and bus transportation - 4 members in Northern Ontario are entitled to charter scheduled or non-scheduled air carriers to reach outlying areas.</p>
Manitoba	<p>Entitled to 26 trips/year between the elector division they represent and the Legislative Building in Winnipeg. Ministers are provided with automobiles through their respective government departments.</p>
Saskatchewan	<p>Members except those of the Executive Council, Speaker and those from Regina receive a mileage allowance for up to 36 trips per year.</p>
Alberta	<p>Instead of specific Allowances for Travel purposes or mileage, members are given airline cards to be used at their discretion for travel within the province. Credit cards for oil and gas expenses. Complimentary pass-Greyhound Bus. Only the premier has a chauffeur-driven automobile.</p>

APPENDIX A

TABLE III
OTHER ALLOWANCES: RENT SUBSIDY

Jurisdiction	Allowance
Newfoundland	In lieu of rent subsidies-receive \$55/day for members outside of St. John's.
P.E.I.	Nil
Nova Scotia	Living allowance or rent subsidy of \$50/day or reimbursement of \$75/day for living and other related expense. A member resident within 25 miles of Halifax is entitled to a per diem meal allowance of \$15/day.
Quebec	Not more than \$4,600 per year for vouchered accommodation expenses.
Ontario	\$5,460/annum-exceptions are Ministers, Party Leaders. Allowance may not exceed \$6,562. Speaker is provided with an official apartment at Queens Park in lieu of such payment.
Manitoba	\$40/day to members who are required to live away from home during session of the Legislature.
Sackatchewan	\$38/day for members who normally reside in the Capital and \$59 per day for those outside.
Alberta	Recently introduced-(reimbursement for living expenses) reimbursement of actual expenses incurred for accommodation, meals and sundries to a maximum of \$50/day.
B.C.	Nil
Federal	No rent subsidies are paid to members as accommodation costs are met by the expense allowance. Official residence with staff are maintained for the Prime Minister and the Leader of the Opposition.

APPENDIX A - Table III ... continued

Jurisdiction	Allowance
New Brunswick	Ministers receive \$250/month towards accommodation costs and \$25/day for incidentals. For members who live away from home while the Assembly is in session vouchered accommodation costs to \$30/day, and \$20/day for meals.

APPENDIX A

TABLE IV
OTHER ALLOWANCES: COMMITTEE ALLOWANCES

Jurisdiction	Allowance
Newfoundland	Nil
P.E.I.	Planning and Priorities Board \$4,600/year (MLA's only receive this amount and currently there is only one on the board) Board meets weekly most of the time.
Nova Scotia	<p>Chairman:</p> <ol style="list-style-type: none">1. Legislature Internal Ec. Bd. - \$2,0002. Law Amendments Committee - \$2,0003. Private & Local Bills Committee; Industry Committee; Public Accounts Committee; Privileges & Rules of the House Committee - \$1,5004. All other Committees - \$1,200 <p>Members (of the same committees):</p> <p>1. \$1,500; 2. \$1,500; 3. \$1,000 4. \$1,000</p> <p>In addition to the above, Committee members are entitled to \$75/day for attendance at meetings when the House is not sitting.</p>
Quebec	A member of a select committee of the National Assembly receives an attendance allowance of \$50/day.
Ontario	Members \$52/day and reimbursement of actual transportation and expense allowance. Chairman \$62/day and annual indemnity of \$3,000
Manitoba	Committee work is not itself compensated for by a specific allowance however Deputy Chairman of Committees of the whole - \$2,500/session. Members of Standing or Select Committee \$50/day out of pocket expenses.

Appendix A - Table IV ... continued

Jurisdiction	Allowance
Saskatchewan	\$38/day for members who normally reside in the capital and \$59/day for those outside.
Alberta	Committee work allowance: a) \$75/day b) reimbursement of reasonable actual living expense c) reimbursement for actual travel expenses other than auto
British Columbia	The Chairman may receive a special allowance (designated by Lieutenant Governor). Members may also receive an allowance as designated by the Lieutenant Governor.
Federal	No Committee allowances.
New Brunswick	Chairman and Members of Standing and Select Committees who are not Ministers receive allowances of \$40/day and \$35/day respectively. In addition they may claim actual travel expenses or the mileage allowance rate.

APPENDIX A

TABLE V
OTHER ALLOWANCES: CONSTITUENCY

Jurisdiction	Allowance
Newfoundland	Local telephone service from their office and the use of a credit card to which business related long distance telephone calls can be charged. Members are allowed four free mailings/year to every registered voter in their constituency.
P.E.I.	Telephone and mail services are not subsidized although during the sessions any outgoing mail can be posted free of charge via the Clerk's office.
Nova Scotia	Maximum of \$200/month exclusive of expenses incurred in employing a member of their family, postage and telephone charges and an amount exceeding \$60/month for office space in his residence or an amount exceeding \$65/month for travel within the constituency.

Appendix A - Table V ... continued

Jurisdiction	Allowance
Quebec	<p>For members not provided with accommodation by Government a maximum allowance of \$6800 which is augmented to \$7900 for members representing Districts in Groups 4 and 5. A member is also provided an allowance to cover expenses incurred to operate his office to a max of \$1200/year with proper receipts.</p> <p>In addition an allowance of \$23,600 is provided for secretarial assistance within the electoral district. If more than one secretay is hired, this sum may be increased to \$26,100 and \$28,300 for Group 4 and 5 respectively.</p> <p>- Telephone credit cards for unlimited business related calls; Any business related correspondence can be posted free of charge from the Assembly building.</p>
Ontario	<p>Each member receives \$25,572/year for office expenses broken down \$7,000 for accommodations \$17,854 for salaries, \$400 for postage and \$318 for general services. Unlimited telephone service. Mail costs are covered plus each member is permitted two constituency mailings per annum.</p>
Manitoba	<p>All elected officials are entitled to a * constituency allowance of \$1500 per year. Unlimited long distance telephone calls while the House is in session.</p>
Saskatchewan	<p>Reimbursement to a maximum of \$538/mo for office and Secretarial expenses indexed to Industrial Composite. Reimbursement for long distance telephone costs - 3 options:</p> <ul style="list-style-type: none"> - Annual allowance of \$861; - Unlimited amount supported by receipt; - Use of a credit card. <p>Reimbursement equal to 3 x first-class letter postage x the number of names on the voters list of the Member's Constituency.</p>

*Proposed, not enacted

Jurisdiction	Allowance
Alberta	<p>There is a built in allowance of \$40/diem which the members are trying to increase to \$50 (based on the number of sittings) \$5,000/year for office expenses \$5,000/year for staff salaries</p> <p>Members of the Legislative Assembly have use of furnished and equipped offices and telephone credit card on an unlimited basis.</p>
British Columbia	<p>\$1300/month to pay for constituency services (includes secretaries, office rent, telephones, heat and power, postage and stationery. Members have office space in the Parliament Buildings equipped with furniture and supplies. Each member has a private telephone from which unlimited calls may be made and franking privileges for mail sent from the Legislative Assembly.</p>
Federal	<p>All elected officials receive two types of constituency allowance:</p> <ol style="list-style-type: none"> 1. operating allowance \$4,930/annum to cover rent, power, heat and furniture; 2. Staff allowance - for one full-time or two part-time secretaries. <p>All ordinary members have two offices on Parliament Hill, one for themselves and one for staff of three. Furniture equipment and office supplies are provided and a global sum for salaries.</p> <ul style="list-style-type: none"> - Local calls and access to the federal government tie line system; - Franking privileges for mail sent anywhere in Canada and can make four free-of-charge household mailings/year to all constituents

Appendix A - Table V ... continued

Jurisdiction	Allowance
New Brunswick	No constituency Allowances but unlimited telephone credit card use for business purposes.

APPENDIX A
TABLE VI
INDEXING OF INDEMNITIES

<u>JURISDICTIONS</u>	<u>PROVISION FOR INDEXING</u>
Newfoundland	No
Nova Scotia	Yes*
Prince Edward Island	No
New Brunswick	Yes
Quebec	Yes
Ontario	No**
Manitoba	Yes
Saskatchewan	Yes
Alberta	Yes
British Columbia	Yes
Federal	Yes

* - includes a dollar figure, not a percentage

** - subject to regular annual review

APPENDIX A

TABLE VII

PENALTY FOR NON-ATTENDANCE AT SESSIONS

<u>JURISDICTION</u>	<u>PENALTY</u>	<u>DETAILS</u>
Newfoundland	None	
Nova Scotia	None	
Prince Edward Island	None	
New Brunswick	Yes	Pro-rated formula for missing more than five days
Quebec	Yes	\$100 deducted for each day missed in excess of ten
Ontario	None	
Manitoba	None	
Saskatchewan	None	
Alberta	Yes	\$39 per day missed in excess of five (including committees)
British Columbia	Yes	\$250 per day missed in excess of ten
Federal	Yes	\$60 per day for days missed in excess of twenty one

APPENDIX B

INTER-GROUP COMPARISONS IN PUBLIC SECTOR IN NEW BRUNSWICK

APPENDIX B

INTER-GROUP COMPARISON IN PUBLIC SECTOR IN NEW BRUNSWICK

DEPUTY HEAD PAY PLAN Effective April 1, 1980

	Step I	Step II
Level V	\$49,151	\$51,972
IV	46,221	49,151
III	43,509	46,221
II	41,122	43,509
I	38,735	41,122

SENIOR MANAGEMENT POSITIONS IN N.B. PROVINCIAL GOVERNMENT Effective May 1, 1980

	Minimum	Maximum
Senior Management I	\$39,696	\$43,356
II	37,164	40,692
III	34,632	37,920

TEACHERS Effective January 1, 1980

	Minimum	Maximum	Responsibility Allowance Max. for Principals	Minimum	Maximum
Certificate VI	\$16,937	\$26,059	\$7,050	\$23,987	\$33,109
V	14,450	22,059	7,050	21,500	29,330

Principals are compensated according to their certificate level and the number of teachers under their responsibility.

DISTRICT SCHOOL SUPERINTENDANTS
Effective April 1, 1980

	Minimum	Maximum
District School Superintendent III	\$36,360	\$39,948
II	34,704	38,124
I	33,096	36,360

HOSPITAL ADMINISTRATORS
Effective April 1, 1979

	Minimum	Maximum
VIII (650 bed plus hospital)	\$36,948	\$45,924
VII (400-649 bed hospital)	34,356	41,688

PERSONNEL DIRECTOR (HOSPITALS)
Effective April 1, 1979

	Minimum	Maximum
IV (650 bed plus hospital)	\$22,128	\$26,904
III (400-649 bed hospital)	21,072	25,644

OTHERS

	Minimum	Maximum	Effective Date
Judge of the Provincial Court	\$42,000		July 1, 1979
Chief Judge of the Prov. Court	\$46,000		July 1, 1979
Medical Officer Clinical VI*	\$56,169	\$62,662	April 1, 1980

* Regional Laboratory Director - professional qualifications are required.

APPENDIX C

PRIVATE SECTOR COMPARISONS

TABLE 1C

RATES OF PAY OF SAMPLED PRIVATE INDUSTRY (MARITIMES)*

<u>Industry</u>	<u>Position</u>	<u>Salary Levels</u>
Supermarket Chain	Store Manager	\$17,000 to \$26,000 plus incentive bonuses
	District Manager	\$22,000 to \$30,000
	Divisional Manager	\$27,500 to \$37,500
	Vice-President	\$40,000 to \$80,000
Wholesalers, Distributors	Departmental Manager	\$24,000 to \$40,000
	Divisional Manager	\$38,000 to \$50,000
	Senior Executives	\$56,000 to \$70,000
Major Resource Based Corporation	Assistant Departmental Manager	\$32,500 to \$37,000
	Departmental Manager	\$39,000 to \$42,500
	Senior Executives	\$50,000 and over
Insurance	Departmental Manager (Administration, Claims, etc.)	\$24,000 to \$36,000
	Branch Manager	\$30,000 to \$46,000
Food and Beverage Industry	Management Classifications	\$25,000 to \$60,000
Office Management, Executives (Averages)	Middle Management	\$15,000 to \$30,000
	Top Management	\$30,000 to \$50,000
	Top Executive	\$50,000 to \$75,000
	Comptroller (\$2-\$7 million co.)	\$30,000
	Branch Manager (Sales)	\$30,000

* These rates do not represent an average of salaries paid by industry in the Maritime Provinces. Rather they represent a range of salaries paid by industries sampled for this report.

APPENDIX D

COMPARISONS FOR OTHER OCCUPATIONAL
GROUPS BASED ON INCOME TAX STATISTICS

TABLE 1D

AVERAGE EARNINGS BY OCCUPATIONAL GROUPS, NEW BRUNSWICK, 1977
AND ESTIMATE FOR 1980, BASED ON ALL INCOME TAX RETURNS FILED**

<u>Occupational Group</u>	<u>Average Annual Earnings*</u>	
	<u>1977</u>	<u>Estimate for 1980 Assuming 8 percent P.A. Increase</u>
Physicians	\$49,400	\$62,200
Lawyers	30,600	38,500
Accountants	31,500	39,600
All Professionals	31,900	40,200
Teachers and Professors	16,600	20,900
Federal Government Employees	13,200	16,600
Provincial Government Employees	12,500	15,700
All Employees	10,400	13,100
All taxable returns with total annual earnings of \$6,000	13,300	16,700

* All figures rounded to nearest \$100.

**Averages include part-time and full-time workers, entrants to and exits from workforce during year, etc. In other words, not all persons included in the occupational groups are full-time, and the group includes a range from most junior to most senior.

APPENDIX E

**HISTORICAL DATA FOR NEW BRUNSWICK MLA'S
AND OTHER OCCUPATIONAL CATEGORIES**

TABLE 1E

HISTORICAL DATA ON MLA'S INDEMNITIES IN NEW BRUNSWICK, AND AVERAGE EARNINGS LEVELS FOR NEW BRUNSWICK AND CANADA BASED ON WAGE AND SALARY INDEXES

Year	Average Annual Wages and Salaries					
	New Brunswick MLA's Indemnity	Canada				
		<u>Industrial Composite</u>	<u>Industrial Composite</u>	<u>Mining</u>	<u>Manufacturing</u>	<u>Service Industries</u>
1974	\$ 8,000	\$ 8,038	\$ 9,261	\$12,426	\$ 9,652	\$ 6,556
1975	9,000	9,485	10,574	14,581	11,098	7,470
1976	9,900	10,535	11,861	16,492	12,552	8,346
1977	11,088	11,614	12,997	18,102	13,834	8,907
1978	12,152	12,110	13,799	19,573	14,855	9,360
1979	12,905	13,336	14,988	21,809	16,182	10,045
1980*	14,015	14,403	16,187	23,553	17,477	10,849

*Projection based on 8% increase except for indemnity.

**REPORT TO THE SPEAKER OF THE
LEGISLATIVE ASSEMBLY OF MANITOBA
RE: BUY BACK OF PAST SERVICE UNDER
THE LEGISLATIVE ASSEMBLY PENSION
PLAN FOR THE PERIOD
APRIL 25, 1995 TO OCTOBER 1, 2004**

June 7, 2006

**Michael D. Werier
Commissioner**

1. Role and Mandate of the Commissioner

This Commission was established by the Manitoba Legislature by way of an amendment to *The Legislative Assembly Act*.

The independent Commissioner's mandate under this Act is to make final and binding decisions in respect of past service for certain MLAs for the period April 25, 1995 to October 1, 2004 under the new Legislative Assembly Pension Plan (LAPP), which was established as a result of an earlier Commissioner's report dated May 14, 2004. Those persons eligible to buy back service are past MLAs who were Members on May 2, 2003 (the end of the 37th Legislature) and may wish to buy back service from April 25, 1995 to June 2, 2003 and persons who are present MLAs and were so from June 2, 2003 to October 1, 2004. Seventy past or present MLAs are eligible to buy back service.

The Legislative Assembly Management Commission (LAMC) has the responsibility to administer the compensation and benefits for Members of the Legislature and was obligated at law to appoint a Commissioner. Michael Werier was appointed as independent Commissioner by LAMC to make the decisions on buy back of service and this Report to the Speaker contains the Commissioner's analysis and decisions.

The purchase of past service under a registered plan such as LAPP is subject to limitations under *The Income Tax Act (Canada)*. Consequently, Members of the Legislature are either unable or are limited in their ability to purchase past service. The decisions in this Report provide a mechanism to facilitate the purchase of past service.

2. Legislative Jurisdiction

The Legislative Assembly Act establishing this Commission was amended by royal assent on June 16, 2005.

The transitional provision in the amendment provides as follows:

The management commission, as defined in section 52.6 of *The Legislative Assembly Act*, must appoint a commissioner as soon as possible after this Act comes into force. *The Legislative Assembly Act* applies to the commissioner, except that the only responsibilities of the commissioner under that Act are:

- (a) to make decisions under clause 52.9(a) in respect of past service for the period from April 25, 1995 to October 1, 2004 under the pension plan established pursuant to the commissioner's report dated May 14, 2004;
- (b) to report those decisions to the Speaker under section 52.10; and
- (c) to make regulations under section 52.12 to implement those decisions.

Section 52.9(a) of *The Legislative Assembly Act* states:

The Commissioner must make decisions about:

- (a) retirement benefits for members and former members, including the nature and amount of those benefits and how they are to be provided, and contributions toward those benefits

These sections provide authority to the Commissioner to decide the amounts, if any, to be contributed by the Province to facilitate the buy back.

3. **Background**

It is necessary to review relevant events chronologically to gain a full understanding of the problem. The following are some of the significant historical developments in the evolution of the MLA pension plans:

(a) Pre-1994

Prior to 1994, elected Members of the Legislature contributed to a defined benefit pension plan. A Commission Report in 1994 recommended abolition of this form of pension plan. This plan was considered to be overly generous in comparison to other public sectors and private pension plans.

This was noted by Earl E. Backman, Commissioner for MLA Pay, Allowances and Retirement Benefits on May 14, 2004 respecting the changes in 1994.

“In Manitoba, there was dissatisfaction with the pension - determining accrual rate of 3%, which was at least 50% higher than most other plans in effect in the province at that time, and indeed still are today. There was also animosity toward the fact that MLAs could retire very early - much earlier than the rest of the population could anticipate. Members needed only eight years of service or three terms and age and service totaling 55 to be eligible for retirement.”

Rather than maintain the existing plan and make changes to the accrual rate and/or retirement eligibility, the Legislature chose to suspend the existing plan and a new RRSP plan was instituted in April, 1994.

(b) 1995 Changes

The old defined benefit plan was suspended and is administered as a “Deferred Pension” for Members still serving. Those Members who have since retired receive a pension from the old plan and the benefits from their post 1995 RRSPs.

The new plan was not a defined benefit plan. Rather, under the new plan in 1995, Members who have been elected since 1995 had the option of a contributing to a RRSP plan. Members paid 7% of their total pay to an RRSP (of

their choosing), including a spousal RRSP. The Government of Manitoba (Province) contributed a matching 7%.

In the event a Member could not contribute a full 7%, they could elect to contribute to a Tax Paid Trust.

(c) May 14, 2004 and June 8, 2004 Reports and Supplementary Report to the Legislature by Earl E. Backman, Commissioner for MLA Pay Allowances and Retirement Benefits

Backman's mandate was established in December, 2002, under *The Legislative Assembly Act*. The mandate was to review and make recommendations to the Legislative Assembly about the appropriate salary, allowances and retirement benefits for Members. Backman sought out and received significant input from various groups and members of the public, including The Manitoba Chamber of Commerce, The Canadian Taxpayer's Association, The Manitoba Federation of Labour, The Manitoba Government Employees' Union, and others.

In the May 14, 2004 report, Backman made a number of significant findings. In particular, he noted that:

The absence of a Pension Plan for Members probably contributes to eliminating a sector of Manitoba citizenry from running for elected office; especially those in mid-career pension-based employment where they cannot "afford" or are reluctant to consider breaking the continuity of their contributory years.

He also noted that Manitoba's contribution rate to RRSPs of 7% matched by the Province is among the lowest in Canada.

Furthermore, he said it would have been preferable to fix the problems with the old defined benefit plan rather than to discard it completely; but that public resentment of pension plans was a driving force in 1994. However, he noted in

2004 that based on his consultations there was "little acrimony" this time around and there was a higher acceptance of pension plans for elected officials.

- (d) Backman, in his May 14, 2004 report, made the following recommendation:

Recommendation #6 - Pension Plan - Re Section 3.4 of the Members' Guide

That the existing RRSP Plan remains available to Manitoba Members as an option.

That a Defined Benefit Pension Plan be made available as a time-limited sign-up alternative option for existing and newly elected future Members with the following major principles of operation:

- *7% contribution rate by the Member on all basic and additional indemnities;*
- *Full vesting of contributions after 1 year of service;*
- *Normal retirement age of 55;*
- *Accrual rate of 2% for pension calculation purposes;*
- *The average of the best 5 years of eligible total compensation since 1995 be used in the computations.*

That existing Members be allowed to purchase eligible prior service back to 1995 at the full actuarial cost of same by transfer from their own RRSPs at present value or payment by cash. If legislation allows, severance pay for "grandfathered" MLAs with pre-1995 service can be used to purchase past service at the time of retirement.

That other provisions resemble the Civil Service Superannuation Plan for Government employees as closely as possible and practical.

That the Civil Service Superannuation Board be the Administrator of this Plan.

In order for existing Members to access this option it is suggested that a six month time limit be placed on the decision to sign up and further it should be a one time only option that is not available later. The same option period should be available for newly elected Members in the future.

(e) Aftermath of the Backman Reports

Backman's May 14, 2004 report was not adopted by the Legislature as it could only be accepted in its totality. The Legislature ultimately accepted the final recommendation of the June 8, 2004 report that legislation be enacted creating the role of an Interim Commissioner who would have the legal authority to determine the pay and benefits of MLAs and remove the necessity for MLAs to vote on their own compensation. The legislation was enacted June 10, 2004.

- (f) The Legislature ultimately created the new LAPP and accepted Backman's recommendation that "existing Members be allowed to purchase eligible prior service back to 1995 at the full actuarial cost of same by transfer from their own RRSPs at present value or by cash". This later proved to be unworkable due to tax restrictions as discussed later in this Report.

At the time, the provisions for buy back of service were incorporated into the Members' Retirement Benefits Regulation which sets out the text of the defined pension plan for Members of the Legislative Assembly of Manitoba. The relevant provisions are set out in s. 26 of the Regulations.

26(1) Subject to the limitations under the *Income Tax Act* (Canada) respecting the purchase of past service under a registered pension plan, pensionable service may be purchased as follows:

- (a) an MLA or former MLA, having elected under section 22 to become a member, may purchase pensionable service for all or any part of the period from April 25, 1995 to October 1, 2004 that he or she was an MLA;
- (b) an MLA electing under clause 22(1)(a) to become a member may purchase pensionable service for all or any part of the period that he or she was an MLA from October 2, 2004 to the beginning of the pay period for which he or she begins making contributions by source deduction.

26(2) The following rules apply to a purchase of service under clause (1)(a):

1. A former MLA's election to purchase the service is to be included in his or her election under clause 22(1)(c) to become a member, and must specify the period of service to be purchased.
2. An MLA's election to purchase the service may be made no later than the earliest of
 - (a) the day before he or she begins to receive a pension under this Part;
 - (b) six months after he or she last ceased to be an active member; and
 - (c) December 1 of the year in which he or she reaches the age of 69 years.
3. The purchase price for the past service is equal to the full actuarial cost of the period of service to be purchased, as determined by the plan's actuary as of the day the election to purchase the service was filed. It is payable to the administrator as a lump sum, or by installments with interest as determined by the administrator.

(g) Report of the Interim Commissioner for MLA Pay

Dr. Jerry L. Gray was appointed Interim Commissioner. His mandate was to decide the compensation levels of MLAs. In his report dated May 5, 2005, he also made the following recommendations regarding pension plans as a result of his finding that the buy back of service had proven unworkable:

4.0 Recommendations

The purpose of the recommendations is to suggest policies or actions that would facilitate the implementation of the specific salary decisions and/or improve the decision process in the future.

4.1 Review of Past Service Buy Back

4.11 The past service buy back program of the Legislative

Assembly Pension Plan (LAPP) should be reviewed in view of the fact that MLAs are unable to purchase past service to the extent recommended by the May 14, 2004 Commissioner's report due to limitations under *The Income Tax Act* (Canada).

The intent of the Commissioner's recommendation has proven to be unworkable for many MLAs and the past service buy back provision needs to be reviewed and changed accordingly.

The above recommendations resulted in the amendments to *The Legislative Assembly Act* referred to earlier which led to the creation of the role of a Commissioner to deal with the problem of purchase of past service by MLAs and ultimately resulted in this Report. Gray also made the following observations:

Overall Compensation Levels of MLAs

It is my view that the overall compensation level of the MLA role is below the level of responsibility and complexity of similar roles in both the public and private sectors. If we want excellence in Manitoba's public service, the level of compensation must be at a level that will increase the chances of attracting individuals who have the capability to handle the complexity of the role.

Future Compensation Issues

Having the lowest paid Premier and MLAs of all of the Canadian provinces should not be a sign of pride for Manitobans. This is a situation that should be rectified as soon as possible. My view is that this unfortunate and inequitable situation has developed because of the politicization of the compensation process in the past. Hopefully, this will be resolved in the future with a Commissioner who has the authority to make decisions about compensation for all of the roles in the Legislature.

These observations confirmed Backman's earlier findings.

4. The Limitations under The Income Tax Act

As stated earlier, Gray found that Backman's recommendations to purchase past service had proven to be unworkable. This is because there are certain tax

requirements under Canadian tax law when an individual purchases past service under a registered pension plan.

The Income Tax Act requires that an individual Retirement Savings Plan ("RSP") or similar registered vehicle assets must be transferred or rolled over to the MLA Pension Plan to reduce the Past Service Pension Adjustment ("PSPA") created by the buy back, before such service can be recognized.

The PSPA in effect reduces a person's RRSP limit retroactively.

5. The Amount Required to Buy Back

In order to buy back full service for the period between 1995 and 2004, the MLAs will have to pay the Past Service Liability which actuaries have calculated for each MLA. The Past Service Liability is the pension obligations that the MLAs would have had if the new defined benefits plan was in effect in April, 1995. Part of arriving at the Past Service Liability is to predict the retirement age of each MLA. Retirement is possible as early as age 55, however, the actuarial assumptions assumed that a MLA would retire no earlier than age 59. Age 59 is the current average retirement age of civil servants in Manitoba.

