

Alberta MLA Compensation Review

Executive Summary

Recommendation:

That the June 11, 2012, Corporate Services report 2012COC081, be received for information.

Report Summary

This report provides an Executive Summary of the independent review of the compensation and benefits provided to Members of the Legislative Assembly of Alberta.

Previous Council/Committee Action

At the April 26, 2012, Independent Council Compensation Committee meeting, the following motion was passed:

That Administration provide an Executive Summary of the Alberta MLA compensation review due in May 2012.

Report

A Review of Compensation of Members of the Legislative Assembly of Alberta, by retired Supreme Court Justice Jack Major, was released publicly on May 2, 2012.

The Summary of Recommendations, page 9 of the 333-page report, is outlined in Attachment 1.

Justice Major is recommending that:

- All MLAs should receive an indemnity of \$134,000 as compensation for their legislative, constituency and committee duties.

- The basic MLA salary should be formulated as follows: an indemnity of \$75,000 and a tax free allowance of \$37,500, for a total base salary of \$112,500. While this salary would have a 'grossed-up' value of \$134,000, it would save the province approximately \$1.87 million.
- Given the added responsibilities involved in chairing committees, a stipend (of \$200 per meeting) should be paid to the chairs of committees.
- The Speaker, Ministers with Portfolio and the Leader of the Official Opposition should receive additional compensation of \$67,000 as remuneration for the added responsibilities of their respective roles, for a total cash compensation of \$201,000.
- The Premier should receive additional compensation of \$134,000, effective immediately, for a total cash compensation of \$268,000. In one year's time, the Premier should receive an additional \$33,500 for a total cash compensation of \$301,500, and in two years' time, an additional compensation of \$33,500 for a total cash compensation of \$335,000. This would bring the Premier's compensation more in line with Alberta's highest paid public servants and more commensurate with overall duties, responsibilities and accountability.

Recommendations regarding the tax-free allowance, transition allowance, pension plan and other benefits are outlined in Attachment 1, along with a mechanism for future increases and review of compensation.

The complete report can be found at http://www.mlacompensationreview-alberta.ca/PDF/MCR_Report2012_WEB_Final2.pdf

It is expected that the report will be referred to the Member Services Committee of the Legislative Assembly after it next sits on May 23 and May 24.

Attachments

1. Review of Compensation of Members of the Legislative Assembly of Alberta – May 2012 Report – Summary of Recommendations
2. Table of Contents – Review of Compensation of Members of the Legislative Assembly of Alberta – May 2012
3. Conclusions and Recommendations – Review of Compensation of Members of the Legislative Assembly of Alberta – May 2012

Review of Compensation of Members of the Legislative Assembly of Alberta – May 2012 Report – Summary of Recommendations

Compensation for the basic MLA role is expressed as a single amount and encompasses all legislative, constituency and committee duties. It is competitively placed around the median when compared to other government and broader public sector markets, and is placed at a lower percentile when compared to private sector markets.

Given the additional responsibilities involved in chairing committees, an appropriate stipend should be paid to the chair (or presiding Member) of all Assembly and Government committees. The stipend is to be provided on a per-meeting basis.

Additional compensation for Offices other than MLA and for MLAs in Special Members' roles is dealt with on an individual basis. Historical trends were observed and in many cases have been maintained. Existing ratios between various offices with respect to additional remuneration have been maintained to a large extent.

Compensation for the Office of Premier is to be increased to be commensurate with the duties and responsibilities of the role and to reflect the importance of the position.

It is recommended that the tax-free allowance be retained as it is of significant economic benefit to the Province of Alberta to do so. The cost savings to Albertans are illustrated in some detail. However, provisions are also made for eliminating the tax-free allowance, should the Legislative Assembly of Alberta decide to do so.

The present transition allowance is discontinued. A reduced transition allowance with a precise maximum is suggested, which is intended only to provide short-term assistance to departing MLAs on re-entering private life.

The present RRSP allowance contributions provided to MLAs are discontinued. In light of substantially curtailing the present transition allowance and discontinuing the RRSP allowance contributions, the re-institution of a pension plan for MLAs is recommended. It is to be implemented on a go-forward basis with no recognition of past service.

Health, life insurance and disability benefits remain unchanged.

MLAs' salaries are indexed annually in accordance with the Alberta Consumer Price Index (CPI).

MLA compensation is to be reviewed every four years by a three-person committee consisting of the Chief Justice of the Alberta Queen's Bench and two other judges from that court.

The implementation of these recommendations in full would result in a reduced total compensation for Alberta MLAs. (page 50)

The overall cost to the province for implementing these recommendations for Alberta's 87 MLAs is approximately the same as it was to compensate Alberta's 83 MLAs for 2011/2012.