

Report of the Special Standing Committee on Members' Services

Review of Compensation of Members of the Legislative Assembly of Alberta

Twenty-Eighth Legislature
First Session
December 2012



COMMITTEES
OF THE LEGISLATIVE ASSEMBLY

Special Standing Committee on Members' Services

801 Legislature Annex
9718 - 107 Street
Edmonton AB T5K 1E4
780.427.2478
committees@assembly.ab.ca

Contents

- Members of the Special Standing Committee on Members' Services 3**
- 1.0 Introduction 4**
- 2.0 Order of Reference..... 4**
- 3.0 Recommendations 5**
- Appendix A: MSC Orders**
- Appendix B: Minority Report- Official Opposition**
- Appendix C: Minority Report - Alberta Liberal Opposition**

MEMBERS OF THE SPECIAL STANDING COMMITTEE ON MEMBERS' SERVICES

**Review of Compensation of Members of the Legislative Assembly of Alberta
28th Legislature, First Session**

Hon. Gene Zwozdesky, MLA
Chair
Edmonton-Mill Creek (PC)

Steve Young, MLA
Deputy Chair
Edmonton-Riverview (PC)

Pearl Calahasen, MLA
Lesser Slave Lake (PC)

Brian Mason, MLA
Edmonton-Highlands-Norwood (ND)

David C. Dorward, MLA
Edmonton-Gold Bar (PC)

Dave Quest, MLA
Strathcona-Sherwood Park (PC)

Heather Forsyth, MLA
Calgary-Fish Creek (W)

Dr. Raj Sherman, MLA
Edmonton-Meadowlark (AL)

Hector Goudreau, MLA
Dunvegan-Central Peace-Notley (PC)

Danielle Smith, MLA
Highwood (W)

Mary Anne Jablonski, MLA
Red Deer-North (PC)

Substitutions Pursuant to Standing Order 56 (2.1 – 2.4):

Rob Anderson, MLA^{*}
Airdrie (W)

Kerry Towle, MLA^{**}
Innisfail-Sylvan Lake (W)

^{*}Substitution for Danielle Smith on September 27, 2012.

^{**}Substitution for Heather Forsyth on September 27, 2012.

1.0 Introduction

On May 29, 2012, the Legislative Assembly of Alberta passed Government Motion 11, approving in principle a number of the recommendations of “Review of Compensation of Members of the Legislative Assembly of Alberta” (the “Report”) and referring the Report to the Special Standing Committee on Members’ Services for implementation where possible with some exceptions. As part of the Special Standing Committee on Members’ Services’ review of the Report, the Committee held meetings on June 7, 2012, June 26, 2012, September 27, 2012, October 19, 2012, November 6, 2012, November 27, 2012, and December 4, 2012. During its review the Committee focused on the following areas:

Area 1: MLA Remuneration and Transition Allowance

Area 2: RRSP Allowance and Pension Plans

Area 3: Mechanism for Review of Members’ Compensation

Over the course of its review the Committee considered research materials and other documents pertaining to these areas of review. Additionally, the Committee consulted actuarial experts, who appeared in person at the Committee’s June 26, September 27 and October 19 meetings to provide a review and analysis of specific defined contribution pension options.

2.0 Order of Reference

Excerpt from the *Votes and Proceedings of the Legislative Assembly of Alberta*, Tuesday, May 29, 2012:

11. Moved by Hon. Mr. Hancock:

A. Be it resolved that the Assembly approve in principle the recommendations of the Review of Compensation of Members of the Legislative Assembly of Alberta (“the Report”) submitted by the Honourable J.C. Major, CC, QC, and refer the Report to the Special Standing Committee on Members’ Services (“the Committee”) for implementation where possible by June 30, 2012, subject to the following exceptions:

- a) that Recommendation 4 regarding salary for the Premier not be implemented but that the Committee implement a salary that reflects a differential of +25% between the Premier’s salary and that of a Minister with Portfolio;
- b) that Recommendation 10 concerning the expense portion of a Member’s remuneration, known as the tax-free allowance, not be implemented and that the amount of that expense allowance be set at zero, pending an amendment to the Legislative Assembly Act to eliminate it;
- c) that Recommendation 11 regarding the implementation of a new Transition Allowance be rejected and that no further amounts shall be accumulated beyond those accrued by eligible Members prior to the commencement of the 28th Legislature;
- d) that the Committee examine alternatives to the pension plan for Members proposed in Recommendation 12 and discussed in section 3.5 of the Report, including defined contribution plans, and report to the Assembly with its recommendations;

B. Be it resolved that nothing in this Motion shall limit the Committee's ability to report to the Assembly on any other matter arising from the Report.

A debate followed.

The question being put, the motion was agreed to (on division).

3.0 Recommendations

3.1 Government Motion 11 and the Recommendations of the Report

Pursuant to Part A of Government Motion 11, stating "the Assembly approve in principle the recommendations of the Review of Compensation of Members of the Legislative Assembly of Alberta ("the Report") submitted by the Honourable J.C. Major, CC, QC, and refer the Report to the Special Standing Committee on Members' Services ("the Committee") for implementation where possible by June 30, 2012," the following recommendations put forth in the Report were implemented:

Recommendation 1:

"All MLAs should receive an indemnity of \$134,000.00 as compensation for their legislative, constituency and committee duties. They should not be separately compensated for serving on any Assembly or Government committees."