6. The Overall Nature of the Problem

The problem is that many MLAs do not have sufficient RRSP holdings to pay down the PSPA to zero and be in a position to buy back service of all their past service. Also, members over the past years may have contributed to a spousal RRSP and cannot use this asset to reduce their PSPA and buy back service. Further, certain members chose to invest in tax paid trusts which would not be eligible for roll-over to buy back service.

7. The Issues

There are two main issues to be addressed in coming to a decision. They are:

1. Should the Province contribute to the buy back of service and, if so, in what amount?
2. Should MLAs who, for whatever reason, do not have RRSP holdings (spousal RRSP tax paid trust) to reduce the PSPA, be entitled to the same contribution from the Province, and if so, what form should it take?

8. Consultations

In preparation of this Report, I reviewed past reports dealing with MLA compensation and legislative debates surrounding changes to the MLA pension plan in 1994. I also met with representatives of the LAMC. A canvass of all affected MLAs, including retirees, was done to solicit particulars respecting their personal RRSP situations. A review was done of the existing pension plans of the Legislatures across Canada.

Furthermore, consultations were held with tax and actuarial experts. In particular, Dennis Ellement of Ellement & Ellement, actuaries for the Civil Service Superannuation Board and the LAPP Plan, provided comprehensive and detailed analysis relating to the buy back, including actuarial assumptions, past service costs, and estimated PSPA for all affected MLAs.

As well, I was provided with possible allocation methods of funding the buy back together with sample calculations relating to various MLAs and the pension buy back possible cost allocation.

9. Factors Considered

The amendment to *The Legislative Assembly Act* dealing with buy back of past service does not provide specific factors on which to determine whether the MLA and the Province should share the cost of purchasing past service. It was known, however, at the time that there were a myriad of difficulties facing MLAs.

The question is the quantum or the potential of a percentage of purchase cost to be paid by the Province, if any.

The legislation (regulation) does not give any specific guidance as to what criteria should be applied in determining the two main issues.

I have considered a number of factors in arriving at a decision in this complex matter. These include:

- The unique requirement of the MLA role, including the lack of job security and the accountability process
- General compensation principles, policies and practices in the public sector
- Pension plan in place for Legislatures across Canada
- The public sensitivity to the compensation and pensions of elected officials

In the final analysis, as Commissioner Gray stated in his report in dealing with all the factors relevant to MLA compensation, fairness is the most reasonable approach. I have used this approach in reaching the decisions contained in this Report.

10. A Case Study

There are a number of options available to allocate responsibility for the funding of past service including, the MLA being totally responsible, the Province being totally responsible, or some form of cost sharing between the parties.

Since 1994, MLAs and the Province have each contributed 7% of pensionable salary. The actuarial calculation of current service costs of the LAPP pension is 22.76% of pensionable salary as at October 1, 2004. The first question is whether the remaining 8.76% should be shared. If each party shares 4.38%, each would have responsibility for 19.25% of the full actuarial buy back cost.

A case scenario is presented for illustration purposes of one possible method of allocation:

A. Calculation of Possible Buy Back

Historical MLA contributions	7%	
Historical Province contributions	7%	
Possible MLA top-up	4.38%	
Possible Province top-up	4.38%	
Total average service costs (based on current actuarial calculations)	22.76%	
Potential Province share of full Buy Back	$4.38/22.76\% = 19.25\%$	of the
actuarial		cost
Example MLA RRSP assets	\$ 90,166	
Cost of full pension Buy Back (based on actuarial calculations)	\$209,676	
PSPA (estimated by actuary)	\$123,655	
Portion of full Buy Back possible	72.9%	

B. Pension Buy Back Possible Cost Allocation

RSP transfer	\$ 90,166
MLA top-up share to Buy Back	\$ 22,362

Province top-up share to Buy Back	<u>\$ 40,363</u>
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Pension Buy Back Total Cost	\$152,891
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C. Province's Possible Share of Cost

Province share to pension Buy Back	\$ 40,363
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Province share to cash compensation	\$ 0
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In the above scenario, the MLA by reason of the limitations in *The Income Tax Act*, is able to buy back 72.9% of the full buy back which equates to \$152,891. If the MLA has \$90,166 in a RRSP, and the Province's share is 19.25% of \$209,676 which equals \$40,363, then the MLAs top-up is \$22,362. This would have to be paid by the MLA and would be tax deductible. An issue arises as to the appropriate time frame for this MLA to pay his or her "top-up" share. A further issue arises as to the interest adjustment since October 1, 2004.

11. Decision

I have considered all of the factors listed earlier in the report and have been guided by the findings of the previous Commissioners. The challenge is to strike an appropriate balance between the need to be fair and reasonable to MLAs (who are entitled to a fair pension for their work and commitment) with the interests of the Manitoba taxpayers. I am also mindful and sensitive of the competing demands made on the Provincial Treasury.

The decisions made in this Report attempt to strike the appropriate balance and deal with the many factors at play in determining fair and appropriate MLA compensation.

I have also taken into account that the retirement plan put into effect in 1995 put MLAs into a disadvantaged and inferior position compared to similar jurisdictions. Previous Commissioners recommended and the Legislature determined that the existing RRSP plan be replaced and that a new LAPP be instituted. As set out earlier, the buy back of service is to be at full actuarial value. In many instances Members do not have sufficient RRSP value to allow for full buy back of service under *The Income Tax Act* or any RRSP holdings to mitigate the PSPA.

In light of the above, I have decided that the fair and reasonable way to effect to buy back given the costs involved and the income tax restrictions is to have the Province contribute to this buy back of service. Without it, it is probable buy back would be severely restricted in terms of numbers of Members and past years purchased. This would leave past and present MLAs with small pensions which do not properly acknowledge their years of service.

During the past period April 25, 1995 to October 1, 2004 Members have contributed 7% to their RRSPs or tax paid trusts and the Province matched this contribution. I am advised that the 14% in contributions represents 61.5% of the average current cost of pensionable service under the plan that was established in 2004.

I have decided that the remaining 38.5% should be split equally (19.25% each) between Members and the Province. Therefore those who decide to purchase past service will be entitled to purchase it for 80.75% of the actuarial cost at October 1, 2004, plus interest at a rate to be determined by the plan administrator from October 1, 2004 to the date of actual purchase.

An MLA who elects to purchase service may pay for it by transferring funds from his or her RRSP and making additional contributions, as necessary. I have decided that the additional contributions may be made in equal installments over a period of up to three years, plus interest at a rate to be determined by the plan administrator.

There are Members who may be eligible to purchase past service, but are unable or choose not to do so, or who choose to purchase less than they are eligible for. It is necessary to treat all Members equally and I have decided that the Province shall compensate these Members for the otherwise forgone part of the share.

I have decided that these Members will be entitled to a benefit equal to 19.25% of the actuarial cost as at October 1, 2004 of the cost of the service they are eligible for but do not purchase. I have decided that the benefit will be paid as a lump sum to a locked-in trust account where it will earn interest at prevailing rates. This will include interest to the date of purchase or payment.

I am advised that these locked-in trust accounts are maintained by the Province for MLAs who are not able to make the 7% RRSP contributions and receive a matching contribution from the Province, and therefore there is an existing vehicle in place to accommodate these accounts. Other vehicles such as a registered compensation arrangement (RCA) were considered but deemed inappropriate as they are more viable for the private sector.

I am advised by the actuary that the estimated cost of the Province's contribution will be approximately \$1.56 million as at October 1, 2004. It is essential to note that this amount is well below what the Province's contributions would have been (over and above the 7% contribution) if the defined benefit plan had been maintained after 1995 with a reduced accrual rate and a different early retirement privilege.

DATED this 7th day of June, 2006.

"Michael D. Werier"

Michael D. Werier
Commissioner



REPORT TO THE LEGISLATIVE ASSEMBLY OF MANITOBA

May 5, 2005

Jerry L. Gray, Ph.D.

**Interim Commissioner
for MLA Pay**

1.0 Background of the Present Legislation and the Role of Interim Commissioner

1.1 The Commissioner for MLA Pay, Allowances and Retirement Benefits

The role of Commissioner for MLA Pay, Allowances and Retirement Benefits was established by the Legislature on December 12, 2002. The mandate for the Commissioner covered all of the above named compensation items, including additional compensation for members of the Executive Council as well as other MLAs who have additional duties within the Legislature.

1.2 The Legislative Assembly Management Commission (LAMC)

The Legislative Assembly Management Commission (LAMC) is charged with the responsibility of administering the pay and benefits for the elected members of the Legislature. Following the election in June 2003, the LAMC undertook to implement the requirements of the original 2002 legislation and appointed a single Commissioner in October 2003 to make recommendations to the Legislature on pay, allowances and retirement benefits. Under the original legislation, the LAMC was required to convey the Commissioner's report, along with its own recommendation, to the Speaker. The Speaker was then required to table the report to the Legislature for acceptance or rejection.

1.3 The Outcome of the May, 14, 2004 Commissioner's Report

The Commissioner's report of May 14, 2004 was rejected by the Legislature. The resolution passed stated that members believed that "salary increases were not appropriate at this time" and the Commissioner was asked to review the recommendations and submit another report.

1.4 The June 2004 Supplementary Report to the Legislative Assembly

The Commissioner submitted a second report on June 8, 2004. Among other things, this report confirmed the May resolution of the Legislative Assembly by recommending a roll back of the cost of living adjustment that has traditionally been given to all MLAs on April 1 of each fiscal year (based upon the formula, it would have been 1.4% in June 2004). Therefore, members did not receive a COLA for 2004 and no other recommended increases were implemented. The Commissioner also recommended that the Legislative Assembly consider a process that would remove the necessity for MLAs to vote on their compensation levels.

1.5 The Interim Commissioner Role

The Legislative Assembly implemented the final recommendation of the June 8, 2004 Commissioner's report by enacting legislation in June 10, 2004 creating the role of an Interim Commissioner who would have the authority to *decide* the compensation levels of MLAs. This is in contrast to the role of the original Commissioner who was to make recommendations to the Legislative Assembly.

1.6 Authority of the Interim Commissioner

The Legislative Assembly Amendment Act (3) limited the role of the Interim Commissioner to decisions regarding the following:¹

- 1.61 The annual salary for members
- 1.62 The additional salary for members who hold the following positions:
 - (a) the Speaker and Deputy Speaker;
 - (b) the leader of the official opposition and leader of a recognized opposition party;
 - (c) the elected deputy chairperson or other deputy chairperson of the Committee of the Whole House;
 - (d) the elected permanent chairperson and vice-chairperson of a standing or special committee;
 - (e) the government house leader, house leader of the official opposition and house leader of a recognized opposition party;
 - (f) the government whip, whip of the official opposition and whip of a recognized opposition party;
 - (g) legislative assistant to a member of Executive Council.
- 1.63 The additional salary for members of the Executive Council.
- 1.64 Any other salary or allowance for expenses the Commissioner considers should be paid to members, and the circumstances in which it is to be paid.

The LAMC requested that the Interim Commissioner consider only the cost of living increase, an increase to the basic annual salary of MLA's, and salary increases only in specific roles.

1.7 Appointment of the Interim Commissioner

The appointment of Dr. Jerry L. Gray as the Interim Commissioner was approved by the LAMC in December 2004.

¹ For the text of the complete Amendment, see Bill 55, The Legislative assembly Act (3) at <http://web2.gov.mb.ca/bills/38-2/b055e.php>.

2.0 The Decision Process

2.1 The Overall Approach of the Interim Commissioner

Compensation issues are perhaps the most controversial of all organization processes. First, measurement of “worth” is not completely scientific and is laden with problems of measurement and value judgments. Second, compensation serves a complex and multi-purpose role in our society: it is the means of determining our standard of living, it is a measure of what others think we are worth, it is often the measure of how we compare ourselves to others, and so on. All of the issues become even more complicated in the case of elected officials. Even if there were completely scientific approaches to compensation available, the different nature of the roles, values, expectations and accountability processes of politicians would make them practically meaningless. Even the traditional means of gathering information for politicians (polls, surveys, public consultation, etc.) are of little use in the area of compensation because the results would be tainted with all sorts of biases.

The only valid and practical method in these situations is to (a) approach the problem through a system of multiple measurements - also known as benchmarks, and (b) make an informed and independent judgment based upon all of the benchmarks observed. Although no specific weight was assigned to any factor, it should be noted that the decisions contained in this report are, in the final analysis, my judgment with regard to the primary criteria of *fairness*. There are many other factors that were considered in making the decisions (see Section 2.2), but the overriding objective was to achieve a situation that, in my view, moved toward fairness in pay for our elected legislators. Although all Manitobans would not likely agree to the specific definition of what is “fair”, few – if any - would argue that our MLAs should not be compensated in a fair and equitable manner. Given the complexity of the issue, the appointment of a single, independent person to make an informed judgment regarding “fairness” is the most reasonable approach.

Finally, it is important to note that the task at hand was to establish compensation levels for the *role* of Members of the Legislative Assembly, not the salaries for the specific individuals in those roles. The separation of individuals from roles provides a more objective perspective since it separates the responsibilities of the role from personal views of the individuals in those roles.

2.2 Factors Considered in Making the Decisions

The complexity of arriving at decisions regarding MLA pay is reflected not only in the large number of factors that should be considered, but also in the fact that many of the factors are not quantifiable. Indeed, it would be impossible to construct a formula that would be appropriate either for these specific decisions, or for MLA salary decisions in the future, because the variables are always changing. The process used here considered the most important factors that needed to be included in reaching a decision, and then utilized those factors in reaching a judgment regarding fairness for MLA salaries.

Some of the factors used in making the decisions are (in no particular order):

- Salary comparisons with the elected roles in other federal, provincial and municipal governments
- The need to have compensation levels that make the MLA role attractive to highly qualified candidates
- Unfairness in salaries often must be corrected over time
- The need to have compensation levels that reflect the importance of the MLA role
- The public sensitivity to how much the roles of elected officials should be paid
- The unique requirements of the MLA role, including the lack of job security and the accountability processes
- The increased cost of living since the last MLA pay increase
- Comparable workloads of the various roles in the Legislative Assembly
- General compensation principles, policies and practices in the private sector

3.0 MLA Salary Decisions

3.1 Cost of Living Increase (COLA)

- 3.11** A 2.5% cost of living increase added to the basic annual salary of MLAs, persons appointed to the positions mentioned in section 1.62 of this report and to members of Executive Council effective April 1, 2005. The April 1, 2005 increase will be computed on the 2003/04 salaries. For example, *the new annual basic salary for MLAs will be \$67,173.*
- 3.12** Effective April 1, 2006 and each April 1 thereafter until such time as a different decision is made, a cost of living increase will be added to the basic annual salary of MLAs, persons appointed to the positions mentioned in section 1.62 of this report and to members of Executive Council. This increase will be computed as the previous five-year moving average increase in the Manitoba Consumer Price Index (CPI).

3.2 Annual Salary for MLAs

- 3.21** The basic annual salary for MLAs is set at \$72,000 effective April 1, 2006. The COLA provided in 3.1 of this report will apply on April 1, 2006 as if this were the base salary in 2005/06.

3.3 Additional Salary for Speaker

- 3.31** The additional salary for the role of Speaker is set at that of Ministers effective April 1, 2005.

3.4 Additional Salary for Caucus Chairs

- 3.41** The additional salary for the role of Caucus Chair is set at \$5,000.00 effective April 1, 2005. The COLA provided in 3.1 of this report would apply as if this salary existed in 2003/04.

3.5 COLA Adjustment Implementation

- 3.51** COLA adjustments should be applied at the beginning of the pay period that includes April 1.

- 3.52** COLA adjustment amounts should be rounded to the nearest dollar.

These are administrative decisions designed to eliminate the time-consuming manual calculations required if the start of the pay period does not fall on April 1.

4.0 Recommendations

The purpose of the recommendations is to suggest policies or actions that would facilitate the implementation of the specific salary decisions and/or improve the decision process in the future.

4.1 Review of Past Service Buy Back

- 4.11** The past service buy-back program of the Legislative Assembly Pension Plan (LAPP) should be reviewed in view of the fact that MLAs are unable to purchase past service to the extent recommended by the May 14, 2004 Commissioner's report due to limitations under *The Income Tax Act* (Canada).

The intent of the Commissioner's recommendation has proven to be unworkable for many MLAs and the past service buy back provision needs to be reviewed and changed accordingly.

4.2 Eligibility for Appointment as Commissioner

- 4.21** An individual appointed either as Commissioner or Interim Commissioner should not be eligible for an additional appointment.

The Legislative Assembly is to be commended for removing their compensation decisions from the political process. Implementation of this recommendation would further ensure the independence of the Commissioner's role.

5.0 Observations

5.1 Overall Compensation Levels of MLA's

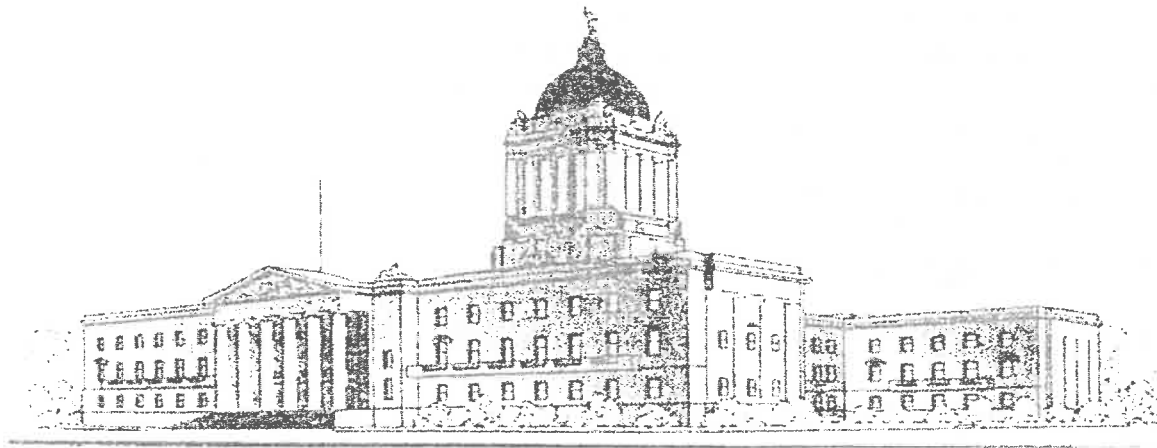
It is my view that the overall compensation level of the MLA role is below the level of responsibility and complexity of similar roles in both the public and private sectors. If we want excellence in Manitoba's public service, the level of compensation must be at a level that will increase the chances of attracting individuals who have the capability to handle the complexity of the role.

5.2 Future Compensation Issues

Having the lowest paid Premier and MLAs of all of the Canadian provinces should not be a sign of pride for Manitobans. This is a situation that should be rectified as soon as possible. My view is that this unfortunate and inequitable situation has developed because of the politicization of the compensation process in the past. Hopefully, this will be resolved in the future with a Commissioner who has the authority to make decisions about compensation for all of the roles in the Legislature.

**SUPPLEMENTARY REPORT TO THE LEGISLATIVE
ASSEMBLY OF MANITOBA**

June 8, 2004



EARL E. BACKMAN

COMMISSIONER

FOR MLA PAY, ALLOWANCES AND RETIREMENT BENEFITS

Supplementary Report to the Legislative Assembly of Manitoba

Submitted by Earl Backman

Commissioner for MLA Pay, Allowances and Retirement Benefits

June 8, 2004

This supplementary report is being provided to the Legislative Assembly as a result of a request for the Commissioner to review the section regarding salary increases for Members with a view to deferring them at this time. The following resolution encapsulates the request and the basis for it:

“Whereas all Members of the Legislative Assembly assert that salary increases are not appropriate at this time, recognizing the difficulties that are being faced by Manitobans as a result of economic conditions including the BSE issue, LAMC recommends to the Assembly that the Commissioner on MLA Allowances review the section regarding recommendations for salary increases with a view of deferring them at this time. We therefore respectfully reject the Report to the Legislative Assembly on MLA Pay, Allowances and Retirement Benefits 2004.”

“All or Nothing” Choice

The legislation authorizing the establishment of a Commission for this purpose limits the choices of Members of the Legislative Assembly to a “Yes”-“No” type vote on the entire report. Thus the request to review the salary section can only be accommodated by a rejection of the whole report and a subsequent recommendation by the Commissioner. While this legislation was initiated with good intentions to protect against “cherry picking” it is also evident that it does restrict Members choices very severely—and also severely limits the Commissioner’s ability to present options for Members to vote on.

Process

The legislated compensation review process called for submission of a report by the Commissioner to LAMC (the Legislative Assembly Management Commission) (May 18th, 2004) followed by a recommendation from LAMC to the entire Legislative Assembly within 15 sitting days for a vote on the report by all MLAs.

This Commissioner feels it is necessary to comment on the unfortunate turn of events that contributed to a “short-changing” of the intended process. This in turn contributed to very incomplete initial evaluation of the report and caused an unintentional focus on a single element of it—that being salary increases.

The Deleterious Effect of Premature Comments

The original report is a comprehensive 53-page document replete with research information, comparisons, rationale, evidence-based decisions and sound recommendations based on that evidence tempered with political and fiscal realities facing Manitoba MLAs and residents. It is impossible to gain a full understanding of the report in less than a few hours, let alone a few minutes.

It is the Commissioner's opinion that it was most unfortunate that the Leaders of all three parties chose to respond to media questions on the pay element of the document prior to receipt and evaluation of the full report itself. Even though in some cases the early comments were intended only as an individual personal opinion, those responses were quickly converted to "official party positions" and reported by the media as outright rejection of the report without any opportunity for a measured response based on a comprehensive review of the complete report. The public thus received a very jaundiced and prejudicially abbreviated view of a soundly researched, evidence based document.

In this Commissioner's opinion those early comments also effectively emasculated LAMC because of the natural instincts and actions of MLAs to avoid embarrassment for their Leader by any form of subsequent contradiction. The Commissioner is very much aware that the public proclamations made individually do not universally represent the opinions of all MLAs. I believe that if the process had been allowed to follow the intended path called for by the legislation, MLAs would have had a better chance to absorb and understand all the components of the report and that they would have concluded that the recommendations were sound and would stand the test of public scrutiny.

Public Response to the Report

It is evident that some MLAs have been surprised at the level of positive and empathetic response the original report has received from the public and the media, even including corrective action to salaries. Other than the most cynical, the thinking public and media actually support fair treatment for everyone—even MLAs. It is an inevitable fact of life that some taxpayers will resent paying politicians at any level and even when they don't know how much the politicians are paid—it's always too much!! This was obvious in the "street corner interviews" wherein it is easy to get respondents to say "No" to raises for elected officials even if they know nothing of the actual numbers or history or comparisons. It is critical that MLAs face this issue head on at some point in the near future—otherwise we are guaranteed to confront the same problem every time a Commissioner and/or the Legislature attempts to deal with this sensitive topic.

Difficult Economic Conditions in Manitoba

The economic conditions referred to in the resolution on page 1 and used as the justification for a reconsideration request were actually major considerations for this Commissioner as the original report was finalized. In fact, you will find references to specific economic difficulties listed no less than 6 times at critical points in the report and they contributed substantially to the deferral choices that were already made in the existing recommendations. Extracts from the original report are shown below:

- (1) Page 14 where Recommendation #1 re MLA Basic salary included NO EXTRA PAY increase for 2004 with phased increases in 2005 and 2006:

“The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time.”

- (2) Page 15 in the MLA Salary section:

“Due to difficult budgetary decisions, that increase is being deferred. Because Manitoba has faced substantial fiscal pressures as well, the Commissioner is deferring the increase for one year. This deferral will serve to exacerbate the inequities, but is provided as a response to fiscal reality.”

- (3) Page 15 respecting the Premier and Cabinet Ministers’ salaries:

“The Commissioner has concluded that the Premier and Cabinet Ministers are considerably under valued relative to most Provinces/Territories and substantial corrective action is warranted. This must be tempered by budgetary concerns, however.”

- (4) Page 17 respecting the Premier’s salary:

“While it would be tempting to correct these inequities quickly, the Commissioner is very cognizant of the difficult budgetary decisions facing Members of the Legislative Assembly at the same time as this report is being considered. It is also a very difficult, if not impossible, task for MLAs to vote on anything that affects their incomes directly without being accused of ‘feathering their own nests’!”

- (5) Page 19 respecting the Premier's compensation recommendation # 2 in which NO EXTRA PAY increase was recommended for 2004 and increases were recommended for year 2 and 3 (2005 and 2006) of a three year phase-in of much needed corrective action:

"The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time."

- (6) Page 23 respecting Ministers' compensation recommendation # 3 in which NO EXTRA PAY INCREASE was recommended for 2004 and increases were recommended to correct serious deficiencies in 2005 and 2006 as year 2 and 3 of a three year phase in plan:

"The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time".

Conclusion on Economic Conditions

As can be seen by the foregoing excerpts, the original recommendations were inclusive of a deferral of extra pay increases for 2004 due to the very same reasons the present resolution quotes to substantiate a request for a further review.

Effective Dates

The original Commission report was designed for all provisions except salaries to come into effect April 1, 2004. This Commissioner considers it urgent that all other sections of the report be implemented as soon as possible because they are sorely needed and are mostly related to service to and access for constituents—not to MLA compensation.

Pension options were to start within 6 months of report adoption in 2004 with optional buy back of previous eligible service back to 1995 at actuarial cost.

With the exception of an already planned 1.4% salary increase, all other salary changes were to happen in 2005 and 2006 followed by use of the Average Weekly Wage in Manitoba as a future COLA.

Present Salary Increase

There was one portion of MLA compensation that the Commissioner chose not to defer by the recommendations in the original report and it has already been paid for 2 months since April 1, 2004. I refer to the fact that without implementation of this report to replace the former system, effective April 1, 2004, MLAs have already been granted an increase of 1.4% for 2004/2005 on their basic and supplementary salary components. The Commissioner supported allowing these salary increases being implemented but recommended NO EXTRA INCREASES for 2004/2005.

This 1.4% does represent an actual salary increase this year and the public proclamations made by all three Leaders and the resolution passed by all Members of the Legislative Assembly state very clearly that “salary increases are not appropriate at this time”. Considering the fact that this is the only salary increase that was contemplated and recommended for 2004/2005 in the report, the Commissioner has no choice but to review this component. All other increases recommended by the Commissioner, with the exception of the Speaker's, were already deferred to 2005 and 2006 and these will also be revisited as requested by the resolution of the Assembly. The Commissioner recommended that the Speaker receive the same pay as a Minister with salary adjustments the same as a Minister in 2005 and 2006. This would represent more than a \$4600 raise this year and this is being revisited here.

