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# 2005 Review of MLAs' Compensation and Benefits

Presented by

The Independent Commission to Review Members' Compensation and Benefits

December 2005

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JAKE OOTES (CHAIR) & SEAN WHELLY & JOHN SIMPSON

December 30, 2005

The Honourable Paul Delorey Speaker of the NWT Legislative Assembly

Dear Mr. Speaker,

The Independent Commission to Review Members' Compensation and Benefits was established July 12, 2005, pursuant to Section 35.1 of the Legislative Assembly and Executive Council Act, to review compensation and benefits provided to Members of the NWT Legislative Assembly.

We are pleased to report that we have completed our deliberations on these matters. In accordance with Section 5, of the Commission's Terms of Reference, please accept our Final Report.

Sincerely,

]a ke Ootes Commission Chair

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Sean Whelly

Commissioner

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## INTRODUCTION

## **I THE COMMISSION**

The Independent Commission to Review Members' Compensation and Benefits was appointed on July 12, 2005 by the Honourable Paul Delorey, Speaker of the NWT Legislative Assembly, as an independent body to assess and review the indemnities, allowances, expenses and benefits provided to Members of the NWT Legislative Assembly. The establishment of the Commission fulfills Section 35.1 of the Legislative Assembly and Executive Council Act that provides for a review of Members' compensation and benefits within two years after a general election. Under the legislation, the Commission was given six months to complete its work, and is expected to submit a report to the Speaker by January 12, 2006. (See Terms of Reference in Commission Website Snapshot, Appendix 2.)

## **Commission Members**

- Jake Ootes (Chair): Mr. Ootes is a former MLA, Cabinet Minister and Publisher. He is currently part-owner of a retail diamond and diamond jewellery business Jamaroh Diamonds.
- John Simpson: Mr. Simpson is the President of the Yellowknifebased consulting firm *Genesis Group* in Yellowknife. He served as Chair of the NWT Judicial Remuneration Commission and is a former member of the NWT Labour Board.
- Sean Whelly: Mr Whelly is the Regional Economic Development Officer for the Deh Cho Business Development Corporation in Fort Simpson.

(See more detailed biographies in Commission Website Snapshot, Appendix 2.)

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## **II PREVIOUS COMMISSIONS**

Three prior reviews of Members' compensation and benefits have taken place in the last decade. These include the *Independent Commission on Members' Compensation* in 2001, the *Review of Services to Members in the Legislative Assembly of the Northwest Territories* in 1998 and the *Commission on MLA Compensation* in 1996. This Commission builds on the work of these previous reviews.

## **III METHODOLOGY**

## **Research & Review**

As a first step, the Commission thoroughly reviewed MLAs' current compensation and benefits as well as the rationale behind such payments. We reviewed the indemnities in other jurisdictions, salaries in the private sector and salaries for senior managers within the Government of the Northwest Territories. Lastly, we considered the adequacy of the indemnities within the context of the larger economic, political and social developments in the NWT.

The Clerk's Office of the Legislative Assembly, the Assembly's Research Staff, the Staff of the Department of the Executive and the Comptroller General of the NWT were all co-operative in answering the Commission's questions and supplying information at the Commission's request — without any attempt to compromise the independence of the Commission. We appreciate the efforts made by the staff to answer our questions.

## **Public Information**

The Commission used a variety of communication tools to inform the public and solicit input about MLAs' compensation and benefits. These included:

• A website with information about the Commission, the Commissioners, current compensation and benefits of MLAs, compensation in other jurisdictions and instructions on contacting the Commission.

- A toll-free telephone number to allow members of the public throughout the NWT to contact the Commission free of charge.
- Advertisements and public service announcements in NWT newspapers and radio stations to solicit public comment and presentations, and provide information about the Commission, public meeting times, the Commission website and contacting the Commission.
- To further keep the work of the Commission in the public eye, media interviews were given whenever possible.

(See Commission advertisements and website snapshot, Appendice 1& 2.)

## **Consultations**

The Commission gave members of the general public and sitting MLAs the opportunity to present their views. A public meeting was held in Yellowknife on the evening of Wednesday, September 21, 2005, and interested MLAs were invited to make presentations on September 20, 21 and 22. Members of the public were also invited to make written submissions to the Commission and contact the Commission on an informal basis.

## **IV VALUES**

The Commission closely examined Members' compensation and benefits for adherence to the following values:

- Fairness between constituencies
- Transparency
- Adequacy
- Simplicity
- Clarity
- Public accountability
- Service to the public

## **V FUNDAMENTAL PRINCIPLES**

The following principles, listed in the Commission's Terms of Reference as provided by the Legislative Assembly, also guided the Commission's deliberations:

- 1. "No Member should seek to serve in public office for purely financial gain. Although the reasons may vary considerably, the underlying motivation for election must be to serve and improve the well-being of the people of the Northwest Territories."
- 2. "The system of remuneration must be transparent, open and provide a simple form of remuneration to the Members of the Legislative Assembly while providing a high degree of accountability."
- 3. "Remuneration packages, particularly with respect to living, travel and transportation costs, need to be sensitive to the regional differences of job-related expenses in order to ensure these factors do not become prohibitive for any Member to represent their constituents."
- 4. "The requirement to be available and accountable 24 hours a day, seven days a week, coupled with the lack of job security associated with an election every four years ensures that only a select few individuals would consider running for public office. A position of such wide-ranging importance in our democratic system, with such wide-ranging responsibility, should be fairly compensated in order to attract qualified and committed individuals."

## **2005 COMMISSION REVIEW**

## I CONTEXT: OUR CHANGING NORTHERN LANDSCAPE

Over the past few years, the Northwest Territories has experienced tremendous changes in its political and economic landscape, as major resource development and its attendant economic and social challenges, land claims settlements and the establishment of Aboriginal governments, increase the complexity of northern life. These factors influence the working environment of NWT MLAs, and are therefore considerations in establishing fair and adequate compensation.

## The NWT Economy

The 2005 NWT Economic Scan, published by the NWT Bureau of Statistics, indicates that the NWT economy has grown by 69 percent since 1999<sup>1</sup> largely as a result of growth in the non-renewable resource sector, related to diamond mine construction and operations, and oil/gas exploration. This has created a dynamic labour force in which skilled, educated people are in demand. On a smaller scale, employment is also being created by institutions set up under land claims agreements and Aboriginal governments. In November 2005, the NWT unemployment rate was 5.1 percent, lower than the Canadian rate of six percent. As the construction of a Mackenzie Valley pipeline becomes ever more likely, and additional Aboriginal governments are created, the NWT labour market will become even more competitive, and the demand for skilled, educated workers will increase. Now and in the foreseeable future, skilled, educated people will have little trouble finding employment in the NWT.

As our economy continues to grow, the NWT's dynamic labour market, combined with national and international competition for skilled and professional people, will make it challenging to attract competent, qualified people to the NWT political arena.

<sup>&</sup>lt;sup>1</sup> Economic growth refers to growth in the Gross Domestic Product.

Political leaders fill important roles in a democratic society. They are responsible for overseeing the public purse and maintaining the public good to ensure that all citizens continue to enjoy the benefits of a free, equal and compassionate society. Indeed, it can be said that the public good is directly related to the quality of their political leaders. It is important that our leaders continue to be well-qualified and competent. The challenges associated with attracting committed and qualified candidates to run for public office, in the NWT's dynamic labour market, were therefore primary considerations for the Commission.

## **Consensus Government**

The Northwest Territories has one of only two consensus governments in Canada. It is a continually evolving form of government. Only 25 years ago, the head of the Government of the NWT was still a federally-appointed Commissioner. Today the NWT has a fully-elected, representative government of 19 MLAs. The position of Commissioner has become ceremonial, and MLAs elect a Premier and six-member Cabinet from among their own ranks to be responsible for the development of legislation, policies and financial direction, and management of government. A Speaker is also elected by the MLAs.

Unlike a party system where candidates run for office on a party platform, in a consensus system all candidates run as independents on their individual skills and merits. As a result, MLAs in a consensus system have a more direct relationship with their constituents and maintain regular contact with them.

Under the NWT's consensus system, regular MLAs outnumber members of Cabinet—a distribution of power that ensures ministers and regular MLAs work in co-operation to reach consensus on the legislation, policies, budgets etc. that comprise the business of government.

Regular MLAs are best-known for their participation in Legislative Assembly sessions where they debate Cabinet Members on departmental policies and decisions in question period, and take part in debate on policy, budget, motions and legislation. What is not as apparent, however, is the considerable amount of time MLAs spend on constituency issues, and the work they undertake behind-the-scenes when serving on Legislative Assembly committees.

## Legislative Assembly Committees

The committee system is a major vehicle through which regular MLAs take part in the government decision-making.

All 11 regular MLAs are members of the *Standing Committee on Accountability and Oversight* which reviews issues that have governmentwide implications, such as government finances and the finances of certain boards and agencies. In addition, MLAs sit on one of two standing committees, the *Standing Committee on Governance and Economic Development* or the *Standing Committee on Social Programs*. These committees review policy proposals, legislation, multi-year business plans and budgets, boards, agencies and departmental performance. Several MLAs are also members of the *Board of Management* which is responsible for the general administration of the Legislative Assembly. MLAs may also be members of the *Standing Committee on Rules and Procedures* which considers issues referred to it by the *Board of Management*, as well as special committees set up for specific purposes.

As consensus government continues to evolve, regular MLAs are becoming more involved in the government decision-making process, and the work done by Legislative Assembly committees is expanding. An example is the pre-budget community hearings conducted by the *Standing Committee on Accountability and Oversight* for the first time in 2005. Committee work is increasingly important and a broad spectrum of skills, including critical analysis, the ability to research and the ability to articulate a position, is required. The increased importance of committee work has contributed to an increase in the amount of time MLAs must spend preparing for and participating in committees. As a result, rural MLAs<sup>2</sup> are expected to spend more time in Yellowknife away from their constituencies and their families.

<sup>&</sup>lt;sup>2</sup> To facilitate the flow of language throughout the report, we have referred to MLAs representing constituencies outside of Yellowknife as "rural MLAs."

## **Demands Placed on MLAs**

The NWT has a population of 43,000 people living in 33 communities spread over a huge land mass. NWT constituencies range in size from about 500 to 1,600 voters. The size of the ridings, combined with the nature of consensus government, fosters close relationships between MLAs and their constituents. MLAs are seen as leaders, role models, listeners and advocates. Constituents expect to have regular contact with their MLAs, and to receive immediate attention if they have concerns. MLAs are expected to attend community functions such as fund raising events, feasts, meetings, assemblies and family functions such as funerals, in addition to regular constituency meetings. The requirements to participate in Legislative Assembly sessions, committees and other government business, and the responsibilities of constituency work add up to demanding working schedules for MLAs.

## **II CONSULTATIONS**

## **Public Consultations**

Despite our efforts to solicit public input, the Commission received only a handful of informal comments and, with the exception of a reporter, there was no attendance at the public meeting. To stimulate more interest, we extended the deadline for presentations, and placed additional advertisements in territorial and community newspapers and on radio. The response was again limited. The Commission is disappointed at the lack of public feedback.

Eight people made informal comments to Commissioners. Only two were willing to put their names behind their comments. The comments included:

- MLAs should not get a raise.
- MLA raises should be matched by public service raises.
- MLA pension plan is too generous, compared with other jobs.

• Transition pay should be one month instead of one year. (See more detailed public comments, Appendix 3.)

## **Consultations with MLAs**

Six regular MLAs, the Premier, one Minister and the Speaker made presentations to the Commission. Following is a summary of comments made by MLAs. These are paraphrased in summary form and do not necessarily reflect the views of the Commission Members. Some of the same comments were made by more than one Member.

## **Basic Indemnities**

- Salaries are adequate but must be good enough to attract high quality candidates.
- The link between the MLAs' indemnities and the agreement negotiated by the Union of Northern Workers for the GNWT civil service is a conflict of interest. Having automatic increases is not transparent.
- The link with the UNW contract should be maintained.
- Public deserves to know what Deputy Ministers and Senior Staff make.
- Public criticism about salary bothers MLAs.

## **Constituency travel**

- Constituency allowance does not allow rural MLAs to make an adequate number of trips to the communities they represent.
- Constituency Assistants should be able to accompany and assist MLAs on trips to communities in the constituency.

## **Constituency offices**

- Rural MLAs should be allowed to have constituency offices in more than one community.
- The Legislative Assembly should pay for Yellowknife MLAs to have constituency offices in their constituencies, in addition to their offices in the Legislative Assembly building.

## **Constituency Work Expense Allowance**

- Donations should be allowable expenses under the Constituency Work Expense Allowance.
- MLAs should have a fund to use at their discretion for contributions to the weddings, funerals, graduations etc. of their constituents.
- Donations could lead to patronage and conflict.
- The present \$75 limit on presentation items in the Constituency Work Expense Allowance is inadequate.
- The Constituency Work Expense Allowance should cover cellphone expenses.
- There are inequities between Yellowknife and rural MLAs in constituency expenses that are not addressed by current budgets.

## **Constituency Assistants**

- Constituency Assistants provide valuable assistance to MLAs.
- The Constituency Work Expense Allowance does not provide for benefits and incremental raises for Constituency Assistants.
- Constituency Assistants should become GNWT employees.

## Non-Taxable Allowance

• Why do Yellowknife MLAs get the Non-Taxable Allowance when it is intended to compensate rural MLAs for costs associated with doing business in Yellowknife?

## **Capital Accommodation**

• There is inadequate compensation for costs associated with rural MLAs having to maintain two households.

## **Committee Work**

- Some MLAs fail to show up for committee work and this puts an increased workload on other MLAs.
- MLAs should not have their indemnities deducted for failure to attend committee meetings.

- It might be preferable to go back to the system of having MLAs get paid for committee work.
- Something must be done to improve attendance at committee meetings.

## Pages

- Rural MLAs should not have to use their constituency allowances for expenses associated with hosting Pages to the Legislative Assembly.
- Rural MLAs should be allowed to host more than two Pages a year at Legislative Assembly expense.

## **Family Wellness**

- MLAs should get more opportunities to bring their families to Yellowknife.
- The Legislative Assembly should pay to bring MLAs' children as well as spouses to Yellowknife to visit during session.
- There should more support for the families of MLAs.

## Pensions and Transition pay

- Four months, rather than 12 months, transition pay is ample.
- The penalty for taking your pension before the age of 60 should be cut in half.
- The pension plan is more than adequate.

## The Commission

 Having a commission look into MLAs' compensation within the first two years of every Legislative Assembly is excessive. With proper systems you wouldn't need a full commission.

(See list of presenters and written presentations, Appendices 4 & 5.)

