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MANAGEMENT AND SERVICES BOARD

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES

COMMISSION
ON
MEMBERS & MINISTERS
INDEMNITIES, ALLOWANCES & SALARIES

March 31, 1987

INTRODUCTION

By way of a letter dated November 28, 1986 the Speaker appointed Wm. Grant Hinchey, F.C.G.A., Andy Theriault and Danny Yakeleya as Commissioners to carry out an independent review of the "Members and Ministers salaries, allowances, benefits, expenses, indemnities and per diems".

This report contains the Commission's recommendations on salaries, allowances, benefits, expenses, indemnities and per diems.

In order to assist the Commission in its duties it has sought comment, advice and assistance from a variety of sources. All the Members were given a questionnaire to be completed and returned to the Clerk of the Legislative Assembly. Interviews were held with a number of the Members from various constituencies with varied levels of political responsibility. Discussions were held with senior Government personnel, representatives from the Audit Bureau of the Government of the Northwest Territories, Auditor General's Office, Comptroller General, Clerk of the Legislative Assembly and Revenue Canada. Since this is the first time an independent Commission has been established no public hearings were undertaken or considered necessary. The Commission has received oral and written advice from all the sources contacted.

The report contains a number of recommendations for the Speaker and the Management and Services Board.

The Commission obtained recent information on remuneration and arrangements for support of the legislators in the other territory and provinces of Canada. This information has been obtained from the editors of the annual study, Canadian Legislators 1986 Comparative Study published by the office of the Assembly, Queen's Park, Toronto, Ontario. This is a valuable study which very readily permits the comparison of salaries, allowances, benefits, expenses, indemnities and per diems in all the Legislatures of Canada and some in the United States.

PRINCIPLES RELATING TO REMUNERATION AND SUPPORT FOR MEMBERS AND MINISTERS

The primary rewards in an active life of service to the public are the opportunity to serve and contribute to the resolution of political evolution, social problems and to the improvement of life for all in the Northwest Territories. In our meetings and discussions with elected Members, we have been impressed with the vision, dedication and sincerity with which they approach their task. Many have undertaken this public life at considerable personal sacrifice for themselves and their families. In recent years, remuneration for service in office has fallen behind escalating costs. Many have served at substantial financial cost to themselves, both in direct costs exceeding remuneration and indirect losses of income that may have been derived from business, professional practice or other activities if time were not so committed to service in Government, the Legislature and the constituents.

At any time the financial and other circumstances of life for Members elected to the Legislature will vary on a personal individual basis. Fortunately, our Legislators do not fit any mold and they represent constituencies which significantly vary in size, economic circumstances and social standards. From a variety of backgrounds across the Territory, together they provide assurance that our domestic process ultimately will work to serve our long run interests.

While there is no "standard" M.L.A., we have the task of assessing standards for their remuneration. In our view, that task involves developing a standard for fair and reasonable indemnities, allowances and salaries based on certain principles. We feel those principles are as follows:

- 1) remuneration should be adequate, because of the time and responsibilities involved in office and the risk of disruption of career and personal opportunities, so that our consensus democratic system may attract the most able people among us to seek office and not deter the best of those elected from accepting and continuing full-time service in Government.
- 2) remuneration should be reasonable so that the person who has no personal financial resources except through his vocational earnings, which may be terminated or seriously affected if elected, is not dissuaded from seeking office to serve the territory merely because of financial circumstances.
- 3) remuneration should be adequate to ensure that M.L.A.s and Ministers are supported without unfair financial sacrifice upon them or their families, particularly for those in their prime earning years when family and other obligations are likely to be heavy.

Remuneration and support that is fair and reasonable will not unduly encourage anyone interested primarily in financial reward, for the balanced judgement of the electorate can be counted upon to reject those not primarily interested in public service. Nor will such remuneration result in any significant financial advantage for any elected Member who happens to be comparatively well-to-do, for our progressive income tax system precludes that result.

In the application of these principles a number of factors have been taken into account:

- 1) The evolving workload of M.L.A.s, the Legislative Assembly and Ministers both in relation to legislative and governmental concerns of the Territories and for each Member in service to constituents.
- 2) Changes in general economic circumstances throughout the Territory.
- 3) Comparisons with levels of similar payments for service in the legislatures of the other Canadian territory and provinces.
- 4) The funds involved are public funds and as such the basis of the structure of the various remuneration components is somewhat complicated. There are valid reasons for the complicated structure and the Commission is in agreement with the structure. However, the structure alone does not assure control. The control requires monitoring and maintenance of records and statistics as information from which the Management and Services Board can determine whether certain amounts of remuneration have been earned or are valid. Members of the Legislative Assembly have a responsibility to the electorate that each Member fulfills his accepted responsibilities for which he is remunerated. Finally the electorate makes the final decision on performance.