This same situation applies to the Additional salaries paid for 17 supplementary roles including Deputy Speaker, House Leaders, Party Whips, Legislative Assistants, Committee Chairs and Vice Chairs, etc. The Commissioner recommended allowing these 1.4% increases to go through (by not displacing the scheduled increases) and also added Caucus Chairs to the list to become effective April 1, 2005. Except for Caucus Chairs these all represent actual salary increases and are hereby being reviewed as requested.

Future Salary Increases

This Commissioner strongly urges all MLAs and Leaders to confront this issue directly at this time or be prepared to struggle with this same dilemma every time it is raised in the future.

The recommendations originally made are sound, valid and appropriate, and the numbers recommended for 2006 should actually be in place in 2004. If we truly want to be fair to existing MLAs and attract the best candidates possible in the future we need to ensure we are “in the ball park” in all areas of compensation, expenses and retirement planning. We are “missing the boat” right now on an entire sector of the population which does not/cannot consider public office because of the potential interruption of pensionable service.

Right/Obligation of a Vote of the Legislative Assembly

While reiterating that the existing recommendations are solid and should have been implemented in their entirety, the Commissioner respects the right, obligation and necessity of MLAs to vote on the compensation issue in one form or another. This part of the existing process will forever be the “Achilles heel” as long as it is in effect. It is for this reason that I will be recommending that the Assembly decide again just prior to March 31, 2005 whether or not the increases planned for 2005 and 2006 are implemented or deferred further at that time. A recommendation will also be made respecting the actual process itself.

Compensation Levels for MLAs

The increases previously recommended are, upon further review, very appropriate. They have already, and will continue to meet, the test of public scrutiny for fairness. One newspaper editorial even stated that, given the background research, *“if anything, the proposed raises were lower than what should have been expected”*. MLAs should not feel an obligation to apologize for accepting fair treatment. On the contrary, the Commissioner urges all MLAs to recognize that the recommendations do not move Manitoba compensation to “the middle of the pack”, or 5th place as most Manitobans and MLAs expect they should be—instead these recommendations retain MLAs’ compensation in 8th place—it only reduces the widening gap created by past reticence to deal with this issue honestly.

Compensation for the Premier

The compensation level for our Premier relative to his/her responsibilities is woefully inadequate and as evidenced by the public and media response to the original report, most Manitobans feel strongly that this should be corrected soon.

The Premier has publicly stated that he did not ask for a raise and could not support an increase for himself and his Ministers (paraphrased). However, MLAs’ compensation is not nearly as far “out of whack” as is that of our Premier and Cabinet Ministers. Many respondents have indicated that it is highly inappropriate that the Premier is \$17,000 lower than either the Mayor of Winnipeg or the Premier of Saskatchewan and is dead last of all Provincial Premiers in Canada. Thus it would be totally inappropriate to consider giving increases to MLAs only without stronger corrective action for our Cabinet Ministers and the Premier. The Commissioner has been involved in human resource compensation at all pay levels for over 30 years and feels very strongly that Manitoba MLAs, Ministers and the Premier should be appropriately and fairly compensated. There is clear public support for this position.

Supplementary Recommendations

While restating the belief that the original recommendations were both sound and publicly acceptable, the Commissioner is responding to the request to review the salary increase portions of the report and makes the following supplementary recommendations:

- (1) In order to honor the public pronouncements of our three party leaders and the resolution passed unanimously in the legislature that “salary increases are not appropriate at this time” the Commissioner recommends that the 1.4% salary and additional indemnity increases already being paid for 2004/2005 (the only increase recommended for this year in the original report) be rolled back effective April 1, 2004. This modifies original Recommendations 1, 2, and 3 relating to compensation for MLAs, the Premier, Speaker and Ministers and additionally to the 17 existing leadership roles referenced in section 2.2.2 of the original report in which the 1.4% was allowed to go through.
- (2) In order to ensure that all MLAs are dealt with fairly and so that none receive an increase this year, the recommendation that the Speaker’s compensation be raised to become equivalent to a Minister should also be deferred to the 2005 vote in Recommendation #3 below.
- (3) In order to give the Legislative Assembly the opportunity to revisit the salary issue before implementation of Phase 2 and 3 of the recommended salary increases contained in the original report for April 1, 2005 and 2006 respectively, the Commissioner recommends that the Assembly collectively decide just prior to April 1, 2005 whether or not to proceed as planned or consider further deferral at that time. This will also apply to the future of the Speaker receiving the same salary as a Minister.

These three additional recommendations will actualize the public statements of the Leaders and the Assembly relating to “no salary increases at this time” and will ensure that a decision relative to future increases can be made approximately one year from now with the benefit of the knowledge of economic conditions at that time. While it remains this Commissioner’s very strong conviction that the recommendations in the original report should have been implemented as originally planned, I believe these revisions will at least allow Members to expedite implementation of all non-salary sections of the report while retaining control of the section that is destined to cause the highest level of indigestion.

- (4) The Commissioner recommends that all other recommendations included in the original report which are unaffected by the first two recommendations above, be implemented immediately with effective dates as listed in the original report so that service to constituents can be expedited.

- (5) The Commissioner further recommends that the Assembly give some consideration in the future to removing the necessity for MLAs to vote directly on their own compensation levels, as this is destined to be an ongoing problem for which there is no obvious political solution—with the possible exception of delegating the duty to a truly independent body or Commissioner.

This last recommendation is not meant to be personally critical of MLAs' ability to deal with this issue but rather it recognizes the reality that expecting MLAs to vote on their own salaries is doomed to political difficulties and potential failure. It is this Commissioner's opinion that it would be less self-serving and more acceptable to the public for MLAs of all parties to vote on the choice of Commission or Commissioner to do a truly independent job than it would to continue a process that will forever be an exercise in masochism that serves neither the MLA nor the Public very well.

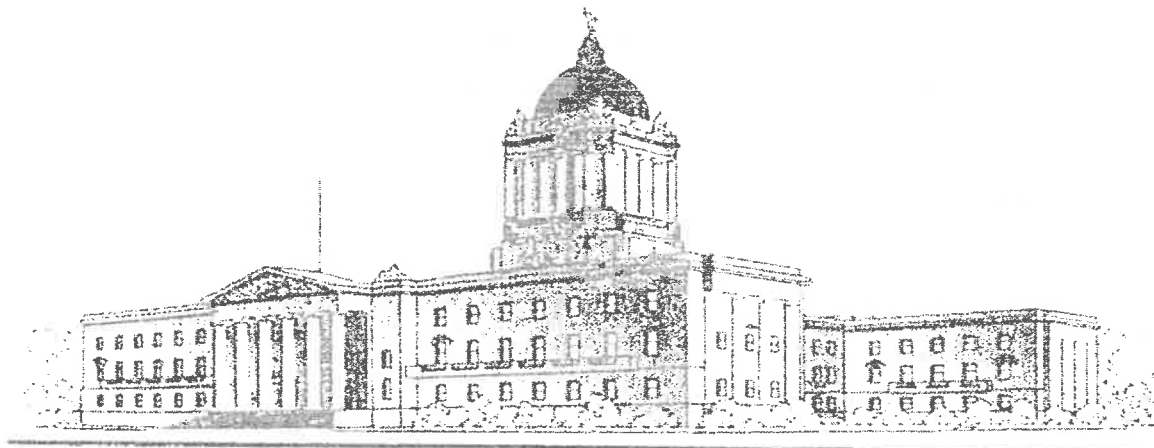
It is my hope that the Assembly can finalize this before rising for the summer break. I have provided my revisions expeditiously in order that this may happen. It is extremely urgent that all of these issues be settled early in the fiscal year to minimize retroactivity computations and to reduce unnecessary and onerous administrative requirements if decisions are allowed to drag on.

Respectfully submitted,

Earl Backman, Commissioner

REPORT TO THE LEGISLATIVE ASSEMBLY OF MANITOBA

MAY 14, 2004



EARL E. BACKMAN

COMMISSIONER

FOR MLA PAY, ALLOWANCES AND RETIREMENT BENEFITS

I. Role, Mandate and Commission Review Process

1.1 Role and Mandate of the Commission

The Commission for MLA Pay, Allowances and Retirement Benefits was established pursuant to Bill 3, the Legislative Assembly Amendment and Consequential Amendments Act during the 4th Session of the 37th Legislature, and was assented to on December 12, 2002.

As a consequence of the recommendations contained in the most recent previous Commission's report of 1994, the Legislative Assembly committed to a review Commission being appointed within 6 months of future elections. The last election took place on June 3, 2003 and the Speaker, as Chairman of the Legislative Assembly Management Commission (LAMC), undertook to honor that intent.

LAMC chose to engage a one person Commission and, following consultations with all parties in the Legislature, on October 29, 2003 Mr. Earl Backman, the retired Brandon Regional Health Authority CEO and former City Manager from Brandon, Manitoba was installed as sole Commissioner.

The Commissioner was required to report back to the LAMC within 6 months and LAMC is obligated to convey the Commissioner's report/recommendations together with its own recommendation for acceptance or rejection to the Speaker. If the House is sitting, the Speaker is required to table the report within 15 days of receipt.

Members of the Assembly must vote on the Commissioner's report in totality, i.e. they cannot pick and choose selectively from among the recommendations. If they accept the report, the Commissioner must make the Regulations necessary to implement them. The term of office of the Commissioner ends one year after the day the Regulations are made or come into effect, whichever is later.

The Commissioner's mandate is set out in The Legislative Assembly Amendment Act, which appears below. In summary, the mandate covers all areas of basic compensation, travel, living and constituency allowances, retirement benefits, expense and living costs reimbursement, additional compensation for members of the Executive Council and leadership roles with additional duties in the Legislature.

S.M. 2002, c. 57
Bill 3, 4th Session, 37th Legislature

The Legislative Assembly Amendment Act

(Assented to December 12, 2002)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Manitoba, enacts as follows:

C.C.S.M. c. L110 amended

1 *The Legislative Assembly Act is amended by this Act.*

2 *Sections 52.6 to 52.20, and the headings before section 52.6, are replaced with the following:*

PART 2

REMUNERATION AND RETIREMENT BENEFITS

DEFINITIONS

Definitions

52.6 In this Part,

"commissioner" means the commissioner appointed under section 52.7;
(« commissaire »)

"management commission" means the Legislative Assembly Management Commission continued under *The Legislative Assembly Management Commission Act*; (« Commission de régie »)

"member of the Executive Council" means a person appointed to the Executive Council under *The Executive Government Organization Act*. (« membre du Conseil exécutif »)

COMMISSIONER

Appointing a commissioner

52.7(1) The management commission must appoint a commissioner whose responsibility it is

(a) to review and make recommendations to the Assembly about the appropriate salary, allowances and retirement benefits for members; and

(b) when the Assembly accepts the recommendations, to make regulations to implement them.

When commissioner to be appointed

52.7(2) A commissioner is to be appointed within six months after each general election. But if a general election is held less than 42 months after the last general election, the management commission may defer the appointment of a commissioner until after the next general election.

Term

52.7(3) The term of office of a commissioner ends one year after the day the regulations made by the commissioner under section 52.12 are made or come into force, whichever is later.

Procedure

52.7(4) The commissioner may consult with interested individuals and groups when conducting a review.

SALARIES AND ALLOWANCES

Commissioner to recommend salaries and allowances

52.8(1) The commissioner must make recommendations about the following:

1. The annual salary for members.
2. The additional salary for members who hold the following positions:
 - (a) the Speaker and Deputy Speaker;
 - (b) the leader of the official opposition and leader of a recognized opposition party;
 - (c) the elected deputy chairperson or other deputy chairperson of the Committee of the Whole House;
 - (d) the elected permanent chairperson and vice-chairperson of a standing or special committee;

- (e) the government house leader, house leader of the official opposition and house leader of a recognized opposition party;
 - (f) the government whip, whip of the official opposition and whip of a recognized opposition party;
 - (g) legislative assistant to a member of the Executive Council.
3. The additional salary for members of the Executive Council.
 4. The additional living allowance for members who represent electoral divisions wholly or partly outside the City of Winnipeg, and the circumstances in which it is to be paid.
 5. The additional constituency allowance for access and service to constituents, and the circumstances in which it is to be paid.
 6. The additional allowance for members for travel, a vehicle allowance and mileage, and related expenses, and the circumstances in which it is to be paid.
 7. The severance allowance for members who are not entitled to a severance allowance under section 52.21, and the circumstances in which it is to be paid.
 8. The additional allowance, if any, for members of a standing or special committee for attending meetings during periods that the Assembly is not in session, or when a committee meets outside Winnipeg.
 9. Any other salary or allowance for expenses the commissioner considers should be paid to members, and the circumstances in which it is to be paid.

Items to be included

52.8(2) The commissioner must also recommend, in relation to salaries and allowances,

- (a) when and how they are to be paid;
- (b) the period for which they are to be paid;
- (c) the circumstances and manner in which they are to be prorated;
- (d) whether they are to be adjusted for changes in the cost of living and, if so, when and how;
- (e) what information about salaries and allowances is to be disclosed to the public; and
- (f) any other matter the commissioner considers necessary or desirable.

RETIREMENT BENEFITS

Commissioner to recommend retirement benefits

52.9 The commissioner must make recommendations about

- (a) retirement benefits for members, including the nature and amount of those benefits and how they are to be provided, and contributions toward those benefits; and
- (b) disclosure to the public of information about retirement benefits.

REPORT TO THE ASSEMBLY

Report

52.10(1) Within six months after being appointed, the commissioner must submit a report to the management commission setting out his or her recommendations under sections 52.8 (salaries and allowances) and 52.9 (retirement benefits).

Extension

52.10(2) The management commission may extend the six-month reporting period in subsection (1).

Role of management commission

52.10(3) The management commission must review the commissioner's report and forward it to the Speaker, along with its own recommendations as to whether the Assembly should accept or reject the commissioner's recommendations.

Tabling the report and recommendations in the Assembly

52.10(4) The Speaker must table a copy of the commissioner's report and the recommendations of the management commission in the Assembly on any of the first 15 days on which the Assembly is sitting after the Speaker receives them.

Assembly may accept or reject recommendations

52.11(1) After considering the commissioner's report and the management commission's recommendations, the Assembly may, by resolution, accept or reject the commissioner's recommendations, but it may not amend them.

Subsequent report if recommendations rejected

52.11(2) If the Assembly rejects the commissioner's recommendations, the commissioner must consider them further and must, without delay, submit to the management commission another report, which is to be dealt with in accordance with section 52.10 and this section.

REGULATIONS

Regulations

52.12(1) When the Assembly accepts the commissioner's recommendations, the commissioner must without delay make any regulations he or she considers necessary or desirable to implement the recommendations.

Effective date of regulations

52.12(2) Regulations made by the commissioner come into force on the day specified in the regulations, which may not be earlier than polling day of the last general election before the commissioner's appointment.

Transitional regulations

52.12(3) Regulations made under this section may provide for any transitional matters that the commissioner considers necessary or desirable, but cannot abrogate rights that have vested under any retirement plan or arrangement under this Act.

Amendment by management commission

52.13(1) After a commissioner's term ends and before another commissioner is appointed, the management commission may make amendments of an administrative or technical nature to the regulations made under section 52.12.

Amendment re retirement benefits

52.13(2) At any time, the management commission may amend the regulations made under section 52.12 that deal with retirement benefits to ensure harmonization with other legislation.

Effective date of amending regulation

52.13(3) A regulation made by the management commission may be made retroactive to a date specified in the regulation.

Regulations must be published

52.14 *The Regulations Act* does not apply to regulations made under this Act, but they must be published in Part I of *The Manitoba Gazette*.

COMPUTATION RULES

Rules re commencement and termination dates

52.15 The following rules apply in determining a member's entitlement to salary and allowances:

1. A member is entitled to be paid the salary described in item 1 of subsection 52.8(1) as of the day of general polling in the election in which he or she is elected, and ceases to be entitled on the day he or she ceases to be a member.
2. A member is entitled to be paid the salary for a position described in item 2 of subsection 52.8(1) (an "additional position") as of the day he or she first holds the position, and ceases to be entitled on the day he or she ceases to hold the position.

3. A member who holds an additional position on the day the Assembly is dissolved is deemed to continue to hold the position until the day before the day of general polling at the next general election.
4. A member ceases to be a member
 - (a) on the day the member dies or resigns;
 - (b) when the Assembly is dissolved, on the day before the day of general polling at the next general election;
 - (c) if the member's election is declared void under *The Controverted Elections Act*, on the day the judgment that sets out the declaration is delivered;
 - (d) if the member's seat is vacated under section 18 or 20 for a reason other than disqualification from office under *The Legislative Assembly and Executive Council Conflict of Interest Act*, on the day the Speaker determines that the seat becomes vacant; and
 - (e) if the member is disqualified from office under *The Legislative Assembly and Executive Council Conflict of Interest Act*, on the day prescribed by that Act for the disqualification to occur or, if the disqualification results from a judgment of the Court of Queen's Bench, on the day the judgment is delivered.

Speaker may recognize leaders and others

52.16(1) The Speaker may recognize a member as holding the position of

- (a) leader of the official opposition or leader of a recognized opposition party;
- (b) government house leader, house leader of the official opposition or house leader of a recognized opposition party; and
- (c) government whip, whip of the official opposition or whip of a recognized opposition party.

When member considered to hold the position

52.16(2) The Speaker may recognize a member as holding a position under subsection (1) retroactively to any day after the predecessor in that position ceased to hold the position.

Recognition by Clerk if no Speaker

52.16(3) If there is no Speaker and the Legislature is not in session, the Clerk of the Assembly may recognize a member under this section.

3 Subsection 52.21(1) is amended by striking out "indemnity and allowance described in clauses 52.15(1)(a) and (b)" and substituting "salary described in item 1 of subsection 52.8(1)".

4 Section 52.25 is amended by striking out "indemnities and allowances described in clauses 52.15(1)(a) to (d) are" and substituting "salary described in items 1 to 3 of subsection 52.8(1) is".

Existing regulation continued

5 The *Indemnities, Allowances and Retirement Benefits Regulation*, which was made by the Indemnities and Allowances Commission on October 14, 1994, continues in force until replaced by regulations made under section 52.12 of *The Legislative Assembly Act* as enacted by section 2 of this Act.

Transitional: retirement benefits for former members

6 The first commissioner appointed under section 52.7 of *The Legislative Assembly Act* may make recommendations under clause 52.9(a) that address retirement benefits for those who were members at dissolution of the 37th Legislature but were not re-elected in the next general election.

Coming into force

7 This Act comes into force on polling day of the first general election following dissolution of the Assembly of the 37th Legislature.

1.2 The Review Process

Ten years had passed since the 1994 review was undertaken to evaluate the appropriateness of compensation, allowances, benefits and constituency operational costs. The Commissioner set out to review the intervening years and evaluate how the present system relates to the realities of 2004.

Following the announcement of the Commission by the Speaker, provisions were initiated to publish the existence of the Review. A web site was established (www.reviewcommissioner.mb.ca) and existing information on compensation, allowances and benefits was posted for members of the public to access. A link to the website was established from the Legislative Assembly website to provide wider access.

In December of 2003 announcements were placed in 55 newspapers covering the entire province inviting interested citizens to express their opinions to the Commissioner. Both the web site and newspaper ads requested that submissions be made prior to January 31, 2004 in order for the review to be completed within the required 6-month period.

Individual invitations for participation were tendered to pertinent associations that had, or were expected to have, opinions to offer in this matter. These included the Manitoba Chamber of Commerce, the Manitoba Federation of Labour, the Association of Manitoba Municipalities, the Canadian Taxpayers Federation, the Manitoba Association of School Trustees, the Manitoba Association of School Business Officials, the Association of Former Manitoba MLAs, and the Manitoba Government Employees Union.

The responses ranged from cynicism expressed by individuals frustrated with government and any elected officials to recommendations for improved compensation and pensions to attract more experienced candidates to public service. During the 1994 review there was a high level of dissatisfaction with the formerly rich Federal Pension Plan, which seemed to translate into resentment against provincially elected Members having a pension plan. Both plans have been changed substantially and there was no public evidence of this resentment issue during this review.

During consultations, there was some recognition of the difficulty in recruiting credible candidates between the youthful exuberant stage and the more financially stable, mature stage in peoples' lives and careers. Several individuals urged the Commissioner to consider a compensation pension plan that would encourage successful people in the middle of their careers to consider running for office.

Comparative financial information and economic performance indicators were sought and obtained from all other provinces and territories in Canada. Compensation and pension plans offered in each jurisdiction were studied. Economic indicators showing Manitoba's performance relative to other provinces were reviewed. Most of these show Manitoba to be in the range of 5th to 7th place among the 10 provinces.

II. Members' Remuneration

2.0 Discussion

In any compensation evaluation process it is appropriate to attempt to compare relationships among similar workplaces and job functions. Elected officials toil in a very unique environment, unlike any other vocation. Whereas most employment circumstances dictate daily scheduled hours of work, with scheduled days off and some expectation of down time in a day and during the week, the life of an MLA can be totally different.

MLAs' workdays can be inordinately lengthy and their workweek (especially for Cabinet Members) rarely has free time due to the fact that constituency work, which due to obligations at the Legislature in Winnipeg, is usually performed at night and on the weekends. These generalizations are, of course, altered by the work ethic of each MLA, his/her obligations in the Legislature and whether or not he/she has Cabinet or other extra duties to perform.

Members of the Legislative Assembly have a very unique form of performance appraisal unlike any other vocation as well. Other than at election time, evaluation of MLA effectiveness is at best a subjective process, and while many businesses base their employees' pay structure on performance, this possibility is totally impractical for determining the compensation levels of our elected representatives.

It is also a unique reality that there are few prerequisites for a person to run for elected office. Consequently, MLAs can range in age and experience from youthful naivety to highly experienced and successful individuals. The will of the electorate gives us a wide profile range of MLAs. Creation of a compensation structure to reflect all of this is extremely difficult.

Faced with the foregoing realities, it is apparent that comparisons with other jurisdictions in Canada and comparisons of the economic activity and success of Manitoba relative to other provinces should be primary factors in determining how we taxpayers compensate our elected representatives.

It could be argued that the consequence of decisions made by our MLAs is far greater than that of many corporate executives but the consequences cannot be directly measured by return on investment or share value - especially in the short term. The consequence of error can be substantial both in terms of financial loss to our shareholders (taxpayers) and the future of our next generations. **Both sets of consequences are akin to those faced by corporate executives.**

The aforementioned public perception that, as a province, Manitoba is “somewhere in the middle of the pack” is actually borne out by most statistical research which depicts **Manitoba as being 5th to 7th within the ranges of most economic indicators.**

Extrapolating this logic to MLA compensation would not be unreasonable when we consider that MLAs have an opportunity to influence those indicators of economic performance by the choices they make in the Legislature. One could validly argue that this is the closest we can get to applying some form of performance indicator to MLA compensation.

2.1 Basic Indemnity (Salary)

All MLAs receive the same \$65,535¹ basic salary for performing as one of 57 elected Members of the Legislative Assembly of Manitoba. The Premier, Cabinet members and other specific leadership roles are compensated additionally dependant upon the position.

The following table demonstrates where Manitoba MLAs' basic salary fits compared to other Provincial MLAs, Federal MPs, and City of Winnipeg Mayor and Councillors. The term indemnity is used in various jurisdictions and has the same meaning as salary.

¹ All salary and allowance amounts pertain to the 2003/2004 fiscal year, unless otherwise noted. For comparison purposes, amounts for the 2004/2005 fiscal year were not available for all jurisdictions at the time this report was written. The basic salary for MLAs effective April 1, 2004 is \$66,453.

Note that for jurisdictions that still have a tax-free component of salaries, we have “grossed up” the figures to provide for equivalent comparisons.

<u>MLAs’ Basic Salary</u>			
<u>Jurisdiction</u>	<u>Annual Amount</u>	<u>Rank</u> (incl. Terr.)	<u>Rank</u> (excl. Terr.)
<i>Federal MP – Basic Indemnity</i>	\$139,200		
<i>Mayor of Winnipeg</i>	\$129,155		
<i>Winnipeg City Councillor</i>	\$65,172		
<u>Provincial MLA/MNA</u>			
Quebec	\$103,530	1	1
Northwest Territories (A)	\$95,540	2	
Northwest Territories (B)	\$89,991		
Newfoundland	\$86,276	3	2
Ontario	\$85,240	4	3
Alberta	\$75,539	5	4
British Columbia	\$73,800	6	5
New Brunswick	\$73,494	7	6
Saskatchewan*	\$72,009	8	7
Manitoba	\$65,535	9	8
Nunavut	\$62,208	10	
Yukon (A)	\$62,001	11	
Nova Scotia	\$60,040	12	9
Yukon (B)	\$58,703		
Prince Edward Island	\$53,728	13	10
* The Commissioner notes that effective April 1, 2004 Saskatchewan’s MLAs were scheduled to move up to \$73,666 (equivalent). That increase has been deferred.			

**MLA Salaries, Grossed-up Tax-free Amount, Premier and Minister Compensation
2003/2004**

Jurisdiction	Basic Salary 2003/2004	Tax Free Allowance 2003/2004	*Grossed up Tax Free Allowance	MLA TOTAL SALARY Basic+Gr.Up	Premier Additional Salary	PREMIER TOTAL SALARY	Minister Additional Salary	MINISTER TOTAL SALARY
House of Commons	139,200.00	0.00	0.00	139,200.00	139,200.00	278,400.00	66,816.00	206,016.00
Mayor of Winnipeg	67,934.10	33,915.70	61,221.00	129,155.10		129,155.10		129,155.10
Province/Territory								
Quebec	78,886.00	13,379.00	24,644.00	103,530.00	82,830.00	186,360.00	59,165.00	162,695.00
Newfoundland	46,086.00	23,043.00	40,190.00	86,276.00	66,587.00	152,863.00	48,276.00	134,552.00
NW Territories ³	80,140.86	6,208.10	9,850.00	89,990.86	60,952.00	150,942.86	42,892.00	132,882.86
Alberta	43,152.00	21,576.00	32,387.00	75,539.00	67,380.00	142,919.00	52,956.00	128,495.00
Ontario	85,240.00	0.00	0.00	85,240.00	67,595.00	152,835.00	36,057.00	121,297.00
Nunavut	60,800.00	1,000.00	1,408.00	62,208.00	63,200.00	125,408.00	53,200.00	115,408.00
British Columbia	73,800.00	0.00	0.00	73,800.00	45,000.00	118,800.00	39,000.00	112,800.00
Saskatchewan	63,540.00	5,199.00	8,469.00	72,009.00	57,393.00	129,402.00	40,176.00	112,185.00
New Brunswick	40,565.95	20,282.97	32,928.00	73,493.95	54,331.23	127,825.18	36,221.57	109,715.52
Nova Scotia	33,256.30	16,628.15	26,784.00	60,040.30	55,736.69	115,776.99	39,708.00	99,748.30
NW Territories ⁴	80,140.86	9,594.33	15,400.00	95,540.86	0.00	95,540.86	0.00	95,540.86
PEI	35,967.00	11,250.00	17,761.00	53,728.00	58,871.00	112,599.00	41,585.00	95,313.00
Manitoba	65,535.00	0.00	0.00	65,535.00	46,397.00	111,932.00	29,001.00	94,536.00
Yukon ¹	35,664.00	15,570.00	23,039.00	58,703.00	28,971.00	87,674.00	21,147.00	79,850.00
Yukon ²	35,664.00	17,832.00	26,337.00	62,001.00	0.00	62,001.00	0.00	62,001.00

¹Commuting within Whitehorse.