## **III WHAT MEMBERS MAKE NOW**

## Indemnities

MLAs receive Basic and Additional Indemnities of:

- Basic indemnity: \$85,021 (The first \$1,000 is tax-free.)
- Speaker's Indemnity: \$29,937
- Premier: \$64,664
- Minister: \$45,504
- Deputy Speaker (also serves as Chairperson of the Committee of the Whole): \$5,987
- Deputy Chairperson of Committee of the Whole: \$3,593
- Chairperson of a Standing Committee: \$5,305
- Chairperson of Special Committee: \$2,652

The Basic Indemnity is based on the assumption that MLAs will participate regularly on Legislative Assembly committees. If Members fail to attend committee meetings without a reasonable explanation, they may be deducted \$119 for each half-day missed.

The indemnities are subject to regular increases as negotiated by the Union of Northern Workers for the public service. The current contract provides for a three percent increase each year for four years, starting April 1, 2005.

## Allowances

In addition to indemnities, MLAs receive the following allowances:

• Northern Living Allowance, similar to that received by the GNWT civil service to defray the higher costs of living in the NWT. This varies from community to community and ranges from \$2,302 annually in Yellowknife to \$17,543 in Colville Lake.

- Non-Taxable Allowance of \$6,586 annually for a Minister or a Member who lives within commuting distance of Yellowknife and \$10,179 for Members living out of Yellowknife. This allowance is intended to cover meals and incidentals associated with attending to business as a Member in the Capital City.
- Capital Accommodation Allowance of up to \$27,840 for accommodation in Yellowknife for Members who don't live within commuting distance of the Capital. This recognizes that these Members are required to spend a considerable amount of time in Yellowknife attending session, committee meetings etc.
- Transition Allowance of 1/12<sup>th</sup> of the annual indemnity for each consecutive year of service. The Transition Allowance may not exceed the Basic Indemnity of \$85,021.
- Constituency Work Expense Allowance, ranging from \$78,950 for Yellowknife constituencies to \$99,250 for the Sahtu. This covers various constituency office expenses, constituency travel, newsletters and salaries for Constituency Assistants.

## **Pensions and Benefits**

 MLAs receive benefits under the GNWT Accidental Death and Dismemberment-Duty Travel Plan, the Public Service Management Insurance Plan, the Public Service Health Care Plan and Dental Plan, similar to that provided to GNWT civil servants. • Members are required to join the Legislative Assembly Retiring Allowances Fund which requires them to contribute 6.5 percent of their pensionable income. They are given a onetime option to enroll in a Supplementary Retiring Allowance Plan under which they contribute an additional 2.5 percent of their pensionable income. Although Members can begin to collect their pensions any time after they cease to be MLAs, there is a penalty if Members begin to collect them before they reach pensionable age.

## **IV FINDINGS AND RECOMMENDATIONS**

## **Indemnities and Benefits**

## **Basic and Additional Indemnities**

When considering MLAs' indemnities through the lens of our values of transparency, clarity, simplicity, and public accountability, the system of paying NWT MLAs is essentially clear, straightforward and easy for people to understand, and keeps MLAs accountable to the people they serve. MLAs' salaries are readily available to members of the public upon request and are also published on the Legislative Assembly's website. In fact, the method of paying MLAs in the NWT is simpler and more transparent than that used in some territories and provinces where Members are paid a "per-meeting rate" for committee work, over and above their Basic Indemnities. The Commission believes when Members are paid on a "per-meeting rate", it is more difficult for members of the public to determine exactly how much their MLAs are earning.

Currently, MLAs' salary increases are tied to those negotiated by the Union of Northern Workers for employees of the GNWT. MLAs receive the same increases as GNWT civil servants. Under the current UNW Collective Agreement, MLAs receive a three percent increase each year for four years, starting April 1, 2005. In addition, the Northern Living Allowance received by MLAs is also a negotiated item in the UNW Collective Agreement. This linkage between MLAs' salaries and UNW negotiations could be perceived as a conflict of interest. While not directly involved in contract negotiations, Cabinet has direct responsibility to establish the parameters and direction for GNWT negotiators. Linking MLAs' salary increases to UNW negotiations puts MLAs and Ministers in the position of standing to benefit from the negotiations. We believe the link to the UNW contract should be severed, and MLAs' salary increases be tied, instead, to an outside benchmark such as the Canadian Consumer Price Index.

The Commission was also tasked with reviewing the amount of MLAs' indemnities. Referring to our guiding principles, we sought to balance the principle of working for public service rather than monetary gain, with the principle of fair, adequate and competitive compensation. We considered a number of factors, including the responsibilities and demands of the job, parliamentary salaries in other jurisdictions, GNWT salaries for senior management, private sector salaries and the competitive influences of the NWT labour market.

MLAs carry a high level of responsibility. In a consensus government, MLAs are directly responsible to the people for the expenditure of public funds, government programs, policies and legislation.

Without complaining, MLAs that appeared before the Commission were clear about the demands of the job. MLAs are required to work long hours, and have a greatly reduced private life while in office. Outside of committee and session work, MLAs spend considerable time meeting with, and assisting, constituents. There is an expectation by constituents that their MLAs will be available to them at all times. All of this places tremendous stress on personal and family lives if MLAs.

MLAs' present salaries are comparable to middle managers for the GNWT. Depending on the complexity of their duties, GNWT managers earn from \$50,115 to \$98,241. If we consider only the responsibilities and demands of the job, under the principle of fair, adequate compensation for the work performed, MLAs should be compensated on a level comparable to that of more senior management. With Deputy Ministers earning from about \$129,329 to \$197,585, Directors and Assistant Deputy Ministers earning from \$71,774 to \$177,953, this would seem to justify a considerable raise in MLAs' salaries. It is, however, also important to consider the reasons an individual may choose to run for territorial office — the principle that public service, not monetary gain should be the motivating factor. All the MLAs who appeared before the Commission supported this principle and none advocated an increase to their Basic Indemnities. In fact, we were impressed with the public spirit and dedication shown by these MLAs.

When considering the amount of indemnities in light of the principle of public service, it is useful to look to other jurisdictions. A cursory comparison of Basic Indemnities shows the NWT rates to be the second highest in Canada. This, however, is misleading because in some jurisdictions, Nunavut and Alberta as two examples, MLAs receive additional pay for their attendance at committee meetings. The amount of additional pay is difficult to calculate because committee pay is linked to the number of meetings attended and therefore varies from Member to Member. In the NWT, the salaries for committee attendance are included in the Basic Indemnity and this could explain why the NWT indemnities appear to be higher. Taking this discrepancy into consideration, we believe it is reasonable to conclude that the indemnities for NWT MLAs are comparable with those in the rest of Canada.

While the opportunity for public service should be the primary incentive for seeking public office, it is also important to ensure that wages do not become a disincentive. In the NWT's current dynamic labour market, elected positions are competing with highly-paid positions in industry and government for a restricted number of qualified people. This is a significant concern. Without advocating a raise for themselves, a number of MLAs told the Commission they took a cut in pay when they became MLAs. As the economy of the Northwest Territories continues to grow, the competition for qualified, committed individuals can only be expected to intensify.

The people of the Northwest Territories are entitled to competent and talented leaders. While we expect that a sense of civic duty is the primary motive for seeking election to the office of an MLA, wages must remain fair and competitive. It was the importance of ensuring that qualified, committed individuals continue to be attracted to the job of MLA that persuaded the Commission that a one-time adjustment, to make MLAs' salaries more comparable to the labour market, was warranted.

(See jurisdictional comparison in the Commission Website Snapshot Appendix 2, and GNWT Senior Managers' Pay Grids, Appendix 6.)

- A one-time nine per cent increase be applied across the board to the Basic and Additional Indemnities (Premier, Speaker, Minister, Deputy Speaker, Chair of Committee of the Whole, Chairs of Standing Committees, Chairs of Special Committees) of MLAs, effective at the beginning of the 16<sup>th</sup> Assembly.
- 2. Previously established indemnity increases for members of the 15<sup>th</sup> Assembly, which were linked to negotiated increases with the Union of Northern Workers contract for the GNWT civil service, will remain in effect until the end of the current term of the MLAs of the 15<sup>th</sup> Assembly.
- 3. Increases to MLAs' indemnities cease to be linked to the Union of Northern Workers' contract for the GNWT civil service as of the commencement of the 16<sup>th</sup> Assembly.
- 4. Annual cost of living increases be applied to MLAs based on the Canadian Consumer Price Index, as of the commencement of the 16<sup>th</sup> Assembly. The increases will match the average annual percentage increase of the CPI. If the CPI decreases in a given year, there will be no change to MLAs' indemnities. The cost of living increases will be in addition to the overall increase noted in Recommendation No. 1 above. In no case will the annual cost of living increase be greater than 3 percent.
- 5. In accordance with Section 17(3) of the Legislative Assembly and Executive Council Act, basic indemnities should continue to be payable as of the day an MLA is elected in a general election. Additional Indemnities are payable the day the Member is elected or appointed to the position.

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## Non-Taxable Indemnity

According to Section 15(4) of the *Northwest Territories Act (Canada)*, the first \$1000 of the basic MLA indemnity is non-taxable. While there may have been good reasons for this in the past, today there is no rationale for this provision. In fact, the only reason it still exists is because the underlying legislation is a federal Act which can only be changed by an Act of the Federal Parliament. In view of the archaic nature of this provision, the GNWT should at least make the effort to have this repealed.

## The Commission recommends:

6. The Government of the Northwest Territories negotiate with the Federal Government for the necessary amendments to Section 15 (4) of the Northwest Territories Act (Canada) to remove the provision that the first \$1,000 of an MLA's basic indemnity is non-taxable.

### Northern Living Allowance

The Northern Living Allowance given to all GNWT employees, as well as MLAs, is intended to compensate for the higher costs of living in the Northwest Territories. Because these costs vary regionally, this allowance differs from community to community, ranging from a low of \$2,302 annually in Yellowknife to \$17,543 in Colville Lake. The Northern Living Allowance is part of the Collective Agreement negotiated by the Union of Northern Workers for the GNWT civil service.

The main components of the Northern Living Allowance are the cost of travel and the cost of a basket of services in each community. It does not, however, include the cost of housing. This creates a cost of living inequity. Housing costs in some northern communities are fluctuating significantly and in some cases becoming increasingly unaffordable. The Northern Living Allowance does not fairly represent the true and complete costs of living in different communities.

(See Housing Cost Index, Appendix 7.)

7. A new Cost of Living Allowance for MLAs be considered for adoption by the Legislative Assembly. This allowance could include travel costs, the cost of a basket of goods and services and accommodations in respective communities. This allowance to become effective at the commencement of the 16<sup>th</sup> Assembly.

#### **Speaker's Indemnity**

The Speaker performs an essential role in the Legislative Assembly. He/she presides over the proceedings of the House and maintains order in the conduct of business. The Speaker is responsible for the day-to-day functioning of the Legislative Assembly, and as Chair of the Board of Management is responsible for developing policies for the overall operation of the Office of the Legislative Assembly. He/she acts as spokesperson for the House. He/she is also the official representative of the Legislative Assembly at provincial/territorial, federal and international parliamentary functions.

Unlike most other Canadian jurisdictions where Speakers receive the same Additional Indemnities as Ministers, the NWT Speaker's indemnity (\$29,937) is considerably lower than that of a Cabinet Minister (\$45,504).

Raising the Speaker's Indemnity equal to that of a Minister would only be justified if their responsibilities were comparable. Without doubt, there are similarities between the responsibilities of the two Offices: both are responsible for government departments and represent the GNWT nationally. However, the Speaker does not bear responsibility for the actions of Government as a whole as Ministers do by virtue of their membership in Cabinet. Unlike Ministers, the Speaker is not required to attend to his/her office on a daily basis and is not deemed, under current guidelines, to be a resident of Yellowknife. In the final analysis, we felt that while we could not justify equalizing the Speakers' and Ministers' indemnities, we could justify reducing the difference between the two. Additional responsibilities for the Pages Program we suggest in Recommendation No. 37 provide a further justification for an increase.

8. The Speaker's annual indemnity be increased by \$7,500, effective at the commencement of the 16<sup>th</sup> Assembly.

## **Multiple Positions**

The Commission considered whether a regular Member serving in more than one position should receive indemnities for each position. The current legislation is unclear on this point. We felt that since each additional position entails an additional workload, it was only fair for members to received additional compensation.

## The Commission recommends:

9. That regular MLAs holding more than one position should receive indemnities for each position they hold.

#### **Caucus** Chair

Caucus is a major entity within government and plays an important role in the operation of consensus government. Caucus is an in-camera meeting of all 19 MLAs and serves as a forum for broad issues such as the vision or goals of government, government policies, electoral boundaries or recommendations for appointments. While Caucus deliberations are not binding, discussion in Caucus often forms the groundwork for debates and decisions in the Legislative Assembly. Despite its obvious importance, Caucus remains a Legislative Assembly Convention and is not enshrined in legislation.

At present the Caucus Chair does not receive an additional indemnity. Recognizing the importance of Caucus to the smooth functioning of consensus government, the Commission considered whether an indemnity should be established for Caucus Chair. We concluded in principle that the position is worthy of remuneration. However, we felt that remunerating a position not enshrined in legislation to be contrary to the values of transparency and public accountability.

10. The Legislative Assembly consider enshrining the position of Caucus Chair in legislation. If this position is enshrined in legislation, it should be remunerated at an amount equal to that of a Special Committee Chair.

#### **Deductions to Indemnities**

We have already noted that participation in Legislative Assembly committees is an essential part of a regular MLA's job. The NWT Legislative Assembly is a small House with only 11 regular members. The two major standing committees have five and six members respectively, and must have a quorum of a majority of the members before they can conduct business. If two or three Members fail to participate, committee work is delayed. In order for committees to be effective all Members must participate fully.

Many of the MLAs who appeared before the Commission expressed frustration that some MLAs regularly miss meetings, make only a token appearance before leaving, attend meetings intermittently, fail to complete the homework required for effective participation, or engage in other activities during committee meetings. This slows down the process of governing, and leaves some MLAs with a disproportionate amount of work.

Attendance at committee meetings is an ongoing challenge. The current provision for deducting \$119 from a Member's indemnity for every half-day missed without a reasonable explanation has never been implemented. Unlike in a party system where MLAs are responsible to the Party Whip, NWT MLAs are responsible only to their constituents. Neither the members of the Clerk's Office who provide services to the committees nor the committee Chairs felt comfortable disciplining MLAs.

The Commission discussed this issue at length. While we agree in principle with deducting indemnities for failure to attend meetings without a reasonable explanation, we have no practical suggestions on how to implement this rule. As a consequence, we are forced to conclude that if the rule cannot be implemented, it should be rescinded. The Commission realizes that MLAs have legitimate reasons to miss occasional committee meetings. However, we view the failure to attend meetings without adequate cause as a very serious matter. Committee work is a critical component of consensus government and a prime element of the legislative system by which regular MLAs take part in shaping policy and making decisions. In order to properly represent the views of their constituents, MLAs should participate fully in committee meetings.

