Special Standing Committee on Members' Services

10:37 a.m.
[Chairman: Dr. Carter]

MR. CHAIRMAN: Order please, ladies and gentlemen. Thank you, hon. members. As I've been wont to say, two things are indeed certain in life: one is death and the other is change. There have been one or two changes in the last week in terms of at least three of us in the room.

Okay; you have the agenda before you. It's reasonably simple, dealing with our committee meeting minutes of March 5 and also the Legislative Assembly budget forecast and then the main purpose of our meeting, the minister and MLA job evaluation study. A motion to approve the agenda? Edmonton-Jasper Place, thank you. All those in favour, please signify. Opposed? Carried. Thank you.

Is there a motion with respect to the approval of the committee minutes of Friday, March 5, 1993? The Member for Lloydminster. Any questions with respect to the minutes? All those in favour of the adoption of the minutes, please signify. Opposed? Carried. Thank you.

Item 4(a), 92/93 Legislative Assembly Office Budget Forecast. The Clerk, please.

DR. McNEIL: If you look at the last sheet of paper in the handout that Diane has titled Legislative Assembly Office 1992/93 Budget Surplus Forecast, you can see the surplus forecast in administration, the public information branch, the Legislature Library, and MLA administration and the reasons for those forecasts. This item arose in respect of the discussion of next year's budget in a preliminary fashion and the concern expressed about the B budget items that we were possibly contemplating for next year to complete the library system. The question was raised as to whether or not we could use any surplus revenues in this fiscal year to complete or get as far as possible with that system so there would be no requirement for a B budget item for that item next year. Given these surpluses, with the committee's approval it would be possible to acquire most of the software that's necessary to complete the system this year.

MR. KOWALSKI: Mr. Chairman, can the Clerk advise what that level of expenditure would be?

DR. McNEIL: Mr. McDougall can.

MR. McDOUGALL: Forty one thousand dollars.

MR. KOWALSKI: Forty one thousand dollars to complete that program?

MR. McDOUGALL: Yes.

MR. KOWALSKI: We're looking at a document here that indicates there could be a lapse as high as $519,000 in this fiscal year. Is this correct? A lapse of $519,000 is good.

Now, was this program of expenditure covered in next year's budget? Was this $41,000 included in next year's budget?

DR. McNEIL: When we budgeted last year, we indicated that this would be a two-phase process. We allocated certain funds for this year and some for next year but as B budget items last year and this year and next year. Discussion arose at the last meeting as to the possibility – you know, could we complete the purchase of the necessary software and whatever ancillary hardware necessary in order to complete the system for the most part under this year's funds?

MR. KOWALSKI: Mr. Chairman, thank you. If I'm permitted to carry on, I just wanted to be sure in my mind that we have dollars expended this year under this acquisition and the budget you had presented here to this committee a few days ago contained funds for the fiscal year '93-94 to complete that program.

DR. McNEIL: Correct.

MR. KOWALSKI: But under a category of B?

DR. McNEIL: Correct.

MR. KOWALSKI: So this committee has not given approval to completing that yet?

DR. McNEIL: Correct.

MR. KOWALSKI: But with the lapse we can see that we can have a surplus of $519,000 and the requirement for next year to be $41,000 if we were to approve it.

DR. McNEIL: Correct.

MR. KOWALSKI: I just want to be factually clear in my mind as to where we're at.

MR. CHAIRMAN: Thank you.

Cypress-Redcliff, followed by Edmonton-Highlands.

MR. HYLAND: I think the last two questions asked by the Member for Barrhead cleared up the confusion I had and got the right number. I think I was the one that made the motion that they look at it in the surplus, so at the appropriate time I'd be prepared to make a motion that we go ahead with it.

MR. CHAIRMAN: Thank you.

Edmonton-Highlands.

MS BARRETT: Yes. My question is to Blake McDougall, and that is: is the proposition, then, that you would finish the project before the end of March, or are you suggesting that we can do it now, before the end of the fiscal year?

MR. McDOUGALL: We would acquire the software. We wouldn't be able to complete the program, but we would acquire the equipment and then in the next fiscal year get under way in terms of actual implementation, yes.

MS BARRETT: Excellent. It's too bad I'm leaving. I've been wanting this system for years.

MR. CHAIRMAN: Reconsider your decision.

Cypress-Redcliff, would you like to make a motion?

MR. HYLAND: Mr. Chairman, I'd like to move

> that the Clerk proceed with the purchase of the software related to the program as put forth by the chief Librarian.

MR. CHAIRMAN: Thank you.

Further discussion on the motion? The Member for Barrhead, followed by Edmonton-Jasper Place.

MR. KOWALSKI: Mr. Chairman, I'm sure it's inherent in the motion that if this is approved today to come out of these unexpended funds for this fiscal year, they will not show up in next year's budget. Make that very, very clear.

DR. McNEIL: I guarantee it.

MR. McINNIS: I support the motion. I just observe that the on-line capacity allows us to make much more efficient use of the information resources already available in government and university libraries. This is an information age, and we're entering it. A good motion.

MR. CHAIRMAN: Thank you.
I take it there's a call for the question.

HON. MEMBERS: Question.

MR. CHAIRMAN: All those in favour of the motion, please signify. Opposed? Carried unanimously. Thank you, members.
We will now just take about a three-minute break to get the screen set up and have our guests come down closer to the table, please. Mr. Wickman, we took the bar out, so perhaps you'd like to come up centre.

[The committee adjourned from 10:44 a.m. to 10:47 a.m.]

MR. CHAIRMAN: Ladies and gentlemen of the committee, I'm pleased to introduce to you – and I'm sure they'll wave at you – Gabe Shelley and Jan Kennedy and Brian Corbishley. I think our format is that we'd have them go through the whole presentation, and then we'll start taking questions and carry on from there. Okay? Go to it.
The Member for Barrhead.

MR. KOWALSKI: Mr. Chairman, may I raise a question? I just want to make sure that we're really right on with what we're doing. In the minutes of March 5, 1993, of *Hansard* I raised a question, and maybe there's a communications misinterpretation by some of us, but I was under the impression that we were going to be receiving a report today. I guess "report" can be interpreted in two ways: we'll get a verbal report or we'll get a written report. In the minutes of March 5 I look at the words and I said:

> It may very well be that if we want to receive the report on March 18, we just set aside an hour or something to get the report, have an overview of it, and then we'll have to determine what it is we want to do with the report.

Later in that same discussion comments were made, I guess, that we're going to get a report, that it will be fine-tuned today, and maybe we'll come back next week. Are we going to have some hard copy to deal with – I just want to know what the situation is – or are we just going to look at a visual overview?

MR. SHELLEY: Mr. Chairman and Mr. Kowalski, the intent today was to provide you with this audiovisual presentation of our work to date, our findings, to solicit your feedback, and then having received that to move to finalize the report, which we would have available within the week. The intent was really to ensure that all members of the committee had an opportunity to see what we've done, provide some feedback to us, and then we would finalize the report.

MR. KOWALSKI: So we're going to get this audiovisual presentation today. We'll have no hard copy in front of us, so we have to keep notes.

MR. SHELLEY: Unfortunately, yes.

MR. CHAIRMAN: Madam Minister.

MRS. MIROSH: That was what I wanted to express too. I understood that today we would have even a draft written report. But that will remain next week, a week today?

MR. SHELLEY: Yes, a week today.

MR. CHAIRMAN: The intention is that the subcommittee is going to meet a week today, I understand, or whatever date the subcommittee decides on. That'll be here in the Chamber.

MRS. MIROSH: We can't meet a week today. We have our caucus . . .

MR. CHAIRMAN: Okay. Sometime next week.

MR. WICKMAN: Well, to follow up on the original point, my understanding from the last meeting was that we get the presentation today, and then the total Members' Services Committee was going to meet to deal with it. There was nothing said about a meeting next week. This has been sprung at the last minute.

MRS. MIROSH: No, no. We just found out that the written report is not available to us until next week. Now we're just trying to determine whether . . .

MR. WICKMAN: But if we get the full presentation here, why do we have to meet to receive the written report? Can't we just get copies of it?

MR. CHAIRMAN: Well, I think we're jumping ahead, with due respect. Let's at least get through the overview, and then the committee can decide to meet or not to meet. We've had these people come here. We've been looking forward with keen anticipation as to what they have, so perhaps we can get on with it. We'll take all the questions at the end of it, please.
Now, we have some measure of confusion around here with respect to the electronic media. If they would like to move their cameras into that far corner there, they may do that, but I would suggest that they only – well, you can shoot from there.

MS BARRETT: Mr. Chairman, they won't be able to see the screen. Maybe it would be better if they could be over in this corner. Would that be more suitable?

MR. CHAIRMAN: That's fine. As long as they're up there without noise.

MS BARRETT: Yeah; I think this corner would be more helpful to them.

MR. CHAIRMAN: But in the gallery.
All right, here's your chance: show time.

MR. SHELLEY: Thank you, Mr. Chairman. Those of you who have served on the Members' Services subcommittee will have seen some of this material before. It is our intent today to try to provide an overview of the project we conducted, show you the work we've done, show you the data that result from the comparisons we've made, and as I mentioned earlier, to solicit your feedback and then move to finalize the report, which would be available within the week. So we'll proceed with our presentation. We would prefer to respond to questions at the end perhaps just to have continuity of the presentation.

The agenda we propose to follow is to tell you what work we've conducted, which is primarily on the balance of this slide; to talk to you about the internal evaluations – as you will recall, we used a job evaluation plan to interview quite a large sample of MLAs – to compare to MLAs in other provinces in terms of compensation; and then to do two types of comparisons, to compare MLA cash compensation with respect to public-sector jobs and private-sector jobs, to then go through an exercise of first identifying and then costing the noncash compensation, and those would be the various benefits and pensions, and to cost those to put them into the total compensation picture and again to compare to public and private sector.

Simply for the purposes of completeness we have identified the various components of MLA compensation in terms of indemnity, the tax-free allowance, the various committee allowances and government committee allowances. I know you're familiar with these figures; I won't dwell on them. The point we wanted to make here is that in fact we consider the above as representing the basic remuneration – the benefits have to be considered as well, and we will deal with those later and separately – and that expense recovery is not part of remuneration. We looked at recovery in terms of Members' Services allowance, travel cost allowances to see if there was any benefit component and you'll see that in the presentation, but they're not traditionally part of remuneration. In fact, all our work was conducted in the pre-December 16 era. In other words, we interviewed MLAs with respect to their responsibilities prior to that date, and we carried that analysis forward.

We were asked to look at comparisons of cash compensation to MLAs in other provinces, and you can see some of the data reflected here in terms of the basic remuneration. In all cases there is an indemnity and a tax-free allowance component. You can see that in some cases it's higher and in some cases it's lower with respect to comparison to Alberta. Again, the additional indemnities are shown here as well. Again, in some cases Alberta is a little higher; in some cases it's a little lower. Those data are shown there.

If I'm going too fast, you might stop me, but I will continue to roll through.