**INDEMNITIES, ALLOWANCES AND SALARIES:
Background Considerations**

1. Basic Indemnities, Allowances and Salaries for M.L.A.s and Ministers:

During the calendar year of 1986, a Member of the Legislative Assembly was entitled to an annual salary of \$18,720 together with an annual expense allowance of \$1,000 for a total basic remuneration of \$19,720. Under the provisions of the Income Tax Act (Canada), the annual expense allowance is not considered taxable income to the Member. In addition each Member received an indemnity of \$160 per day for thirty (30) days. This can be increased to ninety (90) days but only after he signs a statutory declaration stating that he has been engaged in constituency work for the additional period. Minimum annual indemnity \$4,800, maximum annual \$14,400.

Maximum Level:

Salary	18,720
Indemnities	14,400
Expense Allowance	<u>1,000</u>
	34,120/year
	=====

Minimum Level:

Salary	18,720
Indemnities	4,800
Expense Allowance	<u>1,000</u>
	24,520/year
	=====

2. Additional Payments to Members for Services in and for the Legislative Assembly:

In addition, during 1986 salaries and indemnities were paid to certain Members in relation to the important office or responsibilities they held; as follows:

	<u>Amount</u>
Ministers	\$52,160.00
Speaker	12,000.00
Deputy Speaker) same person
Chairman Committee of the Whole)	8,000.00
Deputy Chairman Committee of the Whole	6,000.00
Chairman - Standing Committees	3,000.00
Member - Standing Committees	160.00/day
Caucus Chairman	NIL

The recent history of basic indemnities, allowances and salaries paid to M.L.A.s and salaried Members since 1976, appears in Schedule J. A comparison of 1986 arrangements with those prevailing in other jurisdictions appears in Schedule L.

3. The Legislature and the Role of the M.L.A.

The M.L.A in the 1980's had two basic roles. First, the Member is a legislator involved in the increasingly complex tasks of government. Second, the Member is called upon to assist and serve constituents in a multitude of ways and with all kinds of problems, sometimes of more direct concern to others than the territorial government.

In the primary role, as legislator, changes in technology, commerce and trade, social values, development issues and the rapidity of change itself have made the legislative function a more demanding vocation than it was some years ago, particularly with the majority of the native population and geographical size. This is more than ever the case as government and the legislature seek to manage the affairs of the territory in an era of restraint, at a time in the Northwest Territories when there is both considerable economic promise and uncertainty, and when the basic philosophy of the role of government is under review at the national level. Continuing interrelations of federal, territorial and provincial governments and their public policies in such a time of change, place new demands on private Members. The responsibilities are even greater for the Ministers who are responsible for governing through the Legislature and for the administration of government.

The greater complexity of government is not only the result of increasing need for cooperation and coordination between levels of government but also for effective cooperation between the public and private sectors and the various native organizations that exist within the Northwest Territories. M.L.A.s are required to become familiar with and deal effectively with a wide range of issues and concerns.

While it is impossible to make a definitive assessment of the M.L.A.s legislative workload, one measure of the increasingly complex task of government is the pattern of legislature sittings over the last two decades.

The average number of sitting days per year has increased about 6.6 times since the mid 1960's. The 4th Council meet an average of 10 days a year and the 7th Council (1971-75) averaged 38 days, whereas the 8th Council (1975-79) sat an average of 41 days per year, and the 9th Council (1979-1983) sat an average of 66 days per year.

In the past few years changes in procedure have facilitated the work of the House, especially through limitation of debate on the annual estimates in the Committee of the Whole, and sessions have tended to be shorter. In 1986 the Council sat for 56 days.

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One measure that may provide some insight into the expanding work of the legislature is the number of bills passed in the House each year. The table below shows the number of acts passed over the past eight years. From 1979 to 1985 the average number of public acts per year was 36.