²Commuting from outside Whitehorse and Members of Executive Council.

³Commuting within Yellowknife.

⁴Commuting from outside Yellowknife and Members of Executive Council.

Date of Information:

Most current information available from website; Correspondence; September, 2003 Survey; or December 2003 updates.

***Explanation: Re Grossed up Tax Free Allowance:**

"Grossing up" of Tax Free Allowances was done to provide more equitable comparisons. Mr. Peter Eckersley, of the Chartered Accountancy firm of Meyers Norris Penny performed all of the "grossing up" calculations for the Commission utilizing the tax structure in each Province/Territory and used the following assumptions: individual income earner with basic deductions; 2003 tax rates; no other income; CPP payable; EI exempt. All other numbers in the table were supplied from Commission research of comparable jurisdictions.

Observations:

Provincial MLA basic compensation ranges from \$53,728 in PEI to \$103,530 in Quebec.

Manitoba MLAs presently earn less than ½ that of a Federal Member of Parliament.

Manitoba MLAs earn approximately \$360 more than a Winnipeg City Councillor.

Manitoba MLAs earn approximately ½ that of the Mayor of Winnipeg.

At \$65,535 Manitoba MLAs are 8th out of 10 provinces, and 9th including Territories.

Manitoba's Western neighbor, Saskatchewan pays \$72,009 total basic salary.

Manitoba's Eastern neighbor, Ontario pays \$85,240 total basic salary.

Recommendation # 1 - Basic Salary - Re Section 2.1 of the Members' Guide

That the basic salary for Manitoba MLAs be revised with a goal of achieving improved equity with Saskatchewan over a three-year period, in accordance with the following stages:

Effective April 1, 2005 it be set at \$70,000

Effective April 1, 2006 it be set at \$73,500

The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time.

Rationale:

This will not change MLAs' basic salary from the 8th position in the provincial pattern but it will make progress towards a match with our most comparable sister province of Saskatchewan. The Commissioner notes that prior to finalizing this report, it was

expected that the basic salary in Saskatchewan would already have increased to \$73,666 equivalent as scheduled. Due to difficult budgetary decisions, that increase is being deferred. Because Manitoba has faced substantial fiscal pressures as well, the Commissioner is deferring the increase for one year. This deferral will serve to exacerbate the inequities, but is provided as a response to fiscal reality.

2.2 Additional Salaries

Remuneration for positions of additional responsibility is individually specified for 17 roles within the Legislature. These include the Premier, Ministers, Speaker, Deputy Speaker, Leaders of the Opposition, House Leaders, Whips, Committee Chairs and Vice Chairs, and Legislative Assistants.

In the opinion of the Commissioner, the previous Commission in 1994 did a commendable job of setting up a form of relativity between and among these positions. However, that Commission in its 1994 report acknowledged that the Premier and Cabinet Members were paid considerably less than many parts of Canada at that time and only substantial restraint prevented more corrective action at that time.

It is now very apparent 10 years later the compensation levels of Cabinet Members and especially the Premier have now drifted further towards the bottom of the list.

The Commissioner has concluded that the Premier and Cabinet Ministers are considerably under valued relative to most Provinces/Territories and substantial corrective action is warranted. This must be tempered by budgetary concerns, however.

2.2.1 Additional Salary - Premier

The following table demonstrates the relative position of **total compensation** (including basic salaries) for each Premier in Canada. For comparative purposes the Mayor of Winnipeg and Federal MPs have been included in the list. Amounts for those jurisdictions that still use tax-free portions of compensation have been “grossed up” for more understandable comparisons.

<u>Premiers' Total Compensation</u>			
<u>Jurisdiction</u>	<u>Annual Amount</u>	<u>Rank</u> <u>(incl. Terr.)</u>	<u>Rank</u> <u>(excl. Terr.)</u>
Prime Minister	\$278,400		
Mayor of Winnipeg	\$129,155		
<u>Provincial Premiers</u>			
Quebec	\$186,360	1	1
Newfoundland	\$152,863	2	2
Ontario	\$152,835	3	3
Northwest Territories	\$150,943	4	
Alberta	\$142,919	5	4
Saskatchewan*	\$129,402	6	5
New Brunswick	\$127,825	7	6
Nunavut	\$125,408	8	
British Columbia	\$118,800	9	7
Nova Scotia	\$115,777	10	8
Prince Edward Island	\$112,599	11	9
Manitoba	\$111,932	12	10
Yukon	\$87,674	13	
* The Commissioner notes that as of April 1, 2004, Saskatchewan's Premier was scheduled to move to \$132,379. That increase has been deferred.			

Observations:

Manitoba ranks 10th out of 10 for provincial premiers' compensation and 12th out of 13 when all Territories are included.

Manitoba's Premier earns approx. \$74,000 less than the highest - Quebec.

Ministers in 7 Canadian provinces earn more than our Premier.

The Premier earns \$17,000 less than the Mayor of Winnipeg and the Premier of Saskatchewan. (Mayor's tax-free portion has been "grossed up").

Deputy Ministers typically earn approximately \$22,000 more than the Premier, and more than \$38,000-\$40,000 more than a Cabinet Minister.

The following is a direct quote from the 1994 Commission report:

"Although it is difficult to directly compare the responsibilities of the Premier, Executive Council and leaders of the opposition parties with positions in either the private or public sector, it is interesting to note the differences in compensation levels. In our view, ministers of the crown and leaders of the opposition parties should at least be comparable to the CEO of any small or medium sized crown corporation in Manitoba; the Premier should certainly be comparable to a CEO in a major crown corporation. However, the Premier, ministers, and the leaders of the opposition parties currently receive less than any crown corporation CEO in Manitoba. They also receive less than university presidents, superintendents in large school divisions, and the mayor of the city of Winnipeg. In comparison to senior civil servants the Premier, Ministers and the Leader of the Official party earn less than the top level of either a deputy or an assistant deputy minister."

That statement is even more appropriate now than it was 10 years ago. In the opinion of the Commissioner, insufficient corrective adjustments were made in 1994 and applying small increments (equivalent to the change in average weekly earnings of Manitobans) to a deflated base in the subsequent 10 year period has served only to exacerbate the differentials and the gaps have widened in appropriate relationships. While it would be tempting to correct these inequities quickly, the Commissioner is very cognizant of the difficult budgetary decisions facing Members of the Legislative Assembly at the same time as this report is being considered. It is also a very difficult, if not impossible, task for MLAs to vote on anything that affects their incomes directly without being accused of 'feathering their own nests'!

What is an appropriate relationship in this instance??? The Commissioner feels, and believes that most Manitobans as well, feel comfortable with our elected representatives' compensation falling "somewhere in the middle of the pack", to quote several respondents. The Commissioner also feels, as in the previous instance in the discussion on compensation for basic indemnities for MLAs, that **our economic performance as a province is a reasonable and appropriate indicator to use in positioning our Premier's and Ministers' compensation. It is most appropriate in the instances of the Premier and Cabinet because they most directly have influence on the success of our province.**

A sampling of economic indicators in the following table demonstrates that Manitoba as a province typically ranks from 5th to 7th. Source: Manitoba Bureau of Statistics (Data current as of February, 2003)

<u>Economic Indicators</u>	
<u>Five Year Average 1998-2002</u>	RANK
Capital investment (Millions of Dollars)	6 th
Manufacturing Investment (Millions of Dollars)	6 th
Retail Trade (Millions of Dollar)	5 th
GDP-Basic Prices (Millions of 1997 Dollars)	5 th
Average Weekly Earnings (Dollars)	7 th
Employed Labour Force (Thousands of Persons)	5 th
Housing Starts (Number of Persons)	7 th
Minimum Wage (Hourly rate)	6 th

Recommendation # 2 - Premier - Re Section 2.2 of the Members' Guide

That the Additional Salary for the Premier of Manitoba be revised with a goal of achieving improved equity with the Premier of Saskatchewan over a three-year period, in accordance with the following stages:

Effective April 1, 2005, change to \$52,000 which, when added to the basic salary for MLAs (\$70,000), will move the Premier to a total compensation of \$122,000.

Effective April 1, 2006, change to \$59,000 which, when added to the basic salary of \$73,500 will move the Premier to a total compensation of \$132,500.

The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time.

Rationale:

The Premier is substantially under-paid for the level of responsibility and obligations of his leadership role. These compensation changes will partially reduce the gap that has developed and will move the Premier's compensation towards the "middle of the pack" in 7th place closer to the Premiers of Saskatchewan and New Brunswick.

He will still earn approximately \$60,000 less than the highest paid Premier but his compensation will match more closely the performance of our province and put Manitoba in a grouping that most Manitobans have indicated is appropriate.

This will still leave the Premier at least \$7,000 lower than the Mayor of Winnipeg as of April 1, 2005 but will be more competitive with both the Winnipeg Mayor and Premier of Saskatchewan by 2006 (at which time both are likely to be further ahead of our Premier). This is an interesting irony when one considers the magnitude and breadth of responsibility of a Mayor compared to that of a Premier. One could reasonably expect that the Premier of a province should earn more than the mayor of any of its cities but there are no conventional rules governing this matter.

The Commissioner notes that Saskatchewan's Premier, who presently earns \$129,402, was scheduled to move to \$132,379, as of April 1, 2004. However, due to difficult budgetary decisions, that increase has been deferred. The Commissioner is likewise deferring the recommended increases in the Premier's salary by one year, consistent with the deferral of the increases in the basic salary in the previous section and the Ministers' additional salary in the following section.

2.2.2 Additional Salaries - Ministers/Speaker/Opposition Leader

MLAs of the governing party appointed to the Executive Council as Cabinet Members receive additional remuneration for that extra responsibility and workload. At the present time this additional remuneration amounts to \$29,001. This is the same additional remuneration accorded to the Leader of the Official Opposition. The Speaker in Manitoba is presently awarded a lesser amount than Ministers even though he/she has full time obligations that many would maintain are equal to or greater than some ministries. The same amount is allocated to all Ministers regardless of the workload of their portfolio. While this may seem inherently unfair, no one has successfully found a way to avoid it and the Ministers themselves acknowledge there is no practical way to alleviate it.

It is also a fact of life that from time to time the Premier shuffles portfolio obligations between and among his/her Members and the workload changes accordingly - and sometimes unevenly.

The following table demonstrates the relative **total compensation** (including basic salary) received by Ministers across Canada. Jurisdictions in which tax-free allowances are still paid have had their numbers “grossed up for more accurate comparisons”.

<u>Ministers' Total Compensation</u>			
<u>Jurisdiction</u>	<u>Annual Amount</u>	<u>Rank</u> (incl.Terr.)	<u>Rank</u> (excl.Terr.)
<i>Federal MP – Basic Indemnity</i>	\$139,200		
<i>Federal Minister</i>	\$206,016		
<i>Mayor of Winnipeg</i>	\$129,155		
<u>Provincial Ministers</u>			
Quebec	\$162,695	1	1
Newfoundland	\$134,552	2	2
Northwest Territories (A)	\$132,883	3	
Alberta	\$128,495	4	3
Ontario	\$121,297	5	4
Nunavut	\$115,408	6	
British Columbia	\$112,800	7	5
Saskatchewan*	\$112,185	8	6
New Brunswick	\$109,715	9	7
Nova Scotia	\$99,748	10	8
Northwest Territories (B)	\$95,541		
Prince Edward Island	\$95,313	11	9
Manitoba	\$94,536	12	10
Yukon (A)	\$79,850	13	
Yukon (B)	\$62,001		
*Saskatchewan's scheduled amount for April 1, 2004 was \$114,766. That increase has been deferred.			

Observations:

Total compensation for each of the Ministers and the Leader of the Official Opposition in Manitoba ranks 10th out of 10 provinces, and 12 out of all 13 provinces and territories.

Ministers earn in excess of \$17,000 less than their Saskatchewan counterparts. This differential would have grown to \$18,905 on April 1, 2004 with the scheduled increases in Saskatchewan.

Cabinet members in Manitoba earn approximately 45% of their Federal counterparts.

Manitoba Ministers earn approximately \$34,000 less than the Mayor of Winnipeg and approximately \$29,000 more than a Winnipeg City Councillor.

Ministers earn approximately \$38,000 less than typical Deputy Ministers. It is not uncommon for a Minister to have responsibilities for more than one department.

Many Cabinet Ministers face 7-day weeks with their Legislative obligations occupying the weekdays and evenings, and constituency work and social obligations occupying the weekend. For this they have been compensated an extra \$29,001 annually beyond that of a base MLA. The Commissioner regards this as very low for the onerous extra workload and responsibility that goes with the roles.

The Leader of the Official Opposition has province-wide obligations as well as Legislative duties in the House. This role has been afforded the same treatment as Ministers in the past and the Commissioner agrees with that approach.

The Speaker receives a \$4,641 smaller salary than Ministers and the Commissioner feels that this appears to be more historical than logical. The role of Speaker has evolved to the point that most MLAs (government and opposition) feel that the Speaker deserves more comparable rewards for his/her extensive and critical role.

Recommendation # 3 - Ministers/Speaker/Leader of the Official Opposition - Re Section 2.2 of the Members' Guide

That Ministers, the Speaker and the Leader of the Official Opposition receive the same Additional Salary and that it be revised over three years to make it more competitive with Saskatchewan:

Effective April 1, 2005, the additional salary be set at \$34,000 which, when added to their basic salary of \$70,000, brings their total compensation to \$104,000.

Effective April 1, 2006, the additional salary be set at \$40,000 which, when added to the basic salary of \$73,500, will increase the total to \$113,500.

The Commissioner would have preferred, and was initially prepared, to recommend that these changes become effective one year earlier. They are being deferred because of fiscal challenges facing Manitoba at this time.

Rationale:

This will move total Ministerial compensation from 10th to 8th in year 1 and to 7th in year 2. It will still be a little behind Saskatchewan since their plan was to have Ministers at \$114,766 as of April 1, 2004. This will correlate much better with most of the economic indicators for our Province. This will still be almost \$26,000 less than a Federal MP; \$93,000 less than a Federal Minister; and still more than \$15,000 less than the Mayor of Winnipeg, but in the opinion of the Commissioner represents the best balance that we can afford to achieve at this time.

When contract negotiations take place in Manitoba for collective agreements it is very common to compare Manitoba to the Western provinces and there are frequent attempts to use a "prairie average" to leverage Manitoba numbers. A "prairie average" is usually skewed upward by Alberta with Manitoba and Saskatchewan being relatively close but virtually always lower.

Most Manitobans concede that Manitoba cannot compete directly with B.C., Alberta, Ontario and Quebec but there has always been an expectation that Manitoba compete favorably with Saskatchewan. In the private sector there is an even stronger resignation

to the fact that compensation levels are higher in Alberta and B.C. and Manitoba firms usually accept their role in the next quadrant of compensation levels - but constantly strive to maintain relative equity without losing competitiveness. Obviously there is little inter-provincial migration of Ministers of the Crown but nonetheless it is reasonable to attempt to provide fair and equitable compensation to the participants in our Provincial Legislature.

2.2.2 Additional Salaries - Other Leadership Positions

Traditionally, there are a number of other leadership roles within the operation of the Legislative Assembly that receive extra remuneration for those extra duties. These roles have similar names amongst Legislatures but the roles and the extent to which they occupy MLAs' time varies greatly from Legislature to Legislature. There are less obvious patterns in the compensation structures in these roles than there are for MLAs, Premiers and Ministers.

The 1994 Commission put in place a methodology for updating compensation for these positions and barring different recommendations from this Commissioner, automatic updates will be put in place effective April 1, 2004. The following table shows these positions and the COLA changes scheduled for April 1, 2004 and supported by this Commissioner. The Commissioner further recommends that the roles of Caucus Chairs be recognized for compensation as they are in many other provinces.

<u>Leadership Role</u>	<u>Indemnities</u>	<u>Incl. 1.4% COLA</u>
Deputy Speaker	\$8,122.00	\$8,236.00
Deputy Chair – Cmte Whole House	\$5,802.00	\$5,884.00
Government House Leader	\$8,122.00	\$8,236.00
Government Whip	\$5,802.00	\$5,884.00
Off. Opp. House Leader	\$5,802.00	\$5,884.00
Off. Opp. Whip	\$4,643.00	\$4,708.00
Leader Second Opposition	\$23,200.00	\$23,525.00
2 nd Opp. House Leader	\$4,643.00	\$4,708.00
2 nd Opp. Whip	\$3,483.00	\$3,532.00
Minister w/o Portfolio	\$23,200.00	\$23,525.00
Legislative Assistant/Secretary	\$3,483.00	\$3,532.00
Permanent Chair-per meeting	\$149.00	\$152.00
Permanent Chair-Max per year	\$3,483.00	\$3,532.00
Permanent Vice Chair-per meeting	\$149.00	\$152.00
Permanent Vice Chair-Max per year	\$2,902.00	\$2,943.00
Government Caucus Chair-Annual	N/A	\$3,532.00
Off.Opp.Caucus Chair-Annual	N/A	\$2,943.00

Recommendation #4 - Other Leadership Positions - Re Section 2.2 of the Members Guide

That persons recognized by the Speaker as holding the following positions be paid an additional annual salary as follows effective April 1, 2005:

<i>Government Caucus Chair</i>	<i>\$3,532</i>
<i>Official Opposition Caucus Chair</i>	<i>\$2,943</i>
<i>Second Opposition Caucus Chair</i>	<i>\$2,343</i>

2.3 Cost of Living Adjustment

Traditionally a cost of living adjustment is applied to the basic salary and to each additional salary on April 1 of each fiscal year. This adjustment is the increase or decrease in the average weekly wage for Manitoba between the immediately previous year and the year before that previous year. The adjusted amount has been rounded up to the nearest dollar. This process creates some unnecessary administrative workload that is easily rectified.

Recommendation # 5 - Cost of Living Adjustment(COLA) - Re Section 2.3 of the Members' Guide

That the existing COLA for the basic and additional salaries continue to apply, with the following exceptions:

- *Instead of applying the COLA on April 1, it should be applied at the beginning of the pay period that includes April 1.*
- *When applying COLA, amounts should be rounded to the nearest dollar.*
- *COLA for the basic salary, and for the additional salaries for the Premier, the Ministers, The Speaker and the Leader of the Official Opposition, does not apply until the pay period that includes April 1, 2007.*

Rationale:

Staff time is presently needlessly consumed by interpolative calculations dictated by annual changes on April 1 as opposed to occurring on the first day of a pay-period.

2.4 Deductions from Indemnities

This section deals with both statutory and voluntary deductions made from a Member's pay and most of it is beyond the Commissioner's jurisdiction. It includes reference to authorizing deductions for contributions to a Member's RRSP and/or Tax Paid Trust. It should be understood that if the recommendation in the following section on retirement plans is adopted, that the necessary deductions are authorized here as well.

2.5 Reporting and Disclosure Requirements

The Commissioner notes with approval the existing provisions for reporting and disclosure. While it is evident from some comments received that the public is not fully aware of the extent to which they can access this information, it is also evident that the media is much more aware of and does effectively utilize the options when of interest and value to them. The Commissioner recommends no change to this section.

III. Personal Benefits

3.1 Standard Health Benefits

This and the following two sections are standard to all Members and are excluded from the mandate of the Commissioner in this review. Details of existing provisions are included in the Members' Guide.

3.2 Optional Health Benefits See 3.1 above.

3.3 Group Life Insurance See 3.1 above.

3.4 Registered Retirement Savings Plan (RRSP) and Tax Paid Trust

At the present time in Manitoba there are three plans in different states of activity that allow for Members' retirement savings. Prior to the Commission report in 1994 Members contributed to a Defined Benefit Pension Plan. This Plan was suspended when a new RRSP Plan was introduced in 1995. The previous Plan is being administered as a "Deferred Pension" for Members who are still serving. Those who have retired in the intervening years receive a pension from the old Plan and the proceeds from their post 1995 individual RRSPs as well. Members elected since 1995 have only the RRSP option.

Since April 1995, Members have been eligible to contribute 7% of their total pay to one or more RRSPs of the Member's choice, including a spousal RRSP. The Crown makes a matching 7% contribution.

If a Member is not able to contribute his/her full 7% and matching 7% to a RRSP, the Member may elect to contribute to a Tax Paid Trust. This may happen due to individual circumstances of a Member where for a variety of reasons there is insufficient or no pension room to allow for a RRSP contribution (or by personal choice).

Historical comment:

In the early 1990s there was a very high level of dissatisfaction among members of the public about the apparently “luxurious” Federal Pension Plan for Members of Parliament. Canada was also in the throes of rectifying a deficient Canada Pension Plan that would eventually become bankrupt for future retirees unless major surgery was performed. The Federal Plan for MPs was legitimately creating substantial animosity amongst taxpayers and this anger translated partially into a distaste by the public for pension plans for public servants and especially for elected officials. Consequently in the mid 1990s several provinces moved to distance themselves from this rancor by changing/eliminating their pension plans for elected Members.

Major changes in pension arrangements took place in the following provinces in the last 10 years:

Quebec 1992; Alberta 1993; Prince Edward Island 1994; Ontario 1995; Manitoba 1995; British Columbia 1996; and Saskatchewan 2002.

In Manitoba, there was dissatisfaction with the pension-determining accrual rate of 3%, which was at least 50% higher than most other plans in effect in the province at that time, and indeed still are today. There was also animosity towards the fact that MLAs could retire very early - much earlier than the rest of the population could anticipate. Members needed only 8 years of service or 3 terms and age and service totaling 55 to be eligible for retirement.

In Alberta, the MLA Pension Plan was abolished in 1993 and in its place is a provision for a RRSP allowance equal to 50% of the maximum RRSP limit as established by the *Income Tax Act of Canada*. (e.g. 50 % of \$14,500 for 2003; 50% of \$15,500 for 2004) The abolition of the Pension Plan in Alberta can be a bit deceiving on its own; however, because that province has a generous Severance Allowance for Members when they leave elected office.

In **Saskatchewan**, Members belong to a Money Purchase Plan originally established in the 70s but transferred to the Public Employees pension fund in September of 2002. They contribute 9% of their indemnity and annual expense allowance and 9% from any additional duty amounts they receive. The Province matches this 9% amount. The matching amount is increased by 2% for Members who are aged 41-49 when first elected, and by 4% for Members who are aged 50 plus when first elected. Members may also make voluntary unmatched contributions to the Plan. All contributions are fully vested and locked in after 1 year of service. Members may retire as early as 50 and pensions are provided in the form of a guaranteed life annuity purchased with the Member's equity in the Plan at the time of retirement. The Member decides when to start drawing pension following departure from elected office.

New Brunswick has a Defined Benefit Pension Plan that has been in effect since 1968. Members and the province each contribute at 9% of basic indemnities and 6% of additional indemnities. The accrual rate used for determining pension amounts is 4.5% for Member service plus 3% for service as a minister. For brevity sake, many details of this Plan are not included here.

British Columbia's Pension Plan was terminated in 1996 and replaced with a Group RRSP. Members elected prior to 1996 still have eligibility for the previous Plan based on 5% of the best 3 years' worth of earnings prior to 1996. The Group RRSP Plan now allows Members to contribute 9% of basic compensation as a taxable benefit (offset by a receipt from the Plan's carrier) with options for a further 9% as supplement - if a Member is unable to contribute to the RRSP then he/she receives 9% equivalent as an addition to his/her basic salary.

Nova Scotia has a Defined Benefit Pension Plan in place since 1954. Members contribute at a rate of 10% on their entire indemnity, salary and tax-free allowance for a maximum of 15 years. The province matches the 10% contribution. Pension age is 55 but provisions exist for retirement as early as 45 with a penalty of ½% per month prior to

age 55. The accrual rate used to determine the pension is 5% and the salary rate used is the average of the last 3 years inclusive earnings.

Newfoundland and Labrador has a Defined Benefit Pension Plan that has been in place since 1975. Members and the province contribute at the rate of 9% each. The accrual rate used to determine pensions is 5% for the first 10 years service and then either 4% or 2.5% thereafter depending upon their election dates (pre or post Feb. 22,1996). The best 3 years earnings are used as the base for computing the pension.

Ontario had a Defined Benefit Pension Plan until June of 1995 when it was changed to a very unique plan among provinces. Nova Scotia Commissioner Donahue, in his Report on Remuneration of Elected Provincial officials provided to the Nova Scotia Legislature in December 2003, described the Ontario Plan as “*what is sometimes referred to as a Money Purchase Plan but it is in effect a non-contributory contribution plan.*” In this Defined Contribution Plan, Members contribute nothing and the Province contributes 5% of the Member’s total compensation. The Member has the benefit of free financial planning to assist him/her to make investment decisions about the contributions within a range of mutual fund products offered through the fund administrator. After at least 5 years and age 55, the Member’s pension will be determined by the value of his/her account. Additionally Ontario offers a Group RRSP for which participation is voluntary.

Quebec has a form of Defined Benefit Pension Plan that is somewhat unique in that Members contribute 9% of their indemnity to a maximum of \$98,413 but the province contributes nothing initially. The pension would be 1.75% of the amount of the annual indemnity on which the pension contributions were made for each year of pensionable service. Pension age is 60 without penalty and reduced amounts are payable as early as 50.

Prince Edward Island has a Defined Benefit Plan, which was altered in 1994 with Member contributions at a rate of 8% of the basic indemnity and 0 % on the supplemental portions. However, the benefit is calculated at 25% of Members’ contributions indexed at CPI to a maximum of 8%.