Other provinces recognize the committee work element as well and provide allowances, although in each case they differ just a little. Of course, you're familiar with Alberta's. B.C. has a similar process. Again, as you can see, Alberta and the other provinces to which we were asked to compare all have committee allowances, and although the numbers vary a little bit up and down, they are directly comparable. Certainly Alberta's not out of line with respect to the total cash compensation component as compared to other provinces.

10:57

Now, comparing to other MLAs in other provinces is perhaps a straightforward exercise on the basis that an MLA's duties in Alberta are similar to the duties in other provinces, but when we talk about comparing to equivalent jobs in the public and private sector, of course the jobs are different and we need some mechanism to identify the jobs and then to compare them. To achieve that, we do something called job evaluation. Essentially what we do is prepare a graph. This is simply conceptual; there's nothing here with respect to the placement of these two lines. We show the relative worth of the job in terms of job evaluation points as against the compensation. If we have enough points, we can draw these lines and show whether MLAs are paid higher or lower or at the same level as the external comparators. So we need a method to do that, and the method is job evaluation.

Job evaluation is a commonly accepted technique in North America for evaluating positions, and it breaks all jobs into certain basic factors: skill, effort, responsibility, and working conditions. The job evaluation plan that our firm uses is called the Aiken plan, and it breaks those factors into yet further factors: complexity, judgment, education, and experience representing skill; initiative and physical/mental demands representing the effort of the job; result of errors, contacts, and supervision representing responsibility; and working conditions being the single factor for working conditions. Now, for each of these factors there is a page of descriptions that shows lesser to greater levels of complexity and involvement. We then evaluate each job against each factor, assign it a grade, translate that into points, add up the points, and we can say this job is worth 450 points or 600 points or some such thing. That then allows us to plot each of these individual points of job evaluation points versus salary.

We used the job evaluation plan, and working with the Members' Services subcommittee, we altered it a little to recognize some of the unique characteristics of the MLA jobs and reviewed that with the Members' Services Committee and satisfied ourselves that the integrity of the plan was both there and now did represent the unique characteristics of the job. That then allows us to draw this kind of curve or line, if you like, of job evaluation points versus compensation. Again, cash compensation at this point. Each of the little triangles represents individual positions, and you'll see that with a couple of outliers – and there are always outliers in analyses like this – most of the positions fit very nicely along this line. You'd expect the line to be that fashion: upward sloping as the job worth, so to speak, increases so in fact does the compensation.

You also see that we have clusterings of jobs. We have the MLA position here; we have MLAs with some additional responsibilities, typically chairing committees, being at about this point; and then we have the ministers up at that level. This represents a sample of 30 of the 80 MLAs with whom we spent time. In some cases, as you know, we interviewed them for one and a half to three hours, and in other cases we spent a full day with the MLAs traveling with them in their constituencies to gain an understanding of what the work of an MLA was truly all about. This in itself is not particularly interesting. Where it becomes interesting is when we compare it to the public-sector lines and the private-sector lines.

MRS. MIROSH: What are those two triangles way out there, if I may interrupt?

MR. SHELLEY: We call them outliers.

MRS. MIROSH: Outliers.

MR. SHELLEY: Yes.

MR. McINNIS: Those are the external benchmarks, the triangles?

MR. SHELLEY: No, these are the MLAs that we interviewed. These are all MLA points, and this is the MLA trend line, as in fact we called it here.

Together with the Members' Services subcommittee, then, we talked about who would make reasonable comparators in the world out there, and we differentiated between public and private sector. With the Members' Services subcommittee's help we identified a number of organizations in Alberta, in fact 20 of them, to contact to identify comparable positions and to interview them and then evaluate their jobs. In fact, as I mentioned, we spoke with 20 organizations. We obtained their co-operation, and they represented the range from associations to labour organizations. We have positions from the Alberta provincial civil service as well as the federal civil service. We have some health care institutions, both large and small, represented here, not-for-profit organizations, municipalities – again very large municipalities and relatively small ones and some urban and rural ones – educational institutions, and Crown corporations. Typically we were looking at the middle- and senior-management positions, and we were looking for positions that were of comparable complexity so that we had some basis for comparison.

We obtained the co-operation of these organizations. We interviewed these people, we evaluated those positions, and we also obtained from them their current remuneration in terms of base salary, in terms of any other bonuses that might apply and other committee or board allowances. We obtained as well the information on their benefits, which we'll come back to later in this discussion.

Here I show the MLA trend line that you saw before – we've just taken the points off to make it a little clearer to see – and the public-sector trend line, those organizations that participated with us, and the evaluations that resulted in the trend line that's produced as a consequence of that. Of course, what this shows is that the MLA trend line is below the comparable public-sector trend line. Again, at this point we're dealing with cash compensation, and, as you'll see, we'll add benefits as we move along.

We went to the private sector as well and again obtained the co-operation of 12 significant organizations in Alberta that included telecommunications firms, transportation firms, utilities, financial institutions, oil and gas firms, manufacturing, and retail. Again in exactly the same fashion we obtained the co-operation of the firm. We identified some typical positions. In this case we actually got 80 positions to compare with, typically middle- and senior-management positions that were of comparable complexity, and again looked at the same basic information – what was the job about, what were the allowances and benefits and salaries involved – and then evaluated the positions and drew the line. The line here, as you might expect, looks more like this, where there's a greater gap as you move up the private-sector seniority scale. I don't think it is a surprise to most people that as you move up to the very senior positions in the large private-sector organizations, some of the dollars do move up quite dramatically. The MLA trend line continues to be the same line that we've shown you before.

Now, effectively that's the cash comparison. What makes this more complex is that the benefits are not as easily equatable. So we have to conduct quite a bit of analysis for each of the benefits to be able to then add them to both this line and the private-sector and public-sector lines and then do the comparisons as a consequence of that. My colleague Jan Kennedy will present the benefits portion, and I'll come back and show you these same lines at the end.

11:07

MS KENNEDY: As Mr. Shelley has indicated, so far we've looked at cash compensation only, but of course the terms of reference for this project have included taking a look at total compensation. For that reason our analysis has included taking a look at a number of other factors, which include a variety of expense items; benefits, which typically fall into the category of life and health insured benefits; a variety of perquisites; allowances, notably the re-establishment allowance and the equivalent form of allowance in the private and public sectors; portfolio investment opportunities forgone; tenure or length of service; deferred compensation; pensions; stock options; and also employee loans, which tend to surface from time to time in the external marketplace. As Mr. Shelley has mentioned, part of our analysis has been to compare these various factors as they apply to either the MLA positions or the private and public sectors. The objective here is to identify any differential impact in terms of total compensation.

Our first item is something that we have termed an expense allowance. It typically relates to the daily living allowance, and I will be going on to talk about the monthly living allowance. Because these allowances are designed to cover off certain living expenses, we have classified them as expense values. The daily living allowance of $100 a day, which you are all familiar with, was compared to standard practices that we typically find in both public and private sectors. There are practices to provide allowances for meals and accommodation such that together meals and accommodation would be in the range of $95 to $115. Our conclusion, based on this survey information, is that this allowance of $100 per day is reasonable, so there is no net benefit or differential impact that would have to be taken into account here.

Moving on to the monthly accommodation or living allowance, which is $1,000 per month, again we did some survey work in the local area to gain some understanding of the cost of a one-bedroom apartment near the Legislature on a monthly basis. You'll see that the costs there range from $575 to $710 for an unfurnished; you'll also see some values for a furnished apartment. We include those based on an assumption that there is likely a variety of approaches that are used for MLAs to either rent or lease unfurnished or furnished quarters. The cost of food for one month, again based on our survey work, ranges from $190 to $250 a month. We have also included $100 on a monthly basis for miscellaneous items which might include dry cleaning, basic repairs, and the like. When you look at the total, there is something of a range from $865 to just over $1,000. Again our conclusion here is that this allowance is reasonable; there is no net differential impact that has to be taken into account.

In terms of looking at the next series of factors, what we have here is a comparison of key benefits. I mentioned earlier that these benefits focus primarily on insured benefits which typically fall into the category of life and health benefits. In terms of this comparison, what we have highlighted here is MLA coverage in terms of the benefit component itself and also the cost-sharing arrangements – the way in which those premiums are shared between the MLA and the Legislative Assembly – and the external comparisons. What we have tried to do here is take a look at the most typical or the most common for middle- and senior-management positions in both the public and private sectors, again taking a look at both the benefit component and cost-sharing arrangements. Mr. Shelley mentioned earlier that part of our objective is to try to assess any differential impact and add it to the total compensation pot, if you will, and add it to the various trend lines that we showed you earlier. So in the event that those benefits are common or in the event that a benefit accrues and there is a carryforward value, we have done that and have made an indication as to which line that benefit or carryforward value should be added to.

In terms of our first one, then, we looked at basic life insurance. Most of you will be familiar with the MLA coverage, I think. When we looked at external comparators, we found that benefit coverage was very comparable. However, there was a slight difference in terms of the cost-sharing arrangements. In order to account for that, we have carried forward the differential between the cost-sharing arrangements and have used the premiums that apply to the MLA basic life insurance benefit. What this amounts to is a small amount of $83.04 which is added to the public and private lines. That benefit accrues to those who are in the public and private sectors because the cost-sharing arrangement is higher there.

In terms of the next factor, Alberta Health, we can see that there is a great deal of comparability there. The benefit coverage will be the same. As well, the cost-sharing arrangements are common, so there is nothing to consider in terms of carryforward. Similarly in extended health: while there are some slight variations, notably on the prescription drug reimbursement, the nature and full extent of the benefit coverage is very similar. Again we have identified that as being fairly common, so that there is no need to carry forward any value.

Carrying on, then, with two other key benefits. We looked at the basic dental plan that is provided to MLAs. When we compared the coverage to what typically is provided in either the public or private sectors, we found that the scope of benefits was very similar. We then turned our attention to the level of reimbursement that would be provided. Those of you who are familiar with your plan will see we have divided the types of benefits that are provided typically under a dental plan into three categories: basic, major, and orthodontic work. The reimbursement levels, as you can see, are very similar. There is a slight difference in terms of cost-sharing arrangements, however, so we carried forward an amount of $312 and added it to the MLA line.

In terms of long-term disability: again very comparable. There are some slight variations, as you can see, in terms of the benefit amount, but overall we felt it was very comparable and have deemed that to be of common value.

We also took a look at a series of other benefits and perquisites as they apply. The first one that we've taken a look at here relates to the provision of automobiles or automobile benefits. Based on our survey work, we have found that typically automobiles are provided at senior levels in the public and private sectors. In fact, 90 percent of the participants indicated that a leased car or a car allowance is provided at senior levels. Again, this can be eliminated due to the commonality that we find relative to that benefit provided to MLAs.