TABLE A

ACTS PASSED BY THE LEGISLATURE, NORTHWEST TERRITORIES

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Total	22	41	43	44	45	28	34	34

In addition to their role in the Assembly itself, all Members also serve on standing, select or special committees. Members of the Executive Council and Officers of the Assembly have continuing responsibilities for policy and administration even when the Assembly is not in session. Members generally have responsibility for monitoring and commenting upon particular aspects of government policy and practice, and not only when the Assembly is in session. Members in the Assembly also meet in caucus throughout the year. Thus, in the legislative role, every Member of the Assembly spends considerable time throughout the year on business of the territory whether or not the Assembly is in session.

The second role of the M.L.A. is to assist and serve constituents in a multitude of ways. While the constituency "case load" may vary from one constituency to another, as does the related travel time, cost and distances and, among Members, this general role has continued to grow, especially in the difficult economic times of the past few years. Members now often maintain a substantial number of active files of constituents' problems and concerns. M.L.A.s are expected to deal with all manner of problems including many that are primarily the concern of other levels of government. This would seem to be the case particularly for Members serving from constituencies outside Yellowknife. No doubt the same may be true for other elected Members of national or local governments, for all seek to serve their constituents who cannot be expected to understand clearly our complex federal society and the actual responsibilities of each government.

Service to constituents is rendered year round. For Ministers, assistance with this service is available through the Minister's office staff. For private Members, assistance with this service is provided in part through services of the caucus office and in part by limited funds for secretarial assistance in the constituency and often by family members. For all Members from outside Yellowknife, service often results in a heavy "case load" of visits and calls on weekends, during the period of the year when the Assembly is in session and regularly through the week when the Assembly is not in session.

The level of remuneration and support to the M.L.A. must be sufficient to allow the Member to devote the time and effort required to perform the duties expected of him. It should be adequate to permit people without substantial private means to stand for election and to serve if elected and should not result in significant financial hardship for those who serve.

4. Support for Legislators in Other Jurisdictions

The job of the M.L.A. is unlike any other trade or profession. Members must deal with an increasingly wide range of issues and concerns. The Member of the Assembly must act as a legislator, negotiator, ombudsman, social worker, public relations officer and perform several other tasks at almost any hour of the day or night, often seven days a week and nearly 365 days a year. It is a role with no job security beyond the next election, with the Members tenure of office subject to public endorsement or rejection at the polls every four years.

We believe the work cannot be compared to any other job, except that of legislators elsewhere. Thus, there is merit in comparing the role and remuneration of the Northwest Territories M.L.A.s to elected Members in similar roles in other provinces. Schedule K sets out the latest information on the basic indemnity and expense allowance of M.L.A.s in the two territories and ten provinces. Schedules A to D are a summary of additional payments for service in the territorial and provincial legislatures as reported in the 1986 Comparative Study.

As far as we can judge measures of workload, such as sitting days, bills passed, size of constituency, number of constituents and committees of the Assembly, it would appear that the Northwest Territories Members have a workload comparable to other M.L.A.s in most provinces in Canada, with the exception of Prince Edward Island, mainly because of its physical size.

In 1986 the basic statutory remuneration of the Northwest Territories M.L.A., that is, the indemnity and general expense allowance, is the lowest amount paid for any territorial and provincial legislator in Canada. The average payment per sitting day to a Member of the Territorial Legislative Assembly was \$316.00 (\$19,000.00 divided by 60). The highest amount paid per sitting day was the Yukon at \$857.00. The mean payment, after deducting the highest and the lowest amount was \$501.00 per sitting day (see Schedule K).

REMUNERATION FOR M.L.A.S

The Commission gave serious consideration to integrating the various amounts of remuneration which a Member may receive. However, in our discussions, meetings and interviews we found that, although the remuneration structure is somewhat confusing, it is designed to recognize performance and participation. The structure in itself does not assure performance. It is the responsibility of the elected Members to make sure that their fellow Members fulfill their appointed responsibilities. The electorate has the ultimate responsibility every four years to support or reject the incumbent. The expansion of various control or procedural mechanisms would only require more time on the part of each Member and the administration to complete, analyse and manage the control systems. The results of which we view as - expensive

- time consuming
- likely to develop negative relationships
- liable to produce questionable results

The more efficient method is for the Legislative Offices to have on staff an experienced financial administrator with good communication skills to provide support and information to each Member at his request, and to provide information sessions particularly to newly elected Members. The level of capability of this individual should extend to providing personal financial and tax planning assistance to the Members on an individual basis. We do not recommend that this individual provide total personal financial and tax planning services but develop an awareness and understanding with the Members.