Decision made June 7, 2012, and in effect April 23, 2012, via Members' Allowances Amendment Order (No. 23), Special Standing Committee on Members' Services, Order No. MSC 06/12

Recommendation 2:

"Given the added responsibilities involved in chairing committees, a stipend should be paid to the chairs of committees. Standard procedure for providing chairs with additional remuneration is to compensate them on a per-meeting basis; therefore, a \$200.00 per-meeting stipend should be paid to the chair (or presiding Member) of any Assembly or Government committee."

Decision made June 7, 2012, and in effect April 23, 2012, via Members' Committee Allowances Amendment Order (No. 09), Special Standing Committee on Members' Services, Order No. MSC 08/12*

Recommendation 3:

"The Speaker, Ministers with Portfolio and the Leader of the Official Opposition should receive additional compensation of \$67,000.00 as remuneration for the added responsibilities of their respective roles, for a total cash compensation of \$201,000.00."

Decision made June 7, 2012, and in effect April 23, 2012, via Executive Council Salaries Amendment Order (No. 08), Special Standing Committee on Members' Services, Order No. MSC 07/12 by operation of the *Legislative Assembly Act*, RSA 2000, c. L-9, s. 40(1)(a) and s. 41(1).

* Pursuant to Members' Committee Allowances Order section 1, Committee Chair Allowance, subsection (2) indicates that no member of the Executive Council or the Speaker is entitled to be paid the allowance provided for under subsection (1) – an allowance of \$200 per committee meeting.

Recommendation 5:

“A Minister without Portfolio should receive additional compensation of \$30,150.00 as remuneration for the added responsibilities of that role, for a total cash compensation of \$164,150.00.”

Decision made June 7, 2012, and in effect April 23, 2012, via Executive Council Salaries Amendment Order (No. 08), Special Standing Committee on Members’ Services, Order No. MSC 07/12

Recommendation 6:

“The Deputy Speaker/Chair of Committees should receive additional compensation of \$33,500.00 as remuneration for the added responsibilities of that role, for a total cash compensation of \$167,500.00.”

Decision made June 7, 2012, and in effect April 23, 2012, via Executive Council Salaries Amendment Order (No. 08), Special Standing Committee on Members’ Services, Order No. MSC 07/12 by operation of the *Legislative Assembly Act*, RSA 2000, c. L-9, s. 40(1)(a)(b).

Recommendation 7:

“The Leaders of Recognized Opposition Parties should receive additional compensation of \$30,150.00 as remuneration for the added responsibilities of that role, for a total cash compensation of \$164,150.00.”

Decision made June 7, 2012, and in effect April 23, 2012, via Executive Council Salaries Amendment Order (No. 08), Special Standing Committee on Members’ Services, Order No. MSC 07/12

Recommendation 8:

“The Deputy Chair of Committees should receive additional compensation of \$16,750.00 as remuneration for the added responsibilities of that role, for a total cash compensation of \$150,750.00.”

Decision made June 7, 2012, and in effect April 23, 2012, via Executive Council Salaries Amendment Order (No. 08), Special Standing Committee on Members’ Services, Order No. MSC 07/12 by operation of the *Legislative Assembly Act*, RSA 2000, c. L-9, s. 40(1)(c).

Recommendation 9:

“Additional compensation for the various Special Members’ roles, as remuneration for the added responsibilities of those positions, should be as listed below. In parentheses is the recommended compensation expressed as a percentage of that of a Minister with Portfolio.

- Official Opposition House Leader: \$16,750.00 (25 per cent)
- Third Party* House Leader: \$13,400.00 (20 per cent)
- Chief Government Whip: \$13,400.00 (20 per cent)
- Assistant Government Whip: \$10,050.00 (15 per cent)
- Chief Opposition Whip: \$10,050.00 (15 per cent)
- Assistant Opposition Whip: \$8,040.00 (12 per cent)
- Third Party* Whip: \$8,040.00 (12 per cent).*

Decision made June 7, 2012, and in effect April 23, 2012, via Members' Allowances Amendment Order (No. 23), Special Standing Committee on Members' Services, Order No. MSC 06/12

Recommendation 13:

"The health, life insurance and disability benefits presently provided to MLAs should be maintained."

Decision made: Maintained

Recommendation 14:

"With respect to future adjustments to MLA compensation, salaries should be adjusted annually in accordance with the Alberta Consumer Price Index (CPI)."

Decision made June 7, 2012, and in effect April 23, 2012, via Members' Allowances Amendment Order (No. 23), Special Standing Committee on Members' Services, Order No. MSC 06/12; Executive Council Salaries Amendment Order (No. 08), Special Standing Committee on Members' Services, Order No. MSC 07/12

Recommendation 15:

"Every four years the Chief Justice of the Queen's Bench of Alberta (or his or her designate) should be appointed chair of a committee of three members to review MLA compensation. The two other members of the committee should be judges of the same court."

Note: Recommendation 15 is not implementable without legislative change. The Special Standing Committee on Members' Services discussed a review mechanism for Members' compensation but no recommendation resulted.

3.2 Report Recommendations Excepted from Implementation by Government Motion 11

Government Motion 11 provides for a number of exceptions to the resolution that the recommendation of the Report be approved in principle.