Constituents have a right to know how well they are being represented by their MLAs. At present, attendance records are tabled annually in the Legislative Assembly. While this is commendable, few members of the public actually keep track of when documents are tabled or request to see them. Public reporting of attendance, including the reasons for failure to attend, should be simple and accessible to allow voters to determine for themselves if their MLAs are performing satisfactorily. In addition to tabling attendance records, regular reporting of MLAs' attendance on a website would be a low maintenance, effective method of helping people to assess the performance of their MLAs, ensuring greater accountability.

At the same time, greater effort should be made to enforce attendance rules at committee meetings. While we are sensitive to MLAs' concerns about policing their colleagues, we believe Chairs should be supported to be more forceful about enforcing attendance rules. In fact, this is their duty and one of the justifications for the additional indemnity they receive.

#### The Commission recommends:

- 11. The current provisions for making deductions to MLAs' indemnities for failure to attend committee meetings be rescinded.
- 12. Committee Chairs ensure that attendance at committee meetings, as well as reasons for failure to attend, is recorded in quarterly, daily components. (i.e. full meeting attendance, three-quarter meeting attendance, half meeting attendance, quarter meeting attendance.)

13. Attendance records of MLAs, along with their reasons for failing to attend, be reported quarterly in a summarized format, suitable for public distribution. The convention of tabling these attendance records annually in the Legislative Assembly be replaced with a requirement to table attendance records on a quarterly basis. The reports should also be easily accessible to the public through regular posting on a website and/or media release. The current website set up for the Independent Commission to Review Members' Compensation & Benefits could be converted for that purpose.

#### **Transition Allowance**

The Transition Allowance recognizes that election to political office can be a disruption to the normal career path of an individual who is elected to public office, and that time may be needed to make the transition back into the regular workforce. At present, MLAs earn Transition Allowance at the rate 1/12 of the annual indemnity for every year served to a maximum of one year's Basic Indemnity. In other words, MLAs serving two or three terms receive larger allowances than those serving one term.

We feel that a maximum allowance of one/half year's basic indemnity is adequate for MLAs to reposition themselves in the current labour market in the NWT.

## The Commission recommends:

14. MLAs will continue to earn a Transition Allowance of one month's pay (based on one-twelfth of the MLA's total indemnities for that year) per year. Effective as of the start of the 16<sup>th</sup> Assembly, the cap for the Transition Allowance be reduced from one year's Basic Indemnity to one-half of one year's Basic Indemnity, for all MLAs regardless of the number of times they are re-elected. This will be effective at the commencement of the 16<sup>th</sup> Assembly. MLAs who have earned more than six months Transition Allowance at the beginning of the 16<sup>th</sup> Assembly will not have their allowances reduced but will not be allowed to collect additional time.

## **Pensions and Benefits**

The Commission concurs with the opinion expressed by most MLAs that appeared before it that the pension and benefit plans for MLAs are fair and adequate. We did have some concern, however, that the provision restricting MLAs to a one-time opt-in option for the *Supplementary Retiring Allowance* might create hardship for MLAs who as the result of unforeseen changes to their personal circumstances might want to change their minds.

## The Commission recommends:

15. MLAs have an opportunity to opt-in or opt-out of the Supplementary Pension Plan upon election and each time they are re-elected, as of the commencement of the 16<sup>th</sup> Assembly. This provision is not retroactive. Members who have opted out prior to the 16<sup>th</sup> Assembly will be able to opt back in, but will not be able to buy back benefits.

## Non-Taxable Allowance

Annual Non-Taxable Allowances of \$6,586 and \$10,179 are provided to Yellowknife and rural MLAs respectively. The allowance is distributed on a bi-weekly basis to MLAs as part of their paycheques. The allowance is nonaccountable.

Neither the current legislation nor the Members' Manual is significantly clear on the purpose of this allowance. Presenters to the Commission had very different understandings on the intent of this allowance. To the best of our knowledge, this allowance was originally intended to compensate all Members for out-of-pocket expenses such as meals, taxis and other incidental expenses, associated with doing business on sessional and committee days in Yellowknife. Apparently, the amounts of the allowance were based on a per diem rate for 100 days which was the average of sessional and committee days during the 13<sup>th</sup> Assembly. Because rural MLAs usually had to stay in Yellowknife over the weekends, their allowance was based on per diems for 155 days. The Commission had difficulty coming to a clear and definite understanding of the rationale for this allowance in its current form. If the allowance was intended to compensate MLAs for costs of doing business in Yellowknife, it is unclear why it is also available to MLAs who live in Yellowknife and should therefore not incur additional expenses — a point made by both Yellowknife and rural MLAs who appeared before the Commission. If the allowance is intended to cover expenses such as taxi fares and meals, it is unclear why MLAs regularly submit expense claims and receive reimbursement for those expenditures out of their Constituency Work Expense Allowances. This has created a situation where MLAs could be compensated twice for the same expense.

We discussed this allowance at length and concluded that this allowance should be revised and re-stated to cover two specific categories of nonaccountable expenses.

The first is the incidental cost associated with hospitality and keeping in touch with constituents. MLAs routinely pick up the tab when they have coffee or meals with their constituents — and they are expected by their constituents to do so. They regularly incur transportation costs and other incidental costs, over and above the regular costs of living and working. These incidental costs are incurred by all MLAs, regardless of whether they are doing business in Yellowknife or other constituencies, and it is reasonable to compensate them in the form of a non-taxable allowance. However, MLAs should not be entitled to reimbursement for these expenses out of their Constituency Work Expense Allowances.

Secondly, there are costs incurred by rural MLAs to establish a second household in Yellowknife. Although apartment rent, utilities and rental of furniture is paid for by the Legislative Assembly under the Capital Accommodation Allowance, rural MLAs told the Commission that they were out-of-pocket for expenses, associated with establishing a second household such as buying a second set of pots and pans, dishes, additional bedding etc. As these costs are over and above those associated with normal living, we feel it is reasonable to reimburse Members for them.

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Next, we questioned whether this allowance should remain non-accountable. The implications of a non-accountable allowance must always be carefully considered because these types of allowances can so easily lead to an abuse of public monies. However, for the two categories of expenses cited above, we feel a non-accountable allowance is justified because we felt MLAs should have some flexibility in how this allowance is spent, and because it is administratively burdensome to track receipts for minor expenditures.

Lastly, it is important to ensure that non-taxable allowances be clear and transparent. The purpose of this allowance should be clearly communicated to MLAs, and they should be prohibited from receiving re-imbursement for the same expenses from other budgets. The current practice of distributing the allowance along with MLAs' salaries encourages Members to regard it as part of their wages, and should be discontinued.

#### The Commission recommends:

- 16. The Non-Taxable Allowance be divided into two non-taxable allowances as follows:
  - Incidentals Allowance of \$6,500 annually to cover costs for hospitality, meals, local transportation and other incidentals associated with the business of an MLA. This allowance will be available to all MLAs. MLAs should refrain from claiming expenses for meals and transportation (other than those associated with duty travel) out of their Constituency Work Expense Allowances.
  - Dual Household Allowance of \$6,500 annually to defer costs associated with maintaining a second household in Yellowknife which are not covered by the Capital Accommodation Allowance. This allowance will be available only to those rural MLAs who are deemed to reside in a community other than Yellowknife.
- 17. Both the Incidentals Allowance and Dual Household Allowance be paid on a monthly basis in advance and clearly differentiated from the Members' salary through separate cheques or separate direct deposit receipts.

- 18. The purpose of the Incidentals Allowance and Dual Household Allowance be clearly communicated to MLAs as part of their orientation.
- 19. The Incidentals Allowance and Dual Household Allowance be subject to annual cost of living increases in accordance with changes to the Canadian Consumer Price Index. The increases will match the average annual percentage increase of the CPI, to a maximum of 3 percent. If the CPI decreases in a given year, there will be no change to the allowances.

## **Capital Accommodation Allowance**

The Commission concurs with MLAs who gave presentations that the Capital Accommodation Allowance is fair. We suggest only one minor update: that Internet access be added to the list of allowable expenses under this allowance. Internet is now a standard communication tool both for business and personal reasons, and allows MLAs to stay in touch with their families and their constituents in a cost-effective manner, contributing to family wellness and the smooth functioning of government.

#### The Commission recommends:

20. Basic Internet access be included in the list of allowable expenses covered by the Capital Accommodation Allowance.

## **Constituency Work**

MLAs receive a Constituency Work Expense Allowance to cover expenses that are directly related to representing their constituents. The allowance covers the cost of such items as supplies for constituency offices, constituency meetings, presentation items to constituents, advertising and promotion, the employment of Constituency Assistants and constituency travel. The amount of the allowance differs between constituencies to reflect cost of living differentials and travel costs in various regions of the NWT. The allowances range from \$78,950 for Yellowknife constituencies to \$99,250 for the Sahtu, and are adjusted annually to reflect changes in the Consumer Price Index. The allowance is global so that Members are free to decide how to spend it within the parameters of the expenditures listed in the *Indemnities, Allowances and Expense Regulations*.

#### **Constituency Travel**

The inadequacy of the constituency travel portion of the Constituency Work Expense Allowance for rural MLAs representing more than one community was a significant issue brought before the Commission. It was identified as an issue by several MLAs. Even Yellowknife MLAs who noted the allowance was adequate for their own needs, spoke up for their rural colleagues in this respect. The high cost of airfare, accommodation and meals inhibit travel in the isolated regions of the NWT. Community travel circuits can cost up to \$15,000 per circuit for MLAs representing large, multi-community ridings. The present allowance allows these Members to take only one or two community consultation tours per year, forcing rural MLAs to sacrifice other areas of constituency work in order to pay travel costs. As a result, many MLAs are not making an adequate number of visits to the communities in their ridings. We heard from one MLA who was forced to lay off a Constituency Assistant in order to pay for travel costs. Others exhaust their allowances well before the end of the year because of travel costs.

The Commission took notice that some MLAs solicit or accept travel subsidies from organizations such as municipal and Aboriginal governments in order to make community visits. Accepting such subsidies could compromise an MLA's ability to represent all constituents fairly and adequately.

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Rural Members try to compensate for their inability to travel by hiring community-based Constituency Assistant, but it is not possible to hire a Constituency Assistant in every community of a multi-community riding. Because of this, these Members would like to be able to take Constituency Assistants on community tours, to familiarize them with all the communities and constituents of the riding. They are, unfortunately, prohibited from doing this, even on charter flights where there is an otherwise unoccupied seat, because Constituency Assistants are not covered by GNWT liability insurance.

The Commission feels strongly that MLAs should have the resources to maintain reasonable contact with their constituents. In NWT communities, MLAs are seen as leaders and role models. People expect to have direct access to their MLAs and to see their MLAs at community events. In consensus government where the MLAs' primary allegiance is to their constituents rather than to a party, this direct contact is the foundation of good government. It helps ensure that the GNWT continues to serve the needs of the people of the NWT, and keeps MLAs accountable to those who elected them. Forcing rural MLAs to forego constituency travel or sacrifice other areas of their constituency budgets in order to maintain contact with their constituents — which Yellowknife MLAs can do without sacrifice or additional cost — is unfair.

Travel within the NWT is costly. Factors contributing to this expense include great distances (requiring varied means of travel), weather considerations and escalating fuel prices. As a result the cost of travel is constantly fluctuating and it is difficult to establish reasonable and fair allowances for constituency travel within multi-community ridings. Instead of having constituency travel costs for MLAs of multi-community ridings included in the Constituency Work Expense Allowance, these costs should be directly paid by the Legislative Assembly.

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- 21. The Legislative Assembly pay the direct economic costs of travel, accommodation and meals for up to five MLA constituency tours each year. This travel will be available to any MLA representing more than one community (city, town, village, hamlet or unincorporated settlement) in their riding. All travel costs will be for travel within a constituency only, and each tour or circuit will be conducted in the most cost efficient manner possible. A claim for circuit travel may or may not include all communities, however, only five claims may be made. This funding will be in addition to any existing travel now paid for by the Legislative Assembly to and from home communities.
- 22. Constituency Assistants and family members be permitted to accompany the MLA on constituency consultation tours as long as there is no additional cost. Insurance coverage to be paid by the Legislative Assembly.
- 23. MLAs be expressly prohibited from accepting travel subsidies from any other organization. E.g. industry, community and Aboriginal governments, non governmental organizations, nonprofit organizations, sporting organizations etc.

#### **Constituency Assistants**

Members typically hire Constituency Assistants to help them with their duties as MLAs. They may hire either one or several individuals as term employees, and/or contract a business or corporation under a short-term service contract. Wages and benefits such as Canada Pension Plan and Employment Insurance for a Constituency Assistant and money for service contracts are allowable expenses under the Constituency Work Expense Allowance. Constituency Assistants play an important role in ensuring that members of the public have access to their MLA and that the Member is accountable to his/her constituents. Constituency Assistants are considered political staff and are not employees of the Legislative Assembly or the GNWT, but rather the employees of the MLAs themselves. Members are personally liable for any wages owed to Constituency Assistant or money owed under service contracts, if there are insufficient funds in their Constituency Work Expense Allowances. As employers, MLAs are expected to be familiar with the *Labour Standards Act*, the *Human Rights Act* and the *Board of Management Workplace Harassment Policy*.

MLAs emphasized the importance of Constituency Assistants and the value they placed on their services. While they appreciated the flexibility of the current system, they expressed concern that they were not always able to pay wages high enough to attract qualified individuals — particularly in today's competitive labour market. With some MLAs devoting nearly all of their Constituency Work Expense Allowance to wages for Constituency Assistants, and others only a portion, wages range from about \$40,000 to \$65,000 annually. Generally MLAs seem to be unable to afford incremental increases to their Assistants' salaries or benefits packages comparable to those received by civil servants or employees of private corporations. Most Constituency Assistants only receive the CPP and EI benefits to which they are entitled under law.

The Commission has serious reservations about the current status of Constituency Assistants. The restricted wages and the failure to provide benefits packages and incremental increases tend to devalue the position. This makes it difficult for MLAs to retain qualified staff, and negatively impacts the level of public service MLAs offer to their constituents. To ensure that Members can continue to offer a high level of service to the public, we advocate professionalizing the position of Constituency Assistant with a standard wage scale, benefits, and a more detailed job description. At the same time, the flexibility of the current system should be retained to allow MLAs to hire either one full-time or several part-time assistants or to contract for those services.