The Commission is of the opinion that the basic Member's combined indemnity and tax free allowance is low.

In our discussions with various individuals it does not appear possible to amend the Northwest Territories Act to increase the tax free allowance within the guidelines of the Federal Income Tax Act.

Interpretation Bulletin IT 266:

"2. The sessional allowance or indemnity payable to every elected Member in respect of attendance at a session of the Legislature is taxable under subsection 5 (1) as income from an office."

"3. Members of provincial Legislative Assemblies are subject to all the general rules of the Income Tax Act pertaining to expenses. However, subsection 81 (2) provides that where an elected Member has, under an act of provincial legislature, been paid a non-accountable allowance for expenses incidental to the discharge of his duties as a Member, the allowance is NOT included in computing his income for the year unless it exceeds half of the amount payable to him by way of salary, indemnity or other remuneration as a Member. Where the allowance is more than half of the amount received as indemnity, salary or other remuneration, the excess over the exempt amount is

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taxable. Ordinarily, a subsistence or travelling allowance on a per diem basis and mileage allowances are considered non-accountable allowances. Non-accountable allowances are not included in determining the amount payable to him by way of salary, indemnity or other remuneration for the purposes of subsection 81 (2).

Because of the limitation under the Northwest Territories Act, it is not possible, at present, to increase the Non-Accountable or Tax free expense allowance. Therefore any increases in the basic indemnity are taxable. See Schedule I indicating the affect on the net cash to Member based on various examples and assumptions.

RECOMMENDATION:

That the Basic Indemnity be increased from its present level of \$18,720.00 to \$33,700.00.

If it was possible to change the Northwest Territories Act the Commission would have recommended the following:

- i) Increase basic indemnity from \$18,720.00 to \$20,000.00.
- ii) Increase the Non-Accountable allowance from \$1,000.00 to \$10,000.00.

This change would have been a benefit also at the Ministerial level in that their salaries could have been reduced by \$13,500.00 and their non-accountable expense allowance increased by \$9,000.00. The end result would have provided them with their present net cash retention.

LEGISLATIVE SUPPORT SERVICES

The Commission addressed these services in their questionnaire and the interviews with the Members. All were very supportive of and complimentary on the services and the staff available in Yellowknife.

For those whose constituencies are geographically larger than the average, they indicate a need for more financial assistance to support an assistant in more than one community. The main concern is to have a local contact who can keep them informed and provide and research support on community concerns to the Member.

The Commission acknowledges the concerns but is not prepared to make any recommendations at this time other than to bring the matter to the attention of the Management and Services Board.

RECOMMENDATIONS:

That the Legislative Office hire an experienced senior financial administrator whose background includes income tax and personal financial planning knowledge so that some guidance and assistance would be available to give direction to those newly elected Members as well as incumbent Members.

**SALARIES OF MEMBERS HOLDING OFFICE AND EXPENSES
OF THE MEMBERS OF THE EXECUTIVE COUNCIL**

The following questions were asked of each Member who appeared before the Commission:

- i) Do you know how much salary a Minister receives?
- ii) Do you think the control and administration of the Ministerial salaries should remain under the present arrangements, or be transferred to the responsibility of the Legislative Assembly?

The answers generally to questions i) and ii) respectively were no and yes.

There is a significant difference in the levels of remuneration paid to the Ministers for the purpose of enabling them to support two personal residences which is a necessary requirement to enable them to fulfill their responsibilities.

RECOMMENDATIONS are:

- 1) The variation in the levels of Ministerial remuneration is understandable. However, the components for housing and the housing adjustment should not form part of either the determination of the amount of pension one would receive under either the present pension program or any revised program.
- 2) Ministerial salaries should come under the jurisdiction of the Legislative Assembly. This may present problems or concerns which are not presently apparent but since the individuals are elected by the people the control regarding their remuneration should be with the Legislative Assembly.
- 3) A major solution to resolving the structure of the Ministerial salaries would be an amendment to the Northwest Territories Act so that the level of tax free allowance could be increased.

SALARIES FOR OFFICERS AND/OR SPECIAL POSITIONS
OF THE LEGISLATIVE ASSEMBLY

- a) Speaker
- b) Deputy Speaker and Chairman of the Committee as a Whole
- c) Deputy Chairman of the Committee of the Whole
- d) Chairman Standing Committee
- e) Chairman of Caucus

We discussed each of these positions with the Members and other Government personnel. We also reviewed the policies and amounts paid by other jurisdictions.

a) Speaker

The Speaker for the Northwest Territories receives \$12,000.00 per year for fulfilling this responsibility.