In terms of a related perk, mileage, MLAs currently receive 25 cents per kilometre plus gas, oil, fluids, and the like. Based on our analysis, we found that this equates to 31.5 cents per kilometre. How does this compare to the marketplace? Well, there's a range of between 25 to 34 cents per kilometre, and on average we see that both in the public and private sectors that provision is 30 cents per kilometre. There's a marginal benefit, very small, and we have chosen to ignore that because of the marginal nature.

We also took a look at clubs, which are predominately provided in the private sector as opposed to the public sector. Our survey work showed that approximately 70 percent of middle managers receive a lunch club which would be valued at approximately $1,300 a year; 42 percent of senior managers receive a golf club or some comparable membership at an approximate value of $4,000 a year, which also takes into consideration any amortization that might be necessary in terms of an initiation fee. There is a slight impact here that we have, in fact, considered and have built into the trend lines. Based on the weighted figures that you see and the values that you see, we have added a benefit to all private-sector jobs: $220 for all jobs, which would correspond to the lunch club provision; and approximately $1,680 for jobs above 600 points, which would be the most senior positions, to accommodate the provision of either a golf club or a fitness club or something of that nature. So there is an impact that we have taken into account in that regard.

Carrying on with still more benefits and perquisites, we took note of trends and typical provisions for the payment of professional association dues. In terms of comparisons to the external marketplace we found that public- and private-sector employers typically pay those professional association dues for employees, as it relates to their job of course. In terms of the actual findings we found that 65 percent of middle managers and 72 percent of senior managers have those professional association dues paid. What we did was take a look at the most significant association dues in terms of values. You can see there that based on the type of job, there are annual fees that relate in terms of 1992 dollars for engineer, lawyer, and chartered accountant. So in terms of taking a look at the specific positions in both the public and private sectors, we added these fees in to the positions that of course fell into that category.

In terms of vacation entitlements, we've noted . . .

11:17

MRS. MIROSH: Can I just stop you for a minute?

MS KENNEDY: Yes.

MRS. MIROSH: Going back to professional associations. You didn't mention MLAs there in comparison. Many MLAs have professional careers. They pay their own . . .

MS KENNEDY: Yes.

MRS. MIROSH: So you do bring that in somewhere?

MS KENNEDY: We do. Thank you for that correction. We are aware and we have noted that MLAs who are in professions do pay their own professional dues. We found that there was a differential impact to consider here according to these values, and we have added those to both the public- and private-sector lines in terms of the net impact that it creates.

Moving on to vacations then. Based on the information from our interviews and also a review of existing policies, we understand that MLAs have no specified vacation entitlement and certainly appreciate that the nature of the role often prevents them from scheduling a vacation at all in some cases. What we did note through our interviews, however, is that there are various vacation habits, and when we went to compare vacation entitlements to the private- and public-sector employers, we found that 95 percent of middle managers receive an entitlement of approximately four weeks just after eight years and that the vast majority of senior managers also receive that entitlement after approximately seven and a half years. There is not an impact here in terms of the comparison between MLAs and public- and private-sector employers. What we have noted through our interviews in both the public and private sectors is that at these levels, middle and senior managers, there is often a great deal of difficulty in scheduling the full entitlement. So what we've found is that entitlement and vacation taken are often two separate issues. MLAs, as you know, are paid on the basis of 365 days of the year and manage their own time. We have found that they are able to take the four weeks – and many do – and in terms of basic comparison to the public and private sectors, we have deemed this to be equal in many regards. There are some entitlements in the public and private sectors that are higher than four weeks, but again we have found, based on our interviews with those individuals, that it becomes problematic to actually enjoy that entitlement based on the nature of duties and responsibilities at senior levels in those sectors.

I'd like to turn now to a comparison of pension benefits. We'll start out by taking a look at the basic terms of different pension plans as they apply both in terms of the MLA plan and the public sector, and the types of plans that we would typically find in the private sector. If we take a look at the normal retirement benefit – in other words, the benefit formula – what we see are some differences when we compare MLAs to the public sector. You'll notice that we have modeled the public-sector comparison after the local authorities pension plan, in large part because the nature of the organizations that we surveyed were in fact either members of the LAPP or a plan that would closely resemble the LAPP.

In terms of the private sector, again based on some national survey work as well as our local survey work, we have used some typical plans in terms of benefit formulas that appear to apply both at the MLA comparator level and the minister comparator level. In terms of the averaging period for final averaged calculations – in other words, this period of time would be the length of time over which the benefit is calculated: three years under the MLAs and ministers; five years under the LAPP; and a comparable amount, three years, under the two types of private-sector plans that we took a look at.

MR. KOWALSKI: Would you be good enough to explain the acronym YMPE?

MS KENNEDY: Yes, I will. In fact, we'll get to that right now in terms of taking a look at required employee contributions. Unfortunately, I think you'll see as we go through the explanation of pensions that there are some terms and jargon that relate specifically to pensions, so if there are any problems there, please point them out.

I'll start out, however, with the contribution level as it's required under the current MLA plan. Ten percent of pensionable earnings is required to be contributed on the part of the MLA. In terms of what goes on, typically in the public sector there are contributions required in the neighbourhood of 5 percent of earnings up to the YMPE, which is the year's maximum pensionable earnings, which changes year to year. It's a term that is commonly used when we look at the Canada pension plan and the Quebec pension plan. The maximum YMPE, which this year is $33,400, is set every year based on average changes in wages, and it is this maximum on which the benefit for the CPP and QPP is actually calculated. So in terms of what goes on in public-sector plans, often you will find that there is a lower percentage of contributions up to this YMPE to recognize the fact that there is a benefit that is accruing and contributions being made to the CPP. However, where individuals have earnings levels above the YMPE, there is often a higher contribution required to provide for the benefit over and above in this case, this year, $33,400.

Often what we will find at senior levels in the private sector is that plans are noncontributory. Normal retirement age, again as it relates to public- and private-sector plans, is typically in the area of age 65, although as you are probably aware, there will be provisions in most of these plans to retire early in some cases, with either an unreduced or a reduced pension.

Now, there are a few more characteristics that I'd like to go through, if you'll bear with me. The terms of retirement relate to the point at which members of these various plans can receive an unreduced pension or a reduced pension. In terms of the provision under the MLA plan we see that a combination of age and service totaling 55 allows the individual to retire with an unreduced pension. What we see in terms of public- and private-sector comparators is that that age and service requirement is typically in the area of 85 points. There are also provisions in all of these plans to allow a member to retire early with a reduced pension in the event that that individual does not meet those age and service requirements. You can see that the nature of the reduction is in the area of 2 to 3 percent, most commonly 3 percent. So that reduction formula is quite comparable plan to plan.

The normal form of pension is essentially the type of pension that is provided to a member if that member does not make a special election for another type of pension provision. The MLA plan corresponds to a life pension with 75 percent of that benefit carrying on to the surviving spouse in the event of death. In the public sector we see that there is typically a life pension provided which is guaranteed for five years. We do have the survivor pension model that is provided in various types of private-sector plans. However, the provision here is that 60 percent of that pension typically carries on to the surviving spouse.

We also took a look at some cost of living adjustments which are provided in a number of plans, and certainly we're seeing that this provision is making its way into more and more plans in both the public and private sectors. Ad hoc increases have been provided in terms of the MLA plan. We also see that in terms of both public-sector and senior private-sector plans that cost of living adjustment is provided, and in fairly comparable percentages as it relates to the CPI or the consumer price index.

11:27

MR. WICKMAN: Before you go on, could you explain the pension reduced by 3 percent per year early retirement.

MS KENNEDY: Yes. In the event that an individual doesn't meet the age and service requirements – in other words, for the MLA plan, if an individual's age and service does not add up to 55, or in these other plans we've highlighted here, if age and service does not total 85 – an individual will still be entitled to retire with a pension. However, there is something of a penalty incurred. That penalty is such that for every year of early retirement, for every year that individual does not meet, in most cases here, age 65 or the requirement of age and service, there is a reduction of 3 percent in the accrued pension value.

MR. WICKMAN: Based on 85 here and 55 here – in other words, years of service and my age – you can combine the magical number. If I were 50, whatever pension I'd be eligible for, if combined years of service and my age total 50, at that combination I could draw my pension at 3 percent per year reduction.

MS KENNEDY: That's right.

MR. WICKMAN: So you don't have to necessarily hit the combination of 55 to access pension.

MS KENNEDY: That's exactly right.

As we take stock of these various characteristics of pension plans in both the public and the private sector and compared to the MLA plan, we do find there is an impact we would have to take into consideration when we look at total compensation and those total compensation lines, which I will share with you now.

I believe a few explanations will be required here. What you see here, of course, are the various positions we took a look at and the plan. These are the ones I just showed you on the previous slides. The reference here to FAE is final average earnings. In terms of some information at the top here, net value of one year's worth of pension accrual as at December 31, 1992, what we have done is taken a look at the present value of a pension earned based on a series of assumptions. When we do these kinds of calculations, it becomes necessary to use a series of, firstly, actuarial assumptions which typically relate to things like interest rates, rates of inflation, projected increases in salaries, mortality tables, and the like. However, it also becomes important to build something of a profile which relates to age and service requirements of a typical MLA or minister, and the information we used for the age and service requirements and salary requirements was based on information provided to us by the Legislative Assembly. So you can see that there are differences here as they relate to the MLA plan, the public-sector plans we took a look at, and also the private-sector plans in terms of that net value of one year's worth of pension accrual.

There are some additional points, though, that I would like to raise here. One of the first that I think is important, particularly given the level of required contributions for the MLA plan: these benefits are calculated net of employee contributions or required contributions to the plan to take into account the benefit that accrues typically in the private sector where those plans are noncontributory. We wanted to take a look at where the key differences arise. Differences in benefit formulas provide an impact in terms of the values you see here. The fact that MLAs are permitted to retire earlier on an unreduced pension when compared to the private and public sectors also creates an impact, and in some cases the MLA plan provides for higher ancillary benefits, which simply means any kinds of benefits outside the direct benefit provided to that member, survivor benefits being one of them, cost of living adjustments another.

I'd like to go on to tenure now, which essentially involved an analysis of typical lengths of service. We have here a bit of a history of MLA tenure from the First Legislature to the 21st, and you can see that we've got the years and months listed for you. On average, what we have found, based on our analysis, is that just under nine years is the typical length of service. When we compare this to Canadian employment statistics, we do see that in 1977 there was approximately seven years of tenure on average with an employer. In 1991 something slightly higher, 7.6 years, was the average.

Our conclusion involved a number of issues. What we certainly found going back to 1905, which was the First Legislature, was that an MLA's service was an interruption in a career more than anything else, and this is typically attributed to the fact that the work force was not nearly as mobile at that time as it is now. In 1993, however, in part because of the mobility of the work force, we see that nine years, which relates to the average length of service over all these Legislatures, is an expected term of employment when we compare that to what typically goes on in the public and private sectors. The question we had to ask ourselves here was: does being an MLA enhance or detract from potential re-employment? In many cases the answer to that question is "both." One of the conclusions we reached is that oftentimes that's very much more incumbent related than position related. But I'd like to go on to talk in terms of some of the provisions that are in place when we look at both the MLA total compensation structure and what goes on in the external marketplace to accommodate some of that transition. The impact of tenure or length of service in and of itself, however, is not a differential impact in terms of average length of service with various employers.