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The Commission recommends:

- 24. Each MLA will be entitled to spend up to \$60,000 annually on wages, benefits and/or contract fees for constituency assistance services. These costs will be paid directly by the Legislative Assembly, and will no longer be part of the Constituency Work Expense Allowance. Any expenditure on constituency assistance services over the \$60,000 annual limit will be paid out of the Constituency Work Expense Allowance.
- 25. A uniform rate of \$28 an hour be established for Constituency Assistants who are hired as full or part time employees.
- 26. Constituency Assistants receive the same annual wage level increases as those negotiated by the Union of Northern Workers for the GNWT civil service.
- 27. The Legislative Assembly negotiate a benefits package, with a benefits provider such as the Northern Employment Benefits Plan or the Chamber of Commerce, that will be offered to all Constituency Assistants. This plan will be cost-shared between the Constituency Assistant and the employer and could include health, dental, insurance, pension and long and short term disability benefits similar to those offered to GNWT employees. Constituency Assistants may opt out of the package.
- 28. The job description of Constituency Assistants be updated to reflect the increased standard of professionalism.

## **Promotional Items, Gifts and Presentations**

Some MLAs are confused as to exactly what can be expended on what types of items. We feel that this confusion causes administrative difficulties with frequent questioning of expenditures. Members may purchase items such as pins to hand out as promotional items while travelling, or items such as ball caps or mugs to advertise their constituency addresses and phone numbers. MLAs quite properly make presentations to dignitaries on formal occasions such as the opening of a public building in their constituency. Members may also want to recognize special events in the lives of their constituents, such as funeral or graduation ceremonies, by offering small gifts.

At present, the Constituency Work Expense Allowance places monetary limits of \$150 on presentation items, and \$75 on items to mark special occasions. The Commission felt these limits should be adjusted to reflect escalating costs. A third item which allows for the purchase of lapel pins and souvenirs does not have a monetary limit. In this case, we felt the values of transparency and public accountability would be better served by setting a monetary limit. The Commission upholds the current prohibition against spending the Constituency Work Expense Allowance on partisan items or artwork or craft items for personal use or office display.

## The Commission recommends:

- 29. "Lapel pins and souvenirs" in the current list of allowable expenditures be renamed "Promotional Items" and that the maximum allowable expenditure be set at \$30 per unit. This will cover items such as hats, mugs, calendars, pens and pins that an MLA may distribute to his constituents, as well as souvenirs such as lapel pins to distribute while travelling. Items that are distributed to constituents must display contact information for the MLA.
- 30. The maximum value for "token items for presentation" in the current list of allowable expenditures be increased from \$150 to \$300. This will cover presentations to dignitaries on formal occasions in the constituency.
- 31. The maximum value for "items provided to constituents to mark special occasions" in the current list of allowable constituency work expenses be increased from \$75 to \$150.

# Memberships in Community and other Organizations

MLAs are often invited to attend meetings of community/territorial/national organizations that may influence events in their constituencies. In some cases they may desire, or be requested, to purchase a membership in an organization. Maintaining contact with these organizations is an accepted part of an MLA's role, both to keep abreast of issues and, where appropriate, to represent the interests of these groups in the Legislative Assembly.

While memberships are currently allowable constituency work expenses, the Commission could not think of any examples where paying to join an organization would actually be required to fulfill a Members obligations to his/her constituents. Allowable expenses of this nature can too easily be used to further MLAs' personal and political interests, rather than to fulfill their public responsibilities. The Commission felt that MLAs should feel free as private individuals to purchase memberships, but the expenditure is not an appropriate use of public funds.

# The Commission recommends:

32. The item "memberships in community and other organizations" be deleted from the list of expenses allowable under the Constituency Work Expense Allowance.

# **Donations**

MLAs told the Commission that they are continually solicited for donations in the form of raffle tickets, sponsorships and gifts to support various worthy causes. Donations are currently prohibited under the Constituency Work Expense Allowance, but a number of MLAs saw making donations as a job requirement, and argued they should become allowable expenses. One MLA felt that supporting any kind of sports team would be in the public interest.

The Commission concedes that there are many causes worthy of support on the community, territorial and national level, sporting organizations among them. In this matter it is important, however, to distinguish between the role of an MLA and the role of an individual. The role of an MLA is to contribute to the well-being of his/her constituents by representing their interests to government, and by ensuring good government. Contributing to the wellbeing of people through donating to worthy causes is the role of an individual, and MLAs are encouraged to make donations out of their own salaries. The Commission upholds the current restrictions on donations in the Constituency Work Expense Allowance.

# **Constituency Work Expense Allowance**

The removal of constituency travel within multi-community ridings and Constituency Assistants (Recommendations 21 & 24) from the list of allowable expenditures under the Constituency Work Expense Allowance necessitates the recalculation of the allowance to cover the remaining allowable expenses. According to the Commission's preliminary calculations, the annual Constituency Work Expense Allowance could be between \$35,000 and \$40,000.

# The Commission recommends:

- 33. The Constituency Work Expense Allowance be recalculated to reflect the changes in Recommendations 21 & 24. This recalculation should take some regional cost differentials into consideration.
- 34. The Constituency Work Expense Allowance be restricted to the items listed below. Items not on the list may be covered by application to the Board of Management.
  - Travel on business outside of the constituency, according to the current guidelines. (International travel to be approved in advance by the Board of Management.)
  - Travel within the constituency over and above constituency travel circuits paid directly by the Legislative Assembly, according to Recommendation 21
  - Constituency Assistant services over and above those paid for directly by the Legislative Assembly, according to Recommendation 24
  - Advertising
  - Constituency office signage
  - Constituency office supplies

- Equipment and furniture not supplied by the Legislative Assembly
- Rental of rooms for constituency meetings
- Food and beverages provided at constituency meetings
- Telephone and cell-phone purchase and service
- Cell-phone expenses and long distance calls
- Long distance costs over and above those paid by the Legislative Assembly
- Computer hardware and software, in addition to equipment supplied by the Legislative Assembly
- Support and maintenance of office equipment and software
- Photocopying charges
- Postal, courier and other similar services and the rental of a post office box
- Newsletter and other printed material costs
- Translation and interpretation services and professional services
- Promotional items such as lapel pins and souvenirs having a maximum value of \$30 per unit
- Token items for presentation having a maximum value of \$300 for each item
- Items provided to constituents to mark special occasions having a maximum value of \$150 for each item
- Magazine and newspaper subscriptions
- Vehicle lease or rental (restrictions apply)
- Insurance
- Registration for conferences and courses
- 35. The Constituency Work Expense Allowance continue to be subject to increases tied to the Canadian Consumer Price Index.

## **Constituency Offices**

All MLAs are provided with an office for themselves and an office for a Constituency Assistant at the Legislative Assembly building in Yellowknife. In addition, MLAs representing rural constituencies may establish offices in their constituencies. Although this is not widely-known, the option of setting up a constituency-based office in addition to the office at the Legislative Assembly is also available to Yellowknife MLAs and this option should be continue to be allowed.

It was pointed out to the Commission that the formal nature of the Legislative Assembly building could be intimidating to some constituents, and therefore could represent a barrier between constituents and their MLAs. In addition, the continuing growth of Yellowknife, the development of business areas outside of the downtown core and the attendant increase in traffic reduce the convenience of travelling to the Legislative Assembly building, presenting additional barriers between constituents and their MLAs. In the interests of fairness, public accountability and providing good public service, we support the current provision that allows MLAs to set up offices in their constituencies.

# The Commission recommends:

36. Yellownife MLAs continue to be permitted to establish constituency offices in their constituencies, in addition to the offices provided in the Legislative Assembly building. The Legislative Assembly will pay the direct costs for these offices in accordance with guidelines established for constituency office costs in rural areas.

# **Pages**

Pages are students who play a key role in the communication network of the Legislative Assembly when the House is in session. They carry messages and documents for Members and serve House Officials in various capacities. Serving as Pages allows young people to acquire exposure to our territorial leaders, our system of consensus government, the issues facing the people of the Northwest Territories and the various careers within the Legislative Assembly. This is an excellent educational experience that not only prepares our youth to exercise their democratic responsibilities as adults, but may also inspire them to become future MLAs or seek careers in related fields. The Northwest Territories has a young population and its' youth is its' future. The value of this type of opportunity cannot be overstated. The majority of Pages who serve in the Legislative Assembly are students from schools in Yellowknife, and more effort must be made to extend this opportunity to students outside the Capital. The current rules provide that the Legislative Assembly will provide the return costs of transportation for two Pages from each rural constituency per year. However, rural Members who sponsor Pages are expected to pay for accommodation, meals and chaperonage out of their Constituency Work Expense Allowances. Rural Members who would like to host more than two Pages a year are expected to pay travel costs as well. Not surprisingly, very few rural Members have the resources to sponsor Pages. It is unreasonable and unfair for the costs associated with hosting Pages from rural constituencies Pages to be taken out of an MLAs Constituency Work Expense Allowance. This is contrary to the Commission's third Guiding Principle which speaks to the needs to take regional differences into account so that all Members can represent their constituents equally.

The Commission feels strongly that the educational opportunity afforded by paging for the Legislative Assembly should be equally available to all NWT students, regardless of where they live.

# The Commission recommends:

- 37. The Legislative Assembly recognize the importance of exposing young people to government by establishing an office to coordinate Pages for the Legislative Assembly. This office is to be the responsibility of the Speaker.
- 38. Each MLA be entitled to invite four students from their constituency to serve as Pages during each year.
- 39. The Legislative Assembly coordinate and pay for the travel, accommodation, meals and chaperonage associated with bringing rural Pages to Yellowknife.

# **Family Wellness**

The family is one of the foundations of NWT society, and the health of our families is directly linked to the health of our communities and the health of our territory as a whole. Yet, as consensus government evolves and the workload for MLAs increases, Members are required to spend more and

more time away from their families. This is particularly the case with rural MLAs who are required to spend an increasing amount of time in Yellowknife attending Legislative Assembly sessions and committee meetings. This enforced separation poses a hardship not only on the family, but on the MLA who is without the support system that a family normally provides.

Maintaining Family Wellness throughout these frequent separations was a major concern of all the MLAs who appeared before the Commission. At present, the Legislative Assembly will pay for a rural Member's spouse (or other person) to attend the official opening of the Legislative Assembly, and for one trip for the Member or a spouse (or designate) between the Member's home community and the Place of session for every 10 sitting days. In addition, rural Members are provided with five additional return flights between Yellowknife and their place of residence for themselves, spouse, partner or dependent. All family travel, outside of travel to attend the Legislative Assembly opening, is a taxable benefit.

In view of the increasing demands that are being made on an MLAs time, it is reasonable to expect the Legislative Assembly to provide additional support for Family Wellness. This support should give MLAs not only an opportunity to spend time with all members of their family, but also facilitate connections between the individual families of MLAs. This could best be accomplished if the Legislative Assembly were to host regular events such as receptions for MLAs and their families. Such a measure would support Family Wellness, and establish the Legislative Assembly as a role model in recognizing the importance of family to northern life. It is unfair for these benefits to be taxable and if at all possible, these trips should be tax-exempt.

## The Commission recommends:

- 40. That the Legislative Assembly support family wellness by hosting a Family Wellness Function once during each session of the Legislative Assembly. The nature of this function is to be determined by MLAs.
- 41. The Legislative Assembly pay travel costs to bring all members of a rural MLAs' immediate family (spouse and dependent children) from their home community to Yellowknife to attend the Family Wellness Function. This benefit is in addition to the trips provided

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under the current 10-sitting day provision, and the five home travel trips. All efforts should be made to design the program so that family travel benefits are tax-exempt.

# **Ministerial Benefits**

Ministerial allowances and benefits are currently detailed in the *Ministerial Administrative Procedures Manual*. This is a policy document of the Executive Council and, as such, can be amended by Cabinet at will. This document is not easily accessible to the public, and the public has no input into it. Having these benefits detailed in an internal policy document, rather than legislation, is contrary to the principles of transparency and public accountability. This shortcoming should be addressed by enshrining components of this document in a legislative base. In many cases, they can be amalgamated in the same legislation that lists comparable benefits for regular MLAs.

The Commission recommends:

- 42. Wherever feasible, the allowances and benefits listed in the *Ministerial Administrative Procedures Manual* should be enshrined in a legislative base to allow for transparency, full public accountability and a full public debate. The allowances and benefits that could be legislated include:
- <u>Reimbursement for Cost of Temporary Accommodation in</u> <u>Yellowknife (Section 5):</u> This provides for the reimbursement of accommodation costs in Yellowknife for those Ministers whose primary residence is outside of Yellowknife.
- <u>Household Furniture (Section 6):</u> This covers the cost of transporting household furniture to Yellowknife and/or rental of household furniture in Yellowknife.
- <u>Relocation Assistance (Section 7)</u>: This provides assistance for Ministers to relocate from their home community to Yellowknife. The benefit level is the same as that provided to senior managers in the public service.

- <u>Home Travel (Section 12):</u> This provides for travel between Yellowknife, a Minister's constituency and home community.
- <u>Spousal Travel (Section 13)</u>: This benefit allows a Minister's spouse to accompany the Minister on duty travel on a charter aircraft.
- Vacation Leave (Section 14)
- Sick Leave and Medical Travel Insurance (Section 15)

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The Legislative Assembly and Executive Council Act provides for a review of Members' compensation and benefits within two years after a general election. Because reviews are undertaken on a regular basis, the work of the 2005 Commission builds on the work of previous commissions, and future commissions will build on the work of this one. The Commission believes these regular reviews of Members' compensation are beneficial because they ensure the continued relevance of Members' compensation and benefits to changing political, economic and social conditions in the NWT. The work of each successive commission also contributes to increased transparency, accountability and public awareness of compensation and benefits — making our system of compensating MLAs one of the most transparent and accountable in Canada. The Members of this Commission felt privileged to have the opportunity to advance these values by conducting this review. This page deliberately left blank

# **SUMMARY OF RECOMMENDATIONS**

# **Indemnities and Benefits**

# **Basic and Additional Indemnities**

- A one-time nine per cent increase be applied across the board to the Basic and Additional Indemnities (Premier, Speaker, Minister, Deputy Speaker, Chair of Committee of the Whole, Chairs of Standing Committees, Chairs of Special Committees) of MLAs, effective at the beginning of the 16<sup>th</sup> Assembly.
- 2. Previously established indemnity increases for members of the 15<sup>th</sup> Assembly, which were linked to negotiated increases with the Union of Northern Workers contract for the GNWT civil service, will remain in effect until the end of the current term of the MLAs of the 15<sup>th</sup> Assembly.
- 3. Increases to MLAs' indemnities cease to be linked to the Union of Northern Workers' contract for the GNWT civil service as of the commencement of the 16<sup>th</sup> Assembly.
- 4. Annual cost of living increases be applied to MLAs based on the Canadian Consumer Price Index, as of the commencement of the 16<sup>th</sup> Assembly. The increases will match the average annual percentage increase of the CPI. If the CPI decreases in a given year, there will be no change to MLAs' indemnities. The cost of living increases will be in addition to the overall increase noted in Recommendation No. 1 above. In no case will the annual cost of living increase be greater than 3 percent.