The range for the governments across Canada range from Yukon @ \$6,678.00 to House of Commons @ \$42,800.00.

The mean when the House of Commons is removed is \$21,723.00/year.

The mean when the House of Commons and the high and low are removed is \$21,510/year.

See Schedule L.

This position of responsibility is the key to the day to day function of the Legislative Assembly. It requires considerable time and dedication for the individual to effectively fulfill the related responsibilities.

Several political jurisdictions consider this responsibility as that of a Minister and would require the individual to substantially increase his time and take up residence in the Capital.

RECOMMENDATION:

That the position of the Speaker be elevated to that of a Ministerial level and that the remuneration be increased accordingly.

NOTE:

- Five (5) of the Legislative bodies be paid a salary equivalent to a Minister.
- Four (4) of the Legislative bodies be paid a salary equivalent to 70% to 75% of a Minister's salary.

b) Deputy Speaker and Chairman of the Committee of the Whole

This individual potentially has some significant responsibilities if called upon to perform. However, the Commission is of the opinion that remuneration should relate more closely to actual performance by the individual.

RECOMMENDATION:

That the present level of remuneration of \$8,000.00 remain as the basic amount. That the sessional allowance of the individual, when he or she sits as the Speaker or as the Chairman of the Committee of the Whole, be increased by sixty-five (\$65.00) dollars per day.

That records be maintained to assure that the individual is properly remunerated.

c) Deputy Chairman of the Committee of the Whole

From the input received by the Commission the indication is that individuals holding this responsibility are seldom called upon to fulfill the responsibility. The position presently receives an annual remuneration of \$6,000.00. The national mean when the House of Commons and the high and low jurisdictions are removed is \$2,340.00.

RECOMMENDATION:

The Commission recommends that the present level of remuneration be reduced to \$3,500.00 per year and that the individual's sessional allowance be increased by sixty-five (\$65.00) dollars per day for each day one is required to fulfill the responsibilities of the position.

d) Chairman of Standing Committees

The demands on these individuals can vary significantly depending on the issues, concerns and the changing political environment.

A Chairman is responsible for reviewing all the material related to the committee's responsibilities. Preparation of the agenda and the preparation and submission of the committee's reports to the Legislative Assembly indicates that some remunerative deficiencies exist.

RECOMMENDATION:

That the present level of \$3,500 per year per Chairman of each standing committee remain unchanged. That each standing committee Chairman receive an additional sixty-five (\$65.00) dollars per day indemnity for each day he or she chairs the actual committee meeting. In their absence the acting Chairman would receive the increased indemnity.

- Remuneration to committee Members remains unchanged at this time.

e) Chairman of Caucus

This position has received no remuneration for this responsibility in the past. There is also an absence of remuneration in some of the other political jurisdictions.

The Commission is of the opinion that this can be a demanding responsibility and that some financial consideration should be given and reviewed again in the future.

RECOMMENDATION:

That the Chairman of the Caucus receive an annual indemnity of \$2,000.00/year.

PENSION BENEFITS

Evaluation and comparison of benefits is on Schedule E.

In reviewing the Pension Benefits we also gave consideration to the concept of 'Severance Pay'. Although the Commission expressed concern for the elected member, we have difficulty with the term 'Severance Pay' and how it would be perceived by the voters. We are of the opinion that 'Severance Pay' has no place in the political environment.

The financial impact on a Member and his family if not re-elected, can be significant, particularly if the Member was in a Ministerial capacity. Only a few of our Members have professions or trades on which they can fall back for financial stability. Even if they have a profession or trade, the years spent in public office may have prevented them from maintaining their level of competency in their chosen field and consequently delay the transition from public office back into the private sector and being financially self supporting.

RECOMMENDATIONS:

- That the present pension plan be expanded and become a participating pension plan. That each Member be required, age permitting, to submit 7% to 8% of all indemnities and salaries (excluding tax free allowances) to the plan annually. (Note the exception stated below regarding Ministerial salaries.)
- There has to be a limit on the maximum amount of an individual's annual contribution. The Commission is particularly concerned with the inequity in potential pensions due to the structure of the Minister's salaries. These salaries are presently structured to cover the cost of housing required in Yellowknife plus the income tax payable on the increased remuneration. It is our contention that these dollars should not be part of any pension determination. The Commission recognizes that reward for effort should not just be during the carrying out of one's responsibilities, as it would then be a deterrent to accept the challenge of higher levels of responsibility. The only portion of the Ministerial salary that should be included is the base amount.
- That the Member's contributions plus interest at four (4%) per cent per annum be refundable if there is less than six (6) years elected service.