The Federal Plan for Members of Parliament now provides for 7% Members' contributions mandatory on their basic indemnity and 7% voluntary on any other additional salary or allowances. Their pension is now payable at 55 years of age after a minimum of 6 years service. The accrual rate for pension determination is 3% and the average of the best 5 years is also used as the multiplier.

Observations:

Five of 10 provinces and 8 of 13 including Territories offer Defined Benefit Pension Plans.

Three provinces, including Manitoba, abandoned pension plans in the mid 90s when public acrimony was high respecting "plush" pensions for elected officials.

The other provinces offer some form of individual or group RRSP Plan, money purchase plan or, in Alberta's case, no pension plan but they have a more generous severance allowance than most other provinces.

The RRSP offering in Manitoba provides for excellent individual choice and truly "portable" benefits irrespective of the number of years a Member serves. However, it is evident to the Commissioner that there is far less than universal support among Members of the Manitoba Legislature for the RRSP Plan that was adopted in 1995.

The absence of a Pension Plan for Members probably contributes to eliminating a sector of Manitoba citizenry from running for elected office; especially those in mid-career pension-based employment where they cannot "afford" or are reluctant to consider breaking the continuity of their contributory years.

Manitoba's contribution rate to RRSPs of 7% matched by the Province is among the lowest in Canada. Most other provinces are at 9% and some are at 8% or 10% for either Defined Benefit or RRS Plans. The Federal Plan contribution rate is also now 7%.

However, the rates for other private and public pension plans in Manitoba are 7% and lower.

For the self-employed or the well-to-do, or for the individual who is successful or who prefers to direct their own investments, the RRSP approach can be a good choice. For others it can be a factor in discouraging public participation.

Under the heading, “Hindsight is 20-20” it would have been preferable to fix the problems with the old Defined Benefit Plan than to discard it entirely. However, public resentment of pension plans for elected officials was a strong driving force 10 years ago.

The Commissioner heard little acrimony this time around. On the contrary there appears to be a higher level of expectation and acceptance of pension plans for elected officials. However, the critical factor in that acceptance appears to be the necessity of the plans mirroring the society the elected officials serve. The public does not accept public officials voting themselves benefits that are excessively out of touch with the benefits available to the taxpayers who pay the bills.

Recommendation # 6 - Pension Plan - Re Section 3.4 of the Members’ Guide

That the existing RRSP Plan remains available to Manitoba Members as an option.

That a Defined Benefit Pension Plan be made available as a time-limited sign-up alternative option for existing and newly elected future Members with the following major principles of operation:

- *7% contribution rate by the Member on all basic and additional indemnities;*
- *Full vesting of contributions after 1 year of service;*
- *Normal retirement age of 55;*
- *Accrual rate of 2% for pension calculation purposes;*

- *The average of the best 5 years of eligible total compensation since 1995 be used in the computations.*

That existing Members be allowed to purchase eligible prior service back to 1995 at the full actuarial cost of same by transfer from their own RRSPs at present value or payment by cash. If legislation allows, severance pay for “grandfathered” MLAs with pre-1995 service can be used to purchase past service at the time of retirement.

That other provisions resemble the Civil Service Superannuation Plan for Government employees as closely as possible and practical.

That the Civil Service Superannuation Board be the Administrator of this Plan.

In order for existing Members to access this option it is suggested that a six month time limit be placed on the decision to sign up and further it should be a one time only option that is not available later. The same option period should be available for newly elected Members in the future.

Future Consideration

It is further strongly suggested that the Legislative Assembly consider appropriate legislation that will encourage, enable and possibly require employers and administrators of other pension plans to be accommodating to plan members who have succeeded in their quest to become MLAs. Once the MLA Plan is re-established, reciprocity with other plans should be vigorously pursued in order that more members of the work force in mid-career could choose to run for elected office.

Urgent Need for Honorable Debate on the Pension Issue!

We have all witnessed a form of hypocrisy on the part of some MPs in Ottawa when speaking in the House of Commons against pension provisions while under the protection of a known majority vote they were about to lose. The hypocrisy showed up later when those speaking against the legislation signed up to benefit from it. Given this recommendation allows Members to make a choice, it is the hope of the Commissioner that debate on this topic can be devoid of hypocrisy and that each Member speaking on the topic will back up his/her comments with appropriate action subsequent to the vote.

“Five Year Issue”

The following represents a “sidebar” discussion presented by the Commissioner in response to an issue that was raised by several respondents. It does not constitute a formal part of this Commissioner’s recommendations and is noted in order to highlight an interpretational disagreement that has arisen since the 1995 Commission recommendations were implemented. This Commissioner wishes to emphasize that this was not part of the scope of work delegated to him nor was the Commissioner requested to form a recommendation on the course of action to be followed. Only the Legislative Assembly can decide whether or not it wishes to take further action.

The issue originates with the provisions of the former Members’ Pension Plan, which was suspended in 1995. Under that plan, the last five years of service of a Member were to be used to compute the Member’s pension upon retirement. The plan was replaced by a contributory RRSP type plan that allowed both the Member and Province to contribute 7% to an RRSP of the Member’s choice. This has continued to this day.

The previous plan is being administered as a ‘deferred pension’ payable upon the Member’s eventual retirement. No further contributions were made since 1995 although the plan administrator is applying an annual COLA adjustment. For computation purposes the five years just prior to 1995 are being used to determine the amount of the pension.

It appears clear to this Commissioner that the previous Commission’s intent was to replace the previous pension plan with an RRSP plan and to leave the old plan in place to be paid as a deferred pension based on the inputs to that point in time. Some Members contest this intention quoting third party unrecorded conversations held at the time and they also refer to the inability of the previous Commission to reduce benefits retroactively. These Members claim that using the 5 years prior to 1995 and not using the last 5 years of total Members’ service effectively reduces a benefit the Members had prior to 1995. Legislation was not changed to eliminate this provision as it was not expected to contribute to a subsequent dispute and was needed for pension computations.

The plan administrator has sought legal advice and it believes it is operating in accordance with the intentions of the 1995 Commission. It is also evident that if the last 5 years’ of a Member’s service is used instead of the 5 years prior to 1995, in tandem with a subsequent continuous 7% RRSP contribution, it could be interpreted as “having one’s cake and eating it too!” It is not normally reasonable to expect that the value of a pension would grow with subsequent increases in income when no further contributions are being made based on that increased income.

There appears to be a difference between the “letter of the law” and the intentions of the lawmakers in 1995. Only the Legislative Assembly can correct or clarify this situation, either by making the legislation match the present administrative interpretation of the 1995 intentions, or by honoring the letter of the legislation which was in place prior to 1995 and remains in place today.

3.5 Severance Pay

Members who were Members immediately before the April 25th, 1995 general election continue to be eligible for severance pay when they cease to be a Member for any reason. The exception is a Member who is disqualified or convicted of a major criminal offense. Severance pay is calculated at one month's current basic salary for each year of service and prorated for part of a year of service. Minimum severance is 3 months' pay and the maximum is 12 months' pay. Only re-elected Members at that time continue to be eligible. The 1995 Commission initiated a change from a Severance Pay plan to a Transition Allowance.

Observations:

20 MLAs remain eligible for this provision, having been elected before April 25th, 1995.

17 of those 20 Members have already accumulated 12 months of pay eligibility, and it is projected that all 20 will have the maximum by the time of the next election call.

At the present basic salary rate this translates to the maximum of \$65,535.

3.6 Transition Allowance

All Members who were elected following April 25th, 1995 are eligible for a Transition Allowance in lieu of the former Severance Pay. However, instead of eligibility being triggered by "leaving" the Legislature, the new Transition Allowance is presently payable to only those MLAs who leave by way of defeat.

The present Transition Allowance is calculated at one month's basic salary for each year of service and prorated for part of a year of service. The minimum is one month's pay and the maximum is 6 months pay.

This new provision (as of 1995) has been subject to some criticism and ridicule by some Members since its imposition.

The real purpose of a Transition Allowance for elected Members is to recognize the reality that a candidate lives with total indefinicy about his/her future until election night. In most cases candidates are in a race to win and existing Members have already given up a "normal" lifestyle to serve in the Legislature. Obviously when one is "running", he/she intends to return to the Legislature if possible and if the electorate decides otherwise there is a huge precipitous effect on that person's life and career. If one decides not to run in the next election, there is an acceptance that he/she must have been, or at least should have been, making other plans for the future. There would appear to be less logic in providing a Transition Allowance in these cases. For defeated Members, there is obviously a major fork in the road created as a result of the electoral process and very little time to make new arrangements.

However, there is another major factor in the life of elected Members—and that is the effect that 'having served in office' has on a former Member's future employability. It is not always easy to transition from the Legislature and many former MLAs have found that their visibility and role as a Member may open some doors but, more often than not, it contributes negatively to future employment. This has been experienced to differing levels by defeated Members of both out-going and in-coming governments, and to former Members of the Opposition.

It is this Commissioner's opinion that arguments advanced claiming that Members should be treated identically to all other types of employees with respect to Severance or Transition Allowances do not sufficiently take into account this deleterious factor of residual negative employability. For some, there is benefit, but for many there is difficulty in re-entering the workforce. Methods for handling this issue throughout Canada were studied and comparisons are displayed in the following table.

Severance/Transition Pay: Jurisdictional Comparisons

<u>Entity</u>	<u>Severance/Transition Allowance</u>	<u>When Paid</u>	<u>Min/Max Months Pay</u>
Fed. Gov't	50% of full annual compensation (basic is \$139,200)	Upon departure, if not entitled to immediate pension	\$69,600+
Manitoba	One month basic pay per year of service Minimum 1 month, maximum 6 months	Only if defeated	1-6
BC	One month per year of service Minimum 2 months, maximum 12 months Plus: \$5,000 Career Counseling and Training	If defeated, until re-employed, officially retired or for max. 12 months	2-12
Alberta	One month per year of service to 1989 Three months per year after March 20, 1989	If resigns, is defeated, or does not run	0-no limit
Saskatchewan	One month per year of service Maximum 12 months	If not seeking re-election, defeated or resigned due to illness. *Paid if pension not chosen for period of transition.	0-12
Ontario	One month per year of service, plus \$7,000 by invoice Minimum 6 months, maximum 12 months	Upon severance for any reason	6-12
Quebec	Two months indemnity for each year of service	Upon severance for any reason	0-no limit
New Brunswick	One month per session of service	Upon severance for any reason; Unless eligible for MLA pension; Cut in half if MLA resigns voluntarily	0-no limit
Nova Scotia	Years of service x .067 x Ann.indem. + Allowance Min: 25%, max. 100% of Annual Indemnity + Allowance.	Upon ceasing to be a member	3-12
Nfld. & Lab.	One month per year of service; maximum 4 months	If defeated and does not take pension for the first 4 months	1-4
PEI	Nil	N/A	Nil
Nunavut	Six weeks per year of service to a maximum of \$70,000 Plus up to \$10,000 Transition Counseling within 1 year.	Upon leaving office	0-\$70,000
Yukon	Nil	N/A	Nil
NW Territories	One month per year of service, maximum 12 months	If defeated or does not run	0-12

Observations:

Yukon and P.E.I. are the only two entities that do not have a Severance or Transition Allowance for its Members.

3 Provinces/Territories require a Member to be defeated in order to qualify for a Transition Allowance or Severance pay.

9 Provinces/Territories do not require defeat in an election to trigger eligibility for a Transition Allowance.

6 Provinces/Territories have restrictions on eligibility for a Transition Allowance if the Member is immediately eligible for a pension or takes it within 4 months (12 months in Saskatchewan) of leaving the Legislature.

Most entities utilize 1 month per year of service for computation purposes.

Quebec uses 2 months per year of service and has no maximum and pays it for any reason of departure. Twenty years of service would warrant 40 month's of pay.

Alberta has a very lucrative Transition Allowance that substantially counters the non-existence of a Pension Plan. Its allowance is one month per year of service up to 1989, and three months per year since 1989, with no maximum and no reason for departure as a prerequisite. A Member with 20 years of service leaving in 2004 could be eligible for 50 month's worth of pay—that is more than 4 year's worth of pay.

Manitoba presently pays a minimum of 1 month and a maximum of 6 month's basic salary for a departure caused by **defeat only**. Other than PEI and Yukon which have none at all, Manitoba has the least favorable Transition Allowance in Canada.

Manitoba's most related neighbor, Saskatchewan, changed its Transition Allowance in February, 2004 by making MLAs eligible who do not seek re-election, or resign due to ill health as well as defeat at the polls. They also increased the maximum months payable from 4 to 12.

Recommendation # 7 - Transition Allowance - Re Section 3.6 of the Members' Guide

That the Transitional Allowance payable upon leaving Member status be revised in accordance with the following schedule:

- *Computation to be based on one month's basic salary per year of service (with prorating for service less than a year);*
- *For a Member who resigns voluntarily before an election, amount payable is 0 unless the resignation is triggered by a serious medical problem;*
- *For a Member who is defeated in an election, the maximum payable be set at 12 months' basic salary;*
- *For a Member who chooses not to run again in the election or is defeated in the nomination process, the maximum be set at 6 months basic salary;*
- *A Member is not eligible to receive the Transition Allowance if the Member is drawing Members' Pension during the period of transition;*
- *For a Member who departs due to disqualification or conviction of a criminal offense the amount payable is 0.*

Rationale:

While this recommendation is far less generous than many Provinces or Territories in Canada, it recognizes the effect that serving in the Legislature as an MLA may have on future employability. It provides for a reasonable level of transition for those Members who have not yet reached retirement age and for those that are reaching retirement age shortly, it provides a small amount of bridging towards that point in time.

At the same time it provides no transition funding for those that do not serve out their full term and provides a partial amount for those who have obviously made alternate plans as signified by not participating in the election. If a serious medical condition prevents a Member from performing his/her obligations and finishing his/her term, he/she will not be unduly penalized. The recommended allowance plan does not reward an individual who becomes disqualified or who is convicted of a criminal act.

IV. Members' Allowances for Expenses

4.1 Reporting and Disclosure Requirements

The Commissioner believes that the existing provisions for reporting and disclosure are reasonable. It is evident from some comments received by the Commissioner that many members of the public are not aware of the obligations and provisions whereby each year there are copies of the annual reports available at a Member's office as well as the Legislature. Additionally, the public is entitled to inspect and have copies of records pertaining to claims paid for reimbursement of expenses for Members. It was also evident that Members are very sensitive to the fact their expenses are subject to public monitoring. It is important to the credibility of the Legislature and its elected Members that the use of taxpayers' money be transparent and traceable. Recent activity at the Federal level only serves to underline this as a hallmark of responsible government.

4.2 Constituency Expenses / Access and Service to Constituents Allowance

Within the global Access Allowance amount (currently at \$42,554 per year), Members are funded for four categories of expenditures. They are (1) Office Space Expenses, (2) Office Operation Expenses, (3) Representation Expenses, and (4) Staff Salaries. These categories are required for Members' Annual Reports and are used for other reporting and disclosure purposes. Category (3) Representation Expenses are limited within the total allocation to 10% of the total (\$4,256). Also, within category (2) Office Operation Expenses, there is an annual maximum for capital furnishing and equipment expenses of \$8,511 representing 20% of the Access Allowance.

Office space costs and constituency employees' salaries and benefits are paid directly by the Legislative Assembly in accordance with office leases and employment contracts. All other categories of expenses are handled by a claim process and the total of all

categories is limited by the overall allowance and the two internal limitations mentioned above.

Observations:

This allowance attempts to deal with a wide variety of expenses within the same limit.

4.2.1 Office space rental costs vary substantially throughout the Province and there is also a huge variance within the City of Winnipeg.

52 of 57 Members have constituency offices with rent payments ranging from \$107 to \$1,313 per month (\$1,284 to \$15,756 per year). Some Members choose not to operate a static constituency office and by using modern communication equipment including personal computers and cell phones, are able to operate from their homes, their Winnipeg temporary accommodations and/or their cars. This means that annual office rental costs actually range from \$0 to \$15,756. This is a deduction from the total Access Allowance of \$42,554 so it is easy to see that huge inequities can develop very quickly merely based on office rental obligations/choices.

Staff salaries and all other operating costs are drawn from the same budget so it is not unusual to hear comments from Members that they cannot afford to provide for the staffing patterns they would prefer, and which constituents expect, when so much of the allowance has to go for basic rent.

<u>Monthly Office Rental Costs</u>
The average cost for <u>Winnipeg</u> Members' rent is \$755 with a range of \$230 to \$1,313.
The average cost for <u>Southern</u> Members' rent is \$461 with a range of \$107 to \$1,070.
The average cost for <u>Northern</u> Members' rent is \$321 with a range of \$209 to \$535.
The total of all monthly payments for Members' monthly rental is \$31,168.

4.2.2 Office Operating Expenses are the least contentious of this category of expenses and there were very few issues forthcoming from Members that are of an urgent nature. Members would like more flexibility within the total to make internal choices and the capital limit can be cumbersome, especially in the first year of a Member's term. While there are provisions for carryover to aid in the first year set-up costs for office furnishings, etc., it is expecting a lot for one allowance to effectively and practically address such a divergent range of expenditures. Many Members do successfully manage this, but the fact that employees' hours of work serve as the flexible component within the total allocation is less than appropriate.

Capital furnishings and equipment purchased remain the property of the Legislative Assembly. They are inventoried, tagged and depreciated over 3, 5 or 10 years depending on type and normal lifespan. Capital has been defined as anything costing over \$100 and this limit has not changed in recent history. The requirement for Assembly Administration staff to track, tag, and depreciate such inexpensive items, many of which have usable life spans of less than 3 years, is onerous and wasteful in the opinion of the Commissioner.

The present treatment of cell phones is a good example of a practice that has not evolved as quickly as the technology itself. Initially cell phones were large, cumbersome and expensive. Now there are many inexpensive and "free" cell phones available with calling plans. The vast number of phone choices available and individual Member preference should not be hindered by an undue administrative restriction. Cell phones are now a very personal item and issues of personal hygiene and the ability to clean and reuse such tiny accessories predisposes a change in the handling of this item.

4.2.3 Representation Expense as one of the 4 components of the Access and Service Allowance is a common category in most (but not all) Provinces and Territories. However, the range of items included within it is quite remarkable. In Manitoba, it can include non-partisan cards, acknowledgements, flowers, gifts to mark special occasions,

flags and other similar greetings to constituents such as framed certificates and birthday greetings. A few Members have provided a cash gift in lieu of flowers or similar gift to constituents celebrating weddings, anniversaries, births, or significant birthdays. Many Members provide annual scholarships or bursaries to students in their constituencies.

Members can claim for meals for two or more persons provided as hospitality in conjunction with the conduct of constituency business, or the bulk purchase of food and non-alcoholic beverages for the purpose of providing hospitality to a number of persons in conjunction with the conduct of constituency business.

Donations to a charity or to a non-profit organization are presently eligible. The Member cannot use the receipt for personal deductibility purposes. The winnings from any raffle tickets purchased must be donated to a registered charity. The item that most people would expect to be financed from this section (provincial pins) are actually now funded from the Office Operation Expenses section—a change primarily triggered by the 10% limit on the Representation component.

Some Members would like to see the internal limits on this allowance removed with resulting increased freedom to utilize the entire amount as they see fit. Some other Members have privately indicated that they utilize the Representation restriction as a limitation method in responding to the never-ending requests for financial support. Without a lower limit it is feared that this section could put undue pressure on the same allowance that has to provide for Office Rent, Operations and Staffing.

The Commissioner feels that there is an issue with cash gifts in lieu of flowers or similar gift to constituents. Monetary gifts utilizing taxpayers money for these purposes have the potential to be more personal and parochial than “serving the constituents in the Legislature”! It appears that most jurisdictions do not allow this practice.

Staff Salary costs also vary considerably throughout the Province and further exacerbate the fact that several expenditures must be funded from the same finite allowance.

There is presently no standard allocation of staff time for constituency offices and each Member has to determine within his/her limitations how much staff time is employed and what the rate of pay is. In some rural areas there is a need for more than one office due to travel distances.

This Commissioner initially expected there to be a more standardized approach to staffing resource allocation. While this appears to be a problem from an external vantage point, most Members strongly expressed the desire that they be allowed to make these individual choices based on their local experience, the local market place and other obligations within the budget. Unfortunately, there was also a common refrain that funding for staff time was the only major flex portion of this budget and that decisions were dictated (especially towards year end) by budget limitations instead of logical office hours and consideration for staff.

Constituency staff members do not benefit from a standardized benefits package and are occasionally subject to early layoff or somewhat indefinite hours of work. For some, this is acceptable, but the Commissioner feels that this issue needs to be addressed and that it should be a topic of discussion for future meetings of LAMC. Constituency staff often represent the first point of contact for the public with their MLAs and government itself. It is the opinion of this Commissioner that staff time availability and fair treatment of staff themselves should be subject to a higher level of concern.

Here are some statistics for 2003/2004 respecting Constituency Staff:

Total # of Members: 57	Total # of employees: 74
Average annual salary: \$15,079.65	Salary Range: \$1,476.08 to \$30,947.54
Average hourly rate of pay: \$12.85	Rate of pay range: \$7.00 to \$16.24
Staff w/4% vacation entitlement: 34	Staff w/6% vacation entitlement: 35 (5 Earned)
Staff w/sick leave: 30	Staff w/o sick leave: 44
Staff w/regular hour contract: 32	Staff w/flexible hour contract: 42

Recommendation #8 - Constituency Expenses / Access and Service to Constituents Allowance - Re Section 4.2 of the Members' Guide

That the following recommendations take effect April 1, 2004:

8 (A) That the annual allowance be changed from a uniform province-wide allowance to a three region allowance as follows: Northern—\$43,320

Southern---\$45,000

Winnipeg---\$48,528

(In order to reflect the differences in average cost of office rental accommodations in each area.)

8 (B) If the office rent exceeds the average rent paid by Members for that zone by more than 20%, that Member may appeal to the LAMC for additional consideration.

8 (C) That the internal limit of 20% for capital be eliminated but the internal limit for Representation Expenses be retained and increased from 10% to 15%, and further that pins and souvenirs be returned to this category.

8 (D) That first year Members be granted an extra one time only \$3500 capital for initial office setup.

8 (E) That the above amounts be updated annually on April 1 by the annual change in the Manitoba Consumer Price Index.

8 (F) That the minimum cost for items to be deemed capital be revised upwards from \$100 to \$150 and be further revised each year in accordance with 8 (C) above.

8 (G) That cell phones under \$200 be deemed a consumable item rather than a capital item.

8 (H) That PDAs inclusive of cell phone capability and exceeding the \$200 limit above, be deemed computer related equipment.

8 (I) That monetary gifts be removed as an eligible expense under the category of Representation Expenses.

8 (J) That LAMC conduct a review during the next 2 years regarding improving the working conditions and benefits of constituency staff.

4.3 Travel Expenses/Travel Allowance

Present practice:

All Members are eligible to be reimbursed for authorized travel expenses while acting on constituency or Legislative Assembly business. Within the Travel Allowance, out-of-province travel expenses are limited to an annual maximum, currently at \$2,322 for the 2003/04 fiscal year.

Members' Travel Allowance amounts are presently determined by their location and the size of their constituency as follows:

- a) **Winnipeg Members** (31) have an annual maximum of \$3,483.
- b) **Southern Members** (22) have a maximum composed of a base amount relative to the size of their constituency plus the value of 52 trips between the Legislative Building and home at government mileage rates. The base amounts are as follows:

\$4,643 for constituencies less than 2,500 square kms.

\$6,964 for constituencies between 2,500 and 6,000 square kms.

\$9,284 for constituencies larger than 6,000 square kms.

The value of 52 trips is added to the above amounts and the present range of total allowance is from \$5,219 for Springfield (adjacent to Winnipeg) to \$26,017 for Swan River.

- c) **Northern Members** (4) are funded to an annual maximum equal to the sum of 52 round trips by air between the Winnipeg Airport and the airstrip nearest the Member's residence in the constituency or where nominated plus a base amount of \$11,604. Present Northern Members Travel Allowance entitlements range from \$63,864 for The Pas to \$88,304 for Rupertsland.

A COLA based on the amount of annual change to the Civil Service mileage rate is used each April 1 to update these base figures and Commuting Allowances for Winnipeg and Southern Members and to the base amount for Northern Members. As well, Northern

Members' Allowance is actualized by updating the regular return airfare costs as of the first of April each year.

Identified Problems:

Southern Members have complained for many years that the allowance does not cover the expenses and obligations and that the total allowance is depleted by the eighth or ninth month of the year. Then they have to dip into their Access Allowance or finance the travel themselves. Recall that the Access Allowance is already under stress from Office Rent and has to cover staff time too. Thus more pressure is put on reducing staff time at the constituency offices.

Members who are obligated to drive thousands of miles on rural and poorly maintained roads feel very strongly that the depreciation and wear and tear on their vehicle is insufficiently addressed, especially for the Members whose extensive driving causes accelerated depreciation in the first few years of vehicle life. Such high mileage severely depletes vehicle values at a rate far in excess of normal vehicle ageing.

Members have extensive travel obligations within their constituencies in addition to the weekly trips to Winnipeg and back. The 52-trip factor also does not address the fact that many Members make the return trip more than once a week. There are constituency obligations and functions/events that predicate their attendance on weeknights. This can increase trip frequency. Travel by Members' assistants representing the Member on constituency business must also be covered by this allowance.

Experience over the past 2 years:

During the 2002/03 fiscal year, 9 of the 31 Winnipeg Members (29%) depleted their Travel Allowance before year-end. Of those, 6 or 67% claimed additional travel costs out of their Access Allowance. 15 of the 22 Southern Members (68%) depleted their Travel Allowance before year-end. Of those, 12 or 80% claimed additional travel costs

out of their Access Allowance. None of the Northern Members depleted their Travel Allowances in 2002/2003.

During the 2001/02 fiscal year, 10 of the 31 Winnipeg Members (32%) depleted their Travel Allowance prematurely. Of those, 7 or 70% claimed additional travel costs out of their Access Allowance. 15 or 68% of Southern Members used up their Travel Allowance early and 10 of those 15 (67%) resorted to using their Access Allowance for the overload. None of the Northern Members fully depleted their Travel Allowance although one had only \$3.70 left at year-end.

Another exacerbating factor has emerged in the last few years respecting vehicle insurance. For Members in Territory 2 (Southern Manitoba outside of Winnipeg), auto insurance has typically been lower than that for their Winnipeg counterparts. However, MPIC now surcharges Territory 2 and Northern vehicles if they are regularly driven to work in Winnipeg. The table on the following page demonstrates this factor.