MRS. MIROSH: Just before you do that, when you have those Canadian employment stats on their tenure, is that tenure related to the actual place they're employed or to their profession? I mean, there is a difference, because they can move within their profession.

MS KENNEDY: Absolutely. This tenure is based on length of stay with an employer, not moving around within a profession.

MRS. MIROSH: The MLA service interruption in a career is also an interruption in your profession . . .

MS KENNEDY: Yes.

MRS. MIROSH: . . . which wasn't spelled out there, and there is a big difference.

MR. HYLAND: When you used the average years in a Legislature, you didn't calculate the time that Legislature actually sat or the work those people did, did you? I mean, in 1905 the Legislature was something like four weeks; now it's four months. That didn't appear in your calculations.

MS KENNEDY: Not on this slide. In fact, the tenure we have highlighted here is the tenure as an MLA in its entirety.

What this really relates to, however, as a compensation issue is the re-establishment allowance, which I'd like to focus on next and which really recognizes some of the difficulties associated with making the transition from public to private life. In public and private sectors we typically find that the terminology is "severance allowance." There are some factors I'd like to highlight here as it relates to both MLAs and typical public and private sectors. The payment formula for MLAs is based on one month per year of service. Typical public- and private-sector plans have something of a range of three-quarters of a month to a month per year of service. The minimum that we see under current MLA arrangements is six months. Typical minimums that apply in both public and private sectors are three months. The maximum is quite comparable: a year's re-establishment allowance or a year's severance allowance. The conditions under which MLAs or employees may be eligible for this benefit are an MLA retiring, defeated, or deciding not to run, and in the public and private sectors this relates to employees who are involuntarily terminated. What is this benefit paid on? The highest indemnity and tax-free allowance for MLAs. For public- and private-sector employees the termination compensation is typically current salary and salary only as opposed to salary and bonus.

11:37

If we take a look at some of the averaged data that has been provided to us through the Legislature, the MLA average age at the two most recent polling dates, the 2lst and 22nd Legislatures, is 45 years. Plus service, just under nine years, which we showed you from the previous slide, would result in a situation where a departing MLA typically would be 54 years of age. When we see what goes on in the public and private sectors, those over 50 generally receive one month of severance allowance per year of service. So what we see as a typical benefit that might be provided in the public and private sectors is not so much the three-quarters of a month of salary but the one month per year of service benefit.

We also know, based on the average years of service of an MLA being eight years and nine months, that the minimum of six months typically doesn't apply. So if we take a look at the comparability of these two benefits, we find there's no incremental impact. In other words, the type and nature of benefit that would be provided to MLAs on average certainly would be comparable to what we see in both the public and private sectors: one month per year of service on average.

We also took a look at investment opportunities and, in particular, investment opportunities that might have been forgone as an individual made the decision to enter the world of the MLA. Certainly we're aware that there are restrictions on investments for MLAs. At the minister level individuals are required to enter into a blind trust.

During the course of our interviews we asked MLAs for their portfolio rate of return, and in fact few were able to provide us with that information, much the way we ran into this situation in the public- and private-sector interviews that were conducted. We can assume, however, that private- and public-sector employees likely earn average market rates of return, and when we looked at portfolios, as it were, typically what we found in the public and private sector was that this was limited in many respects to individuals having assets that related to a house, a car, and perhaps an RRSP. The issue or the key here is that during the course of our interviews what we learned was that very few MLAs saw this investment opportunity forgone as an issue. So in terms of the impact, we believe there is none to be included in the calculation of total compensation.

In closing, two other private-sector perks we wanted to take stock of, so to speak. The first one is stock option plans where an employee buys company stock at a particular point in time at a fixed price. What we found in our survey work is that these types of provisions are reasonably rare in Alberta and are provided only at the most senior levels. The value of that option, however, is very difficult to quantify until that option is exercised, and of course the value of the option is based on the value of the stock at that time. As well, stock option arrangements are typically negotiated on an individual basis and might in fact be part of a function of that individual's performance at the time those negotiations are occurring. So we found that it does not typically apply for most MLAs. Because there is a difficulty in quantifying the value of the option, we have ignored it for purposes of total compensation values.

MR. WICKMAN: I was going to say that without having the written stuff in front, we may have missed something. When we go back four slides, did you have the impact there? I don't recall.

MS KENNEDY: Do you recall what topic that was?

MR. WICKMAN: Pensions.

MS KENNEDY: Yes, we did.

MR. WICKMAN: Can you just put it back on for a second? I missed it.

MS KENNEDY: We have two slides, actually, that relate to the impact. One is that we have noted through the characteristics of these plans that there is an impact, and in fact we will return to that in Mr. Shelley's discussion of the total compensation trend lines and the impact we quantified for you in the slide that showed the various pension values.

MR. WICKMAN: Yeah. What was that one?

MS KENNEDY: We haven't in fact talked about impact other than the values because we will . . .

MR. WICKMAN: Oh, yeah. It's key differences, but it doesn't show impact, and that's what I was wondering.

MS KENNEDY: We will be showing that in the lines.

Then the last factor we took a look at as it relates to other private-sector perks is employee loans, which typically are provided at only the senior levels at a preferred rate. In terms of incidence, we find that these are more commonly provided to employees who are employed by financial institutions. Our survey work shows that only 19 percent – a very small amount – of senior executives and 15 percent of middle managers enjoy this benefit. Again, the benefit is small, so in terms of total compensation issues we have not considered it to be a differential impact.

That concludes the analysis of various factors other than cash compensation that we did take a look at. I'd like to turn over the remainder of the presentation to Mr. Shelley, who will talk about the impact of some of these factors on total compensation.

MR. SHELLEY: Well, a lot of data. I think we've demonstrated that we have looked at each of the benefits and quantified them to the extent they are quantifiable. Some of them have potentially relatively small impact and some perhaps a bit more. We have quantified them all. What we've concluded is that for purposes of total compensation comparison, ones that are common we've simply eliminated from the analysis; there's no point adding things to all sides. So on the MLA side in terms of calculating total compensation for comparison purposes, we have the indemnity, the tax-free allowance, committee allowances, the differential benefits – remember those are only a small number of dollars here and there in terms of premiums paid by one organization or another – and of course the pension differential.

In the public-sector line we have primarily salary, and we've added professional fees, which is a benefit they enjoy that MLAs do not, and that's how we account for the difference. In the private sector we have salaries, bonuses, and profit shares. We also have the clubs that we talked about earlier and the professional fees. We have annualized all these costs so that we can now add up a typical MLA public- and private-sector position. In fact, we've done it for all the positions involved: the 30 MLAs that are part of our survey, the 20-some organizations from the private sector that participated with us, and the public-sector organizations as well. We have produced the same sort of line you've seen before, but this time it's on total compensation. What you see – again, in the same format – is a public-sector line, an MLA trend line that's slightly higher than that, and a private-sector line which is relatively similar at the lower end in terms of the MLA trend line and, of course, moves up more quickly, as we would expect, in the private sector.

MR. WICKMAN: Again, you have not isolated the pension impact.

MR. SHELLEY: The pension impact has been shown to you on this slide, which shows the annual difference in terms of . . .

MR. WICKMAN: No. I'm just talking about the direct impact.

MR. SHELLEY: That is the direct impact.

MR. WICKMAN: That's the difference.

MR. SHELLEY: That's the difference between . . . You can look at an MLA position and look at the annual benefit here in the public sector and the annual benefit there, and the difference is the arithmetic of the benefit on an annual basis.

Now, we were asked to look at cash compensation and total compensation and look at MLA compensation on those two bases as compared to equivalent public-sector and equivalent private-sector positions, and ultimately those are the graphs we've shown. What we'd like to do now is move to questions and answers, respond to your questions, and then move to finalize the report based on the input we receive today.

Mr. Kowalski.

11:47

MR. KOWALSKI: Sir, that is a line – can you just leave that on? – that shows MLA compensation comparisons. I can't recall, but was there a request made to deal with it – yeah, there was – in the proposed consulting when it said ministers as well?

MR. SHELLEY: Ministers are in fact shown here, as you may recall. Perhaps I didn't make it clear.

MR. KOWALSKI: Okay. Good. Yeah. Please explain that.

MR. SHELLEY: MLAs are in here. In terms of ministers, then, ministers are at this end, and we can find a point and identify the specific numbers based on this graph.

MR. KOWALSKI: If I read that, in terms of the comparison for MLAs versus the private and the public, I have to go down to the bottom left.

MR. SHELLEY: Yes.

MR. KOWALSKI: It shows that there's a fair consistency for equity or some comparative equity.

MR. SHELLEY: Right.

MR. KOWALSKI: When you go to the other side, it shows that ministers' compensation may be on average a bit above what might be found in the so-called public sector, but the gap widens considerably – I've got to use the right word here, because I want to make sure there's no misinterpretation – when you compare it to the private sector.

MR. SHELLEY: That's the correct interpretation.

MR. KOWALSKI: Okay.

MR. CHAIRMAN: The minister, followed by Edmonton-Whitemud.

MRS. MIROSH: Mr. Shelley, you can leave that on if you like. You've got the comparison of private sector, MLA, and public sector, but what I'm missing here is a comparison with other elected officials that are not really public sector or MPs. There doesn't seem to be any distinct comparison between what we're getting and the list we had outlined prior to this. In terms of reference, we had indicated that we wanted to see a comparison of other elected representatives across Canada.

MR. SHELLEY: We did in fact show you at the beginning of the presentation . . .

MRS. MIROSH: Yes, but I didn't see any numbers in that presentation.

MR. SHELLEY: I'm sorry; I didn't hear.

MRS. MIROSH: Were there any numbers? I don't recall seeing . . .

MR. SHELLEY: Yes.

MRS. MIROSH: Oh; maybe I missed it.

MR. SHELLEY: We were asked to look at these three jurisdictions, and in fact we did look at B.C., Ontario, and Nova Scotia and showed the basic remuneration that . . .

MRS. MIROSH: Yeah. That's salary.

MR. SHELLEY: I'm sorry.

MRS. MIROSH: That's specifically salary, but there's no comparison of benefits there.

MR. SHELLEY: We have not looked at the benefits across each of the provinces.

MRS. MIROSH: Or pensions.

MR. SHELLEY: Right.

MRS. MIROSH: It was our understanding that . . .

MR. SHELLEY: Well, that certainly can be included in the final report. We have that data.

MRS. MIROSH: Well, that's quite important, because it's the same parallel on the same job.

MR. WICKMAN: Mr. Chairman, the first question – and I have a series – is on the living allowances. When you look at the per diems of the living allowances and they talk about it being comparable, one reference you didn't make, as to whether you explored it, was the system of eligibility within the public sector and the private sector. Is it common to put them on an honour system, or is it normally up to a certain figure?