Government Motion 11, Part A.a), provides that **Recommendation 4** from the Report, which follows, not be implemented:

"The Premier should receive additional compensation of \$134,000.00, effective immediately, for a total cash compensation of \$268,000.00. In one year's time, the Premier should receive an additional \$33,500.00 for a total cash compensation of \$301,500.00, and in two years' time, an additional compensation of \$33,500.00 for a total cash compensation of \$335,000.00. This would bring the Premier's compensation more in line with Alberta's highest paid public servants and more commensurate with overall duties, responsibilities and accountability."

Furthermore, Government Motion 11, Part A.a), directs that the "the Committee implement a salary that reflects a differential of +25% between the Premier's salary and that of a Minister with Portfolio."

Decision made June 7, 2012, and in effect April 23, 2012, Members' Allowances Amendment Order (No. 23) Special Standing Committee on Members' Services Order No. MSC 06/12 and Executive Council Salaries Amendment Order (No. 08) Special Standing Committee on Members' Services Order No. MSC 07/12.

With respect to **Recommendation 10** from the Report, Government Motion 11 provides:

“that Recommendation 10 concerning the expense portion of a Member’s remuneration, known as the tax-free allowance, not be implemented and that the amount of that expense allowance be set at zero, pending an amendment to the Legislative Assembly Act to eliminate it.”

Decision made June 7, 2012, and in effect April 23, 2012, via Members’ Allowances Amendment Order (No. 23), Special Standing Committee on Members’ Services, Order No. MSC 06/12

Concerning **Recommendation 11** from the Report, Government Motion 11 provides:

“that Recommendation 11 regarding the implementation of a new Transition Allowance be rejected and that no further amounts shall be accumulated beyond those accrued by eligible Members prior to the commencement of the 28th Legislature.”

Decision made June 7, 2012, and in effect April 23, 2012, via Members’ Allowances Amendment Order (No. 23), Special Standing Committee on Members’ Services, Order No. MSC 06/12

Government Motion 11, Part A.d), directs “that the Committee examine alternatives to the pension plan for Members proposed in **Recommendation 12** and discussed in section 3.5 of the Report, including defined contribution plans, and report to the Assembly with its recommendations.”

The Committee eliminated the RRSP option for Members and implemented a retirement investment option.

Decision made and in effect November 6, 2012, via Members’ Allowances Amendment Order (No. 24), Special Standing Committee on Members’ Services, Order No. MSC 09/12.

Appendix A– MSC ORDERS

CONTENTS

Constituency Services Amendment Order (No. 25), Special Standing Committee on Members' Services, Order No. MSC 04/12

Transportation Amendment Order (No. 11), Special Standing Committee on Members' Services, Order No. MSC 05/12

Members' Allowances Amendment Order (No. 23), Special Standing Committee on Members' Services, Order No. MSC 06/12

Executive Council Salaries Amendment Order (No. 08), Special Standing Committee on Members' Services, Order No. MSC 07/12

Members' Committee Allowances Amendment Order (No. 09), Special Standing Committee on Members' Services, Order No. MSC 08/12


Members' Allowances Amendment Order (No. 24), Special Standing Committee on Members' Services, Order No. MSC 09/12

REVISED MEMBERS' SERVICES COMMITTEE ORDERS
CONSTITUENCY SERVICES AMENDMENT ORDER (NO. 25)
SPECIAL STANDING COMMITTEE ON MEMBERS' SERVICES
ORDER NO. MSC 04/12

Pursuant to section 39 of the *Legislative Assembly Act* (RSA 2000, c. L-9), the Special Standing Committee on Members' Services makes the following Order, being the *Constituency Services Amendment Order* (No. 25):

- 1 The *Constituency Services Order* (RMSC 1992, c. C-1) is amended by this Order.
- 2 The "Schedule to Section 1(3) of the *Constituency Services Order*" is repealed and the attached Schedule is substituted.
- 3 This Order is deemed to have come into force on April 23, 2012.

Passed at the City of Edmonton, the 7th day of June, 2012.



Hon. Gene Zwozdesky, M.L.A.
Chair

Approved as to form



Robert Reynolds, Q.C.
Law Clerk and Director of Interparliamentary Relations

SCHEDULE

TO SECTION 1(3) OF THE CONSTITUENCY SERVICES ORDER

EFFECTIVE APRIL 23, 2012

Constituency Name	Matrix Score
Airdrie	-4
Athabasca-Sturgeon-Redwater	10
Banff-Cochrane	13
Barrhead-Morinville-Westlock	4
Battle River-Wainwright	11
Bonnyville-Cold Lake	9
Calgary-Acadia	-2
Calgary-Bow	-9
Calgary-Buffalo	-12
Calgary-Cross	-9
Calgary-Currie	-11
Calgary-East	-9
Calgary-Elbow	-10
Calgary-Fish Creek	-9
Calgary-Foothills	-8
Calgary-Fort	-5
Calgary-Glenmore	-9
Calgary-Greenway	-9
Calgary-Hawkwood	-9
Calgary-Hays	-9
Calgary-Klein	-10
Calgary-Lougheed	-8
Calgary-Mackay-Nose Hill	-3
Calgary-McCall	-7
Calgary-Mountain View	-11
Calgary-North West	-9
Calgary-Northern Hills	-9
Calgary-Shaw	-11
Calgary-South East	-3
Calgary-Varsity	-9
Calgary-West	-9
Cardston-Taber-Warner	11
Chestermere-Rocky View	-3
Cypress-Medicine Hat	4
Drayton Valley-Devon	8
Drumheller-Stettler	15
Dunvegan-Central Peace-Notley	16
Edmonton-Beverly-Clareview	-7
Edmonton-Calder	-3
Edmonton-Castle Downs	-9