5. In accordance with Section 17(3) of the Legislative Assembly and Executive Council Act, basic indemnities should continue to be payable as of the day an MLA is elected in a general election. Additional Indemnities are payable the day the Member is elected or appointed to the position.

# Non-Taxable Indemnity

6. The Government of the Northwest Territories negotiate with the Federal Government for the necessary amendments to Section 15 (4) of the *Northwest Territories Act (Canada)* to remove the provision that the first \$1,000 of an MLA's basic indemnity is non-taxable.

## Northern Living Allowance

7. A new Cost of Living Allowance for MLAs be considered for adoption by the Legislative Assembly. This allowance could include travel costs, the cost of a basket of goods and services and accommodations in respective communities. This allowance to become effective at the commencement of the 16<sup>th</sup> Assembly.

# **Speaker's Indemnity**

8. The Speaker's annual indemnity be increased by \$7,500, effective at the commencement of the 16<sup>th</sup> Assembly.

# **Multiple Positions**

**9.** That regular MLAs holding more than one position should receive indemnities for each position they hold.

# **Caucus** Chair

10. The Legislative Assembly consider enshrining the position of Caucus Chair in legislation. If this position is enshrined in legislation, it should be remunerated at an amount equal to that of a Special Committee Chair.

# **Deductions to Indemnities**

- **11.** The current provisions for making deductions to MLAs' indemnities for failure to attend committee meetings be rescinded.
- 12. Committee Chairs ensure that attendance at committee meetings, as well as reasons for failure to attend, is recorded in quarterly, daily components. (i.e. full meeting attendance, three-quarter meeting attendance, half meeting attendance, quarter meeting attendance.)
- 13. Attendance records of MLAs, along with their reasons for failing to attend, be reported quarterly in a summarized format, suitable for public distribution. The convention of tabling these attendance records annually in the Legislative Assembly be replaced with a requirement to table attendance records on a quarterly basis. The reports should also be easily accessible to the public through regular posting on a website and/or media release. The current website set up for the Independent Commission to Review Members' Compensation & Benefits could be converted for that purpose.

# **Transition Allowance**

14. MLAs will continue to earn a Transition Allowance of one month's pay (based on one-twelfth of the MLA's total indemnities for that year) per year. Effective as of the start of the 16<sup>th</sup> Assembly, the cap for the Transition Allowance be reduced from one year's Basic Indemnity to one-half of one year's Basic Indemnity, for all MLAs regardless of the number of times they are re-elected. This will be effective at the commencement of the 16<sup>th</sup> Assembly. MLAs who have earned more than six months Transition Allowance at the beginning of the 16<sup>th</sup> Assembly will not have their allowances reduced but will not be allowed to collect additional time.

# **Pensions and Benefits**

15. MLAs have an opportunity to opt-in or opt-out of the Supplementary Pension Plan upon election and each time they are re-elected, as of the commencement of the 16<sup>th</sup> Assembly. This provision is not retroactive. Members who have opted out prior to the 16<sup>th</sup> Assembly will be able to opt back in, but will not be able to buy back benefits.

# Non-Taxable Allowance

- **16.** The Non-Taxable Allowance be divided into two non-taxable allowances as follows:
  - Incidentals Allowance of \$6,500 annually to cover costs for hospitality, meals, local transportation and other incidentals associated with the business of an MLA. This allowance will be available to all MLAs. MLAs should refrain from claiming expenses for meals and transportation (other than those associated with duty travel) out of their Constituency Work Expense Allowances.
  - Dual Household Allowance of \$6,500 annually to defer costs associated with maintaining a second household in Yellowknife which are not covered by the Capital Accommodation Allowance. This allowance will be available only to those rural MLAs who are deemed to reside in a community other than Yellowknife.
- 17. Both the Incidentals Allowance and Dual Household Allowance be paid on a monthly basis in advance and clearly differentiated from the Members' salary through separate cheques or separate direct deposit receipts.
- **18.** The purpose of the Incidentals Allowance and Dual Household Allowance be clearly communicated to MLAs as part of their orientation.
- **19.** The Incidentals Allowance and Dual Household Allowance be subject to annual cost of living increases in accordance with changes to the Canadian Consumer Price Index. The increases will match the average annual percentage increase of the CPI, to a maximum of 3 percent. If

the CPI decreases in a given year, there will be no change to the allowances.

# **Capital Accommodation Allowance**

**20.** Basic Internet access be included in the list of allowable expenses covered by the Capital Accommodation Allowance.

# **Constituency Work**

# **Constituency Travel**

- 21. The Legislative Assembly pay the direct economic costs of travel, accommodation and meals for up to five MLA constituency tours each year. This travel will be available to any MLA representing more than one community (city, town, village, hamlet or unincorporated settlement) in their riding. All travel costs will be for travel within a constituency only, and each tour or circuit will be conducted in the most cost efficient manner possible. A claim for circuit travel may or may not include all communities, however, only five claims may be made. This funding will be in addition to any existing travel now paid for by the Legislative Assembly to and from home communities.
- 22. Constituency Assistants and family members be permitted to accompany the MLA on constituency consultation tours as long as there is no additional cost. Insurance coverage to be paid by the Legislative Assembly.
- 23. MLAs be expressly prohibited from accepting travel subsidies from any other organization. E.g. industry, community and Aboriginal governments, non governmental organizations, non-profit organizations, sporting organizations etc.

# **Constituency Assistants**

24. Each MLA will be entitled to spend up to \$60,000 annually on wages, benefits and/or contract fees for constituency assistance services. These costs will be paid directly by the Legislative Assembly, and will no longer be part of the Constituency Work Expense Allowance. Any expenditure on constituency assistance services over the \$60,000 annual limit will be paid out of the Constituency Work Expense Allowance.

- 25. A uniform rate of \$28 an hour be established for Constituency Assistants who are hired as full or part time employees.
- 26. Constituency Assistants receive the same annual wage level increases as those negotiated by the Union of Northern Workers for the GNWT civil service.
- 27. The Legislative Assembly negotiate a benefits package, with a benefits provider such as the Northern Employment Benefits Plan or the Chamber of Commerce, that will be offered to all Constituency Assistants. This plan will be cost-shared between the Constituency Assistant and the employer and could include health, dental, insurance, pension and long and short term disability benefits similar to those offered to GNWT employees. Constituency Assistants may opt out of the package.
- **28.** The job description of Constituency Assistants be updated to reflect the increased standard of professionalism.

# **Promotional Items, Gifts and Presentations**

- 29. "Lapel pins and souvenirs" in the current list of allowable expenditures be renamed "Promotional Items" and that the maximum allowable expenditure be set at \$30 per unit. This will cover items such as hats, mugs, calendars, pens and pins that an MLA may distribute to his constituents, as well as souvenirs such as lapel pins to distribute while travelling. Items that are distributed to constituents must display contact information for the MLA.
- **30.** The maximum value for "token items for presentation" in the current list of allowable expenditures be increased from \$150 to \$300. This will cover presentations to dignitaries on formal occasions in the constituency.

**31.** The maximum value for "items provided to constituents to mark special occasions" in the current list of allowable constituency work expenses be increased from \$75 to \$150.

# Memberships in Community and other Organizations

**32.** The item "memberships in community and other organizations" be deleted from the list of expenses allowable under the Constituency Work Expense Allowance.

# **Constituency Work Expense Allowance**

- **33.** The Constituency Work Expense Allowance be recalculated to reflect the changes in Recommendations 21 & 24. This recalculation should take some regional cost differentials into consideration.
- 34. The Constituency Work Expense Allowance be restricted to the items listed below. Items not on the list may be covered by application to the Board of Management.
  - Travel on business outside of the constituency, according to the current guidelines. (International travel to be approved in advance by the Board of Management.)
  - Travel within the constituency over and above constituency travel circuits paid directly by the Legislative Assembly, according to Recommendation 21
  - Constituency Assistant services over and above those paid for directly by the Legislative Assembly, according to Recommendation 24
  - Advertising
  - Constituency office signage
  - Constituency office supplies
  - Equipment and furniture not supplied by the Legislative Assembly
  - Rental of rooms for constituency meetings
  - Food and beverages provided at constituency meetings
  - Telephone and cell-phone purchase and service
  - Cell-phone expenses and long distance calls

- Long distance costs over and above those paid by the Legislative Assembly
- Computer hardware and software, in addition to equipment supplied by the Legislative Assembly
- Support and maintenance of office equipment and software
- Photocopying charges
- Postal, courier and other similar services and the rental of a post office box
- Newsletter and other printed material costs
- Translation and interpretation services and professional services
- Promotional items such as lapel pins and souvenirs having a maximum value of \$30 per unit
- Token items for presentation having a maximum value of \$300 for each item
- Items provided to constituents to mark special occasions having a maximum value of \$150 for each item
- Magazine and newspaper subscriptions
- Vehicle lease or rental (restrictions apply)
- Insurance
- Registration for conferences and courses
- **35.** The Constituency Work Expense Allowance continue to be subject to increases tied to the Canadian Consumer Price Index.

# **Constituency Offices**

36. Yellownife MLAs continue to be permitted to establish constituency offices in their constituencies, in addition to the offices provided in the Legislative Assembly building. The Legislative Assembly will pay the direct costs for these offices in accordance with guidelines established for constituency office costs in rural areas.

# **Pages**

**37.** The Legislative Assembly recognize the importance of exposing young people to government by establishing an office to coordinate

Pages for the Legislative Assembly. This office is to be the responsibility of the Speaker.

- **38.** Each MLA be entitled to invite four students from their constituency to serve as Pages during each year.
- **39.** The Legislative Assembly coordinate and pay for the travel, accommodation, meals and chaperonage associated with bringing rural Pages to Yellowknife.

# Family Wellness

- **40.** That the Legislative Assembly support family wellness by hosting a Family Wellness Function once during each session of the Legislative Assembly. The nature of this function is to be determined by MLAs.
- **41.** The Legislative Assembly pay travel costs to bring all members of a rural MLAs' immediate family (spouse and dependent children) from their home community to Yellowknife to attend the Family Wellness Function. This benefit is in addition to the trips provided under the current 10-sitting day provision, and the five home travel trips. All efforts should be made to design the program so that family travel benefits are tax-exempt.

# **Ministerial Benefits**

- **42.** Wherever feasible, the allowances and benefits listed in the *Ministerial Administrative Procedures Manual* should be enshrined in a legislative base to allow for transparency, full public accountability and a full public debate. The allowances and benefits that could be legislated include:
  - <u>Reimbursement for Cost of Temporary Accommodation in</u> <u>Yellowknife (Section 5):</u> This provides for the reimbursement of accommodation costs in Yellowknife for those Ministers whose primary residence is outside of Yellowknife.

- <u>Household Furniture (Section 6):</u> This covers the cost of transporting household furniture to Yellowknife and/or rental of household furniture in Yellowknife.
- <u>Relocation Assistance (Section 7):</u> This provides assistance for Ministers to relocate from their home community to Yellowknife. The benefit level is the same as that provided to senior managers in the public service.
- <u>Home Travel (Section 12)</u>: This provides for travel between Yellowknife, a Minister's constituency and home community.
- <u>Spousal Travel (Section 13)</u>: This benefit allows a Minister's spouse to accompany the Minister on duty travel on a charter aircraft.

• Vacation Leave (Section 14)

• Sick Leave and Medical Travel Insurance (Section 15)

# APPENDICES

# Appendix 1

# **Commission Advertisements**

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Independent Commission to Review Members' Compensation and Benefits

# We Want to Hear What You Have to Say!

The Independent Commission to Review Members<sup>4</sup> Compensation and Benefits is holding a Public Hearing on Wednesday, September 21st, from 7:00 p.m. to 9:00 p.m. in room 205 of the Northern United Place.

When appearing before the Commission you are encouraged to prepare a written submission summarizing your comments. Language interpretation services can be arranged provided requests are received 72 hours prior to the start of the meeting

For those who have something to say to the Commission but do not wish to appear before them, you can send in a written submission to the Commission.

### The deadline for these submissions is October 28, 2005

For more information on what compensation and benefits Members currently receive or the work of the Commission, please visit our website at **www.mwtmlapay.ca**: Please address submission to: Independent Commission To Review Members: Compensation and Benefits, #17 4915 – 48 St. Pende II Mall, Yellowknife NT. X1A 3S4

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You can also contact the Commission at our toll free number: 1-866-669-2260 or by e-mail at nwtmlapay@ssimicro.com

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# Public Service Announcement/Media Advisory

The Independent Commission to Review Members' Compensation and Benefits wants your input concerning the salaries, benefits and expense allowances that Members of the Legislative Assembly receive.

A Public hearing is scheduled from 7:00-9:00 PM on Wednesday, September 21<sup>st</sup> in the Aurora Room of the Fraser Tower Building. All presenters are encouraged to prepare written submissions summarizing their comments. For those persons not wishing to appear, the deadline for written submissions is October 14th, 2005.

For more information, please visit their website at:

www.nwtmlapay.ca

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Independent Commission to Review Members' Compensation and Benefits

# What do you think about MLAs salaries?

The Independent Commission to Review Members! Compensation and Benefits has extended the deedline for public comments on the salaries and benefits of MLAs until November 15, 2005.

If you have something to say please contact us at: Independent Commission to Review Members' Compensation and Benefits #17 4915 - 48 St., Panda II Mall Yellowknife, NT X1A 3S4

You can also contact us toll-free at: 1-866-669-2260 or by email at: nwtmlapay@ssimicro.com

For further information visit our website at www.nwtmlapay.ca.

# Independent Commission to Review Members' Compensation and Benefits

JAKE OOTES (CHAIR) . SEAN WHELLY . JOHN SIMPSON

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The Independent Commission to Review Members' Compensation and Benefits is tasked with assessing and reviewing the indemnities, allowances, expenses and benefits provided to Members of the 15th Legislative Assembly. The establishment of the Commission addresses a legislated requirement of the Legislative Assembly and Executive Council Act for a review within two years after a general election. This is an independent body from the Legislative Assembly.

The Independent Commission is made up of three individuals appointed by the Speaker of the Legislative Assembly. Mr. Jake Ootes has been appointed Chair of the Commission and Mr. Sean Whelly of Fort Simpson and Mr. John Simpson of Yellowknife are the other Commission members. Within six months of the establishment of the Commission, a report must be delivered to the Speaker that sets out recommendations for changes it determines should be made to the indemnities, reimbursement of expenditures, and all other benefits of Members.

The Commission will be seeking public input and soliciting Members' submissions in the preparation of its report to the Speaker.

Summary information for this website was obtained from the following documents:

- The Legislative Assembly and Executive Council Act
- Consolidation of Indemnities, Allowances and Expense Regulations The Ministerial Administrative Procedures Manual
- .
- The Board of Management Policies
- Legislative Assembly Retiring Allowance Act
- Supplementary Retiring Allowances Act

For future information on these documents, please contact the Commission.