As you will see, insurance on a basic 2002 Pontiac in rural Manitoba, which typically costs less than in Winnipeg, can now cost \$148 more than in Winnipeg. This excess cost expands to \$256 in The Pas and \$469 in Thompson. The civil service mileage rate is the result of a process that is more global than specific and rural and Northern MLAs who already face excessive driving time, mileage and wear and tear on their vehicles, also face the prospect of paying more for their insurance because of the Winnipeg commute.

2002 Pontiac Bonneville 4 Door Sedan	Winnipeg (Territory 1)	Territory 2 (Southern Manitoba outside Winnipeg)			North of 53, South of 55	<u>Thompson</u>
		Russell	Halbstadt	Elgin		
Insurance Premium*	\$1,188.00	\$1,336.00	\$1,336.00	\$1,336.00	\$1,444.00	\$1,657.00
Registration	\$83.00	\$83.00	\$83.00	\$83.00	\$83.00	\$83.00
Total Ins./ Reg. Cost	\$1,271.00	\$1,419.00	\$1,419.00	\$1,419.00	\$1,527.00	\$1,740.00
"Commuter Surcharge"	\$0.00	\$148.00	\$148.00	\$148.00	\$256.00	\$469.00
*All purpose use, \$500 Deductible, \$200,00 TPL						

Conclusions re Travel Allowance:

The existing Travel Allowance has some serious deficiencies—especially in rural areas and to a lesser extent in Winnipeg. Only the Northern Travel Allowance has sufficiently covered expenses and that is primarily due to the updating process whereby actual airfare costs are factored in every April 1st.

The shortfall is most severe in rural constituencies far from Winnipeg and in large constituencies with vast areas to cover and numerous widely distributed population centres. The problem exists, but to a much lesser extent, within the City of Winnipeg where the distances are much shorter but the frequency of trips is much greater. The process that updates the actual airfare costs each April 1st coupled with a much larger base amount have provided sufficient (but not excessive) travel funds for our Northern Members. Northern Ministers also have access to Ministerial travel resources.

The annual COLA tied to the civil service mileage rate has not served well as the factor used for updating the complete Travel Allowance. Part of that problem is that the mileage rate is tied to negotiations between the Government and the Civil Service rather than to the actual cost factors that such extensive, accelerated mileage has on vehicle operating costs and value. Like this past year, there can be protracted negotiation periods in which no change is made to the base and mileage amounts. While contract negotiations usually feature retroactivity for salary components, mileage rates are rarely retroactive and thus appropriate compensation can be lost for periods of time.

The Commissioner has concluded that improvements can be made to the pertinence of the Travel Allowance by applying variable increments to the base amount and increasing the number of return trips per year.

The Commissioner notes that these allowances will have already been updated effective April 1, 2004 prior to this report being voted on. The Commissioner suggests that the following recommendation replace entirely the current Travel Allowances for all parts of Manitoba effective April 1, 2004.

Recommendation # 9 -Travel Allowance - Re Section 4.3 of the Members' Guide

That the following recommendations take effect April 1, 2004:

9 (A) That the Travel Allowance for Winnipeg Members be set at \$3,831 effective April 1, 2004, representing a 10% increase over last year.

9 (B) That the Travel Allowance for Northern Members be updated April 1, 2004 on the basis of existing practice: 6.1% increase on the base amount (representing the increase in the civil service mileage rate) plus the actual return airfare costs for 52 trips.

9 (C) That the annual internal limit for Member out-of-province travel be set at \$3000.

9 (D) That the base amounts for all Members and the out-of-province travel limit be updated annually on April 1 by the annual change in the Manitoba Consumer Price Index.

9 (E) That non-Winnipeg Members be allowed to claim for the excess cost of auto insurance precipitated by the "commuting to Winnipeg" factor, in the amount by which the premium exceeds comparable coverage without the commuting factor.

9 (F) That the Travel Allowance for Southern Manitoba Members outside the city of Winnipeg be established in accordance with the recommended 2004/2005 Travel Allowance on the table on the following page.

9 (G) That the mileage (kilometrage) rate used for claiming authorized travel expenses be increased by 0.05¢/km for all kilometers beyond 25,000 in any one calendar year, as mitigation of the accelerated depreciation that vehicles suffer due to such extraordinary annual usage.

TRAVEL ALLOWANCE Non – Winnipeg/Non-Northern Constituencies

CONSTITUENCY	SIZE OF CONSTITUENCY IN KM2	Existing 2003/2004 Travel Allowance			Recommended 2004/2005 Travel Allowance			
		BASE AMOUNT	52 ROUND TRIPS	2003/2004 TRAVEL ALLOWANCE	BASE AMOUNT	INC. TO BASE AMOUNT	% INC. TO BASE AMT.	% INC. BASE AMT. PLUS 65 ROUND TRIPS
Brandon West	21.1	\$4,643.00	\$7,809.00	\$12,452.00	\$5,107.00	\$464.00	9.99	\$14,868.25
Brandon East	52.3	\$4,643.00	\$7,845.00	\$12,488.00	\$5,107.00	\$464.00	9.99	\$14,913.25
Steinbach	771.9	\$4,643.00	\$2,447.00	\$7,090.00	\$5,107.00	\$464.00	9.99	\$8,165.75
Selkirk	986.5	\$4,643.00	\$1,512.00	\$6,155.00	\$5,107.00	\$464.00	9.99	\$6,997.00
Springfield	1,145.70	\$4,643.00	\$576.00	\$5,219.00	\$5,107.00	\$464.00	9.99	\$5,827.00
Gimli	1,226.00	\$4,643.00	\$2,519.00	\$7,162.00	\$5,107.00	\$464.00	9.99	\$8,255.75
Portage La Prairie	1,630.10	\$4,643.00	\$3,203.00	\$7,846.00	\$5,107.00	\$464.00	9.99	\$9,110.75
Pembina	2,018.50	\$4,643.00	\$4,678.00	\$9,321.00	\$5,107.00	\$464.00	9.99	\$10,954.50
Morris	3,840.50	\$6,964.00	\$1,080.00	\$8,044.00	\$8,705.00	\$1,741.00	25.00	\$10,055.00
Lakeside	4,356.70	\$6,964.00	\$2,663.00	\$9,627.00	\$8,705.00	\$1,741.00	25.00	\$12,033.75
La Verendrye	5,071.30	\$6,964.00	\$972.00	\$7,936.00	\$8,705.00	\$1,741.00	25.00	\$9,920.00
Minnedosa	5,354.40	\$6,964.00	\$7,809.00	\$14,773.00	\$8,705.00	\$1,741.00	25.00	\$18,466.25
Carman	5,829.20	\$6,964.00	\$5,758.00	\$12,722.00	\$8,705.00	\$1,741.00	25.00	\$15,902.50
Dauphin-Roblin	7,411.20	\$9,284.00	\$11,875.00	\$21,159.00	\$11,605.00	\$2,321.00	25.00	\$26,448.75
Emerson	8,022.80	\$9,284.00	\$3,959.00	\$13,243.00	\$11,605.00	\$2,321.00	25.00	\$16,553.75
Turtle Mountain	8,071.20	\$9,284.00	\$8,637.00	\$17,921.00	\$11,605.00	\$2,321.00	25.00	\$22,401.25
Ste.Rose	9,428.80	\$9,284.00	\$7,917.00	\$17,201.00	\$11,605.00	\$2,321.00	25.00	\$21,501.25
Arthur – Virden	9,900.00	\$9,284.00	\$10,508.00	\$19,792.00	\$11,605.00	\$2,321.00	25.00	\$24,740.00
Russell	12,106.00	\$9,284.00	\$13,854.00	\$23,138.00	\$12,069.00	\$2,785.00	30.00	\$29,386.50
Lac du Bonnet	13,970.00	\$9,284.00	\$2,807.00	\$12,091.00	\$12,069.00	\$2,785.00	30.00	\$15,577.75
Swan River	38,273.90	\$9,284.00	\$16,733.00	\$26,017.00	\$12,533.00	\$3,249.00	35.00	\$33,449.25
Interlake	49,445.90	\$9,284.00	\$4,858.00	\$14,142.00	\$12,533.00	\$3,249.00	35.00	\$18,605.50
Total All Constituencies		\$155,520.00	\$130,019.00	\$285,539.00	\$191,610.00	\$36,090.00	23.21	\$354,133.75
								24.02

4.4 Commuting & Contingency Stay Expenses / Commuter Allowance

No changes are recommended for this section.

4.5 Temporary Residence & Living Expenses/Overnight Stay Expenses/Living Allowance/Alternative Living Allowance

Members representing constituencies wholly outside the City of Winnipeg and who maintain a residence that is located outside a 50 kilometer radius from the Legislative Building as well as a residence within the City of Winnipeg, are eligible for a Living Allowance consisting of (a) temporary residence expenses and (b) living expenses.

- (a) **Temporary Residence Expenses**: Presently **\$994** per month to cover rent, Parking, utilities, telephone services, furniture rental and related furniture rental costs. This has been updated annually by using the Rent Increase Guideline under the Residential Tenancies Act. As of April 1, 2004 this allowance is scheduled to move to **\$1009** based on the 1.5% Residential Tenancies rental change factor.
- (b) **Living Expenses**: For each month that the Legislative Assembly is in session and for two other months of a Member's choice in any fiscal year, a Member may claim to a maximum of **\$594** per month for living expenses such as dry cleaning and laundry services, apartment cleaning services, telephone services, apartment contents insurance, moving expenses and meals. For intersessional months the rate is **\$123** per month. As of April 1, 2004 this allowance is scheduled to move to **\$605** and **\$126** respectively based on a CPI COLA for Manitoba of 1.8%.

The Speaker, Leaders of the Opposition parties, and Members of the Executive Council who qualify for this allowance are eligible all year long due to their continuous responsibilities.

The Commissioner reviewed these allowances and how they have been utilized in the past. There were some questions raised about the appropriateness of renting furniture rather than purchasing it - especially in the case of a long term Member. However, there is no way of predicting the longevity of a Member upon election and barring rent-to-own arrangements it would be difficult to manage more purchased furnishings. The management of Members' office furnishings presents administrative difficulties already and expanding this to residential furniture is not recommended.

The Commissioner did not receive convincing evidence that there is a need to change these allowances by more than the already scheduled increments.

Recommendation # 10 - No Other Change

That unless changed by the foregoing recommendations, the existing salaries, allowances and retirement benefits are to continue.



House of Assembly
Nova Scotia

Report
Commission of Inquiry on the Remuneration of Elected
Provincial Officials

September 2006

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I. EXECUTIVE SUMMARY

In February 2006, the Honourable Barbara McDougall, Mr. Gordon Gillis and Mr. George McLellan were invited by the Honourable Murray Scott, the Speaker of the Legislature of Nova Scotia, to form a Commission of Inquiry to examine the salaries of Members of the Legislature of Nova Scotia (MLAs) to determine their appropriateness in the current environment.

The Commission was to report within three months of the next election, subsequently called for June 13, 2006.

The Commissioners hired Mr. Alan Dunnet, an acknowledged professional expert in the field of compensation, to conduct research into levels of compensation in other electoral jurisdictions in Canada, in other occupations in Nova Scotia, and to examine them on a comparable basis. The Commissioners relied heavily on Mr. Dunnet's research in reaching its conclusions.

The Commissioners also solicited public participation in the process through direct mail, a website, newspaper advertisements and e-mail. Four e-mail responses were received. Fifty-seven representative organizations were contacted directly to invite submissions. Three responded.

It was deemed of value to hold public hearings, but only in the period following the election, since the Commissioners determined that it would be inappropriate for their work, which was non-political in nature, to be drawn into the election discussion as a partisan issue.

Thus hearings were held (and widely advertised in provincial and local press) in four towns and two cities in different regions of Nova Scotia in the month of July. Of the six hearings, three had no representation from the public, one had two participants plus a local journalist, one had one participant, and one had a local journalist.

The low response to the Commission's request for public participation either reflects the unwillingness of Nova Scotians to sacrifice summer evenings to public discussion, or an overall lack of interest in the subject under review. In any case, the few submissions that were received were taken into account by the Commission, and further input was sought through informal discussion over the summer by each Commissioner individually. In view of the indifferent response, the Commission particularly appreciates the effort made by those few who did come forward and wishes to thank them.

The Commission also reflected on the very valuable and extensive research done in 2003 by Mr. Arthur Donahoe, who tabled the most recent report on MLA compensation after a particularly thorough investigation. His international experience gave considerable depth to his review, and the Commission wishes to express its appreciation.

A variety of data was of particular relevance. Aside from public submissions, the Commission reviewed levels of compensation in all other Canadian jurisdictions, but paid particular attention to five provinces whose economic and other characteristics are the most similar to those in Nova Scotia. It also reviewed a study of MLA compensation in Saskatchewan, the most recently published comparable study. The Commission wishes to acknowledge its reliance on this excellent report. The Commission was also sensitive to recent changes in Nova Scotia's *House of Assembly Act*, which now calls for an annual adjustment to MLA compensation based on the Consumer Price Index. Increases in wages in Nova Scotia's public and private sector were also reviewed. Finally, the economic and financial position of the Province of Nova Scotia was taken into account.

Currently in Nova Scotia, an MLA's taxable annual salary is \$65,556. There is no longer a tax-free allowance, which was abolished last year in line with some other jurisdictions in Canada. All Members of the Legislature earn the same base salary. The Premier of the Province, Cabinet Ministers, the Speaker and Deputy Speaker, Party Leaders who are sitting MLAs and House Leaders receive varying levels of indemnity in addition to the base salary.

The Commission noted that MLAs in Nova Scotia are the third lowest paid in Canada if all provinces and territories and the federal parliament are included. Measured against five other provinces with similar economic or regional characteristics Nova Scotia is the second lowest paid. The objective of the Commission, after taking into account local factors as well as making comparisons with other jurisdictions, was to better align Nova Scotia MLAs among their peers in other provinces without setting an inappropriate standard within the province itself.

It is therefore recommended that the base salary of Members of the Nova Scotia Legislature be increased to \$79,500, bringing the province to the same range as New Brunswick and Saskatchewan, but considerably less, appropriately in the view of the Commissioners, than Alberta, Ontario and Quebec.

It is not recommended that the additional indemnities for Cabinet Ministers, the Speaker and Deputy Speaker be adjusted at this time. However, an upward adjustment is recommended for House Leaders and a considerable increase is recommended for the Premier.

The reasoning behind all changes is fully explored in the body of the report.

The Commissioners wish to express their appreciation to Mr. Dunnet, to Ms. Joan Collier who provided administrative support, and JADE Communications Inc. for its assistance in the presentation of the data and of the final report.

II. BACKGROUND AND MANDATE

In February, 2006, a three-person Commission of Inquiry was appointed by the then Speaker of the Nova Scotia Legislature, the Honourable Murray K. Scott, to review the issue of salaries for Members of the Legislative Assembly (MLAs). The Letter of Appointment is included in Appendix A. The Commission was asked to report within three months of the next provincial election, later called for June 13, 2006.

The basis for such a review is specifically laid out in the *House of Assembly Act*, which governs all of the activities of the provincial Legislature. The Commission was charged with reviewing the salaries of MLAs and additional indemnities for parliamentary leaders such as the Premier, Cabinet Ministers, and the Speaker of the House. Its mandate did not include an examination of MLA pensions or other benefits.

A summary of the relevant sections of the *House of Assembly Act* is included in Appendix B.

The Honourable Barbara McDougall was invited to chair the Commission, with Mr. Gordon Gillis and Mr. George McLellan appointed as Commissioners. See Appendix C for short biographies on the Commissioners.

The Commission engaged Joan Collier as administrative assistant, Alan Dunnet, a Halifax compensation analyst as researcher, and JADE Communications Inc. as communications advisor.

III. INTRODUCTION

Members of the Nova Scotia Legislature currently receive an annual salary, fully taxable, of \$65,556. All members receive the same base amount. Cabinet Ministers, House Leaders, the Speaker and Deputy Speaker of the Legislature and the Premier receive an additional indemnity reflecting their greater responsibilities. Specific levels of compensation are discussed later in the report.

It has been more than three years since the most recent review of MLA remuneration, when a thorough study was undertaken by Mr. Arthur Donahoe, who reported in December 2003. Mr. Donahoe recommended that an appropriate level for MLA salaries in Nova Scotia would be 63 per cent of salaries paid to Canadian Members of Parliament. The recommendation was not implemented, but had it been, MLA salaries would have increased to \$93,051. While this Commission has come to a different conclusion, it has drawn heavily on the broad-ranging research done by Mr. Donahoe, as it has on a report recently published on MLA salaries in Saskatchewan.

In addition, the Commission examined comparative data compiled by professional compensation analyst Alan Dunnet. Many of the statistics that he provided are presented in tabular form in Appendices G-K. Comparisons were made with MLA compensation in all other provinces and territories and in five provinces whose populations and fiscal capacities are most closely aligned with Nova Scotia. In both cases Nova Scotia ranks near the bottom in terms of MLA salaries. The Commission also took into account income levels within the Province of Nova Scotia. Its review of these categories is summarized under Methodology.

Most important, the Commission took into account the work that is done by Members of the Legislature, the challenges they face and the contribution they make to the economic and social environment in Nova Scotia. This factor is also discussed in a later section.

The Commission took the deliberate decision to keep the body of its report relatively short, with statistical and other supportive information included in the form of appendices. The objective is to ensure that the issues and the reasoning can be clearly understood by Nova Scotians, whether or not they agree with the conclusions.

IV. JOB DESCRIPTION OF AN MLA

In its public meetings, and informally over the course of the summer, the Commission probed as widely as possible the level of the public's understanding of what MLAs actually do. It came to the conclusion that few members of the public are fully aware of the demands on an MLA's time and abilities unless they have had direct interaction with their own MLA.

What is clear to everyone is that Members must be present during sittings of the Legislature, which in recent years have amounted to several months per year. Many of the sitting days involve evening sittings which also require MLA's attendance. All sessions require that MLAs are not just in attendance but have done sufficient homework that they are informed on all of the issues under discussion. This is particularly true with regard to the House Committee work: every MLA who is not a member of Cabinet belongs to at least one legislative committee, ranging from public accounts to health to community services, post-secondary education and transportation. These can take considerable time. An MLA must reflect his or her constituents' concerns in legislative discussions, and also reflect back to the public the reason he or she supports or challenges the legislation. In attending the Legislature, many MLAs from around the province spend long periods of time away from home, frequently missing important family occasions.

It is perhaps less well understood that legislative work is only a small portion of what MLAs do. MLAs are expected – and rightly so – to serve the interests of their constituents: those who voted for them and those who did not. MLAs must anticipate demands for new roads or schools or environmental controls and work with government departments to produce results. They are expected – and rightly so – to attend Rotary lunches, charity auctions (and bid on the merchandise!), school Christmas concerts, supermarket openings and other ribbon cuttings, to be present at the funerals and weddings of people they may hardly know and to listen to demands, rational or irrational, by constituents whose grant applications have been rejected. They are usually double or even triple booked for most weekends in the constituency, having driven for several hours to return from Halifax late on Friday.

Rarely do MLAs complain about the workload: they are in fact stimulated by it, and the job satisfaction ratings of MLAs and parliamentarians are very high, where they have been tested.

What is more difficult is the toll that political life takes on families. Children are occasionally jeered in the schoolyard over something their MLA parent said or did. If their mother chooses to run for office, they are seen as orphans no matter how well adjusted the family. Public criticism is difficult enough for the MLA personally, but it is doubly difficult for their families, who can only watch, with no means to defend themselves.

For obvious reasons there is no job security for an MLA: an election can bring a promising political career to an abrupt end. The transition to the private sector can be difficult, particularly for those MLAs whose party is out of power.

Nova Scotians are fortunate that in each election, in every party, ordinary citizens – many with outstanding qualifications – are prepared to present themselves in a nomination process, followed by an election, to serve the people of this province. With rare exceptions they are honest and hard-working. There are many motives among those seeking public office, but the most fundamental motive they have in common is a willingness to serve the public. The result is a body of people in the Legislature (52 members at present) who are capable of performing the law-making, advocacy and trustee functions associated with their positions.

Finally, in keeping with other professions, compensation for MLAs should be appropriate for the work being done, and to allow MLAs to raise a family and to live in comfort but not in luxury.

To further substantiate the opinions of the Commission, the following are excerpts taken from a round table discussion held in Ottawa in 1994 during the Canadian Parliamentary Association Regional Parliamentary Seminar. Although they do not provide any quantifiable evidence, the Commission considered them to illustrate the workload of an MLA in Atlantic Canada.

"I think we suffer from bad public relations and the best way to reverse this is to work hard and show that we give good value for the money we earn." Alan Mitchell, MLA, Nova Scotia

"My family used to alternate hosting Christmas dinner with my sister-in-law's family. It was our turn in 1989 when a constituent stopped in on Christmas day because his ditch had been frozen up and he wanted me to get the Department of Transport and have his ditch cleaned. In 1991 it was our turn again. This time a constituent showed up looking to qualify for UIC. In 1993, my brother-in-law decided we could no longer host the family Christmas meal and henceforth we should go to his place each and every year." Greg O'Donnell, MLA New Brunswick

"People think we are only working when the House is in session. We may only sit for 80 days but that does not mean we are only working those days. This is a misleading statement that we find quite often." Fabian Manning, MLA Newfoundland

V. METHODOLOGY

In reaching its conclusions, the Commission took into consideration a number of factors, the most significant of which were as follows:

- Public and stakeholder input
- Benchmarking with national data, defined peer groups at the provincial level and a five-province comparison.
- The workload of an MLA
- Potential for other income
- Compensation Progression in the Public Sector

i. Public and Stakeholder Input

The approach chosen by the Commission was to canvass the public in a variety of ways. Submissions were invited from the general public, boards and commissions, corporations, agencies and Members of the Legislature in order to gain insight into public opinion surrounding the issue of MLA salaries. The avenues were as follows:

- **By mail**

Fifty-seven stakeholders were sent letters of request to submit on this issue. Additionally, the Commission also purchased space in major provincial newspapers and local publications across the province informing Nova Scotians of its purpose and explaining the various options for the public to participate. An email address was also provided as a method for sending submissions. The mailing address, telephone number and the webpage were included. Seven letters/emails were received and, in addition, the three parties represented in the Legislature all responded commenting on the importance of this process but declining to make a formal submission (A copy of the letter to stakeholders, webpage and advertisement can be found in Appendix D-F).

- **Public Meetings**

Six publicized meetings were held in the month of July (Kentville, Yarmouth, Bridgewater, Dartmouth, Stellarton and Sydney). The dates and locations were also part of the newspaper and website information. Of the meetings, three had no attendees, one meeting had one person present and one location had three people appear, including a member of the local media and one had only a local journalist attend.

This was disappointing, and it is arguable as to the extent this was attributable to the apathy of Nova Scotians to this issue or the timing of a mid-summer schedule. With respect to the latter, the mandate inherently rendered this beyond the control of the Commission. It remains the opinion of the Commission that this aspect of the methodology was essential as an opportunity for the Nova Scotian public.

The public input that was gained reflects a lack of overall knowledge as to how the pay schedules for MLAs work and the sense that the public sees this issue as encompassing not just issues of the Commission's mandate but also pension policy for elected officials. The Commission believes it is an important perspective to note for future consideration of this issue.

The input also indicates that adequate information on the subject is not available on the issue in general, making informed comment more difficult. Further, it would appear that Nova Scotians think that Nova Scotia's MLAs are underpaid when considering duties and the pay rates elsewhere in the country.

ii. Benchmarking

The Commission invited researcher Alan Dunnet to conduct a comparison of current salaries in all provinces and territories. The intention was to derive the national mean and how Nova Scotia rated among them. In calculating this, the Members' Taxable Indemnity and the non-taxable allowance (where applicable) were utilized and adjusted where applicable so the two were comparable. The results here can be seen in Appendix G. Clearly, it can be seen Nova Scotia MLAs are almost the lowest in the nation.

The rationale for some provinces exhibiting such a differential can be explained by a variety of factors such as population, geography, economic well-being. Consequently, the Commission narrowed its review to include a more defined peer-group of five provinces – the Atlantic neighbours as well as Saskatchewan and Manitoba. The inclusion of the Atlantic Provinces is both appropriate and expected, but the other two, Saskatchewan in particular, share some relationship in terms of population and economic wellness. The inclusion of Manitoba actually does little to affect the results. Defining "salary" in the same fashion as above, these can be seen in Appendix H.

In examining the appropriate comparisons of the indemnity paid to MLAs the Commission applied several factors to determine which jurisdictions should be most directly compared. The first factor was population and the Commission believed that comparisons using provinces of a similar population would be helpful. The closest province to Nova Scotia is Saskatchewan in terms of population, with the next province being New Brunswick. Manitoba and Newfoundland and Labrador are the next closest.

Saskatchewan is also a province that had most recently reviewed pay levels and announced implementation so it was most current. On the basis of population, provinces like Ontario and Quebec would be outside the comparison.

The next factor the Commission thought appropriate to include was geography. Atlantic Canada, historically, has encountered the same challenges in social and fiscal capacities in each province. Generally, in population and in economic strength Nova Scotia has been perceived to be the leader in the region. Therefore it was considered appropriate to

include Newfoundland and Labrador, Prince Edward Island and New Brunswick. Prince Edward Island has a relatively small population and economy but was included because of its regional similarity.

Accordingly our calculations were made based upon the average of indemnities of Saskatchewan, Manitoba, Prince Edward Island, Newfoundland and Labrador and New Brunswick. With the exception of Saskatchewan these were amounts in place for some time.

iii. Workload of an MLA

As with many professions, it is difficult to quantify the workload of an MLA. The *quantity* of the work depends very much on the evolution of public issues and regional expectations. The *quality* of an MLA's contribution depends on personal style and dedication. Another factor is the physical size of the constituency, which will determine the degree of difficulty in staying in touch with voters, and distance from Halifax, which will affect travel time to and from the capital.

Resources are available to all MLAs to hire staff in local offices as well as in their legislative offices. The quality of the MLA's contribution will depend to a considerable extent on good staff work, but most Nova Scotians rely on direct contact with the MLA when there is a problem to be resolved.