MR. SHELLEY: In fact, our analysis on living allowances was based on standard practice in the public and private sectors. We did a number of surveys of other organizations. Standard practice is to have meal allowances on a per diem basis. Most organizations do not believe they want to deal with $5 chits for lunch and breakfast and so on, so they set a standard number, which we showed on the slide. With respect to accommodations, many organizations have guidelines in terms of types of hotels and so on, but they expect receipts on a daily basis.

MR. WICKMAN: Okay. I have a couple of other questions, Mr. Chairman.

On the pensions, when you look at the one slide of the net value per year, I have to assume those figures . . . I'm having some difficulty here; it didn't really show the direct impact. But can I assume the net value per year is a translation that each year of pension eligibility after retiring in the MLA case is more than an average of $28,000 as compared to the public sector being worth $6,700? Can you maybe put that slide back on? I'm having difficulty interpreting the conclusion or the direct impact in terms of money.

MR. CHAIRMAN: We're having two other difficulties. Percy, when you ask the rest of your questions, would you mind sliding close to one of those desks so that the PA system can pick you up? Also, when you're replying, if you could speak to this mike, it would be helpful for our *Hansard* record, please.

Thank you.

MR. WICKMAN: Okay. I'll ask the question again. The net value of one year's worth of pension accrual: now, I have to assume that that's the benefit that one is entitled to after retirement, after one leaves that particular position. I interpret that the direct impact would be that an MLA would be at $28,000-plus as compared to, say, the public or private sectors at $6,000 or $9,000 per year.

MS KENNEDY: The correct interpretation of this information is that this is the net value of one year's worth of pension in today's terms. So it is the value of the retirement benefit at retirement discounted as at December 31, 1992.

In terms of the differential impact between the MLA plan and those values that apply to the public and private sectors, it's a matter of doing the straight arithmetic. For example, if you were to take a look at the MLA and the MLA comparators in both the public and private sectors, you would subtract the $6,000 from the $28,000.

MR. WICKMAN: For each year of service.

MS KENNEDY: No. This takes into account an employee profile which is the same for all of the positions that we looked at based on the average length of service, which is in the area of nine years, the average age of an MLA, which is in the area of, I believe, 46, and also the salary values that apply, where we use the actual salaries from our surveys and our interviews. So the years of service and the age are all the same for these employee profiles. The distinguishing features, of course, would be the differences in pensionable earnings as well as the nature of the plan itself.

MR. CHAIRMAN: Additional? Well, I think we'll come back to you, Percy, because you've had a couple in a row.

MR. WICKMAN: Okay.

MR. CHAIRMAN: Additional who haven't been in on it before? You were in before; you were in before.

All right then, Percy, you ask yours; then I'm going to go to the Member for Barrhead.

MR. WICKMAN: Again, I'm still on the same one. I'm trying to get something just a bit more tangible in terms of a measurement of direct benefit. Now, let's just use a scenario. Let's say that I've been an MLA for 10 years. What is the pension benefit to me?

MS KENNEDY: The pension benefit to you would be different from this amount if we were to take your own employee profile, as it were, or MLA profile because in all likelihood the pensionable earnings over a period of three years prior to retirement, your age, and service would be in some respects different from the profiles that these values were based on. What we have used in the way of age and service, as I indicated earlier, were average values over periods of time within the Legislature here.

MR. WICKMAN: Okay. Just one more question on this. What change would have to occur within that MLA pension to make it comparable? Is our plan, say, twice as good as a private-sector plan, three times as good? When you take all those figures and you break them down, in a nutshell what is the bottom line?

MS KENNEDY: Well, the bottom line here again is based more on simply looking at the pension benefit formula. It's very difficult to look at the formula in and of its own and simply make a judgment call as to how the pension plans compare. This is why we have actually gone through the process of calculating the net value of one year's pension accrual based on some employee or MLA data that was provided to us. So you can see in terms of this particular profile that there are some differences between the MLA plan and what accrues in the way of a pension when we compare it to typical public- and private-sector plans, but it will depend very much as well on the nature of the employee's profile of age, service, and salary.

11:57

MR. WICKMAN: I'm sorry, Mr. Chairman. I'm having some difficulty here. On some of the earlier slides we had a tangible value. You could take health care benefits. It was a value to me of $310 per year in terms of an actual value over and above what would be comparable in the public sector. Now, in terms of using that same model, that same formula, give me a figure so that I can say, in terms of all my other benefits, how much more this is worth to me than if I were in the public sector. That's what I'm trying to determine.

MS KENNEDY: Okay. If I could just preface my response with, I guess, a comment. When we are looking at some basic life and health benefits, that comparison is reasonably straightforward; when we're looking at comparisons of pension plans, the nature of the issues that we have to take a look at are far more complex and far more numerous. In terms of addressing your question of what that value is, you as an MLA would have to subtract from the public sector $6,706, from $28,730.

MR. WICKMAN: So it's worth another 22 grand a year to me.

MS KENNEDY: Right.

MR. CHAIRMAN: Taber-Warner, Barrhead, Calgary-Glenmore, Edmonton-Highlands.

MR. BOGLE: Thanks very much, Mr. Chairman. A couple of points, if you'd put up again that last chart that you just had, please. Further to the comments made by Dianne earlier, I think this is where it would be particularly valuable to have the comparison with other jurisdictions. If we take the other four provinces plus the federal government in a comparison, because it's well known that the basis for the elected members' pension plans across Canada are very different from both the private and the public sectors, I'd be interested in the impact both on this chart and on your preceding chart; i.e., years of service plus age equal 55.

There was one other thing on the preceding chart, if you could put it up, please, and that relates to the cost-of-living adjustment. You've got cost of living for Alberta at 75 percent of increase of CPI. Are you sure that figure's not 60 percent?

MS KENNEDY: Well, it was likely 60 percent in a number of years. Because these increases have been provided on an ad hoc basis based on the CPI in the year in which the individual has retired, you will see a variety of cost-of-living adjustments that are applicable. This is an average over a period of time; the actual average is something just under 75 percent of the CPI.

MR. BOGLE: We did make a policy decision when we increased the contributions into the plan from 7 and a half to 10 percent of our earnings. We made another policy decision to peg the adjustment, if any, to be exactly the same as that in the public plans and others at 60 percent of CPI.

MS KENNEDY: Yes, at 60 percent, and I understand that is still in a proposal stage. I'm not aware that that has in fact been passed.

MR. BOGLE: Could we check on that? I know we've agreed to it in – well, we'll check the state of where it's at within the system.

I wanted to go back to the re-establishment allowance, if we could for a moment, please.

MS KENNEDY: Yes.

MR. BOGLE: I notice your note at the bottom that there's no incremental impact, so it's very clear that this program – and it's a program in Alberta which was modeled almost word for word on the Ontario plan – is comparable with the typical public/private sector.

Just one other aspect, and that has to do with automobiles. That's back on one of the earlier charts. If I remember correctly, we had a comparison. That's it: 31.5 cents per kilometre-equivalent for the MLA average and the marketplace of 30 cents per kilometre. Okay? Is there any further information that we need to know on that comparison?

MS KENNEDY: I think the conclusion here is that when we factor in the benefits of gas, oil, and fluids to the straight per kilometre reimbursement, it is very comparable to what we would find in the marketplace in both public and private sectors. So because they are quite common, there is no direct impact that we have to calculate for.

MR. BOGLE: Thank you very much.

MR. CHAIRMAN: Barrhead, Calgary-Glenmore, Edmonton-Highlands.

MR. KOWALSKI: Mr. Chairman, I have a wide range of questions that I'd like to raise for clarification, so I'd like to be guided by you as to which ones of these we should focus on right now. I know you're not going to let me ask 12 questions at one time.

MR. CHAIRMAN: Five.

MR. KOWALSKI: Pardon me?

MR. CHAIRMAN: I'll give you five, as Edmonton-Whitemud has had.

MR. KOWALSKI: Okay. Thank you very much.

One of the questions had to do with the comparison to other MLA and MP pension plans in the country of Canada, and I think my colleague Mr. Bogle has already raised that. So if we could somehow get back to that, that would be helpful.

MS KENNEDY: We have taken note of that, and we will be including that in our report.

MR. KOWALSKI: Okay.

The question about adjustments he has raised as well, but there was one other thing that you did point out which is sort of fascinating to me. On one of the slides it basically said that in a number of private plans there was a noncontributory side; in other words, the participant in it, he or she herself or himself, did not contribute to the plan. It was an employee benefit. In the case here there is a contribution factor in here.

The other thing that perhaps you'd have a little more clarification of or for which some more information would be provided when we get the full report is the level of the contribution. The level of the contribution here in Alberta is 10 percent of the gross salary, and it seemed there the average was 5 percent, as I understood that. Will we get more on that when the full report comes back?

MS KENNEDY: Yes, certainly we can provide that. I believe this is the information to which you're referring: the required employee contributions of 10 percent under the MLA plan, 5 percent up to the YMPE, and 6.5 thereafter. As you have suggested, typical arrangements that exist in the public and private sectors at senior levels are for the plan to be noncontributory. However, in terms of the calculations one of the things that we have pointed out is that these benefits are calculated net of employee contributions. So for any plan that requires employee contributions to be made, we have carved out those contributions so that we can compare on a reasonable level with the private- and public-sector plans that do not require contributions to be made.

MR. KOWALSKI: Okay.

MRS. MIROSH: Just on that point very briefly. The private sector can top up their plan with purchasing RRSPs; we cannot. Was that factored in those numbers?

MS KENNEDY: At the most senior levels the nature of the pension plans in both public and private sectors are such that they reach the Revenue Canada maximum just as the MLA plan does. That limits, in some cases quite severely, the individual member's ability to contribute to an RRSP. So typically what you will find is that where the pension plan is less generous, there is sufficient room remaining for that individual to either be a participant in an employer sponsored group RRSP or for that individual to carry on and make individual RRSP contributions, but again as the plan becomes more generous, then it precludes the individual from making those contributions to an RRSP based on Revenue Canada rules.

MR. KOWALSKI: Mr. Chairman, there was a slide dealing with tenure, and the conclusion that I copied down here is that you indicated tenure is not a differential impact. I would like to know if part of the review that you did included the impact of the code of ethics that is in place for elected people and the impact on them being able to deal with blind trusts. I think a statement was made that you asked the question of some people about blind trusts but you couldn't get a correct answer; they couldn't tell you how much they were earning on interest. My understanding always was that we weren't supposed to know anything of what was going on in the blind trust, so obviously none of us could tell you what that answer was. Then you said that because you couldn't get that answer, it was ignored, if I understand correctly what was said. Okay. I'd like to go back to that and put it in the context of the code of ethics, and perhaps if the slide could be put up again, maybe it would help me focus on the kind of question that I would want to raise. It was dealing with tenure.

MR. SHELLEY: The tenure slide?