- Basis of calculation of pension benefits be increased to 3% x the best four (4) years x the number of years of service for all eligible Members prior to the plan becoming a contributory plan.
- Years of service required to reach maximum and any other limitations would have to be determined by an actuary, with the recommendation to have a contributory plan and also increase the level of benefits under the plan. These recommendations may require that there would have to be two formulas within the fund.
 - 1) Applicable to all Members whose term of office and pension qualification was before the plan became a participating plan.
 - 2) Those who are Members during and after the change.
- That the pension fund be administered by a northern based professionally qualified firm or group of firms, but not the management of the actual dollars in the fund.

Increasing number of Members will be long time Northern residents and considering the costs of living in the Northwest Territories, higher pension payments will be required. Being changed to a participating plan it will permit Members, not re-elected, to be able to withdraw funds they have invested in the plan, subject to certain regulatory requirements.

COMPARISON OF LEGISLATIVE PENSION FUNDS AND PROGRAMS

Legislative	Contribution Level %		Amount Includes Non-taxable A/R	Minister	Age	Minimum Service	Refund of Contribution	Bases of Calculation	Maximum	Past Retirement Adjustment	Spousal Benefits	Comments
	Member	L.A.										
House of Commons	11%+	9.4%	No	Yes	None	6 years		highest 6 consecutive years	75%	Yes	60% plus 10% for each dependent child	
Newfoundland	7%	7%	No	Yes	Age + Service = 60	5 yrs + 2 general elections		highest 3 year average additional calculation for a Minister	75%	only by amendment to statute	60% of Members Allowance 1/6 of all allowance for each dependent child (maximum restriction)	
Prince Edward Island	6 1/2%	35/75%	Yes	Yes	50	8 yrs or 2 general elections		average last five years Ministers pension cannot exceed 50% of highest years salary	75%	indexed (8% maximum)	50% - no allowance for dependent child	
Nova Scotia	8%	8%	Yes	Yes	55	5 yrs + 2 general elections		highest 5 year average	75%	indexed to C.P.I.	as above	
New Brunswick	Members 9% Ministers 6%	9% 6%	No	No	None	Minimum 10 sessions + consideration for Military Service		highest 3 year service	- cannot exceed sessional indemnity - no maximum on Ministers	indexed C.P.I. Maximum 6%	as above	
Quebec	10%	-	No	Yes	60 reduced pension available at 55	5 yrs of contribution		4% of indemnities plus years of service	70% of highest 3 year average	indexed C.P.I.	optional for a life annuity and transfer to spouses	Quebec has an Old Pension and a New Pension. We have only shown the New Pension contribution level tied to personal exemption under Quebec Pension Plan (Q.P.P.).
Ontario	10%	10%	No	Yes	Age plus yrs of service = 55	5 years		highest 3 month average	75%	Speaker can amend	60% of Members Allowance plus 10% for each dependent child (maximum 3 children)	
Manitoba	7%	-	Yes	Yes	as above	8 yrs or 3 Legislatures		average annual indemnity for the last 5 yrs or less	70%	indexed C.P.I. no maximum	60% of Members Allowance, none for dependent children	
Saskatchewan	9% (special % adjustment based on age)	9%	Yes	Yes	55 reduced pension available at 50	1 year		annuity based on contributions	no maximum	increases with awards to retired civil servants	60% of Members Allowance or an annuity option	
Alberta	7 1/2%	7 1/2%	Yes	Yes	55	5 years		4% x average of 3 consecutive years of highest indemnity x years of service	20 years	L.G. in Council may adjust	yes and can be passed on to dependent children	
British Columbia	9% Maximum contribution \$3,500.00	9%	Yes	Yes	55 yrs of age plus service = 60	7 yrs or more than 2 Parliaments		5% x highest 4 yr average Legislative Allowance x years of contributory service to a max. of 16 years	no maximum	indexed to C.P.I.	calculated on the same basis as a retirement pension	
Northwest Territories	fully funded by L.A.		No	Yes	55	6 yrs or life of 2 general elections		2x the best 4 yrs average earnings x the number of years of service	35% <i>yes</i>	indexed to S.R.B.A. of Canada	60% of Members Allowance plus 10% for each dependent child (maximum 4)	
Yukon	Nil	fully funded	Yes	No	55	6 years		basic indemnity plus tax free allowance level at time of leaving office - excluding any additional indemnities or Ministers salaries	no maximum	statutory amendment required	lump sum payment equal to 15% of basic indemnity plus tax free allowance in force at time of death x the number of years of service	