The conclusion is that an MLA's job is challenging and demanding, as the Commission was able to discern through its research, personal experience, informal discussions with current and former MLAs and (limited) observations from community leaders.

iv. Potential to Earn Other Income

The Commission examined the potential for MLAs to earn an income over and above their legislative salary, and concluded that the capacity to hold an additional job, run a business or trade, or practice a profession is very limited. The workload of an MLA is too heavy and unpredictable to add another significant occupation. In addition, the potential for conflict of interest is very high and poses a degree of risk that most MLAs would be unwilling to accept. This is particularly, but not exclusively, applicable to Cabinet Ministers.

It is the view of the Commissioners, therefore, that MLA's salaries should be viewed as their primary, and in most cases, only source of regular income.

v. Compensation Progression in the Public Sector

The Commission has had the benefit of looking at the rate increases for certain public sector groups provided by the compensation analyst. For Nova Scotia during the period from April 2000 to April 2006, most public sector groups including MLAs were in the 3.0 per cent to 3.5 per cent average annual per cent change.

There were professions such as nurses, provincial judges and some elected municipal officials that exceeded five per cent annually but annual increments are not the preferred method to accomplish structural changes in salary levels.

It was the belief of the Commission that MLAs in Nova Scotia receiving only increases consistent with other professions or groups cannot close the gap with MLAs in provinces in the Atlantic Region or of similar population like Saskatchewan (see Appendix I).

VI. RESEARCH

In order to provide a reasonable basis upon which to base recommendations with respect to remuneration for Nova Scotia's elected Members of the Legislature, a number of comparisons were made with other Canadian jurisdictions.

One goal was to try and establish any significant correlation between remuneration and other factors such as population served, number of members in the House and the number of "sitting" hours. No clear relationships emerged that could lead to a definitive recommendation although there is some correlation between remuneration and population served.

The other comparison made was with remuneration levels for MLAs in all other Canadian jurisdictions, including the Government of Canada. In this comparison, Nova Scotia fell well down the list (higher only than PEI), and below jurisdictions with similar or smaller populations.

Alan Dunnet, Researcher

NS Commission of Inquiry on the Remuneration of Elected Provincial Officials
September 2006

VII. RECOMMENDATIONS

i. Member of the Legislative Assembly

A Member of the Legislative Assembly is one of 52 members elected from the electoral districts into which the province is divided, as set out in the *House of Assembly Act*.

The Commission recommends that the salary of an MLA be increased from \$65,556 to \$79,500. The Commission notes that an increase of this amount would be reflective of the median salary outlined in the five-province comparison. Such an increase would move Nova Scotia MLAs from the second lowest paid in Canada and bring them on par with the national average.

Position	Current Salary	Recommended Salary	Percentage Increase
MLA	\$65,556.00	\$79,500.00	21.27%

The following positions will also be subject to the recommendations made above for the increase in MLA's salaries. Each of the following receives an MLA salary as well as additional indemnity according to their further level of duty within the House of Assembly.

ii. Cabinet Minister

This term is applied to the Ministers of the Crown as formulators of policy and is a term that has no status in law. The proper legal term is the Executive Council.

Individually, members of the Executive Council - Cabinet Ministers - are responsible to the Assembly for specific duties assigned to them.

It is the recommendation of the Commission that the indemnity of the Cabinet Minister not be adjusted at this time. While the Cabinet Minister will benefit from the change in the MLA component of his or her salary, it is recommended that the additional indemnity, which is currently \$43,696, not be increased at this time.

With the increase recommended in the MLA salary, a Cabinet Minister's salary would total \$123,196, which is in the range of the national average salary of Cabinet Ministers.

Position	Current Salary	Recommended Salary	Percentage Increase
Cabinet Minister			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- Cabinet Component	\$43,696.00	\$43,696.00	0%
Total	\$109,252.00	\$123,196.00	12.85%
Elected Leader of the Official Opposition	\$65,556.00	\$79,500.00	21.27%

The relationship that exists for the salary of the Elected Leader of the Opposition will continue as is.

iii. The Speaker

The Speaker is the presiding officer of the House of Assembly. He or she presides over the proceedings of the Assembly, maintaining order, regulating debate in accordance with the rules and practices of the House, and ensures that all viewpoints have the opportunity of a hearing.

The Speaker does not take part in the debates of the Assembly and only takes part in a vote to cast the deciding vote in the event of a tie. He or she is the guardian of the privileges of the Assembly and protects the rights of its Members. Outside the Chamber, the Speaker is the only representative of the House and the sole embodiment of its prestige and authority. The Speaker has jurisdiction over matters concerning Province House and is the Chair of the Legislature Internal Economy Board, the body responsible for regulating services to Members.

An election for Speaker is held after each general election or if the office has become vacant. After a general election, the current Speaker, having retained a seat in the Legislature, remains in that office until a new Speaker is elected by the House.

Position	Current Salary	Recommended Salary	Percentage Increase
Speaker			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- Speaker Component	\$43,696.00	\$43,696.00	0%
Total	\$109,252.00	\$123,196.00	11.89%

iv. Deputy Speaker

The Deputy Speaker is elected in the same way as the Speaker. When the Speaker is absent, the Deputy Speaker takes the Chair and performs all the duties of the Speaker. When the House goes into a Committee of the Whole House, the Speaker leaves the Chair and the Deputy Speaker takes over as Chair of the Committee. The Deputy Speaker maintains order in the Committee of the Whole House and decides all questions of order subject to an appeal to the Speaker.

The Commission is proposing no increase in salary for the Speaker or the Deputy Speaker above the increase in MLA salary they will receive. This decision is made on comparisons with other jurisdictions, which shows if no increase was proposed, the Speaker's salary and the Deputy Speaker's salary would still place above the national average.

Position	Current Salary	Recommended Salary	Percentage Increase
Deputy Speaker			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- Deputy Speaker Component	\$21,848.00	\$21,848.00	0%
Total	\$87,056.00	\$101,348.00	16.42%

v. Leader of the Official Opposition

Position	Current Salary	Recommended Salary	Percentage Increase
Leader of the Official Opp.			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- Additional Allowance	\$43,969.00	\$43,696.00	0%
Total	\$109,252.00	\$123,196.00	11.89%

vi. Elected Leader of a Recognized Party

Position	Current Salary	Recommended Salary	Percentage Increase
Elected Leader of a Recognized Party			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- Leader Component	\$21,848.00	\$21,848.00	0%
Total	\$87,404.00	\$101,348.00	15.92%

vii. Government House Leader

As the leader of the majority party in the House of Assembly, the House Leader is a vital part of the parliamentary process and has the responsibility of advancing legislation and promoting cooperation among members of the House in three political parties. This can be a daunting task, especially in times of a minority government where it is particularly important to encourage negotiation and collaboration.

The House Leader currently has a salary of \$75,556 (MLA salary + \$10,000). It is the recommendation of the Commission to increase the indemnity to be equivalent to the Deputy Speaker's salary, which is half that of a Cabinet Minister - \$21,848. This would make the House Leader's salary (including the recommended increase in MLA salary) \$101,348.

Position	Current Salary	Recommended Salary	Percentage Increase
House Leader			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- House Leader Component	\$10,000.00	\$21,848.00	118.48%
Total	\$75,556.00	\$101,348.00	34.12%

These recommendations apply only to a House Leader who is not a member of the Cabinet.

viii. Deputy Government House Leader

Position	Current Salary	Recommended Salary	Percentage Increase
Deputy Government House Leader			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- House Leader Component	\$5,000.00	\$10,924.00	118.48%
Total	\$70,556.00	\$90,424.00	28.33%

ix. Opposition House Leader

The House Leader of the Official Opposition currently has a salary of \$75,556 (MLA salary + \$10,000). It is the recommendation of the Commission to increase the indemnity to the Deputy Speaker's salary, which is half that of a Cabinet Minister - \$21,848. This would make the House Leader's salary (including the recommended increase in MLA salary) \$101,348.

Position	Current Salary	Recommended Salary	Percentage Increase
House Leader			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- House Leader Component	\$10,000.00	\$21,848.00	118.48%
Total	\$75,556.00	\$101,348.00	34.12%

x. House Leader of a Recognized Party

Position	Current Salary	Recommended Salary	Percentage Increase
House Leader			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- House Leader Component	\$10,000.00	\$21,848.00	118.48%
Total	\$75,556.00	\$101,348.00	34.12%

xi. The Premier

The Premier, or the First Minister, is by convention, the Leader of the Party having the majority of seats in the House of Assembly.

The Premier of the province is the most senior executive in the legislative process and while there are no exact comparatives, the Commission believes an accurate benchmark for adjusting the Premier's salary is the salary of the most senior executive position in the judiciary system – the Chief Judge of the Province of Nova Scotia. It is the Commission's opinion that the Premier should be paid comparatively to the Chief Judge. The salary of the Chief Judge of the Province of Nova Scotia is set by an independent tribunal separate from the office of the Premier. The current salary of the Chief Judge of Nova Scotia is \$190,000.

The Premier's salary is \$126,880 (comprised of an MLA's salary + \$61,324 indemnity). While the Commission understands and agrees that it would not be prudent to increase the salary of the Premier by over \$60,000, it is making the following recommendation in regards to the Premier's salary:

The Commission recommends that over the course of the next five years, the Premier receive an annual salary increase of \$10,000. Whereby, following the five-year salary increase period, the salary of the Premier, Head of the Executive Branch, will be on par with that of the Chief Judge of Nova Scotia, the Head of the Judicial Branch (See Appendix J).

Position	Current Salary	Recommended Salary	Percentage Increase
Premier			
- MLA Component	\$65,556.00	\$79,500.00	21.27%
- PM Component	\$61,324.00	\$71,324.00	16.50%
Total	\$126,880.00	\$150,824.00	18.87%

For a complete table of recommended salary increases, please see Appendix G
For a table on Premiers' Indemnity and Salary Comparisons see Appendix K

VIII. CONCLUSIONS

The Commission made a number of observations during its deliberations, which it would like to share with the Speaker and his colleagues in the Legislature.

First, while some members of the public view MLAs as overpaid, most informed Nova Scotians recognize the important role the Legislature plays in the well-being of the province and its citizens, and are open to increasing the salaries of MLAs “within reason,” however reason is defined.

Determining the “right” level of compensation is not an exact science. None of the comparatives fit precisely, but it was concluded that comparison with legislative peer groups was most appropriate. Hence the Commission recommends an increase in MLAs’ salaries by more than the cost of living on a one-time basis in order to position them more appropriately with the salaries of their peers in other provinces. Comparisons with groups inside the province are less meaningful because the MLA role is unique. The exception is the case of the Premier, whose role can be compared at least in very general terms with that of the Chief Justice. Based upon the research and analysis by Alan Dunnet it is estimated the cost of the recommendations contained in this report *Excluding Pension Costs* can be calculated at .0124% of the 2006/2007 Provincial Budget

Many members of the public accept that MLAs work hard although they are not entirely sure at what. In this case, they will give MLAs the benefit of the doubt.

Where they are unwilling to give MLAs the benefit of the doubt is in the area of pensions, “perks” and benefits. The role of pensions and benefits, and their amounts, is not understood by the public and there is a deeply held conviction that “perks” and pensions, however ill defined and misunderstood, are subject to widespread abuse. This opinion was freely volunteered over the course of our summer discussions - both public and informal. Our mandate did not include an examination of these factors and we have no recommendations to make in this regard.

However, we would urge the Speaker and his colleagues to review in the near future, perhaps through another public process, the whole area of pensions and benefits to ensure that they are in line with public expectations. In the meantime, as soon as is practical, the Legislature should develop a process of disclosure and transparency to ensure that the public can draw its conclusions based on fact and not on myth.

The Commissioners would like to thank all those who participated and contributed to this process.

More personally, we would also like to thank the Speaker for giving us the opportunity to serve on the Commission. It has been a stimulating and interesting experience, and hopefully a useful one.



Honourable Barbara McDougall
Nova Scotia Commission of Inquiry on the Remuneration of Elected Provincial Officials

Appendices

Appendix A
Letter of Appointment



The Speaker
House of Assembly
Nova Scotia

February 6, 2006

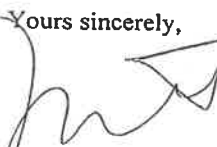
To: Mr. Gordon Gillis, B.A., LL.B. ✓
Hon. Barbara McDougall, P.C. ✓
Mr. George McLellan, M.B.A., C.M.A.

Dear Hon. Ms. McDougall:

Please accept this letter as confirmation of your appointment as Commissioners, with the Honourable Barbara McDougall as Chair, pursuant to the House of the Assembly Act, R.S.N.S. as amended. You are required to make an inquiry and a report respecting the indemnities and salaries to be paid pursuant to the said House of Assembly Act and the Executive Council Act. Your report is due on or before the expiry of three months following the date of the election of the next General Assembly.

I wish to express my gratitude for your willingness to take on this task and I look forward to receiving your report in due course.

Yours sincerely,


Murray Scott, M.B.
Speaker

PO Box 1617, Halifax
Nova Scotia, Canada B3J 2Y3
Bus 902 424-5707 Fax 902 424-0526

Appendix B

House of Assembly Act and Recent Amendments to the Act

The *House of Assembly Act* provides in Section 45 (1) that the Speaker, after appropriate consultation, shall on or before the first day of October in each year appoint persons to make an inquiry and report respecting indemnities. Allowances and salaries to be paid pursuant to the *House of Assembly Act* and the *Executive Council Act*.

Section 45 (3) provides that upon receipt of the report, the Speaker shall cause the recommendations to be implement and “They shall have the same force and effect as if enacted by the Legislature and are in substitution for the provinces of this act (House of Assembly Act) and the Executive Council Act, as the case may be.”

Section 45 (4) provides that the recommendations apply from the first day of January immediately following the year in which the persons are appointed to make the report, until subsequently changed.

In August 2006, Chapter 1 (1992 Supplement) of the Revised Statutes, 1989, was further amended by adding immediately after Section 45 the following Section:

Section 45A (1) Within sixty days after ordinary polling day in each general election, the Speaker shall appoint three persons to make an inquiry and a report respecting the annual indemnity to be paid to members of the House pursuant to this Act, the salaries to be to the Speaker, the Deputy Speaker, the Leader of the Opposition and the leader of any other recognized opposition party pursuant to this Act and the salaries to be paid to members of the Executive Council pursuant to the *Executive Council Act*.

(2) Where no Speaker is elected by the House within sixty days after ordinary polling day, the Chief Clerk shall appoint the three person to make the inquiry and report

(3) Persons appointed by the Speaker pursuant to subsection (1) of Section 45 in the year 2006 before coming into force of this Section are deemed to have been appointed pursuant to subsection (1) of this Section.

(4) The persons appointed pursuant to subsection (1) or (2) have all the powers, privileges and immunities of the commissioner pursuant to the *Public Inquiries Act* and shall complete their inquiry and deliver their report containing recommendations to the Speaker or, where no Speaker has been elected, the Chief Clerk within ninety days after ordinary polling day.

(5) The Speaker or Chief Clerk, as the case may be, upon receipt of the report containing the recommendations of the persons appointed pursuant to subsection (1) or (2), shall cause their recommendations respecting the annual indemnity to be paid to members of the House pursuant to this Act, the salaries to be paid to the Speaker, the Deputy Speaker, the Leader of the Opposition and the leader of any other recognized opposition party

pursuant to this Act and the salaries to be paid to members of the Executive Council pursuant to the *Executive Council Act* to be implemented and those recommendations have the same force and effect as if enacted by the Legislature and are in substitution for provisions of this Act and the Executive Council Act, as the case may be.

(6) The recommendations are effective the first day of the month immediately following the month in which ordinary polling day occurred.

(7) In each subsequent year on the anniversary date of the effective date of the recommendations, the annual indemnity and salaries shall be increased proportionately to the increase in the consumer price index.

Appendix C Biographies

Honourable Barbara McDougall, O.C., P.C., LL.D (hon. caus,) C.F.A.

Mrs. McDougall is by profession an investment analyst and journalist who is currently Advisor to Aird & Berlis, a Toronto law firm. From 1984 to 1993 she was a Member of Parliament for the Toronto riding of St. Paul's. During her nine-year tenure, she served as Minister of State, Finance, Minister of Employment and Immigration, and Secretary of State for External Affairs, among other portfolios. She retired undefeated to return to the private sector where she became a director of several Canadian corporations.

She is a regular national commentator and columnist on international and current affairs and serves as Special Federal Representative to the Six Nations negotiation process in southern Ontario.

George McLellan

George McLellan has been President and Chief Executive Officer of Emergency Medical Care (EMC) since October 2005. EMC is a subsidiary of Medavie Blue Cross, a leading provider of health benefits in Atlantic Canada.

Mr. McLellan has held several other positions in municipal government and in private industry, most predominately in the banking industry, both in Canada and internationally.

He was Chief Administrative Officer for the Halifax Regional Municipality (HRM), a position he was appointed to in January 2002. His association with major changes, which took place within the large, diverse public and private structures, prepared him well for facing the many challenges of the HRM and now EMC. During his time with the HRM, Mr. McLellan implemented an assessment of remuneration for the city's Councillors that included leading a committee to review the structure and make recommendations for change.

As President and Chief Executive Officer of EMC, Mr. McLellan is responsible for the ambulance operations management contract for Nova Scotia. This high-performance contract is with Emergency Health Services (EHS), a division of the Nova Scotia Department of Health. The contract involves both the medical communications and ground ambulance aspects of paramedic services in the Province.

Mr. McLellan is also President and CEO of Medavie EMS, which operates provincial ambulance services in Prince Edward Island and is currently negotiating a contract for the provision of an enhanced ambulance service for the province of New Brunswick.

Gordon Gillis

Gordon D Gillis is a Barrister and Solicitor and a graduate of Dalhousie Law School with over 25 years of experience in law; labour relations; and governance in the Public Sector.

He has direct hands on experience in strategic planning; Human Resources; Governance and resource allocation and he was a Deputy Minister for 18 years holding numerous positions including Deputy Attorney General; Deputy Solicitor General; Deputy Minister of Justice; Deputy of Community Services; Deputy of Labour; Deputy of Intergovernmental Affairs and Deputy of Treasury Board and on two occasions was Deputy to the Premier and as such was the Senior Executive Officer for the Government of Nova Scotia.

He has frequently presented papers and tutorials on Governance to groups of Senior Executives in Leadership Development programs and at the University level. He has completed and received his certificate from the University of Windsor Law School on Mediation and alternative dispute resolution. He has completed courses in Management Development from the Canadian Center for Management Studies as well as Executive development for Senior Executives.

He has been a member of several Boards in both the profit and non-profit sector and his preferred area of practice is arbitration and mediation

Appendix D
Letter of invitation to send submissions to Stakeholders



*Commission of Inquiry on the
Remuneration of Elected Provincial Officials*

Commissioners:

*Hon. Barbara McDougall, Chairperson
Mr. George McLellan
Mr. Gordon D. Gillis*

*Centennial Building, Suite 302
1660 Hollis Street, P. O. Box 2261
Halifax, Nova Scotia B3J 3C8*

June 20, 2006

Dear :

In February 2006, the Speaker of the House of Assembly of Nova Scotia appointed a Commission of Inquiry on the Remuneration of Elected Provincial Officials. I was appointed as Commissioner and Chairperson, along with George McLellan and Gordon D. Gillis as Commissioners to “make an inquiry and a report respecting the indemnities and salaries to be paid pursuant to the House of Assembly Act and the Executive Council Act.”

Alan Dunnet, compensation analyst and advisor to the Commission, is conducting research into the issue. We are also holding public hearings in July in the following six locations across Nova Scotia:

Area	Place	Date	Time
Kentville	NS Community College Kingstec Campus	Tuesday July 11	7:00-9:00 pm
Yarmouth	NS Community College Burridge Campus	Wednesday July 12	7:00 – 9:00 pm
Bridgewater	Location to be determined	Thursday July 13	7:00-9:00 pm
Dartmouth	NS Community College Akerley Campus	Tuesday July 18	7:00-9:00 pm
Stellarton	NS Community College Pictou Campus	Wednesday July 19	7:00-9:00 pm
Sydney	Location to be determined	Thursday July 20	7:00-9:00 pm

A schedule will be posted on our website at www.nscommissionofinquiry.ca.

As part of our process, we invite your organization to attend one of the hearings and make a submission for consideration. You may also make a written submission via email to Commission_of_Inquiry@gov.ns.ca or you can deliver a copy to our offices located at:

Office of the Commission of Inquiry on
Remuneration of Elected Provincial Officials
Centennial Building, Suite 302
1660 Hollis Street
P.O. Box 2261
Halifax NS B3J 3C8

Submissions are accepted in both official languages. Deadline for submissions is Wednesday, July 26, 2006.

Public input is an important part of this process and we urge your participation.

Yours very truly,

A handwritten signature in black ink, appearing to read "Barbara McDougall". The signature is fluid and cursive, with a large loop at the end.

Honourable Barbara McDougall, P.C., O.C., C.F.A., L.L.D.
Chairperson, Commission of Inquiry

Appendix E

Webpage

**COMMISSION OF INQUIRY
ON THE REMUNERATION OF ELECTED PROVINCIAL OFFICIALS**

PUBLIC HEARINGS

Public Hearings will be held in the following locations throughout the province in July 2006:

Kentville
Nova Scotia Community College
Kingstec Campus
236 Belcher Street Kentville,
Nova Scotia
B4N 0A6
Tele: (902) 679-7361
July 11 7-9 pm

Yarmouth
Nova Scotia Community College
Burridge Campus
372 Pleasant Street Yarmouth,
Nova Scotia
B5A 2L2
Tele: (902) 742-0760
July 12 7-9 pm

Bridgewater
Wandyn Inn
50 North St.
Bridgewater, NS
B4V 2V6
Tele: 1-877-543-7131
July 13 7-9pm

Dartmouth
Nova Scotia Community College
Akerley Campus
21 Windmill Point Road Dartmouth
NS

In February 2006, the Speaker of the House of Assembly of Nova Scotia (then Mr. Murray Scott), appointed a Commission of Inquiry to research and make recommendations on the remuneration of elected provincial officials in Nova Scotia.

The Commission of Inquiry on the Remuneration of Elected Provincial Officials is chaired by the Honourable Barbara McDougall. Gordon Gillis and George McLellan serve as the other two Commissioners. The report will be submitted to the Speaker by September 13, 2006.

Nova Scotians are invited to send submissions to the Commission of Inquiry via email at Commission_of_Inquiry@gov.ns.ca.

You can also mail your submission to:

**Office of the Commission of Inquiry
on Remuneration of Elected Provincial Officials**
Centennial Building, Suite 302
1660 Hollis Street
P.O. Box 2261
Halifax NS B3J 3C8

Submissions must be received no later than July 26, 2006.

*Submissions will be accepted in both official languages.
Des soumissions seront acceptées dans les deux langues officielles.*

Questions For Discussion:

- 1.) What would you say makes for an ideal MLA?
- 2.) What do you think an MLA's job entails?
- 3.) Do you think salary is a motivator or a deterrent for someone to choose to run for office?

This is a partial screen capture of the webpage only. The website can be accessed at <http://www.nscommissionofinquiry.ca>.

Appendix F Advertisement

Notice of Public Meetings on the Remuneration of Elected Officials of the Province of Nova Scotia

The Commission of Inquiry on the remuneration of elected officials will be holding public meetings throughout the province during the month of July.

Locations and dates are as follows:

Kentville, NSCC Kingstee Campus, July 11, 2006,

7:00-9:00 p.m.

Yarmouth, NSCC Burrige Campus, July 12, 2006,

7:00-9:00 p.m.

Bridgewater, July 13, 2006, 7:00-9:00 p.m. Location TBA

Dartmouth, NSCC Akerley Campus, July 18, 2006,

7:00-9:00 p.m.

Stellarton, NSCC Pictou Campus, July 19, 2006,

7:00-9:00 p.m.

Sydney, NSCC Marconi Campus, July 20, 7-9 pm

Dates, times and locations will also be posted on the Commission of Inquiry website at www.nscommissionofinquiry.ca.