12:07

MR. KOWALSKI: Yeah. The conclusion was that tenure is not a differential impact. How did you factor into this comparison an individual who might work in the private sector or even another public institution, a hospital or a university of what have you? An MLA is basically prohibited from carrying on any outside activity. That's a generalized statement: any kind of outside activity. So as an MLA you don't have a business on the side that you're managing or functioning and what have you. If my understanding is correct, that same kind of provision does not apply for anyone else. How would that be factored into all of this evaluation to arrive at the conclusion that tenure is not a differential impact?

MR. SHELLEY: Well, let me return to the first question. There were several questions there. We did not in fact ask people for the return on investment of their blind trust. As you've indicated quite correctly, they could not have provided that to us even if they had wanted to.

We asked all MLAs about the significance of the investment portfolio issue. We found that for the majority of MLAs there either was not a portfolio, as Ms Kennedy indicated, that the majority of people have a house, a car, perhaps an RRSP but not significant shareholdings or investments in organizations and such, and concluded for us that in fact the portfolio investment opportunities forgone were not significant. That was the conclusion they gave to us.

Now, a number of people did indicate that as they became MLAs or perhaps even as they became ministers, they had to sell down or sell out of investments. Of course, asking what was the investment forgone in that situation is difficult because we don't know what would have happened. Perhaps that person could have made many dollars or perhaps not. There was no way to quantify it. We asked them if in fact they felt that that was a significant burden in becoming a minister or an MLA. Most of them simply shrugged their shoulders and said: "There might be something there, but we don't know what it is. We could just as easily have lost money as made money." So they see it as more a restriction on activities than on portfolio investment opportunities forgone. It's impossible to quantify what the value is of that. The fact that no MLA told us that this was a significant burden to them led us to conclude that it was something that we could put aside.

We recognize that there's a restriction, as in fact there are restrictions in other occupations. As a member of a management/consulting/accounting firm there are certain organizations in which I'm precluded from investing. It's the nature of the job, and it's something that I have to accept. It's there. I have no way of quantifying what is the impact of my inability to invest in certain organizations. So that's as close as we could come. The fact that MLAs told us that they did not see this as a significant burden led us to conclude that we could put it aside and say that it is a characteristic of the job but not a significant burden.

MR. CHAIRMAN: Supplementary, Barrhead.

MR. KOWALSKI: Pardon me?

MR. CHAIRMAN: One more?

MR. KOWALSKI: Indeed, sir.

MR. McINNIS: You'd be good in opposition.

MR. KOWALSKI: Pardon me? You want me to join the opposition? Why would I want to join the opposition? I'm searching for truth here this morning.

MR. CHAIRMAN: We'll come back.

MR. KOWALSKI: Thank you. I will come back. I'll let somebody else go.

MR. CHAIRMAN: Calgary-Glenmore, Edmonton-Highlands, Cypress-Redcliff.

MRS. MIROSH: Staying on this tenure, I am a little bit concerned about some comparisons with private sector, public sector, and interruption of career. I think there should be an impact, because I have to leave my profession. When I go back to my profession, I cannot start where I left off. I have to keep up so many days, which is almost prohibitive now. To keep my registration in my profession, I have to put in a certain amount of time. This is not my profession. So I've lost the time. If I were to have to return to my profession, I have to go back to school to get my number of days in. I know there's a re-establishment, but it is nowhere what it would cost me for getting back into my profession. It's not my career; it's my profession. To get back into my profession, if I had stayed in that profession, to bring me up to today, I have lost probably eight to 10 years. So re-establishment money doesn't give me back that. I mean, that's a significant amount. Perhaps the pensions can make up that, but to me there is an impact. You say that there is not. Now, maybe it shouldn't be under tenure; I don't know. But you do mention service as an interruption in my career. You don't mention anything about my profession.

MR. SHELLEY: We agree.

MRS. MIROSH: I just wondered if that could be factored in, perhaps, when you're doing it.

MR. SHELLEY: Well, it hasn't been factored in explicitly; perhaps implicitly in the sense that, as it says here: does this potential issue, does being an MLA enhance or detract from? For some people, not professionals perhaps, it might enhance their ability to take on some position. For others who are members of professions, who are waylaid if you like, the opportunity for them to continue to advance in their careers, you might argue that it detracts from. So I think there could be one of each. The question of where that is measured is not necessarily here in tenure. Our point was that tenure in terms of years is pretty similar now between MLAs and people who work in the marketplace in Alberta and throughout Canada. The question of professions is a separate one, or work interruption or career interruption, and probably the place that would be picked up is in pensions or in re-establishment allowances. If there is a feeling that in fact this element detracts from a continuation of a career, then it should be in one of those two places that it's picked up.

MR. CHAIRMAN: Taber-Warner on this point.

MR. BOGLE: On this specific point. I don't believe we had asked your firm to interview any former MLAs.

MR. SHELLEY: No.

MR. BOGLE: That's something, Mr. Chairman, that might be very helpful, finding out whether it did indeed enhance or detract. If we went back to, say, the most recent general election and asked several members from both government and opposition to get a feel for how quickly they obtained new employment and whether this was indeed an advantage, the fact that they had served as a member of this Assembly, or in fact it was a disadvantage, could that be factored in for your final report?

MR. SHELLEY: We could certainly do that, yes.

MR. BOGLE: So if we could assist, Mr. Chairman, with, say, two names from government, two from opposition? It's not meant to be laborious.

MR. CHAIRMAN: A comment. I think perhaps they need a larger sampling than two from each, but we can do it.

All right. Thank you.

Edmonton-Highlands.

MS BARRETT: With apologies for having left the meeting for a while, I would like to request a view of what was probably your last slide, I suspect anyway, where you've amalgamated all the information in a comparative form, please. Now, does that include the pension benefits?

MR. SHELLEY: It does. It includes the cash compensation that we showed earlier.

MS BARRETT: Right. I wrote those down. Thank you.

MR. SHELLEY: I'll just change the slides. It includes on the MLA side the indemnity tax-free allowance, committee allowances, the differential benefits, which were not greatly significant, and the pension differential; on the public side salary and the professional fees, which are not paid for MLAs so they need to be added in; and on the private-sector side salary bonus, profit sharing, clubs and professional fees.

MS BARRETT: Okay. Could I see that other one again, please? Thank you. Gee, my eyesight's going too now. Thank you.

MR. CHAIRMAN: Lower line, public sector; centre line, MLA trend; and the top line, private sector.

MS BARRETT: Yup, got them.

MR. CHAIRMAN: Okay?

MS BARRETT: Yes.

MR. CHAIRMAN: Cypress-Redcliff.

12:17

MR. HYLAND: Thank you, Mr. Chairman. Back on the length of service. You showed five or six different Legislatures on length of service, and then you showed the current employment stats for about the same amount of time in both. But when you go back from the First Legislature to the 21st Legislature, did you look at the amount of days the Legislature sat, for example, then compared to now? I don't know anybody that's sitting here right now that does anything else other than being an MLA, government and opposition alike. The amount of time from that many years ago to now, the amount of time it takes to do the job – whether it's complexity or whether we've got too many committees or not, you can argue that. I wonder how you took into account the amount of time it takes to carry on with this profession, with being a servant to the public as an MLA, from then till now. It's okay to use the years, but how do you take the amount of time out of those years?

Secondly, when I'm here, I'm here all week and I go home on the weekends. I maybe get one day at home, one day working in the constituency office. A person working 6.9 years or 7.6 years with a job is generally in the same place of his employment, an hour or so from home in the majority. I mean, the numbers that you're using, those that aren't would be vastly different. How did that factor into this whole thing?

MR. SHELLEY: We present this for interest, but we didn't go back to 1905 to look at what the job of a legislator was in 1905. In fact, we do recognize the complexities and the difficulties of the job today. We met with 30 MLAs and talked to them about their jobs. We visited with a number of them, including a number of you, as we traveled throughout Alberta looking at what's involved in constituency duties and travel: the difficulties of catching planes, being in three places at the same time, and so on. We did that. The answer to the second part of your question, having to do with the six-day work weeks, the phone calls at 3 o'clock in the morning, the many dinners, meetings, and events that have to be attended and speeches made and so on – again, we met with the MLAs. We experienced this, and then as we used our job evaluation process, we gave evaluation points, so to speak, for the elements that you've just described, in terms of working conditions, the travel time, the length of days, the stress involved in the lengthy days, and the variety of material dealt with. Throughout all of these elements the complexities of the MLA's job today were taken into account and were awarded points as a consequence.

MR. HYLAND: So those points don't show as a factor on that other sheet?

MR. SHELLEY: I'm sorry?

MR. HYLAND: The other sheet of the time is just a factor of years, not a factor of any of the points awarded?

MR. SHELLEY: That's right.

We were interested to note that in fact the tenure has not changed substantially since the beginning of the Legislature. There has been substantial change on this side, and there was a time back here, in these early days, when in fact serving as an MLA was truly an interruption and someone went back to a career. What we find now is that the average length of stay with an organization in the public and private sectors has diminished tremendously over the years, and that's a characteristic of society as we know it today.

MR. HYLAND: It's the fact of the straight years thing, not a factor of the numbers you put to it on the first sheet, the complexity or anything like that?

MR. SHELLEY: That's right.

MR. CHAIRMAN: Lloydminster, followed by Edmonton-Whitemud.

MR. CHERRY: Thanks, Mr. Chairman. On the re-establishment allowance, for example, you indicated what the MLA would get, but did you not break it down as to a minister also? Did you just take the straight MLA on it?

MR. SHELLEY: This speaks to the formula that's applied to individuals, and these are the multipliers. There will be one month per year of service and minimums, maximums, et cetera, based upon compensation. Of course, that varies by individual.

MR. CHERRY: But the ministers, they don't get one.

MR. SHELLEY: No.

MR. CHERRY: Just for an example, I look at the private sector, as it's so called, or the public sector. I don't know which it is today because you never know where the federal government is. If you look at Petro-Canada, for example, Mr. Hopper left. As a senior executive he was certainly classified differently than the middle class or something like that. For example, I'm just looking at the gentleman next to me here, not because he's the Deputy Premier or something like that, but in those cases we have no differential whatsoever. They do a very, very important job, the same as someone in the private sector who is a CEO or whatever, and they do have the differential. But you people did not look at that at all, I would take it.

MR. SHELLEY: Cases such as the one you've just described make the newspapers because they are exceptional. There's a lot of money involved there, and they are exceptional cases. We are involved in a large number of terminations in this province. We have a relocation counseling practice, and sometimes we help organizations with this process. By and large, our experience is that these are the standards. There are a small number of people who make the newspapers in Alberta each year because the numbers are so large, but the majority of people follow a process similar to this even at the senior end.

MR. CHERRY: Thank you.

MR. CHAIRMAN: Edmonton-Whitemud, followed by Taber-Warner.

MR. WICKMAN: Yes. Can you put the last slide on, kind of like the grand finale?