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# **Terms of Reference**

Pursuant to Section 35.1 of the Legislative Assembly and Executive Council Act, Within two years after the day fixed for the return of writs for a general election, the Speaker, on the recommendation of the Board of Management, shall establish an independent commission and appoint as its members three individuals who are independent, neutral, and knowledgeable.

The last comprehensive review of Members compensation and benefits occurred in 2001. The recommendations from this report did not result in substantive changes to the current system. Significant changes to the members compensation and benefits system came as a result of the 1996 Report of the Commission on MLA Compensation, and the 1999 Review of Services to Members of the Legislative Assembly of the Northwest Territories, (Griffin & Chapin).

#### 1. PURPOSE

#### The Commission shall:

- · Review and assess the indemnities, additional indemnities, allowances, expenses and benefits provided to Members to determine the adequacy and appropriateness of the amounts provided by way of:

  - Legislative Assembly and Executive Council Act
     Indemnities, Allowances and Expense Regulations
  - Legislative Assembly Retiring Allowances Act
  - Supplementary Retiring Allowances Act o
  - o Board of Management Policies
  - Ministerial Administrative Procedures Manual
- · And, review and assess the reporting requirements and procedures for Members' expenditures to determine the level of accountability acceptable to the public, and;
- Review any other matter that the Commission considers relevant respecting the compensation, allowances, and benefits provided to all Members, and:
- Provide to the Speaker a report setting out any recommendations for change that the commission determines should be made to the indemnities, allowances, reimbursements, and other benefits.

#### 2. GUIDING PRINICPLES

- · No Member should seek to serve in public office for purely financial gain. Although the reasons may vary considerably, the underlying motivation for election must be to serve and improve the well being of people of the Northwest Territories.
- The system of remuneration must be transparent, open, and provide a simple form of remuneration to the Members of the Legislative Assembly while providing a high degree of accountability to the people they serve.
- Remuneration packages, particularly with respect to living, travel and transportation costs, need to be sensitive to the regional differences of job related expenses in order to ensure these factors do not become prohibitive for any Member to represent their constituents.
- The requirement to be available and accountable 24 hours a day, 7 days a week, coupled with the lack of job security associated with an election every 4 years ensures that only a select few individuals would consider running for public office. A position of such importance in our democratic system, with such wide-ranging responsibility, should be fairly compensated in order to attract qualified and committed individuals.

#### 3. COMPOSITION

The Commission shall consist of three individuals who are independent, neutral, and knowledgeable. Preferably the commission shall consist of a former Member, a professional with relevant financial or legal designations and experience, and an interested member of the public. Appointment to the Commission will also take into account regional representation within the NWT.

The Speaker, on the recommendation of the Board of Management, will appoint one of the three Commission Members to serve as Chair.

#### 4. RESPONSIBILITIES

The Commission will be responsible for:

Collecting and circulating research materials from previous commissions and other legislative jurisdictions.

Seeking public input and soliciting Members submissions.

Reviewing and making recommendations on the following areas of Members remuneration or any other areas the Commission considers relevant.

- Base Indemnity
- Additional Indemnities
  Non-taxable Expense Allowance
- Constituency Expense Allowances and Allowance Expenditures
- Committee Pay
- Deductions Due to Failure to Attend Meetings
- Travel
- Duty Travel Allowances
- Northern Living Allowance
- Leave and Vacation Allowance
- Transition Allowance
- Pension Entitlement
- Acquisition of Office Inventory Items on Expiry of Office
- Capital Accommodation and Furniture Allowances

#### 5. REPORT

The Commission shall, within 6 months after the day the Commission is established deliver a report to the Speaker that sets out any recommendations for change it determines should be made to the indemnities, allowances, reimbursements, and all other benefits Members are entitled to.

#### 6. FINANCE AND ADMINISTRATION

The Clerk of the Legislative Assembly will provide administrative services and support to the Commission as required.

The Speaker, on the recommendations of the Board of Management, will approve funding for the Commission. The Commission will ensure expenditures do not exceed the allotted funds.

#### 7. REMUNERATION

The Speaker, on the recommendations of the Board of Management, will approve honoraria and reasonable expenses to attend meetings for Members of the Commission, including the Chair.

#### 8. TERMINATION

An appointment of an individual to the Commission terminates on the day the report is laid  $\$ , before the Legislative Assembly.

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# Independent Commission to Review Members' Compensation and Benefits

JAKE OOTES (CHAIR) . SEAN WHELLY . JOHN SIMPSON

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# Salaries (Effective April 1, 2005)

Basic Salary (for all elected Members) (The first \$1000 is non-taxable)	\$85,021
Additional Duty Payments:	
Speakers Indemnity	\$29 <b>,937</b>
Premier	\$64 <b>,664</b>
Minister	\$45 <b>,504</b>
Deputy Speaker	\$ 5,9 <b>87</b>
Deputy Chairperson of Committee of the Whole	\$ 3,5 <b>93</b>
Chairperson of a Standing Committee	\$ 5,30 <b>5</b>
Chairperson of A Special Committee	\$ 2,6 <b>52</b>

<u>Northern Allowance</u> The allowance was established to offset the higher cost of living in northern Canada and is determined by their home community.

Salaries are tied to the Public Service Act and are globally increased or decreased by the Union of Northern Workers negotiated agreements.

The **lowest** amount that an elected Member can earn would be a Regular Member from Yellowknife with no additional titles: **\$85,021(salary) + \$2,302(northern allowance) =** \$87,323.

The maximum that an elected Member could earn would be a Premier from any community (since Ministers are deemed residents of Yellowknife): **\$85,021(salary)** + **\$64,664(Premier's indemnity)** + **2,302(northern allowance)** = **\$151,987.** 

Deductions A sum of \$119 will be deducted for each morning or afternoon that a Member fails to attend the sitting of the Legislative Assembly, or a Committee of the Legislative Assembly, without a reasonable explanation.

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# **Benefits**

#### **GNWT Accidental Death and Dismemberment-Duty Travel**

This is available to Ministers/MLAs on a 24 hour a day, year round basis, as long as they are not the pilot of an aircraft or a member of the crew. The maximum compensation that will be paid for accidental death and dismemberment is \$200,000.00.

#### Public Service Management Insurance Plan (PSMIP) This insurance plan has four parts.

- Basic Life one year of basic salary;
   Supplementary Life one year of basic salary;
- Accidental Death and Dismemberment Coverage is available up to a maximum of 10 units at \$25,000 each (maximum benefit is \$250,000 for accidental death or an appropriate percentage payable for dismemberment); and
- Dependants' Insurance both life insurance and accidental death and dismemberment benefits (double indemnity) of \$5,000 for one's spouse and \$2,500 for each dependant child over 14 days.

#### Public Service Health Care Plan (PSHCP)

PSHCP is a supplementary health care plan. Participation, including the level of coverage is optional. Premiums for Level I coverage are paid by the Legislative Assembly. The MLA and the Legislative Assembly share premiums for Level II and Level III.

This insurance provides 80% reimbursement for all eligible expenses, subject to a yearly

deductible of \$60 for single coverage and \$100 for family coverage. This insurance provides extended health care benefits (in addition to the Northwest Territories Health Care) for specialist services, prescription drugs, vision care, rental of hospital equipment, nursing assistance, ambulance services, etc. Hospital benefits are also available and there is reimbursement for the cost of semi-private or private rooms up to \$60 per day under Level I, \$100 per day under Level II and \$150 per day under Level III.

#### Dental Plan

The plan provides a MLA with 100% reimbursement for all eligible expenses, subject to a yearly deductible of \$25 for single coverage and \$50 for family coverage. Major restorative work (crowns, bridges, dentures, etc.) is reimbursed at 50%.

The plan provides orthodontic coverage for dependants under the age of 19. Reimbursement is limited to 50% of actual costs, to a maximum of \$3,000 per dependant per lifetime.

#### **Transition Allowance**

A person who is a Member of the Legislative Assembly immediately before that Legislative Assembly is dissolved and who does not become a Member of the next Legislative Assembly is entitled to a transition allowance:

One months salary (\$7.085) x years of Service - to a maximum of 12 months.

For example, a Member that completes a full term of office in the 15 th Legislative Assembly (2003-07) would receive \$7,085 x 4 years = \$28,340 in the form of a lump sum payment.

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## MISCELLANEOUS

#### Annual Leave

Ministers wishing to take vacation leave must obtain the Premier's approval and make the necessary arrangements for another Minister to stand in for them during their absence.

Ministers receive annual leave credits at the following rate:

<b>Completed Years of Service</b>	Days Earned (mos.)	Days Earned (year)
Less than 1 year	1.79	21.5
1 or more, < 10	2.21	26.5
10 or more, < 20	2.63	31.5
20 or more	3.04	36.5

Ministers may accumulate vacation leave credits from year to year with a view to receiving a lump sum, taxable payout during and/or at the conclusion of their term of office. Ministers are required to maintain a record of annual leave taken in order to substantiate requests for a payout that must be submitted to the Secretary to Cabinet.

#### Sick Leave

Sick Leave is earned at the rate of one and one-quarter days for each month in which the Minister receives ten days of pay. Credits can be earned from year to year but cannot be claimed at the conclusion of a Minister's term of office. Ministers should notify the Premier and make the necessary arrangements for another Minister to stand in for them in their absence.

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Pension

#### Legislative Assembly Retiring Allowances Fund

Members are required to join the plan as soon as they are elected. They contribute 6.5% of their pensionable income. The pension becomes vested with the member after serving 1 term or 4 years, whichever comes first.

Members who retire at age 55, or later, will receive 2% of their final average earnings for each year of service, multiplied by the years of service (maximum of 30 years). Final average earnings are the average of a Member's best four consecutive years of pensionable earnings.

The pension provided under this plan increases with the cost of living as measured by the Consumer  $\mbox{Price Index}.$ 

If a Member with a spouse dies after completing 4 years of service, the spouse will receive 66% of the Member's pension for his/her lifetime. If a Member also has one or two dependent children, each of them will be entitled to 10 percent of the Member's pension. If a Member has more than two dependent children, the maximum they can receive as a group is 25% of the Member's pension. Children qualify as dependents if they are under the age of 25 and are in full time attendance at a post secondary school of education.

#### Supplementary Retiring Allowances Fund

Members of the Legislative Assembly are also given a one-time option to enroll in a Supplementary Retiring Allowances Plan, which requires them to contribute at 9.0% of pensionable income.

Members that opt-out of the new plan will not be given the opportunity to join again at a later date.

First-time Members in future Assemblies will also be given a one-time offer to join the plan.

Note: All PSMIP insurance plans are optional. Premiums are based on age and basic salary and are deducted from salary.

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# Living Allowances (Effective April 1, 2005)

## Non-taxable Allowance

All Members are entitled to a non-taxable expense allowance to cover the cost of things like meals, transportation and dry-cleaning while in the Capital for session or Committee work:

- \$6,586 per annum for Ministers and Yellowknife Members
- \$10,178 per annum for Members outside commuting distance of the Capital

#### Regular Members and the Speaker are Eligible for the following:

#### **Capital Accommodation Allowance**

• **\$27,840** – maximum per annum to cover the cost of secondary accommodation in the Capital (receipts are required)

Cabinet Ministers and the Premier are entitled to the following Expenses:

#### Housing Allowance

 \$36,000 - maximum amount per annum to cover temporary accommodation for those Ministers that have been forced to relocate from their home community to Yellowknife. Ministers are deemed residents of Yellowknife. (receipts are required)

#### Furniture Allowance

- 1 bedroom up to \$16,000 per term
- 2 bedroom up to \$19,000 per term
- 3 bedroom up to \$22,000 per term
- 4 bedroom up to \$25,000 per term

#### **Relocation Assistance**

Upon appointment to the Executive Council, Ministers (and their dependants) from communities not within commuting distance of Yellowknife, who reside in temporary accommodation in Yellowknife, are entitled to relocation assistance from their home constituency to Yellowknife, at the same level of assistance provided to senior managers in the Government of the Northwest Territories. This includes packaging and shipment of personal effects as well as travel costs.

#### Removal Assistance

Outgoing Ministers (and their dependants) who do not own their own home in Yellowknife are entitled to removal assistance from their residence (including personal effects from the Minister's office) in Yellowknife, at the same level as provided to senior managers in the Government of the Northwest Territories.

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# Constituency Allowances (Effective April 1, 2005)

<u>Constituency Expense Allowance</u> Constituency Budgets vary by region but are established to cover the cost of work related to the representation of constituents (link to schedule of budgets): - these budgets were based on a number of factors including, cost of living, transportation costs, distance between communities, wages for support staff, office supplies etcetera. A more detailed breakdown of the formula used is available at. Constituency Budget figures are adjusted on April 1 st each year according to the percentage change in the Consumer Price Index between the previous year and the calendar year prior to that.



# Independent Commission to Review Members' Compensation and Benefits

JAKE OOTES (CHAIR) . SEAN WHELLY . JOHN SIMPSON

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# Travel Allowances (Effective April 1, 2005)

Home Travel Allowance A Regular Member can be reimbursed for the actual and reasonable cost of return transportation for up to 5 trips between Yellowknife and their home community. This travel can either be used by the Member or a family member who lives in that place.

#### Spousal Travel

Regular Members may invite their spouse to travel on charter aircraft except in cases where the spouse's inclusion would require the contracting of a larger capacity aircraft. This travel is only permissible where the spouse or family member will be assisting the Member on official business as a Member.

Ministerial Home Travel Allowance A Minister is entitled to an annual budget for home travel based on the estimated cost of 32 economy class, return air trips between the Minister's home community and Yellowknife. Home travel costs are limited to transportation costs only.

#### Spousal Travel for Ministers

Ministers may invite their spouse to travel on charter aircraft except in cases where the spouse's inclusion would require the contracting of a larger capacity aircraft. Travel expenses, (meals, incidentals, taxis) incurred are reimbursed at duty travel per diem rates. Ministers may invite their spouses to travel with them at government expense on scheduled flights provided the purpose of such travel meets the following criteria:

- Attendance by the Minister is required or expected in the usual performance of his/her executive or portfolio responsibilities
- Protocol suggests that a spouse accompany a Minister.





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#### **Biographies**

<u>Jake Ootes – Chairperson</u> Jake Ootes is a former member of the Legislative Assembly of the Northwest Territories having served as a member for Yellowknife Centre from October, 1995 to December of 2003. From 1999 to 2003, Mr. Ootes served on Cabinet as Minister of Education, Culture and Employment. Before his political career, Mr. Ootes spent much of his working career in the publishing field as owner/publish of Above & Beyond magazine, the in-flight magazine for First Air and from 1975 to 1982 as owner of three community newspapers in and around Edmonton, Alberta. His home town newspaper, The Fort Saskatchewan Record was awarded the " Best Newspaper in Canada" in its circulation category in 1982. At present Mr. Ootes is a director of the NWT Tourism Association and he and his wife Margaret Baile own JAMORAH DIAMONDS, a retail diamond and diamond jewelry business.