The Commission welcomes all residents to attend the meetings, or to send a submission to:

The Commission of Inquiry on the Remuneration of
Elected Officials of the Province of Nova Scotia
Suite 302, Centennial Building
1660 Hollis Street
P.O. Box 2261
Halifax, Nova Scotia
B3J 3C8

or by email to Commission_of_Inquiry@gov.ns.ca

For more information call: (902) 424-5545

00247264

Appendix G
NS Legislature Indemnities

Position	Current Indemnity			2006 Recommended Indemnity			Increase
	Annual Indemnity	Additional Allowance	Total	Annual Indemnity	Additional Allowance	Total	%
MLA	\$65,556		\$65,556	\$79,500		\$79,500	21%
Premier*	\$65,556	\$61,324	\$126,880	\$79,500	\$71,324*	\$150,824	18.87%
				*To be increased by \$10,000 this year and in each of the next four years			
Cabinet Minister**	\$65,556	\$43,696	\$109,252	\$79,500	\$43,696**	\$123,196	11.89%
				** No increase			
Speaker***	\$65,556	\$43,696	\$109,252	\$79,500	\$43,696** *	\$123,196	11.89%
Deputy Speaker***	\$65,556	\$21,848	\$87,404	\$79,500	\$21,848** *	\$101,348	16.42%
				*** No increase			
Leader of the Official Opposition	\$65,556	\$43,696	\$109,252	\$79,500	\$43,696	\$123,196	11.89%
Elected Leader of a Recognized Party	\$65,556	\$21,848	\$87,404	\$79,500	\$21,848	\$101,348	15.92%
Government House Leader ¹	\$65,556	\$10,000	\$75,556	\$79,500	\$21,848	\$101,348	34.12%
Deputy Government House Leader	\$65,556	\$5,000	\$70,556	\$79,500	\$10,924	\$90,424	28.33%
Opposition House Leader	\$65,556	\$10,000	\$75,556	\$79,500	\$21,848	\$101,348	34.12%
House Leader of a Recognized Party	\$65,556	\$10,000	\$75,556	\$79,500	\$21,848	\$101,348	34.12%

¹ Applicable only if the House Leader is not a member of Cabinet

Appendix H
Five-Province Salary Comparisons

Members		Premier	
Newfoundland & Labrador	\$87,630	Newfoundland & Labrador	\$68,252
Saskatchewan *	\$80,500	Prince Edward Island	\$60,054
New Brunswick	\$79,779	Saskatchewan **	\$58,547
Manitoba	\$73,512	New Brunswick	\$58,871
Prince Edward Island	\$56,849	Manitoba	\$48,556
Nova Scotia	\$65,556	Nova Scotia	\$61,324
Cabinet Minister		Speaker	
Newfoundland & Labrador	\$49,480	Newfoundland & Labrador	\$49,480
Prince Edward Island	\$42,420	Saskatchewan **	\$35,127
Saskatchewan **	\$40,984	Prince Edward Island	\$31,812
New Brunswick	\$39,248	Manitoba	\$30,350
Manitoba	\$30,350	New Brunswick	\$29,437
Nova Scotia	\$43,696	Nova Scotia	\$43,696
Deputy Speaker		Government House Leader	
Newfoundland & Labrador	\$24,740	Newfoundland & Labrador	\$24,740
Prince Edward Island	\$15,906	Saskatchewan **	\$11,978
Saskatchewan **	\$11,978	Prince Edward Island	\$11,470
New Brunswick	\$9,126	Manitoba	\$8,500
Manitoba	\$8,500	New Brunswick ***	n/a
Nova Scotia	\$21,848	Nova Scotia	\$10,000
Leader of the Opposition		Leader of a Recognized Party	
Newfoundland & Labrador	\$49,480	Manitoba	\$24,279
Prince Edward Island	\$42,420	Saskatchewan **	\$20,492
Saskatchewan **	\$40,984	Prince Edward Island	\$16,034
New Brunswick	\$39,248	New Brunswick	\$12,000
Manitoba	\$30,350	Newfoundland & Labrador	n/a
Nova Scotia	\$43,696	***	\$21,848
		Nova Scotia	

* To be implemented effective January 2007 **2006 Data; new data unavailable *** Data unavailable

Appendix I Job Rate Increases for Selected Public Sector Groups in Nova Scotia				
Position	As of April 2000	As of April 2006	%Change	Average Annual % Change
Nova Scotia MLA	* \$46,551	** \$56,135	20.6	3.4
Deputy Ministers (published scale)	\$112,393 (inc. car allow)	\$133,857 (inc. car allow)	19.1	3.2
Deputy Minister Exceptions:				
Health	NA	\$180,000		
Education	NA	\$148,600		
Treasury & Policy Board	NA	\$148,000		
Top Civil Service Management	\$96,424	\$114,834	19.1	3.2
Civil Service (NSGGEU)	\$65,881	\$78,460	19.1	3.2
Nurses (Capital District Health Authority)	\$45,503	\$59,896	31.6	5.3
CEO IWK Health Centre	\$166,960	\$193,040	15.6	2.6
Teachers (NSTU)	\$50,234	\$59,924	19.3	3.2
School Board Superintendents Base Salaries for Superintendents – Feb. 2002	\$135,000	\$127,529		
Halifax RSB	\$112,500			
Chignecto-Central RSB	\$114,000			
Annapolis Valley RSB	\$106,000			
Cape Breton-Victoria RSB	\$106,000			
Strait RSB	\$104,000			
Conseil Scolaire Acadien Provincial (CSAP)	\$95,183			
Southwest RSB				
<i>Note: The position of Superintendent was eliminated and replaced by a Chief Executive Officer, who manages the non-educational aspects of the board.</i>				
Associate Court Judge	\$143,000	\$185,115	30.4	5.2
Chief Court Judge	\$147,000	\$190,404	30.0	5.0
Provincial Court Judge	\$137,000	\$176,300	29.0	5.0
Mayor Cape Breton Regional Municipality	\$83,029	\$89,783	8.1	1.35
Chief Executive Officer Halifax Regional Municipality	\$125,000	\$150,000	20.0	3.3
Chief Administrative Officer Cape Breton Regional Municipality	\$104,348	\$118,000	13.1	2.2

* \$31,034 Taxable Indemnity plus \$15,517 non-taxable allowance

** Equivalent to \$38,370 Taxable Indemnity plus \$17,765 non-taxable allowance.

NOTE: Non-taxable component removed April 2006 and salary adjusted to fully taxable equivalent of \$65,556

RSB: Regional School Board

Appendix J
Premiers' Remuneration vs Provincial Chief Judges

Jurisdiction	Premier's Salary	Provincial Chief Judge)	Relationship (%) *
House of Commons	\$295,400	\$297,100	1.01
Quebec	\$179,185	\$192,535	1.07
Ontario	\$159,166	\$237,184	1.49
Northwest Territories	\$159,863	n/a	
Alberta	\$145,380	\$235,000	1.62
Newfoundland and Labrador	\$139,112	\$168,731	1.21
Nunavut	\$138,640	n/a	
Saskatchewan	\$128,790	n/a	
Nova Scotia	\$126,880	\$190,000	1.50
New Brunswick	\$124,804	\$160,706	1.29
Manitoba	\$122,068	n/a	
British Columbia	\$121,100	\$221,760	1.83
Prince Edward Island	\$99,743	n/a	
Yukon	\$65,098	\$207,901	3.19

* Chief Judge's Salary as a % of Premier's Salary

** Data not available

**Appendix K
Premiers' Indemnity and Salary Comparisons 2006**

Jurisdiction	MLA Indemnity	Non-Taxable Allowance (NTA)	Premier's Salary
House of Commons	\$147,700	n/a	\$70,800 \$2,122 (car allowance)
Leader of the Government in the Senate	\$122,700	n/a	\$70,800 Leader of the Government in the Senate \$2,122 (Car Allowance)
Ontario	\$88,771	n/a	\$70,395
Northwest Territories	\$87,572	\$6,784 (within CD) \$10,483 (not within CD)	\$64,664
Quebec	\$80,464	\$14,234	\$84,487
British Columbia	\$76,100	n/a	\$45,000
Manitoba	\$73,512	n/a	\$48,556
Nunavut	\$68,543	1 st \$1,000	\$70,097
Nova Scotia	\$65,556	Removed Jan 2006	\$61,324
Saskatchewan *	\$64,817	\$5,426	\$58,547
Newfoundland & Labrador	\$47,240	\$23,620	\$68,252
Alberta	\$47,496	\$23,748	\$74,136
New Brunswick	\$43,955	\$21,977	\$58,871
Yukon	\$38,183	\$16,669 (Within Whitehorse) \$19,091 (Outside Whitehorse)	\$7,824
Prince Edward Island	\$36,689	\$12,000	\$60,054 (NT) \$ 3,000 (T)

*Saskatchewan: 2006 Data
CD: commuting distance
n/a: not applicable
T: taxable
NT – non-taxable

Appendix L
Selected Financial Statistics
Province of Nova Scotia

	Actual			Forecast
	Year 1999-2000	Year 2002-2003	Year 2004-2005	Year 2005-2006
<i>Consolidated Revenue</i>				
Federal Sources	\$1,817,618	\$1,769,428	\$2,174,964	\$2,266,145
Provincial Sources	\$2,932,630	\$3,527,789	\$4,032,208	\$4,348,092
Total – Consolidated Revenue	\$4,750,248	\$5,287,217	\$6,207,172	\$6,614,237
<i>Selected Program Expenditures</i>				
Community Services	\$583,320	\$684,795	\$704,440	\$711,514
Education & Universities	\$1,076,287	\$1,391,119	\$1,239,127	\$1,297,797
Health	\$1,770,278	\$2,168,212	\$2,369,408	\$2,573,351
Debt Servicing Charges (Net)	\$850,800	\$1,079,989	\$890,328	\$872,057
Total Program Expenditures	\$4,185,434	\$5,984,916	\$5,192,710	\$5,588,376
Surplus (Deficit)	(\$796,961)	\$27,837	\$165,293	\$151,002

Source: NS Department of Finance

Net Direct Debt/Gross Domestic Product
Province of Nova Scotia

	Actual			Estimate
	Fiscal Year 1999-2000	Fiscal Year 2002-2003	Fiscal Year 2004-2005	Fiscal Year 2005-2006
Net Direct Debt	\$11,230.7	\$12,226.0	\$12,381.2	\$12,471.4
Gross Domestic Product	\$23,059.0	\$27,247.0	\$30,232.0	\$31,518.0
Ratio	48.7%	44.9%	41.0%	39.6%

Source: NS Department of Finance

NTA: non-taxable allowance

References

Canadian Parliamentary Review 1994

Members Manual

House of Assembly Nova Scotia April 2006

NS House of Assembly Act

Chapter 1 (1992 Supplement) of the Revised Statues, 1989

Amended 1993, c. 50; recommendation of Nova Scotia Commission of Inquiry on Remuneration of Elected Provincial Officials for 1994 noted; 1994-95, c. 20; 1997 (2nd Session), c. 6, s. 4; recommendation of Nova Scotia Commission of Inquiry on Remuneration of Elected Provincial Officials for 1999; 1999, c. 10; recommendation of Nova Scotia Commission of Inquiry on Remuneration of Elected Provincial Officials for 2000; 2001, c. 16; 2001, c. 47; 2002, c. 33; 2002, c. 34, ss.1-4; c. 3, s. 24; 2004, c. 13, 2004, c. 36; 2004, c. 37; 2005, c. 51; 2006, c. 9, s. 45; 2006, c 9, s. 45A

Province of Saskatchewan

Independent Review Committee on MLA Indemnity 2006

Province of Nova Scotia

Commission of Inquiry on Remuneration of Elected Provincial Officials 2003



The Members

Remuneration and Allowances

Remuneration and Allowances

Travel and Accommodation Expenses

Riding Office

Personnel

Parliamentary Services

Members' working conditions include an annual salary as well as an additional entitlement for certain parliamentary duties. Members are also entitled to an allowance for the reimbursement of expenses incurred in carrying out their duties. The regulations provide for the reimbursement of expenses for travel between the electoral district and the Parliament Building, a travel allowance for political activities in Québec and an allowance for accommodation expenses in Québec City. A Member is also authorized by regulation to lease premises in his electoral district in order to receive electors and to incur expenses for the operation of a riding office and the performance of his duties. Members are granted a fixed amount to cover payroll expenditures, and are provided services at the Parliament Building.

Remuneration and Allowances

Annual Salary

As at 1 April 2007, a Member received an annual salary of \$82,073 under section 1 of the Act respecting the conditions of employment and the pension plan of the Members of the National Assembly (R.S.Q., chapter C-52.1).

After that date, a Member's annual salary is increased by the percentage of increase applicable to the salary scales for executive officers in the public service, as of the effective dates of the new salary scales.

Additional Entitlement

A Member who exercises certain parliamentary duties receives an additional entitlement corresponding to a percentage of the annual salary.

If a Member holds two or more posts for which an additional entitlement is granted, the Member is only entitled to the higher of the two.

Table of Additional Entitlements as at 1 April 2007

The annual amounts of additional entitlements which may be received by a Member as at 1 April 2007 are shown in the table below:

Parliamentary duties	Percentage of basic salary	Additional Entitlements
Premier	105%	\$86,177
Minister (including Government House Leader)	75%	\$61,555
President of the National Assembly	75%	\$61,555
Vice-President of the National Assembly	35%	\$28,726
Parliamentary Assistant	20%	\$16,415
Leader of the Official Opposition	75%	\$61,555
Official Opposition House Leader	35%	\$28,726
Recognized Opposition Party Leader	35%	\$28,726
Chief Government Whip	35%	\$28,726
Chief Official Opposition Whip	30%	\$24,622
Deputy Government House Leader	25%	\$20,518
Deputy Official Opposition House Leader	20%	\$16,415
Recognized Opposition Party Whip	20%	\$16,415
Deputy Government Whip	20%	\$16,415
Deputy Official Opposition Whip	20%	\$16,415
Chair of the Government Caucus	25%	\$20,518
Chair of the Official Opposition Caucus	22.5%	\$18,466
Chair of a Standing Committee	25%	\$20,518
Vice-Chair of a Standing Committee	20%	\$16,415

Temporary Chair of a Standing Committee	15%	\$12,311
Member of the Office of the National Assembly	15%	\$12,311

Annual Expense Allowance

Members receive an annual allowance for the reimbursement of expenses incurred in the performance of their duties. The allowance is adjusted on 1 January every year according to the rate of increase in the Consumer Price Index for Canada established by Statistics Canada. As at 1 January 2007, the allowance was \$14,467 .

Allowance for Parliamentary Committee Members or Members of the Office of the National Assembly

A Member, other than the President of the National Assembly, the Leader of the Official Opposition or a member of the Cabinet, who is a member of a committee or subcommittee of the Assembly, or an Official Opposition Member who is not a member of any committee, who participates in a committee or subcommittee meeting, is entitled to an attendance allowance of \$125 for each meeting day while the Assembly is not sitting.

A Member who is a member or substitute member of the Office of the National Assembly is also entitled to an attendance allowance of \$125 for each day the Office sits while the Assembly is not sitting.

Travel and Accommodation Expenses

Reimbursement of Expenses for Travel Between the Electoral District and the Parliament Building

On presentation of vouchers, Members are entitled to an allowance equal to \$0.45 per kilometre travelled between their riding office and the Parliament Building, whatever the means of transportation used. However, a Member who travels by plane may elect to be reimbursed for the real costs incurred.

As a general rule, Members are entitled to a maximum of 60 return trips per fiscal year, including 5 return trips for their spouses or children. A Member who holds one of the positions listed below is entitled to 10 additional return trips per fiscal year: Vice-President of the National Assembly, Official Opposition House Leader, Deputy House Leader, Government Whip, Official Opposition Whip, Deputy Whip, Chair of the Government Caucus, Committee Chair, Committee Vice-Chair and member of the Office of the National Assembly.

The Members for the electoral districts of Charlesbourg, Chauveau, Jean-Lesage, Jean-Talon, La Peltre, Louis-Hébert, Montmorency, Taschereau and Vanier are not entitled to this allowance.

Travel Allowance for Political Activities in Québec

Members are entitled to an allowance for travel expenses incurred for political activities in Québec. The amount of the allowance varies according to the Member's electoral district. For the 2007-2008 fiscal year, the amounts vary from \$6,900 to \$17,600.

Accommodation Expenses in Québec City

Every Member of the National Assembly whose principal residence is outside Québec City or an adjoining electoral district is entitled to be reimbursed for accommodation expenses in Québec City or the immediate vicinity, up to \$13,300 for the 2007-2008 fiscal year. These accommodation expenses can be either the cost of renting a room in a hotel, or the rent for a dwelling or the amount of the rental value of a secondary residence owned by the Member or the Member's spouse. They also include the cost of the rental value certificate, the telephone service, the janitor service, parking, electricity, fire, theft and liability insurance, cable television, monthly Internet fees and condominium fees, as applicable.

A Member who holds one of the following positions is entitled to an additional amount of \$3,000: President of the National Assembly, Premier, Leader of the Official Opposition, Government House Leader, Official Opposition House Leader, Chief Government Whip, Chief Official Opposition Whip and Chair of the Government Caucus.

The electoral districts that are wholly or partially included in or are adjoining to Québec City are Charlesbourg, Chauveau, Jean-Lesage, Jean-Talon, La Peltre, Louis-Hébert, Montmorency, Taschereau and Vanier.

Riding Office

The annual amount allocated to a Member for the operation of a riding office varies according to the Member's electoral district. This amount varies from \$38,300 to \$42,400 for the 2007-2008 fiscal year.

Personnel

Members are granted a fixed amount to cover payroll expenditures and in some cases an additional amount to pay for payroll and for professional services. For the 2007-2008 fiscal year, these amounts vary from \$149,719 to \$168,642 according to the electoral district.

Parliamentary Services

Members have a seat and a desk in the Assembly Chamber.

In addition, each Member is given an office in the Parliament Building, and the

different administrative services of the National Assembly provide all the supplies and equipment needed for the proper operation of the office.

The National Assembly administration also supports the Members in their work and provides many services to them.

2007-01-30

LEGISLATORS' HANDBOOK



**October 2006
14th Edition**

**Prepared by the
Office of Policy and Legal Analysis
Maine State Legislature
under the auspices of the
Legislative Council**

LEGISLATORS' HANDBOOK



October 2006

**A GUIDE FOR MAINE
LEGISLATORS:
Procedures, Services & Facts**

PREFACE

The operation of state government, especially of the legislative branch, is complex, and there are few opportunities for those outside the process to become acquainted with its intricacies. This handbook describes the legislative process. It also provides information about the most significant activities in which legislators are involved; the resources and services available to legislators; the standards that govern legislators' conduct; and other useful information for legislators.

This handbook is designed to be a practical reference manual to help newly elected legislators and others become familiar with the Maine legislative process. It is hoped that the information in this handbook will provide newly elected legislators an understanding of the process that will allow them to use their time in the Legislature efficiently and effectively. This, the 14th edition of the handbook, updates the previous edition and covers recent changes affecting the legislative process and legislator conduct. It does not, however, reflect any changes in process, committee structure and jurisdiction or other rules that may be adopted by the 123rd Legislature after the printing of the handbook. Each of the legislative staff offices has cooperated in the writing of this handbook.

If you have suggestions or comments on the handbook, please contact the Legislative Council Offices, c/o the Office of the Executive Director at:

Executive Director, Legislative Council
115 State House Station
Augusta, Maine 04333-0115
Phone: (207) 287-1615
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Or online at:
www.maine.gov/legis/execdirt/

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PART II ADMINISTRATIVE INFORMATION

A. LEGISLATIVE COMPENSATION, SALARY, EXPENSES AND OTHER BENEFITS

Legislators' salaries and expense allowances are governed by statute (3 MRSA §2). Payments are based on information legislators provide on expense vouchers submitted weekly to the Office of the Executive Director of the Legislative Council when the Legislature is in regular session and after each authorized meeting during the legislative interim. The President of the Senate or the Speaker of the House must approve all reimbursements for attendance at meetings that have not been specifically authorized by the Legislative Council. When incurring and reporting expenses, legislators should keep in mind that all expense vouchers are a matter of public record and are available for review by the public in the State Controller's office.

The member of the Penobscot Indian Nation and the member of the Passamaquoddy Indian Tribe elected to represent their respective tribes at the Legislature receive in accordance with statute (3 MRSA §2) compensation of \$110 for each day's attendance during the first and second regular sessions and the same allowance for meals, constituent service, housing and travel expenses as any other member of the Senate or House for attendance at each legislative session. For the duration of any special session of the Legislature, they receive the same allowances, including housing, meal and travel expenses, as any other member of the Senate or House.

1. Legislative Salary

\$12,615	1 st Regular Session
\$9,254	2 nd Regular Session

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The salary is paid in equal installments during each legislative session on a schedule determined by the presiding officers.

Note 1: The salary for each legislative session must be adjusted each December 1st by the percentage change in the Consumer Price Index for the most recently concluded fiscal year, not to exceed 5% in any year. The salary outlined above reflects the projected adjusted amounts for the 123rd Legislature.

Note 2: Legislators who receive retirement benefits from the Social Security Administration may file a written request with the Executive Director of the Legislative Council to equalize their salary for each year of the biennium.

Legislators receive per diem payments when they are in Special Session, as provided by law, and for their attendance at authorized committee meetings, as follows:

Per Diem	\$55/day for authorized committee meetings during interim;
	\$100/day for Special Session only

2. Session Expense Allowance

In addition to their legislative salary, legislators receive expense payments during the session for transportation, lodging, and meal expenses. Payments are not necessarily reimbursement of actual expenses and, therefore, are subject to income taxes as provided by law. Expense payments are as follows:

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- A. \$70/day for meals and lodging; or
- B. \$32/day for meals and \$.36/mile in lieu of lodging, not to exceed \$38/day.

Tolls are reimbursed at actual cost (receipts are required).

3. Interim Expense Allowance

During the legislative interim, legislators receive reimbursement of actual expenses for authorized travel or attendance at meetings. Legislators must submit a properly completed expense voucher in order to receive reimbursement.

Lodging:	Actual (receipts required)
Meals:	Actual (up to \$32/day)
Mileage:	\$.36/mile
Tolls:	Actual (receipts required)

4. Constituent Service Allowance

In addition to legislator salary and expense payments, legislators receive a constituent service allowance to partially offset expenses incurred in providing services to their constituents, as follows:

For Senators: \$2,000/year: \$1,300 in January of First Regular Session; \$700 at end of First Regular Session

For Representatives: \$1,500/year: \$1,005 in January of First Regular Session; \$495 at end of First Regular Session

Note: During the First Regular Session only of each legislative biennium, legislators may elect to receive the first installment of the constituent service allowance in December rather than January, upon timely written re-

quest to the Executive Director of the Legislative Council. The constituent service allowance is taxable in the year in which payment is made.

5. Out-of-State Travel

All out-of-state travel by legislators must be authorized in advance by the President of the Senate or the Speaker of the House. After obtaining approval from their presiding officer, legislators are encouraged to seek assistance in making travel arrangements, including event registration, hotel reservations and transportation, from the Office of the Executive Director of the Legislative Council.

It is the Legislature's policy to reimburse legislators for the actual expenses they incur in the course of approved out-of-state travel, as long as the expenses are reasonable. The President of the Senate and Speaker of the House have established written standards for reimbursement of expenses; these standards are available from the Office of the Executive Director of the Legislative Council.

6. Group Health, Dental and Vision Insurances

Legislators are eligible for health, dental and vision insurance coverage under the group health insurance plan available to state employees. Health insurance coverage is provided through a point-of-service managed-care plan with comprehensive benefits, including preventative care, hospital and medical services and prescription drug payment. Copayments are required for office visits to health care providers and deductibles may apply for certain services and for prescription drugs. Deductibles and co-insurance may be required for certain services. The current maximum deductible in a calendar year is \$200 for an individual and \$400 for family coverage. The current maximum coinsurance amounts are \$500 for an individual and \$1000 for family coverage. Co-payments do not apply

to the out-of-pocket limits on deductibles and coinsurance.

The Legislature pays 100% of the health insurance premium for legislators and 50% of the premium for their eligible dependents. The health insurance provider will bill the legislator directly for dependent premiums, with billing sent to the legislator's home address. The legislator is responsible for the prompt payment of premiums. If premiums are not paid in a timely fashion, the insurance provider will cancel the *entire* policy, terminating both the legislator's and dependents' coverage.

Following their legislative service, legislators who are of retirement age may continue to participate in the group health insurance plan. The premium contribution made by the Legislature is prorated based on the legislator's years of participation in the plan; the legislator is responsible for any portion of the premium not paid by the Legislature and for 100% of the premium for their dependents.

Dental insurance is available to legislators and their dependents. The Legislature pays 100% of the dental insurance premium for legislators; legislators are responsible for paying 100% of dependent premiums. The dental insurance provider will bill the legislator directly for dependent premiums, with billing sent to the legislator's home address. The legislator is responsible for the prompt payment of premiums. If premiums are not paid in a timely fashion, the insurance provider will cancel the *entire* policy, terminating both the legislator's and dependents' coverage.

In addition, the legislator may purchase a vision insurance plan to provide certain coverage for eye exams and corrective lenses. The Legislature does not pay any portion of the vision insurance coverage. Additional information is available in the Office of the Executive Director.

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Questions about health, dental or vision insurance coverage, benefits or premiums can be answered in the Office of the Executive Director of the Legislative Council (287-1615) or the Office of Employee Health and Benefits in the Department of Administrative and Financial Services (1-800-422-4503).

7. Group Life Insurance

Legislators may purchase life insurance coverage through one or more of the following group life insurance plans: (a) basic coverage (annual legislative salary averaged over the biennium); b) supplemental coverage (up to three times the value of basic coverage); and c) two dependent coverage options (coverage varies depending on the legislator's coverage under plan (a) or (b)). The Legislature does not pay any portion of the life insurance coverage. Questions about life insurance coverage, benefits or premiums can be answered in the Office of the Executive Director of the Legislative Council (287-1615).

8. Deferred Compensation

Legislators are eligible to participate in the deferred compensation program offered to state employees (Section 457 plan). Deferred compensation is a way of putting money aside and deferring income taxes on that money until retirement when the legislator may be in a lower income tax bracket. Money placed in a deferred compensation plan may be withdrawn before retirement only under limited circumstances. For more information about the deferred compensation plan and how to contact companies who offer the investment services, contact the Office of the Executive Director of the Legislative Council (287-1615).

9. Legislative Retirement System

The Maine Legislative Retirement System (3 MRSA c. 29) provides a defined benefit retirement plan for legislators similar to the re-

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irement plan administered by the Maine State Retirement System for state employees, judges and teachers. The legislative retirement system is administered by the Board of Trustees of the Maine State Retirement System. Legislators' retirement benefits are determined by a formula based on length of legislative service and average compensation. Disability retirement and death benefits are also available.

The system is funded by legislator (employee) and Legislature (employer) contributions. Legislator contributions are set by statute as a percentage of employee compensation. The employer contribution is determined on an actuarial basis by the Board of Trustees of the Maine State Retirement System and is expressed and paid as a percentage of each employee's compensation.

Generally, membership in the legislative retirement system is mandatory for all legislators. However, there are some exceptions for legislators who are already members of the Maine State Retirement System. In addition, under limited circumstances, the President of the Senate or the Speaker of the House may, upon a legislator's request, waive the membership requirement if the legislator participates in social security or another retirement plan.

Questions regarding membership, contributions or benefits under the Maine Legislative Retirement System can be answered in the Office of the Executive Director of the Legislative Council (287-1615) or by the Maine State Retirement System (512-3100 or 1-800-451-9800).

10. Leave of Absence from Employment to Serve as a Legislator

State law (26 MRSA §§821-824) requires an employer to grant an employee who is a legislator a leave of absence to serve in the Legislature, provided certain conditions are met. The leave is for a single two-year legislative term and may be without pay. Following the leave,

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the employee is entitled to be restored to the same or a similar position, if still qualified.

11. Legislators' Federal Income Tax Liability

The federal Economic Recovery Tax Act of 1981 (PL 97-34) provides that state legislators whose "district home" is 50 miles or more from the state capitol may designate their district home as their home for tax purposes and deduct a flat per diem rate for each authorized legislative day, including regular session days and authorized committee meetings during the interim. The effect of this provision is to reduce the total taxable income for many legislators.

The Office of the Executive Director of the Legislative Council provides each legislator with a calendar-year summary of legislative meeting days and total reimbursed expenses to aid legislators in completing their federal tax returns. This information is distributed in late January of each year.

Legislators incur many nonreimbursable expenses in carrying out their duties. For income tax purposes, legislators are responsible for keeping records of these expenses. Many of these expenses may be claimed as deductible "business expenses" if receipts and logs documenting mileage are maintained.

Further information concerning these special federal tax provisions is available from the Office of the Executive Director of the Legislative Council.

B. LAWS GOVERNING CONDUCT OF LEGISLATORS

In 1975, the Legislature enacted ethics laws regarding standards of conduct for legislators (1 MRSA §§1011-1023). That legislation recognizes that the increasing complexity of State Government makes conflicts of interest almost inevitable for part-time public officials,

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