Okay. The base MLA, looking at the pension, which is by my calculation roughly 420 percent as rich as, let's say, the public sector, if I keep putting that value in there and putting in the value assuming the fact that one-third of my base is tax free is considered, when you equate all that and you draw that across the line, in actuality my salary compares to an equivalent salary of what? A hundred and fifty grand is that, or what? I'm trying to read that across.

MR. SHELLEY: I think it would be inappropriate to say it's 400 percent as rich, which I think were the words. You'll remember that when we showed the basic compensation and the salary level, MLAs were below. The value of the pension and others of course brings it up and brings it up proportionately a little bit more. The basic MLA would be about here, so it would be something less than $100,000 I believe.

MR. WICKMAN: So when you're looking at my pension value per year being $28,000, looking at my base being $57,500, one-third tax free, and looking at the average eligibility for committee pay and such, you're saying it comes in at under $100,000?

MR. SHELLEY: This graph shows that the comparison among these three lines would be about $100,000. I think it's less significant to look at the exact numbers over here as it is to look at the relative graphs, and that's what we're trying to do there.

MR. WICKMAN: Okay. My other question now. Can I go back to the pension one more time?

MR. SHELLEY: We have a number of pension slides. Which would you like?

MR. WICKMAN: The one about the $28,000 as compared to the $6,000 value per year. I don't want to start hassling over the figures, but when I look at the value of $28,733 per year as compared to the public sector/MLA comparable of $6,706, that's a difference of four times as great, roughly.

MR. SHELLEY: There's $22,000 difference.

MR. WICKMAN: Yeah, but if you equate the base in the public sector as being $6,000 or use the other one, the $9,000 within the private sector, it's roughly three times that.

MR. SHELLEY: That's using division, which is appealing but probably inadequate. You'll remember that on the cash compensation line the MLAs were below by a certain amount, and perhaps the reason they're below is that some of the pension benefits will bring them up to a certain level. So to isolate on one factor is perhaps an incomplete way of thinking about it. MLAs are below the public sector and the private sector on cash compensation. The differential benefits bring them up, and this is the graph – well, not this one, but the other one is the graph that's produced.

MR. WICKMAN: But I'm referring specifically to the pension. You know, as a consultant it really doesn't concern you, but as an MLA it concerns me. That's what I keep hearing out there, that that's the area that has to be corrected, and that's why I'm trying to get such a clear handle on what has to be done to correct that. Now, when you looked at those figures, did you equate in there the opportunities at the present time, for example, to draw a portion of a pension while sitting as an MLA? Was that all considered?

12:27

MR. SHELLEY: We looked at the typical profile of an MLA with the age and years of service characteristics, with the indemnities and the pays of a typical MLA. We did not look at the specific instances of what may or may not be occurring.

MR. WICKMAN: Okay. My last question . . .

MR. CHAIRMAN: No, hon. member. You've now gone through 10. I'll come back to you a second time. You had two sets of fives.

Taber-Warner, followed by Edmonton-Jasper Place, then Cypress-Redcliff.

MR. BOGLE: Thanks. I have a short question, and it relates back to the vacation time. If we could put that chart up, please. I wanted to be assured that you factored in the fact that government employees in the management plan, and I'm assuming in a number of private-sector plans, have an entitlement to take a cash payout in lieu of vacation time, whereas MLAs don't. That is factored in?

MR. SHELLEY: We found that people were in fact taking their vacations on an as-available basis. We found as well in the public and private sectors, particularly as we moved to the senior level, that the same was the case. At the senior level, typically cash is not paid in lieu of vacations. In order to value that – and I suppose we could value it – we'd have to know what the true vacation patterns are of MLAs, compare that to the true vacation patterns of the private sector, and reach some differential.

MR. BOGLE: Well, it's interesting, because my experience with senior managers is that a number have taken cash in lieu of vacation time, particularly when they're in very demanding positions where they feel that it's difficult to get away for the full vacation entitlement.

MR. SHELLEY: If I might address that, I think what that might produce is a greater separation of lines. We might actually drive this line up higher, and I don't know that we'd achieve an awful lot by doing so. We could attempt that exercise, probably find some small amount of money and drive this line up a little bit.

MR. BOGLE: No; that's fine.

MR. CHAIRMAN: Well, the chairman is not supposed to comment, but in terms of my experience with MLAs, darn few of them are taking holidays. I'm surprised to discover some of them are, and that's good.

MR. McINNIS: I think probably some kind of asterisk needs to go by all the pension stuff, because there is the matter of members collecting pensions, although after four years of controversy and struggle that has been changed. It doesn't take place anymore. There's also the factor that a lot of people serve here and don't collect any pension whatsoever, and I don't think that's really conveyed in the sense of that. If you don't serve enough time and you don't qualify in other ways, there's no pension whatsoever.

I'd like to see the chart on working conditions.

MR. SHELLEY: On living conditions?

MR. McINNIS: Working conditions. Is there one on working conditions? I know that was a factor in the comparison.

MR. SHELLEY: Yes. This particular one?

MR. McINNIS: That's the one that conveys the factors. Like in section 9, do you have a chart that compares working conditions between the public sector, private sector, and MLAs?

MR. SHELLEY: We don't have that here, but the subcommittee participated in a discussion in which we looked at every one of these factors. They helped us to identify what the additional elements were of each of these factors that needed to be recognized in the plan. We then modified the plan with the subcommittee's help. I have to tell you that in terms of looking at the MLAs, working conditions was clearly a key factor.

MR. McINNIS: I would just like to observe that for very many members for different reasons, one of the most extraordinary things about this job is the amount of time we spend driving a car. That includes especially rural members who don't have air service to commute, but also most members have for routine MLA business a total of five flights a year, and once those are exhausted, all of the traveling has to be done by automobile. I would wager that the number of kilometres driven by members in a year is way out of line with everybody except for professional truck drivers and people like that. Recently we had public health nurses here doing stress tests on MLAs, and I know when I did mine, the one factor that dramatically reduced my life expectancy on their chart was the amount that I drive. I suspect that's something that should be factored in and perhaps things done to either reduce that or include it within compensation. If you can't mitigate it, then you have to compensate for it.

MR. SHELLEY: If I might respond, we did in fact both consider it and put it into the plan. We recognized that the travel, the being away from home, the long hours were all unavoidable characteristics of being an MLA. As a consequence, on that factor MLAs typically would be rated higher, so to speak, than comparable jobs in the public and private sectors.

MR. HYLAND: Mr. Chairman, my question is a quick one on the numbers that showed on the pension. The MLA pension plan was 7.5 percent, which is almost twice what the average other pension plan is. How did that chart show that calculation? Sure there's a difference in numbers, but there's also a vast difference in contributions to those various areas too.

MS KENNEDY: In the examples of the pension plans that we used where there were requirements for employee contributions, which really were the MLA plan and the typical public-sector plan which was modeled after the LAPP, in our calculations what we did was carve out employee contributions that were required to the plan so that we could compare the benefit on the basis of having not made contributions to the plan. In other words, the calculations are net of employee contributions so that we could compare apples with apples, because we know that is of great concern. In fact, in comparison to most other plans in both public and private sectors, that is a very high level of contribution.

MR. HYLAND: But with that, the employer, being the Legislative Assembly, is contributing a higher rate even in ours than it is for the Local Authorities Board or any other pension plan too. Is that not true? You've still got that same distortion.

MS KENNEDY: Yes, but that was taken into account in our calculations. These are net of employee contributions.

MR. HYLAND: I know they're net of employee contributions, but the employer contributions in our case are set at our level the same as they're set at the other level. You've still got that same differential shown in that plan even if you take off employee contributions.

MS KENNEDY: You may or may not, because under this type of a pension plan, which is known as a defined benefit plan, almost exclusively the level of the employer's contributions is determined by the actuarial valuation of the plan. So the actual contributions that are being made by the employer will vary plan to plan depending on the solvency of that plan and depending on the rate of return that accrues to those plan funds.

MR. HYLAND: Okay.

Mr. Chairman, I wonder if we could take maybe a 10-minute break so we can do a little thinking. We've had a lot of information dumped on us, and it would be nice to do a little thinking about it before we make our next step.

MR. CHAIRMAN: Agreed? Thank you.

[The committee adjourned from 12:35 p.m. to 12:54 p.m.]

[Mr. Bogle in the Chair]

MR. DEPUTY CHAIRMAN: For those who wish to ask questions of our consultants, I should just draw to members' attention that this meeting had been scheduled to run until 1 p.m. I know a number of members have other commitments.

Yes, Ken.

MR. KOWALSKI: Mr. Chairman, I know I found the overview helpful; I found the précis helpful. My question now has to deal with I guess the report. My understanding is that it will be available sometime next week. I don't know, Mr. Chairman, if it's appropriate that in fact we have a motion or we ask that the report be provided to the committee by Wednesday the 24th. Is that appropriate? Could you have it ready by then?

MR. DEPUTY CHAIRMAN: My understanding is that you might have difficulty interviewing the former members, which had previously been requested. As the member of the committee who had made that request, I'll withdraw it if that would be of benefit in terms of the time lines.

MR. SHELLEY: That would certainly help. Then if there are no other requests for additional work, I am confident we can meet a request . . .

MR. DEPUTY CHAIRMAN: There is the request for the comparison with the other provincial plans plus the federal plan, with an indemnity, expense allowance, and pension.

MR. SHELLEY: Yes. We do commit to providing that, and we'll have the report by the end of the day on Wednesday.

MR. DEPUTY CHAIRMAN: Okay.

MR. KOWALSKI: Mr. Chairman, I have one other question for clarification, because I'd like to present a motion that basically says that the committee receive the report from the consultants by a certain time next week. It has to do with phase 3 of the study, and that was recommendations. If they can nod and tell me that they would be in a position to have recommendations by next week as well, then I would say that I would be happy to propose a motion

that the committee ask that the report be provided to it by March 24, 1993, with the completion of phase 3, the recommendations.

MR. SHELLEY: That was an optional step in the proposal, and to this point the Members' Services Committee has not asked us to produce the recommendations. We would be pleased to do so and could, in fact, complete that as well by Wednesday.

MR. McINNIS: Mr. Chairman, I would like to refer the members of the committee to our meeting on Tuesday, August 25, 1992, when we set up the evaluation study. At that time I moved a motion that an independent review body prepare recommendations to our committee respecting remunerations, allowances, and benefits; that it be composed of representatives each from the Alberta Chamber of Commerce, the Federation of Labour, AUMA, AAMDC, a senior citizen, a public servant, an AUPE member, a Member of Parliament, a hospital administrator, a member of the Alberta Hospital Association, the Institute of Chartered Accountants. Now, that motion was tabled by a motion of yourself, Mr. Chairman, until such time as we had received the job evaluation study. I would take it that since the study is incomplete, we may not be able to deal with this motion, but I think since it is a tabled motion, it would have priority to be dealt with over another mechanism for generating recommendations. In other words, if we want to have the consultants generate recommendations, I think we'd have to deal with this motion first because it was tabled by the committee.