Edmonton-Centre	-15
Edmonton-Decore	-9
Edmonton-Ellerslie	-10
Edmonton-Glenora	-15
Edmonton-Gold Bar	-15
Edmonton-Highlands-Norwood	-16
Edmonton-Manning	-9
Edmonton-McClung	-15
Edmonton-Meadowlark	-11
Edmonton-Mill Creek	-11
Edmonton-Mill Woods	-15
Edmonton-Riverview	-15
Edmonton-Rutherford	-15
Edmonton-South West	-9
Edmonton-Strathcona	-18
Edmonton-Whitemud	-15
Fort McMurray-Conklin	5
Fort McMurray-Wood Buffalo	0
Fort Saskatchewan-Vegreville	-3
Grande Prairie-Smoky	3
Grande Prairie-Wapiti	6
Highwood	-3
Innisfail-Sylvan Lake	8
Lac La Biche-St. Paul-Two Hills	14
Lacombe-Ponoka	3
Leduc-Beaumont	-8
Lesser Slave Lake	9
Lethbridge-East	-4
Lethbridge-West	3
Little Bow	17
Livingstone-Macleod	10
Medicine Hat	4
Olds-Didsbury-Three Hills	10
Peace River	10
Red Deer-North	-3
Red Deer-South	-14
Rimbey-Rocky Mountain House-Sundre	13
Sherwood Park	-11
Spruce Grove-St. Albert	-6
St. Albert	-15
Stony Plain	2
Strathcona-Sherwood Park	-9
Strathmore-Brooks	15
Vermilion-Lloydminster	10
West Yellowhead	9
Wetaskiwin-Camrose	-1
Whitecourt-St. Anne	9

REVISED MEMBERS' SERVICES COMMITTEE ORDERS

TRANSPORTATION AMENDMENT ORDER (NO. 11)


SPECIAL STANDING COMMITTEE ON MEMBERS' SERVICES

ORDER NO. MSC 05/12


Pursuant to section 39 of the *Legislative Assembly Act* (RSA 2000, c. L-9), the Special Standing Committee on Members' Services hereby makes the following Order, being the *Transportation Amendment Order* (No. 11):

- 1 The *Transportation Order* (RMSC 1992, c. T-2) is amended by this Order.
- 2 Section 1(b) is amended by striking out subclause (i) and substituting the following:
 - (i) the service may be used only by the Members for the electoral divisions of Fort McMurray-Conklin, Fort McMurray-Wood Buffalo, Dunvegan-Central Peace-Notley, Lesser Slave Lake and Peace River,
- 3 This Order is deemed to have come into force on April 23, 2012.

Passed at the City of Edmonton, the 7th day of June, 2012.



Hon. Gene Zwozdesky, M.L.A.
Chair

Approved as to form 

Robert Reynolds, Q.C.
Law Clerk and Director of Interparliamentary Relations

REVISED MEMBERS' SERVICES COMMITTEE ORDERS
MEMBERS' ALLOWANCES AMENDMENT ORDER (NO. 23)
SPECIAL STANDING COMMITTEE ON MEMBERS' SERVICES
ORDER NO. MSC 06/12

Pursuant to sections 33, 39 and 42 of the *Legislative Assembly Act* (RSA 2000, c. L-9), the Special Standing Committee on Members' Services hereby makes the following Order, being the *Members' Allowances Amendment Order* (No. 23):

- 1 The *Members' Allowances Order* (RMSC 1992, c. M-1) is amended by this Order.
- 2 Section 1 is amended
 - (a) by striking out clause (a) and substituting
 - (a) an indemnity allowance at the rate of \$134,000 a year; and
 - (b) in clause (b) by striking out "at the rate of 50% of the indemnity allowance provided for in subsection (a)" and substituting "at the rate of \$0".
- 3 Section 3 is amended by striking out subsection (2) and substituting the following:
 - (2) There shall be paid to Members holding positions described herein an additional allowance at the rate of:
 - (a) \$16,750 a year, in the case of the Official Opposition House Leader;
 - (b) \$13,400 a year, in the case of the Third Party House Leader;
 - (c) \$13,400 a year, in the case of the Chief Government Whip;
 - (d) \$10,050 a year, in the case of the Assistant Government Whip;
 - (e) \$10,050 a year, in the case of the Chief Opposition Whip;
 - (f) \$8,040 a year, in the case of the Assistant Opposition Whip;
 - (g) \$8,040 a year, in the case of the Third Party Whip.
- 4 Section 4 is amended by striking out "\$20,914.50" and substituting "\$30,150".

5 Sections 4.1 and 4.2 are repealed and the following is substituted:

Annual Adjustment

4.1 On April 1 of each year, the allowances outlined in sections 1(a), 3(2) and 4 shall be increased or decreased by the year-over-year percentage increase or decrease in the Alberta (All Items) Consumer Price Index published by Statistics Canada for the immediately preceding calendar year.