#### John L. Simpson - Commissioner

Mr. Simpson is the President of Genesis Group, a Yellowknife based consulting firm. He was also Chair of the NWT Judicial Remuneration Commission and served as a member of the NWT Labour Board. Mr. Simpson has 25 years of experience in the North and possesses a Masters of Arts degree. He worked as the Director of Policy and Programs for Aurora College from 1991 - 1995.

Sean Whelly - Commissioner Mr. Whelly is currently the Regional Economic Development Officer for the Deh Cho Business Development Corporation and is based in Fort Simpson. He has also worked as a Tourism Officer and as an entrepreneur. He possesses a Diploma in Marketing Management (Honours) from the BC Institute of Technology.

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#### **News Releases**

- 1. The first meeting of the Independent Commission to Review Members' Compensation and Benefits (July 22, 2005)
- 2. Appointments to the Independent Commission to Review Members' Compensation and Benefits (July 12, 2005)

Yellowknife (July 22, 2005) – The first meeting of the Independent Commission to Review Members' Compensation and Benefits was held on Monday, July 18. Members of the Commission in attendance were Commission Chair, Mr. Jake Ootes and Commissioners Mr. Sean Whelly of Ft. Simpson and Mr. John Simpson of Yellowknife.

It is the Commission's wish to receive and encourage a wide range of public opinion and input. This will be done by establishing and encouraging the use of a website and/or online reference center. Traditional means of communications will also be encouraged.

"In order to enable the public to fully participate in this process we want them to have access to substantive information on the subject," said Commission Chair Ootes. Consultations are slated to commence in September.

The Commission reviewed the Terms of Reference set out by the Legislative Assembly and has drafted its own work plan for conducting research and consultation, leading to the drafting and delivery of a report to the Speaker of the Legislative Assembly in six months time.

The Commission also reinforced that, although appointed by the Speaker of the Legislative Assembly, they are an independent body mandated to review and make recommendations respecting the indemnities, expenditures, allowances, and all other benefits available to Members.

The next meeting of the Commission is scheduled in early August 2005 in Yellowknife.

A web address and further contact information will be available shortly.

Jake Ootes Commission Chair 867-444-7272 (Cell)

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Yellowknife (July 12th) – The Honourable Paul Delorey, Speaker of the Legislative Assembly has appointed three individuals to the Independent Commission to Review Members' Compensation and Benefits.

Mr. Jake Ootes has been appointed Chair of the Commission tasked with assessing and reviewing the indemnities, allowances, expenses and benefits provided to Members.

The establishment of this Commission addresses a legislated requirement of the Legislative Assembly and Executive Council Act for a review within two years after a general election. The Commission will be seeking public input and soliciting Members' submissions in the preparation of its report to the Speaker.

"Each of the individuals appointed to this Commission are very well suited to undertake this review," said Mr. Delorey. "We look forward to reviewing their report and recommendations in about six months time."

The Independent Commission is made up of three individuals and also includes Mr. Sean Whelly of Fort Simpson and Mr. John Simpson of Yellowknife. Within six months of the establishment of the Commission, a report must be delivered to the Speaker that sets out recommendations for changes it determines should be made to the indemnities, reimbursement of expenditures, and all other benefits of Members.

For further information, contact: Andrew Stewart Commission Secretary Tel: (867) 669-2298

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### Acts

Legislative Assembly and Executive Council Act (pdf)
 Indemnities, Allowences and Expense Regulations (pdf)

PDF documents require Acrobat Reader. If you need this application, please click here to download it.





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# 2004 Comparison of MLA Salaries Across Canada

Jurisdiction	Basic Salary 2003-2004	MLA total Salary	Premier Additional	Premier Tetal Salary	Mielster Additional	Minister Total
2.1992.00	1 2 1 2 2 2 2		Salary		Solary 👘	Salary
Canada	\$139,200	\$139,200	\$139,200	\$278,400	\$86,816	\$206,016
BÇ	\$73,800.	\$73,800	\$45,000	\$118,800	\$39,009	\$112,800
AB	\$43,152	\$75,759	\$87,380	\$142,919	\$52,955	\$128,495
SK	\$83,540	\$72,000	\$57,393	\$129,402	\$40,178	\$112,185
MB	\$85,535	\$65,535	\$48,397	\$111,932	\$29,001	\$94,536
ON	\$85,240	\$85,240	\$87,595	\$152,835	\$36,057	\$121,297
ac	\$78,886	\$103,530	\$82,830	\$186,360	\$59, 165	\$162,695
N <b>B</b> Rank	\$41,565.95	\$73,493. <b>95</b> B/18	\$54,331. <b>23</b> 11/14	\$127,825.18 8/14	\$36,221,57 16/14	\$188,715.52 18/14
NS	\$33,256.30	\$50,040.30	\$55,736.69	\$115,778.99	\$39,708	\$99,748.30
PE	\$33,967	\$53,728	\$56,871	\$112,599	\$41,585	\$95,313
NL	\$48,096	\$96,278	\$266,587	\$152,863	\$48,278	\$134,552
YU*1	\$35,644	\$58,703	\$28,971	\$87,674	\$21,147	\$79,850
YU*2	\$35,684	\$82,001	-			•
NT*3	\$80,140.98	\$289,990.86	\$260,952	\$150,942.88	\$42,892	\$132,882.86
NT*4	\$80,140.85	\$95,540.88	-	-	-	-
NU	\$60,800	\$162,208	\$63,200	\$125,408	\$53,200	\$115,408

\*1: Commuting within Whitehorse

\*2: Commuting from outside Whitehorse and Members of Executive Council

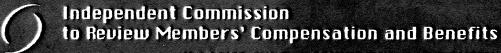
\*3: Commuting within Yellowknife

\*4: Commuting from outside Yellowknife and Members of Executive Council

Commission Note: NT \*3 and NT \*4, MLA Total Salary Calculations include Northern Living Allowance, Non-Taxable Expense Allowance, and account for the first \$1,000.00 non-taxable for Basic Salary.

Source: Commission on Legislative Democracy (Data adapted from Report to the Legislative Assembly of Manitoba, by Earl Backman, Commissioner for MLA Pay, Allowance and Retirement Benefits)

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Independent Commission to Review Members Compensation and Benefits #17 4915-48 St. Panda II Mall Yellowknife, NT X1A 3S4 Toll Free: 1-866-669-2260 Email: nwtmlapay@ssimicro.com

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# **Public Comments**

Don't agree with a wage increase for MLAs as NWT MLAs are among the highest paid in Canada and are looking after a lot less people.

Phone message, Nov. 14, 2005

It's deplorable that MLAs would ask for increases when there's not enough money for daycare, youth centres and health care. It's bad enough that they will be getting healthy increases. They are supposed to run for public service. They run for the money, to establish healthy pension plans, for travel and to get lots of benefits.

Phone message, Nov. 4, 2005

MLAs' pension benefits are out-of-line, compared to private and government pensions. The "extra top-up contribution" is something an ordinary person can't get. And in no other job can you get a pension by working only four years. They should take both the MLAs' and employers contributions and move them into self-directed plans, not necessarily a pension.

The wages given to MLAs are adequate because it is the only type of job where no qualifications are required. The transition pay is too generous and should collected at one week a year, instead of one month a year, more labour standards and the private sector. Lack of skills might be one reason MLAs have trouble transitioning back into the labour force, but the public shouldn't have to pay for that. Most MLAs don't really need transition pay, however, because once they part of the "clan" they will always be taken care of.

Personal comment to a Commissioner

MLAs should not get a raise in salary. Personal comments by four different people to a Commissioner

When MLAs get a raise in pay, the civil service should get raise to coincide with the amounts given to the Elected Officials.

Email to a Commissioner

# List of MLAs who made presentations to the Commission

- 1. David Krutko, MLA Mackenzie Delta; Minister Responsible for the NWT Housing Corporation and the NWT Power Corporation. (verbal presentation)
- 2. Calvin Pokiak, MLA Nunakput (verbal presentation)
- 3. Norman Yakelaya, MLA Sahtu (verbal presentation)
- 4. Kevin Menicoche, MLA Nahendeh (verbal presentation)
- 5. Dave Ramsay, MLA Kam Lake (verbal presentation)
- 6. Sandy Lee, MLA Range Lake (verbal and written presentation)
- 7. Joseph Handley, MLA Weledeh; NWT Premier (verbal presentation)
- 8. Jane Groenewegen, MLA Hay River South (written presentation)
- 9. Paul Delorey, MLA Hay River North; Speaker of the Legislative Assembly (verbal presentation)

# Written presentations by MLAs

# Constituency Global Budget Costs Concerns Jane Groenewegen, MLA Hay River South

# 1. a) Cost of Travel - To and From Constituency:

- Unpredictable travel to member's riding to tend to constituency business while attending Committee Meetings and/or Session in Yellowknife results in booking full fare airline tickets. This can be up to \$450.00 or more. Excursion and government rates are at least \$275.00. With recent increases in fuel prices there is expected to be more increases in travel costs for airfare and the cost to drive.
- Members in communities have the option to purchase quick tickets which are less expensive individually, however are a large amount to purchase all at once and must be used within the fiscal year or lost.

# b) Expenses for Pages & Constituency Assistant

- The Legislative Assembly will cover the airfare for 2 Pages once a year. Charges for meals, (breakfast & dinner), accommodations and ground transportation are the responsibility of the Member.
- Should a Member wish to host Pages more than once a year, all of the expenses, ie: travel, meals, accommodation etc., are the Member's responsibility.
- Yellowknife MLAs most often do not incur these expenses as their Pages are usually picked up and go home for the night.
- Yellowknife Members can host Pages quite easily every session making it convenient for them to invite their constituents to participate 3 times a year without expense to their budget.
- When community MLAs host Pages they must also ensure that their CA travels to Yellowknife to act as chaperone in case the Member is detained at meetings, session or scheduled events that prevent them from being with the Pages. This is an additional expense to the budget.
- Travel, meal, accommodation & ground transportation for Constituency Assistant to travel to Yellowknife for session.

# c) Use of Legislative Assembly Facilities

• Yellowknife Members have the use of the Great Hall for constituency meetings and other formal gatherings, as well as offering it to their constituents for use.

Community Members must pay rental costs to hold special functions or meetings larger than what would be comfortable in their constituency office.

# d) Use of Office Equipment

- Yellowknife Members have use of the photocopying equipment at the Legislative Assembly. Community Constituency Offices must purchase their own equipment which is very expensive. There may be a \$1,000.00 contribution from the Legislative Assembly towards a photocopier, however this only purchases a small desktop copier which is not economical to operate, and does not produce quality copies. A more sophisticated copier requires a contract fee and charges per copy.
- Internet Access is provided in Yellowknife on the government network. Community Constituency offices pay a monthly fee (Hay River South is presently \$159.00 per month)
- Phone for fax In order to have a fax machine connected, Community Constituency offices need to have an extra phone line which is another \$49.00 per month in addition to a regular line and internet fees. A second phone line is another \$49.00 per month.
- Long distance calls to keep regular contact between Constituency and Yellowknife (while in Committee & Session) are higher costs that Yellowknife Members.
- Yellowknife Mail: charged expenses for mail being forwarded to the Constituency Office, while Yellowknife MLAs have the opportunity to pick up mail at their office in Yellowknife.

# e) <u>Buy Local</u>

 Members in the communities are encouraged to buy local when making purchases of any offices supplies, equipment, promotional materials, etc.
 Although I agree with this policy and do make local purchases, it is not always the best price and most often pay a higher price for these items than what is available to Yellowknife Members.

# 2. Constituency Assistant Pay

 Members who have Constituency Assistants that are long term employees cannot afford to provide annual increments from the Constituency Budget to maintain a salary level competitive in the workplace. Government employees receive an average of 3% per year plus benefits, and the Global Budget does not provide for this type of expense. Notes for presentation to Independent Commission on Compensation and Benefits of MLAs

September 22, 2005

#### MLA wages & pension

. current level acceptable

- . as long as comparable to other jurisdictions for similar work
- , need to be competitive in this market to attract good qualified people
- . should not be excessive (i.e. pension)
- . this is public service, but with priceless rewards and privileges

- Constituency budget . currently \$78,950 plus \$1,000.00 for long distance
- . not adequate to do all we have to do (hire a full time CA, supplies, media etc.)
- . paying about \$60,000 for CA salary
- . CA position does not have any benefits all other employees expect (sweat shop)

. often filled by students, first time or retired employee (sweat shop)

. forced to hire part time or temp, contract employment

. eventually they become employees as required by laws (but without any benefits) . no room for incremental increases of wages

. the job requires multi-skilled, multi-taskers (admin, speech writing, public relations etc.)

, no other "political support" or "political staff" for MLAs

. Clerk's staff have to be "politically neutral" and researchers are mostly for committee work . essential to have a well functioning of "loyal opposition" in our democratic parliamentary system of government:

. all resources with Executive branch of the Government

#### Constituency Office presence

. YK MLAs should have an option to have an office presence in their own riding, similar to out of town MLAs (discriminatory)

- . we are not employees of the LA or Executive
- . we need to be out in our own communities, accessible to our constituents

Long Distance Telephone budget

. should be accessible for cell phone expenses

General: any increase/change should be compartmentalized (ie. YK MLA office lease vs. travel budget for community MLAs)

Sandy Lee

MLA, Range Lake

# **GNWT Senior Management Pay Grids**

# 1. The commission is seeking the GNWT pay grid for managers, directors and assistant deputy ministers.

Answer: The position descriptions for managers, directors and assistant deputy ministers are evaluated based on the Hay Plan evaluation system, points are awarded based on Know How, Problem Solving, Accountability and Working Conditions. Under Know How cognitive, managerial and human relations skills are evaluated. Under Problem Solving the positions latitude and challenges are evaluated. Freedom to act, the magnitude of ones action and the impact of those actions are evaluated under Accountability. Finally, each position is evaluated for Working Conditions. The Working Conditions that are considered for the evaluation include, Physical demands, environmental challenges, sensory demands, and the mental demands of the job.

Based on the points awarded to the job description pay ranges is determined.

In response to the question asked the number of points awarded for Managers range from a minimum of 222 points to a maximum of 746 points. The salary in this range starts at \$50,115 and goes to approximately \$98,241. For example a position that would be evaluated in the first range (222-243) would be the Manager of Ambulance Services. The highest range of points for managers appears to be 681-746. Positions that would be evaluated in this range would include the Manager of Budget Development and Senior Project Managers.