SUMMARY OF THE RECOMMENDATIONS

1. That all effort be made to amend the Northwest Territories Act to increase the tax free allowance of \$1,000.00 to maximum of 50% of the Member's salaries, allowances and indemnities.
2. That the basic Member's indemnity be increased from \$18,720.00 to \$33,700.00.
3. The offices of the Legislative Assembly hire a senior experienced financial administrator to assist the Members and provide administrative financial controls.
4. The variation in the Ministerial salaries to accommodate the cost of a second personal residence in the Capital and the related income tax costs NOT be a component in the determination of the level of pension payable.
5. Ministerial salaries should come under the jurisdiction of the Legislative Assembly.
6. The Speaker's position should be recognized as a Ministerial level and the remuneration increased accordingly.
7. The Deputy Speaker and Chairman of the Committee of the Whole remain at \$8,000.00 per year with the increased indemnity of sixty-five (\$65.00) dollars per day for every day the individual fulfills the required responsibility.
8. Deputy Chairman of the Committee of the Whole - that the present level of remuneration of \$6,000.00 per year be reduced to \$3,500.00 per year. Further, that the individual receive an indemnity of sixty-five (\$65.00) dollars per day for each day he/she Chairs the Committee of the Whole.
9. Chairman of Standing Committees - the present level of \$3,500.00 per year remain plus an increase in the daily indemnity of sixty-five (\$65.00) dollars per day for each day spent chairing the Standing Committee.
10. Chairman of Caucus - that this chairman be paid an annual indemnity of \$2,000.00 per year for fulfilling this responsibility.
11. Pension Benefits -
 - a) That the present pension be expanded to become a participating plan. Each member would pay into the plan annually, 7% to 8% of all indemnities and salaries, excluding all tax free allowances and recognizing the exception regarding Ministerial salaries.

This recommendation requires detailed actuarial analysis to determine pension maximum and any other limitations required to make it an effective pension.

- b) That consideration of the administration of the Pension fund be done in the Northwest Territories.

12. Indemnities -

That the present level of sessional and committee indemnities be increased by 30% per day or an increase of 15% in the indemnity and 15% in the daily living allowance

ADDENDUM TO THE
SUMMARY OF THE RECOMMENDATIONS

8. Deputy Chairman of the Committee of the Whole.

If the Deputy Chairman does not sit as a Chairman of the Committee of the Whole for the full day then the additional increment of \$65.00 per day will be prorated based on time spent.

9. Chairman of the Standing Committees

The present level is \$3,000 not \$3,500. If, in the Board's opinion, the level of work required of the Chairman is in excess of what they deem to be normal, the Management and Services Board have the power to further remunerate the Chairman.

CONCLUSION

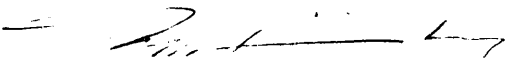
The Commission found itself somewhat confused by various levels and structures of the salaries, allowances, indemnities and expenses. Once understood, we had concerns on the monitoring and control process. The elected individuals should receive sufficient guidance and instructions as to how the various levels of remuneration are applied and how to avoid any embarrassing situations as have been encountered in most political jurisdictions in Canada. The elected Members, the staff of the Legislative Assembly and the Member and Services Board have a responsibility to the electorate that all funds expended will be properly accounted for in accordance with the regulations, policies and laws of the Northwest Territories.

The M.L.A.s should set the example to the Government as a Whole and as a result enhance the quality of all Government financial administration so that the reports of the Auditor General and the Comptroller General have few if any skeletons to report.

This Commission has strongly recommended that a Commission be appointed to review the matters addressed in this report either on an annual or biannual basis.

We sincerely thank all those who appeared before the Commission and to the assistance of the staff of the Legislative Assembly.

Respectfully submitted,



W. Grant Hinchey, F.C.G.A.
on behalf of the Members of the Commission

WGH/dt