6 The following is added after section 9:

Cessation of Transition Allowance

9.1(1) Only persons who were Members of the Legislative Assembly prior to April 23, 2012 are eligible to receive a transition allowance under section 9.

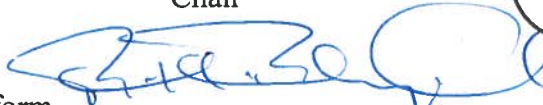
(2) In computing the number of years that a Member has served for the purposes of calculating the transition allowance in section 9, no service after April 22, 2012, and no salary earned during that service, shall be taken into account.

7 This Order is deemed to have come into force on April 23, 2012.

Passed at the City of Edmonton, the 7th day of June, 2012.



Hon. Gene Zwozdesky, M.L.A.
Chair



Approved as to form

Robert Reynolds, Q.C.
Law Clerk and Director of Interparliamentary Relations

REVISED MEMBERS' SERVICES COMMITTEE ORDERS
EXECUTIVE COUNCIL SALARIES AMENDMENT ORDER (NO. 08)
SPECIAL STANDING COMMITTEE ON MEMBERS' SERVICES
ORDER NO. MSC 07/12

Pursuant to section 43 of the *Legislative Assembly Act* (RSA 2000, c. L-9), the Special Standing Committee on Members' Services hereby makes the following Order, being the *Executive Council Salaries Amendment Order* (No. 08):

1 The *Executive Council Salaries Order* (RMSC 1992, c. E-2) is amended by this Order.

2 Section 1 is amended

- (a) in clause (a) by striking out "\$59,858" and substituting "\$83,750";
- (b) in clause (b) by striking out "\$47,053.50" and substituting "\$67,000";
- (c) in clause (c) by striking out "20,914.50" and substituting "\$30,150".

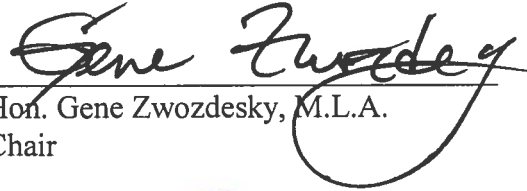
3 Sections 1.1 and 1.2 are repealed and the following is substituted:


Annual Adjustment

1.1 On April 1 of each year, the allowance outlined in section 1 shall be increased or decreased by the year-over-year percentage increase or decrease in the Alberta (All Items) Consumer Price Index published by Statistics Canada for the immediately preceding calendar year.

4 This Order is deemed to have come into force on April 23, 2012.

Passed at the City of Edmonton, the 7th day of June, 2012.


Hon. Gene Zwozdesky, M.L.A.
Chair

Approved as to form 
Robert Reynolds, Q.C.
Law Clerk and Director of Interparliamentary Relations

REVISED MEMBERS' SERVICES COMMITTEE ORDERS
MEMBERS' COMMITTEE ALLOWANCES AMENDMENT ORDER (NO. 09)

SPECIAL STANDING COMMITTEE ON MEMBERS' SERVICES

ORDER NO. MSC 08/12

Pursuant to section 36 of the *Legislative Assembly Act* (RSA 2000, c. L-9), the Special Standing Committee on Members' Services hereby makes the following Order, being the *Members' Committee Allowances Amendment Order* (No. 09):

1 The *Members' Committee Allowances Order* (RMSC 1992, c. M-2) is repealed by this Order and the following is substituted:

MEMBERS' COMMITTEE ALLOWANCES ORDER

Committee Chair Allowance

1(1) A Member who serves as Chair of a Standing or Special Committee of the Assembly, including a Member who substitutes for a Committee Chair in accordance with the Standing Orders, is entitled to be paid an allowance at the rate of \$200 per meeting.

(2) No member of Executive Council or the Speaker is entitled to be paid the allowance under subsection (1).

Annual Adjustment


2 On April 1 of each year, the allowance outlined in section 1 shall be increased or decreased by the year-over-year percentage increase or decrease in the Alberta (All Items) Consumer Price Index published by Statistics Canada for the immediately preceding calendar year.

Living Expenses

3 The allowance provided for in section 36(1)(b) of the *Legislative Assembly Act* in respect of living expenses in connection with services on a committee shall be an amount equivalent to the allowances payable under section 6(1) of the *Members' Allowances Order* (RMSC 1992, c. M-1).

2 This Order is deemed to have come into force on April 23, 2012.

Passed at the City of Edmonton, the 7th day of June, 2012.


Hon. Gene Zwozdesky, M.L.A.
Chair

Approved as to form



Robert Reynolds, Q.C.
Law Clerk and Director of Interparliamentary Relations

REVISED MEMBERS' SERVICES COMMITTEE ORDERS

MEMBERS' ALLOWANCES AMENDMENT ORDER (NO. 24)

SPECIAL STANDING COMMITTEE ON MEMBERS' SERVICES

ORDER NO. MSC 09/12

Pursuant to section 39 of the *Legislative Assembly Act* (RSA 2000 c. L-9), the Special Standing Committee on Members' Services hereby makes the following Order, being the *Members' Allowances Amendment Order* (No. 24):

- 1 The *Members' Allowances Order* (RMSC 1992, c. M-1) is amended by this Order.
- 2 Section 10 is repealed and the following is substituted:

Individual Retirement Investment Option

10(1) Once in a fiscal year every person who is a Member and has served a minimum of 3 months in that fiscal year shall receive a retirement investment amount equal to 13% of the Member's indemnity allowance.