MR. DEPUTY CHAIRMAN: Ken, on this specific point, because I do have some information.

MR. KOWALSKI: Yeah. I'd just like to clarify that, John. The intent of my motion was to get the report in with the professional recommendations that Peat Marwick Stevenson & Kellogg are prepared to provide to us. This does not take away or mitigate anything else about the motion that's being held with respect to an external review. Let's just wrap up this phase, get it behind us. We commissioned a professional consulting firm to do it. One of the things they identified was that they would have recommendations. I'm not spelling out any parameters with respect to the recommendations; it has to do entirely with the professionalism of the work that was done with respect to this. We get it by next Wednesday. If you want to bring back your motion, that's great; it could be brought back. What I'm saying here would not take away, mitigate, qualify, modify, or anything else the motion that's being held.

MR. DEPUTY CHAIRMAN: John, the motion would automatically come back. It's only been tabled.

MR. McINNIS: It's on the question of recommendations: who prepares the recommendations, whether it's the consultants or whether it's the independent review body. I think that's a political decision that we have to make, and I'm just suggesting the way that we approach it.

MR. DEPUTY CHAIRMAN: The question I had asked the Speaker for clarification on related to that very point, on procedure. The advice that I was given – I wish he were in the Chair to give it to all of us – was that as the request which Ken has made would be a continuation of the study and is identified as phase 3 in the study document, we would deal with that first, but that would in no way affect your tabled motion from being dealt with immediately after that.

Okay. Pam.

MS BARRETT: Well, I have some concerns about this. I was under the impression that we would be just taking the facts as compiled by Peat Marwick and presenting them to an arm's-length, independent commission, the nature and contents of which John has just described. The New Democrats have been asking for this for Lord knows how many years, certainly since I first got elected, and I think this goes back to the early days of Grant Notley sitting in the Legislature. I think it's time.

If we invite the consultants to prepare recommendations, it may have the effect of causing a bias in the minds of an independent commission thereafter. I really think it's important that we just get the last of the report done – not phase 3, just the remainder of the facts that have been asked for today; get that – and then strike an independent commission. I mean, this is a people's issue, and it should be dealt with by representatives of the people and I think not by professionals, who I'm sure could come up with good recommendations. That's not the point; the point is that I think representatives of a cross section of the public in a democratic society should be the people who make the recommendations based on the facts.

MR. DEPUTY CHAIRMAN: This is a procedural matter. We're going to take a one-minute break so that I may consult with Michael and David.

[The committee adjourned from 1:01 p.m. to 1:03 p.m.]

MR. DEPUTY CHAIRMAN: Okay, if we could reconvene, please. Michael, would you enlighten us with a learned view?

MR. RITTER: Thank you, Mr. Chairman. From a procedural point of view if the consultants' original mandate included the option of recommendations, then it is up to the committee to decide whether or not that option should be exercised. My only concern was that if it were a new, add-on type of thing, then Mr. McInnis's motion would obviously take effect because it had been tabled earlier. But because it was in the original mandate as an option of including in the report, then of course the committee can deal with that now and it won't upset anything. The recommendations would then form part of the report.

MR. DEPUTY CHAIRMAN: Okay.

MR. McINNIS: Just a question. What is the cost of adding the recommendations component to the report, the additional cost to the taxpayers?

MR. DEPUTY CHAIRMAN: David, can you help us on that aspect of phase 3?

DR. McNEIL: Yes. My recall is that the recommendation phase was an additional either $5,000 or $10,000 – $5,000, yes.

MR. McINNIS: I would like to indicate that I'm opposed to spending 5,000 additional dollars on recommendations rather than proceeding with the striking of the independent review committee.

MR. DEPUTY CHAIRMAN: I need to go back to Ken for a moment. You began to make a motion, but I don't think you completed your motion. Could you do that so we could at least be debating a motion?

MR. KOWALSKI: The motion would be

that the consultants be directed to provide the committee with an official report plus the conclusion of phase 3, the recommendations, and have it delivered to the committee no later than March 24, 1993.

MR. DEPUTY CHAIRMAN: Okay; on the motion. I have a speakers list of Alan, Dianne, and Percy.

MR. HYLAND: Mr. Chairman, I think when the Member for Barrhead restated the motion, I was concerned initially when he said "recommendations" and then later said "professional": professional comment, professional opinion. It may not be a fine difference between the motion that is on the books, that's tabled I think under John's name, but I thought the comment he was making was whatever professional comments they would like to make relating to the information that was in that report, some 16 or 17 items. That's what I understand they're being asked for, not necessarily recommendations on how to do what and where to do it and when.

MR. DEPUTY CHAIRMAN: Thank you.
Dianne, Percy, and then Pam.

MRS. MIROSH: Mr. Chairman, I would like to support this motion on concluding this report with recommendations. In all my past years of experience of hiring consultants, you never left a report dangling. It does need to be completed and wrapped up just like any book would. When you're writing a book, you don't leave the readers dangling. In my view, the public has paid a great deal for this report. You have met with the MLAs. You have done the surveys. You are the professionals. I believe very strongly that the recommendations must come along with it.

MR. DEPUTY CHAIRMAN: Thank you.
Percy and then Pam.

MR. WICKMAN: Mr. Chairman, just two areas here relating specifically to the motion. The first one is the process when the consultants come back. We saw a presentation today without any hard copy, which makes it a bit unusual and a bit difficult to always follow. Is the process set up such that when the consultants report, they are reporting directly to the subcommittee, or is somebody privy to having that presentation made to them first? Does it come directly to us?

MR. DEPUTY CHAIRMAN: Well, let's be clear. The motion calls for the report to be delivered by next Wednesday. We do not have a meeting scheduled for this committee. Therefore, the report would be delivered to the Speaker, who in turn would make it available not only to members of the subcommittee and all members of Members' Services but members of the Assembly.

MR. WICKMAN: Well, the report we're dealing with right now, the interim report: is this the first presentation that's been made?

MS KENNEDY: Yes.

MR. WICKMAN: So nobody else has had the opportunity of going through the report first. Okay.

My second question is in terms of the changes that will occur. It's been initiated by this particular Legislative Assembly body, which I think is very, very valuable, very, very good. But again I get back to that time factor that I've stressed so many times. In their final wrap-up can the consultants look at a mechanism that whatever changes do occur, whatever recommendations will be made to set up a process, will affect all members of this House equally, even those members that may have departed at that particular time? I raise that, Mr. Chairman, because we have initiated this thing. I'm getting concerned we're running out of time.

MR. DEPUTY CHAIRMAN: Yes, we are, and don't get too far ahead of yourself. What we've asked for is a final, hardcopy report with recommendations based on the proposal contained in phase 3. That's the motion. If the motion is not accepted, then the committee must decide what its next course of action will be. If the motion is accepted, then the firm will go out and do its work and report back to the committee and indeed to all members of the Assembly through the Speaker by next Wednesday.

Moving on then. Pam.

MS BARRETT: At the risk of repeating myself, I would like to take the opportunity, now that we've got the motion on the floor, to urge members not to support hiring the group to make recommendations. I am convinced that their factual accounting is very good and, when we have it in hard copy, will be completely understandable by members of the public. I really believe that members of the public, a cross section of them, should be the ones that make the recommendations to ensure the arm's-length approach that I and my New Democrat colleagues have been asking for for so long. So in your deliberations I ask you to please reconsider this.

MR. DEPUTY CHAIRMAN: Thank you.
Anyone else wish to speak to the motion?
Bob first. Can you speak in conclusion?

DR. ELLIOTT: Mr. Chairman, I think we're trying to assume what the recommendations might be. In actual fact the recommendations could very easily make reference to the assignment itself, that if we were to start from a different point, there might be suggestions that next time we approach it from a different way. Or maybe the people who did the survey for us and collected this information might have found that there were certain restrictions, or maybe they were asked to do things that at another time might not be important. I would assume that recommendations might be in that area, relative to the project that they've completed. Maybe the process would be different another time, and they would have recommendations on that basis. So I would expect to see something like that in there too.

MR. DEPUTY CHAIRMAN: Anyone else before Ken concludes debate?
Ken.

MR. KOWALSKI: Mr. Chairman, the motion that I presented is a very, very clear motion. It has no subjectivity attached to it. It has no boundaries or anything else. It's: let us get the process in place that we get the report, let's have them finish what we intended at least at one time to have them do, which is to provide the recommendations – the recommendations deal with their report – so we can go forward and no one can come back. Whatever it is that we decide to do after next Wednesday, nobody can come back and say, "Well, the report is incomplete," or "We've put all this money in, and we didn't go the whole way." So we'd have that nonsensical argument that seems to always exist in this kind of a public forum of debate: you hired somebody to do something, but then you didn't finish the whole thing, so why'd you do it in the first place? Let's wrap it up, get it behind us, so we can go forward. There is no subjectivity attached to the motion. I didn't put any qualification on the motion. There's no word in there that directs them to look at this or to look at that. They've got their professional responsibility to deal with it. Let's finish it.

I'm just really kind of disturbed about one comment that was made by the Member for Edmonton-Whitemud. There was imputation in here that somehow the professionalism of the consultant had been interfered with in some way in saying: did somebody else get a report before? The motion is very clear. The report is to be done by March 24, 1993. The appropriate protocol is to have it delivered to the Speaker. The Speaker then distributes it to all Members of the Legislative Assembly in a fair, equitable fashion. It's as simple as that.

MR. DEPUTY CHAIRMAN: Diane, would you read the motion, please?

MRS. SHUMYLA: Moved by Mr. Kowalski

> that the consultants be directed to provide the committee with an official report plus the conclusion of phase 3, the recommendations, and have it delivered to the committee no later than March 24, 1993.

MR. DEPUTY CHAIRMAN: Okay. Are you ready for the question?

HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: All in favour of the motion? Opposed to the motion? Do you wish a recorded vote?

[Motion carried]

MR. DEPUTY CHAIRMAN: Okay. Any other business?
John.

1:13

MR. McINNIS: Just the date of the next meeting. Are we meeting next Wednesday or carrying on with previous plans?

MR. DEPUTY CHAIRMAN: Well, our caucus has a difficulty in that we are scheduled to be in caucus Wednesday and Thursday. We do have two days set aside for Members' Services the following week. I would like to recommend in the absence of our chairman that the next meeting be at the call of the Chair so that if he's able to find a date that's common to all of us, we can do so; otherwise, it would have to be when we next meet. But I'm reluctant to see us move ahead without the chairman present.
Yes, Doug.

MR. CHERRY: If there's no further business, I move we adjourn.

MRS. MIROSH: Mr. Chairman, do the consultants want this report back, or what do we do? Just leave it? The outline of the terms of reference.

MR. SHELLEY: We have our own copies. Those are yours.

MRS. MIROSH: So we can keep these.

MR. SHELLEY: Yes, of course.

MR. DEPUTY CHAIRMAN: Okay; motion to adjourn. All in favour? Opposed? Carried. Thank you.

[The committee adjourned at 1:14 p.m.]