With respect to Directors, the range of points is approximately 390 to 1204 points. A position that would fall in the lowest range, 390 to 427, and would include the Director of Ancillary Services at a Health Centre. Positions falling in the highest range, 1186-1280, include the Director of Fiscal Policy and the Director of Asset Management. Positions in the Assistant Deputy level can be assigned points from as low as 480 to as high as 2320. The salary's that go with the points would range anywhere from \$71,774 to as high as \$177,853; however, highest points awarded to a job description of an Assistant Deputy Minister in the Government of the Northwest Territories is 1322. Therefore, the highest salary paid an Assistant Deputy Minister in the Government of the Northwest Territories will currently not exceed \$146,055

Deputy Ministers job descriptions are much different that Assistant Deputy Ministers, Directors, and Managers. Their pay is based on negotiating a contract with the government. Currently the pay level for Deputy Ministers is determined within 3 levels that the position would be evaluated. The levels are:

LEVEL	80% MINIMUM	100% MAXIMUM		
DM 1	\$129,329	\$161,661		
DM 11	\$143,698	\$185,011		
DM 111	\$158,068	\$197,585		

	Point	Range	Salary	Salary
			Range	Range
Pay Band	Min.	Max.	70% Minimum	100% Maximum
1	450	490	\$71,774	\$102,536
2	491	533	\$73 <b>,</b> 559	\$105,085
3	534	548	\$75,401	\$107,716
4	549	629	\$77,271	\$110,387
5	630	682	\$79,238	\$113,198
6	683	737	\$81,518	\$116,454
7	738	798	\$83,866	\$119,808
8	799	865	\$86,309	\$123,299
9	866	936	\$88,821	\$126,887
10	937	1013	\$91,373	\$130,533
11	1014	1096	\$94,008	\$134,297

I am including for your information the salary grid for Directors and Assistant Deputy Ministers.

12	1097 1185	\$96,697	\$138,138
13	1186 1280	\$99,427	\$142,038
14	1281 1383	\$102,239	\$146,055
15	1384 1496	\$105,146	\$150,209
16	1497 1617	\$108,135	\$154,479
17	1618 1756	\$111,302	\$159,00 <b>3</b>
18	1757 1907	\$114,860	\$163,800
19	1908 2070	\$118,100	\$168,714
20	2071 2249	\$121,682	\$173,804
21	2250 2320	\$124,147	\$177,953



- Housing Cost Index -Northwest Territories, 2003

#### 1. Background

In early 2003, the NWT Bureau of Statistics was asked to complete research into variations in the cost of housing between communities in the Northwest Territories. Specifically, the research was to focus on the spatial variations between NWT communities in the cost of developing a new dwelling and for operational costs for utilities such as water & sewer, electricity and heating fuel.

This paper presents the findings of the research and compares the results with other information on dwelling costs. The general approach used for the research was to estimate the cost for components of developing a new dwelling in each community and to compute an index that would compare those costs with costs for Yellowknife. More information on the approach is presented below. However, it should be noted that the indexes developed here are of a general nature for each community. Specific circumstances related to the development of a housing property on a specific lot could not be considered due to the complexity of each individual circumstance. For example, it is likely that some costs (for example land costs) could vary within communities.

Therefore, the indexes developed in this analysis should be considered as general patterns. The intention was not to develop cost indexes that would be used for every circumstance, but rather that would describe a general trend in the relative spatial pattern of housing costs within NWT communities.

### 2. Cost of Home Ownership

The first component of housing costs to be examined in this analysis is the cost of home ownership. The following section describes the approach to developing the index for home ownership, followed by a description of the results.

Whenever trying to establish spatial patterns in price, a standard approach is to keep the "basket of goods" constant between communities and then price those goods for each community. For example, to establish price differences for food prices between communities it is less important that every brand of canned corn is priced in every community, but rather that the same size and brand is priced in every community.

To extend this approach to housing is a challenge as small differences in housing types could impact the price. To address this, the dwelling unit chosen as the basis for development of the index was a typical mobile home. Information was then collected on the price of transporting this home and purchasing a lot in each community to establish the spatial differences in price.

The base mobile home selected for the index was a 16 ft. X 80 ft. unit with a northern package (increased insulation and oil burning furnace) added. The typical price for this type of home was reported as \$66,000 from dealers in the Edmonton area.

To calculate transportation costs, information was collected from dealers on the cost of transport to various communities on the road system. For other communities, costs of road transportation were considered to Hay River. Information was then obtained from NTCL to assess the remaining transportation costs to each community. For communities on the winter road system, it was assumed that the home could be transported on the winter road system. For some communities, that meant road costs to Hay River, barge costs to a regional center and then additional road costs during the winter road system.

For lot costs, there is significant variation in costs for lots in larger NWT communities. To simplify this component, information was obtained through the NWT Housing Corporation for housing units that have been recently constructed.

Price differences between communities are typically reported as an index where a selected community is set as the base. In this case Yellowknife has been selected as the base, so all results are reported as an index number with YK = 100. An index of 75 would therefore suggest the price of the unit was 25% less than Yellowknife. Results of this analysis of the cost of developing a dwelling in each community are presented in Table 1.

#### Table 1

NWT Housing Cost Index – Development of a	New Dwelling
Yellowknife = 100	

	YK=100		YK=100	
Inuvik Region				
		Fort Liard	53	
Aklavi <b>k</b>	66	Fort Providence	56	
Colville Lake	••	Fort Resolution	53	
Deline	63			
Fort Good Hope	63	Fort Simpson	53	
Fort McPherson	63	Fort Smith	60	
		Hay River	71	
Holman	83	Hay River Reserve	52	
Inuvik	96	Jean Marie River	58	
Norman Wells	76			
Paulat <b>uk</b>	83	Kakisa	47	
Sachs Harbour	80	Lutsel'ke	62	
		Nahanni Butte	59	
Tsiigehtchic	63	Rae Lakes	50	
Tuktoyaktuk	75	Rae-Edzo	61	
Tulita	61			
		Trout Lake	54	
Fort Smith Region		Wekweti	49	
<i>o</i>		Wha Ti	56	
Detah	57	Wrigley	55	
Enterprise	53	Yellowknife	100	

The results of the housing cost index suggest that the cost of obtaining a home in the Northwest Territories is highest in Yellowknife. Costs in other communities in the Fort Smith administrative area average about 55% of the Yellowknife costs. Hay River is the most notable exception to this where costs would be about 70% of Yellowknife prices. Due to the high transportation costs,

October 2003

prices for communities in the Inuvik Region were closer to Yellowknife prices, but still averaged about 70% of the Yellowknife price. The index value for the community of Inuvik was 96% of Yellowknife's price reflecting both transportation costs and lot prices.

To provide some comparison to these results, information was obtained on the cost of housing units built or financed by the NWTHC over the past three years. This information was transformed into an index to identify differences between this index and the housing cost index calculated by the Bureau of Statistics. Some differences would be expected in these values although a similar spatial pattern should be apparent.

#### Table 2

	NWT	NWTHC			NWT	NWTHC	
······································	HCI	Const.	Diff.		HCI	Const.	Diff
nuvik Region							
e				Fort Liard	53	56	-3
Aklavi <b>k</b>	66	75	-9	Fort Providence	56	66	-10
Colville Lake	••	85		Fort Resolution	53	55	-2
Deline	63	81	-18				
Fort Good Hope	63	68	-5	Fort Simpson	53	60	-7
Fort McPherson	63	66	-3	Fort Smith	60	57	3
				Hay River	71	66	6
Holman	83	76	7	Hay River Reserve	52	60	-8
Inuvik	96	88	8	Jean Marie River	54	53	1
Norman Wells	76	78	-2				
Paulatu <b>k</b>	83	76	7	Kakisa	47	54	-7
Sachs Harbour	80	75	5	Lutsel'ke	59	64	-5
				Nahanni Butte	59	64	-5
Tsiigehtchic	63	67	-3	Rae Lakes	50	72	-22
Tuktoyaktuk	75	75	0	Rae-Edzo	61	75	-14
Tulita	61	76	-15				
				Trout Lake	54	62	-8
Fort Smith Region				Wekweti	49	77	-28
•				Wha Ti	56	82	-26
Detah	57	73	-16	Wrigley	55	60	-5
Enterprise	53	60	-7	Yellowknife	100	100	

Comparison of NWT Housing Cost Index and NWTHC Construction Costs Yellowknife = 100

Generally speaking, a similar pattern can be seen between these two index values. There are specific communities where differences are significant.

#### 3. Household Operations

The second component considered in this analysis on housing costs in the Northwest Territories is household operation costs for utilities including electricity, water and sewer and heating fuel. In this case prices were obtained from administrative sources and from retailers in communities when necessary. In developing the index, consumption levels for electricity and water & sewer were considered to be equal across all communities. This assumption is supported by the approach of considering developing a mobile home in each community. It is unlikely that the resident would change consumption patterns for water & sewer depending on the community they are in. For electricity, while there is differences in daylight between NWT communities, on an annual basis the lower amounts of daylight in winter months would be offset by increased daylight in summer months.

For heating fuel, variations in consumption likely exist due to differences in climate between communities. To add this dimension, information on climate averages was obtained from Environment Canada for NWT communities. Degree days below 18° Celsius is used as the measure for the need for heating. Table 3 shows these values for the NWT communities where this information was available. This information was used to estimate degree day information for all NWT communities.

#### Table 3

Degree Days Below 18° Celsius for Selected NWT Communities

	Degree Days
Fort Liard	7,044.8
Fort Simpson	7,771.5
Fort Smith	7,438.9
Hay River	7,647.5
Inuvik	9,766.9
Norman Wells	8,614.9
Reliance	8,946,4
Sachs Harbour	11,442.0
Yellowknife	8,256.0

According to experts in the field, the increased consumption of heating fuel that is needed in a community is directly proportional to the relationship between the degree days in the community and the degree days in Yellowknife.

The index results for utilities are presented in Table 4. Generally, the pattern seen is that communities in the Inuvik Region tend to have somewhat higher prices for utilities than in Yellowknife. Significantly higher prices can be seen for some of the more northerly communities such as Holman, Paulatuk and Sachs Harbour where weather differences suggest much higher consumption of heating fuel.

For the Fort Smith Region, price for utilities tend to be lower than in Yellowknife with the exception being the off-road communities. In these cases prices are higher than Yellowknife.

Table 4 NWT Housing Cost Index - Utilities Yellowknife = 100

	YK=100		YK=100
Inuvik Region			
-		Fort Liard	73
Aklavi <b>k</b>	101	Fort Providence	73
Colville Lake	128	Fort Resolution	76
Deline	107		
Fort Good Hope	106	Fort Simpson	75
Fort McPherson	111	Fort Smith	75
		Hay River	72
Holman	135	Hay River Reserve	- 70
Inuvik	100	Jean Marie River	103
Norman Wells	88		
Paulatuk	133	Kakisa	••
Sachs Harbour	134	Lutsel'ke	109
		Nahanni Butte	100
Tsiigehtchic	116	Rae Lakes	115
Tuktoyaktuk	124	Rae-Edzo	79
Tulita	110		
		Trout Lake	96
Fort Smith Region		Wekweti	116
		Wha Ti	114
Detah	91	Wrigley	108
Enterprise	79	Yellowknife	100

#### 4. Comparison with Other Data

The analysis presented in this paper examines price differences between communities. To provide the required context for considering the results of the analysis, it is useful to examine another approach in looking at differences between communities for the cost of housing which is to look at actual expenditures. Table 5 shows information from the 2001 Survey of Household Spending completed by Statistics Canada. This survey examines spending by households throughout Canada.

While the sample size is quite small for the Northwest Territories, the information does show some useful trends. Due to the small sample sizes, caution should be used in particular in examining the results for smaller NWT communities as differences among these communities could be considerable.

Table 5 indicates that, on average, NWT households spend some \$12,136 per year in shelter costs for their principal accommodation. In Yellowknife this value is \$15,700, while in other communities the average was \$8,706. These differences, in part, can be explained by the differences in prices and, in part, by difference in circumstances like the presence of private rental housing, the presence of public rental housing, the size of dwellings, the level of property taxes, and other factors. For comparison, the average household in Canada spends \$10,429 on shelter costs for their principal accommodation.

NWT Bureau of Statistics

# Table 5Comparison of Shelter Expenditures, by Selected ComponentsSurvey of Household Spending, 2001

	Canada	NWT	Yellowknife	Rest of Communities
Average Cost for Households with the Expenditure	ltem			
Shelter Costs for Principal Accommodation	10,42 <b>9</b>	12,136	15,700	. 8,706
Rented living quarters	6,780	8,586	9,90 <b>5</b>	6,834
Owned living quarters	9,226	9,980	13,7 <b>81</b>	6,164
Regular mortgage payments	9,735	10,433	11,62 <b>8</b>	8,444
Maintenance, repairs and replacements	1,489	2,077	2,623	1,448
Property taxes	1,939	1,324	1,6 <b>69</b>	937
Homeowners' insurance premiums	487	580	624	514
Other expenditures for owned living quarters	1,440	1,094	1,0 <b>60</b>	1,175
Water, fuel and electricity	2,041	3,292	3,410	3,185
Water and sewage	494	955	1,105	826
Heating Fuel	1,073	1,883	1,726	2,037
Electricity	1,161	1,457	1,551	1,367

The data presented in Table 1 describes the average expenditures for households that have each expenditure item. Therefore the average rent are for those households that rent, while the average property tax are for those households that pay property tax. As such, the categories in this table do not sum to the total.

The data of particular interest for this analysis is the mortgage expenditures for owned dwellings with a mortgage and the utility costs. For mortgage payments, the average expenditures are \$10,433 for the Northwest Territories. Average mortgage payments per year in Yellowknife are \$11,628, while average mortgage payments in the rest of the communities are \$8,444 per year. The difference of average mortgage payments in smaller NWT communities of 73% of the Yellowknife value suggests that while these differences, again, are due to a variety of factors, the results of housing cost index presented earlier are quite consistent.

For the other component of interest, utility costs such as water, heating fuel and electricity the average costs were \$3,292 for the year for the Northwest Territories. There is less difference between communities for utility costs as the average for Yellowknife was \$3,410 and the average in the rest of the communities was \$3,185.

This again is quite consistent with the index findings, although this is more difficult to determine because of the significant variation in costs for utilities in NWT communities due to the more severe weather in the more northern communities.

One aspect of home ownership not included in the analysis below is property taxes as it would be difficult to include in an index of this type. From Table 1, the Survey of Household Spending people in owned dwellings reported spending an average of \$1,669 on property tax in Yellowknife. For the rest of the communities the average was \$937. This value likely varies

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significantly within the other NWT communities. This additional difference in housing cost would only add more variation between Yellowknife and other communities, than the price indexes below suggest.

### 5. Conclusion

The analysis presented above is intended to provide a general overview of differences in the cost of housing between communities. It is intended that these indexes, along with the expenditure data from the Survey of Household Spending, provide a more detailed description of the pattern of housing cost between communities in the Northwest Territories.