(2) In addition to the amount provided under subsection (1), a Member who has served a minimum of 3 months in that fiscal year may make a contribution to the Member's RRSP account up to 3.65% of his or her indemnity allowance, and the Legislative Assembly Office shall contribute an amount to the Member's RRSP account that is equal to the contributions made by the Member under this subsection.

- 3 This Order comes into force on passage.

Passed at the City of Edmonton, the 6th day of November, 2012.



Hon. Gene Zwozdesky, M.L.A.
Chair

Approved as to form



Robert Reynolds, Q.C.
Law Clerk and Director of Interparliamentary Relations

Appendix B

MINORITY REPORT

Appendix to the Report of the Special Standing Committee on Members' Services:
Review of Compensation of Members of the Legislative Assembly of Alberta

Authors: Danielle Smith, Official Opposition Leader, MLA Highwood
Heather Forsyth, MLA Calgary Fish Creek

The authors of this report recognize that, in principle, members of Legislative committees function as independent members and after having a fair hearing ought to abide by the will of the majority. Too often in practice, however, the government majority from the chamber maintains its partisan approach in committee proceedings and enacts its will under a pretense of non-partisan deliberation.

Such is the case in the discussions and decisions that were made to establish the new pay and benefits for MLAs following the 2012 election. Shortly after a campaign where no party proposed raises for MLAs, the committee granted a substantial increase to the money given to MLAs for their RRSPs as well as increases for the Premier, Cabinet, and MLAs holding other posts. All through the process, it was clear that the PC members had a coordinated plan to enrich themselves, especially in their two proposals to increase the RRSP allowance, and executed their plans in a partisan fashion.

Accordingly, the two representatives from the Official Opposition Wildrose Caucus feel compelled to attach this submission to the committee report to ensure that the record more accurately reflects the will of the members on the committee.

Counter Recommendations made by MLAs Smith and Forsyth

Recommendation 3:

The Speaker, Ministers with Portfolio, and the Leader of the Official Opposition should receive additional compensation of \$67,000.00 as remuneration for the added responsibilities of their respective roles, for total cash compensation of \$201,000.00.

Smith-Forsyth Recommendation: The added remuneration for the Speaker, Minister with a Portfolio and Leader of the Official Opposition constitutes a pay increase. We would recommend a 47.5 per cent of indemnity allowance increase to bring remuneration back in line with inflation and past compensation. The new total remuneration would be \$197,650.00, an increase of \$63,650.00 over the base MLA remuneration.

As the reader can see in this counter-proposal and those below, the reductions we proposed are relatively modest. They are, however, based in principle; namely, the totals through to recommendation 9 are based on what the stipends for these offices were before the last election. We do not believe any raise can be justified right after an election or when the government is failing to balance the books. Both of these criteria were in place when the decision unanimously pushed through by PC MLAs to enrich MLA pay was made.

Recommendation 5:

A Minister without a Portfolio should receive additional compensation of \$30,150.00 as remuneration for added responsibilities of that role, for a total cash compensation of \$164,150.00.

Smith-Forsyth Recommendation: The added remuneration for Ministers without a Portfolio constitutes a pay increase. We would recommend a 21 per cent of indemnity allowance increase to bring remuneration back in line with inflation and past compensation. The new total remuneration would be \$162,140.00, an increase of \$28,140.00 over the base MLA remuneration.

Recommendation 6:

The Deputy Speaker/ Chair of Committees should receive additional compensation of \$33,500.00 as remuneration for added responsibilities of that role, for total cash compensation of \$167,500.00.

Smith-Forsyth Recommendation: The added remuneration for Ministers without a Portfolio constitutes a pay increase. We would recommend a 21 per cent of indemnity increase to bring remuneration back in line with inflation and past compensation. The new total remuneration would be \$162,140.00, an increase of \$28,140.00 over the base MLA remuneration.

Recommendation 7:

The Leaders of Recognized Opposition Parties should receive additional compensation of \$30,150.00 as remuneration for the added responsibility of that role, for a total cash compensation of \$164,150.00.

Smith-Forsyth Recommendation: The added remuneration for Leaders of Recognized Opposition Parties constitutes a pay increase. We would recommend a 21 per cent of indemnity allowance increase to bring remuneration back in line with inflation and past compensation. The new total remuneration would be \$162,140.00, an increase of \$28,140.00 over the base MLA remuneration.

Recommendation 8:

The Deputy Chair of Committees should receive additional compensation of \$16,750.00 as remuneration for the added responsibilities of that role, for total cash compensation of \$150,750.00.

Smith-Forsyth Recommendation: The added remuneration for Deputy Chair of Committees constitutes a pay increase. We would recommend a 10 per cent indemnity allowance increase to bring remuneration back in line with inflation and past compensation. The new total remuneration would be \$147,400.00, an increase of \$13,400.00 over the base MLA remuneration.

Recommendation 9:

Additional compensation for various Special Members' role, as remuneration for the added responsibilities of those positions, should be as listed below. In parentheses is the recommended compensation expressed as a percentage of that of a Minister with Portfolio.

Smith-Forsyth Recommendation: The added remuneration for Special Members' role constitutes a pay increase. Along with the committee recommendations, the following table contains remunerations proposed by MLAs Smith and Forsyth. The bolded figures are the cash values calculated as a percentage of indemnity allowance (as opposed to being in relation to a Minister's allowance).

Official Opposition House Leader: \$16,750.00 (25% of minister) **Counter: \$13,400.00 (10% indemnity)**
Third Party House Leader: \$13,400.00 (20% of minister) **Counter: \$10,720.00 (8% indemnity)**
Chief Government Whip: \$13,400.00 (20% of minister) **Counter: \$10,720.00 (8% indemnity)**
Assistant Government Whip: \$10,050.00 (15% of minister) **Counter: \$8,040.00 (6% indemnity)**
Chief Opposition Whip: \$10,050.00 (15% of minister)) **Counter: \$8,040.00 (6% indemnity)**
Assistant opposition Whip: \$8040.00 (12% of minister)) **Counter: \$6,700.00 (5% indemnity)**
Third Party Whip: \$8040.00 (12% of minister)) **Counter: \$6,700.00 (5% indemnity)**

Recommendation 12:

The Committee, by approving a motion put forward by PC caucus whip MLA Young, eliminated the RRSP option for Members and implemented a retirement investment option which increased the pay of MLAs substantially. The existing RRSP allowance of 50% of the federal maximum (\$11,485) was increased to a \$17,420 cash bonus and up to \$4,891 in matching RRSP contributions.

Smith-Forsyth Recommendation: MLAs Smith and Forsyth strongly opposed any increase to the MLA RRSP option. The proposed retirement investment option constitutes an 8% pay increase for all MLAs. They insisted on a recorded vote on Mr. Young's November 6th motion, which was as follows:

<u>For</u>	<u>Against</u>
Young	Mason
Goudreau	Smith
Calahasen	Forsyth
Jablonski	
Dorward	
Quest	

It must be noted that this was not the only proposal concerning an MLA RRSP option that was proposed by the Progressive Conservative majority on the committee. In the previous meeting, MLA Young proposed an alternative retirement investment plan whereby the full RRSP allowance for MLAs would be paid for by the Alberta taxpayer as well as a "departing allowance" of one month salary for every year in office. This retirement investment plan was in fact passed at the October 19th, 2012 meeting of the committee despite the strong objections of all the non-government members on the committee. A recorded vote was insisted upon on Young's October 19th motion, which was as follows:

<u>For</u>	<u>Against</u>
Young	Mason
Goudreau	Smith
Calahasen	Forsyth
Jablonski	
Dorward	
Quest	

At the November 6th, 2012 meeting of the committee, this even more lucrative plan was rescinded and the current proposed retirement investment plan was passed.

For a number of reasons, including the practical difficulty of negotiating contracts that serve taxpayers well right after government MLAs grant themselves significant pay increases, Opposition Leader Danielle Smith also proposed a motion to freeze on all increases to MLA pay until the consolidated budget had been balanced. The vote to defeat this motion was recorded as follows:

For
Forsyth
Smith

Against
Young
Jablonski
Calahasen
Dorward
Quest
Goudreau
Mason

Recommendation 15:

Every four years the Chief Justice of the Queen's Bench of Alberta (or his or her designate) should be appointed chair of a committee of three members to review MLA compensation. The two other members of the committee should be judges of the same court.

Smith-Forsyth Recommendation: even though the committee has yet to implement Recommendation 15, it must be noted that the Official Opposition members do not support this recommendation. While we does not have a problem with one member of the committee being a Judge, we believe there should be at least another two members of the committee with life experiences more in line with average Albertans. We also believe that pay rates should be established before elections and come into effect afterwards, to ensure accountability.

Appendix C

Minority Report by Dr. Raj Sherman, MLA

In Response to the Report of the Special
Standing Committee on Members' Services:
Review of Compensation of Members
of the Legislative Assembly of Alberta

December 2012

The full Committee Report is available in the Legislature Library upon tabling and listed at
http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/houserecords/tb/legislature_28/session_1/20120523_1200_01_tb.pdf

The transcripts of the Committee meetings are available at
<http://www.assembly.ab.ca/net/index.aspx?p=ms§ion=doc&fid=26>

Minority Report

Dr. Raj Sherman, MLA
Edmonton-Meadowlark

The Members' Services Committee had the opportunity to fundamentally change how MLA compensation is determined, both now and into the future. Unfortunately, the PC-dominated Committee lacked the political will to do so and did little to alter the status quo tradition of placing MLAs squarely in charge of their own remuneration.

Alberta Liberals steadfastly oppose the formal practice of MLAs setting and reviewing their own pay, perks and benefits, which, in our opinion, constitutes an obvious and egregious conflict of interest. This is why we took a principled stand not to vote on any such matters.

In 2010, Liberal MLA Bridget Pastoor put forward Motion 501, which was agreed to by the Assembly, and initiated the whole process:

“Be it resolved that the Legislative Assembly urge the Government to establish an independent commission to review the current salaries and benefits for Members of the Legislative Assembly and to report to the Government and this Assembly on whether the current overall remuneration for Members is fair and adequate.”

The Committee's failure to adequately address the process for reviewing MLA compensation, which was a crucial task of this Committee, is cause for great concern. It now appears that these seemingly endless and controversial processes will continue well on into the foreseeable future.

In particular, the Committee failed to propose any solutions to problems created by Recommendation 15 of Justice Major's report:

“Every four years the Chief Justice of the Queen's Bench of Alberta (or his or her designate) should be appointed chair of a committee of three members to review MLA compensation. The two other members of the committee should be judges of the same court.”

Parliamentary Counsel provided the Committee with several points for consideration with respect to Recommendation 15:

“1. Federal and provincial legislation restricts the activities of judges. By legislation and protocols of the Judicial Council of Canada, judges may be appointed to commissions if authorized by legislation or through Order-in-Council. In Alberta, there is currently no provision in the *Legislative Assembly Act* that authorizes the appointment of sitting judges to a commission.

2. The Federal *Judges Act*, section 56, prevents federally-appointed judges from serving on commissions unless authorized by legislation or by the Lieutenant Governor in Council.

56. (1) *No judge shall act as commissioner, arbitrator, adjudicator, referee, conciliator or mediator on any commission or on any inquiry or other proceeding unless*

(a) in the case of any matter within the legislative authority of Parliament, the judge is by an Act of Parliament expressly authorized so to act or the judge is thereunto appointed or so authorized by the Governor in Council; or

(b) in the case of any matter within the legislative authority of the legislature of a province, the judge is by an Act of the legislature of the province expressly authorized so to act or the judge is thereunto appointed or so authorized by the lieutenant governor in council of the province.

3. In considering the possibility of requesting judges to serve on commissions, key concerns of the judiciary should be taken into account. In 2010, the Canadian Judicial Council adopted a protocol on the appointment of federally-appointed judges (*Protocol on the Appointment of Judges to Commissions of Inquiry*, Canadian Judicial Council, August 2010, found at <http://www.cjc-ccm.gc.ca/cmslib/general/JIC-CJsc-protocol-finalE-August-2010.pdf>).

The Protocol describes the process by which a request is made. Specifically, a request with the proposed terms of reference of the inquiry must be made to the Chief Justice of the court on which the judge sits. Both the Chief Justice and the Judge must approve of the appointment.

4. Based upon our research to date, there is no jurisdiction in Canada that has a panel of 3 sitting justices to review compensation for Members.

5. If there was to be one or more sitting justices to review MLA compensation, this would have to be entrenched in legislation (likely the *Legislative Assembly Act*) to facilitate such appointments.

6. It is open to the Committee to recommend any other composition of a Commission to review MLA compensation.”

Consequently, the Committee correctly concluded that Recommendation 15 was unfeasible, and, at the June 7, 2012 Members’ Services Committee meeting, the following motion was passed:

“**MOVED** by Mrs. Jablonski that recommendation 15 in Justice Major’s report regarding who should review MLA compensation and how often compensation should be reviewed be brought back to the Members’ Services Committee for further consideration.”

As a result, I introduced a motion that, if debated and accepted, would have established the foundation for a truly independent remuneration process. However, the Hansard record shows that Ms Jablonski subsequently withdrew her motion, and I was repeatedly stymied by blatant political manoeuvring in both the November 27th, 2012, and the December 4th, 2012, meetings. In fact, at the time this minority report was authored, my motion continued to languish on the agenda under “old business,” which reads as follows:

“Be it resolved that the Special Standing Committee on Members’ Services recommend to the Legislative Assembly of Alberta that the Government introduce legislation to establish an independent process to review, determine and implement remuneration for the Members of the Legislative Assembly and that the Committee recommend that Bill 214: *Members of the Legislative Assembly Remuneration Review Commission Act*, introduced by former Member Mrs. Abdurahman in the Assembly on February 15, 1994 be a framework for that legislation.”

The Remuneration Review Commission referenced in the Alberta Liberal private members’ bill would consist of: (a) a chairman, who is either a judge of the Court of Appeal, the Court of Queen’s Bench or the Provincial Court, or a retired judge of any of those courts or of the former district courts or Supreme Court of Alberta, and is appointed by the Lieutenant Governor in Council on the recommendation of the Legislative Assembly, and (b) five persons appointed by the Speaker of the Legislative Assembly in consultation with the President of the Executive Council and the Leader of Her Majesty’s loyal opposition. The five appointees are to reflect the interests of the following groups: the professions, small business, labour, oil, gas and petrochemical industry, the general public, and the geographical composition of the province including: Calgary and Edmonton, rural areas, and the southern, central and northern regions.

Notwithstanding the motion currently before the Committee, the majority report maintains that the Committee failed to resolve the issue, stating:

“Recommendation 15 is not implementable without legislative change. The Special Standing Committee on Members’ Services discussed a review mechanism for Members’ compensation but no recommendation resulted.”

This is simply not the case. The motion I put forward offered a reasonable and effective mechanism for determining, implementing, and reviewing MLA remuneration; a proposal that deserved to be put to the Committee for discussion and voted on. Instead, the Committee made a conscious decision not to consider all available options in order to hastily approve and table the report before the end of the fall sitting of the first session of the 28th Legislature.

The Committee has failed to put any mechanism in place to independently set and review MLA remuneration. It has not accomplished the goals previously agreed to in Motion 501 by its refusal to adequately address Recommendation 15 of the MLA Compensation Review.

Alberta Liberals take exception to this expediency-over-quality approach. We earnestly hope that the Committee will embrace real and lasting change when it reviews the matter once again.