



Legislative Assembly of Saskatchewan

BOARD OF INTERNAL ECONOMY

MINUTES AND VERBATIM REPORT

Published under the authority of
The Honourable P. Myron Kowalsky
Speaker



No. 2 — July 7, 2006

**BOARD OF INTERNAL ECONOMY
2006**

Hon. P. Myron Kowalsky, Chair
Prince Albert Carlton

Hon. Glenn Hagel
Moose Jaw North

Ms. Donna Harpauer
Humboldt

Mr. Ron Harper
Regina Northeast

Ms. Judy Junor
Saskatoon Eastview

Mr. Don McMorris
Indian Head-Milestone

Hon. Kevin Yates
Regina Dewdney

BOARD OF INTERNAL ECONOMY

Room 8 Legislative Building
Friday, July 7, 2006

Present: Members of the Board of Internal Economy

Hon. P. Myron Kowalsky, Speaker, Chair
Hon. Glenn Hagel
Mr. Ron Harper
Ms. Donna Harpauer
Ms. Judy Junor
Mr. Don McMorris
Hon. Kevin Yates

Staff to the Board

Marilyn Borowski, Director, Financial Services
Gwenn Ronyk, Clerk of the Legislative Assembly
Margaret Tulloch, Secretary to the Board
Linda Kaminski, Director of Human Resource and Administrative Services

Officials in Attendance

Mr. Arthur Wakabayashi, Independent Review Committee
Mr. Terrence McKague

Agreed that media cameras and microphones be allowed on a one-time basis at meeting.

AGENDA Moved by Mr. Hagel, seconded by Ms. Junor, that the proposed agenda be adopted. Agreed.

MINUTES Moved by Mr. Hagel, seconded by Ms. Harpauer, that the Minutes for Meeting #1/06 be adopted. Agreed.

ITEM 1 Table Items: Legislative Assembly 4th Quarter Financial Report and Expenditure Summary

The Chair tabled the reports

Moved by Mr. Yates, seconded by Mr. McMorris:

That the 4th quarter financial and fiscal forecast report for the 2005-2006 fiscal year be received and approved.

The question being put, it was agreed to unanimously.

Minute # 1651

ITEM 2 Decision Item: Consideration of the Report of the Independent Review Committee on MLA Indemnity

Mr. Arthur Wakabayashi, Independent Commissioner, presented the report.

Moved by Mr. Yates, seconded by Mr. McMorris:

That,

in accordance with section 66 of *The Legislative Assembly and Executive Council Act, 2005*, the *Report of the Independent Review Committee on MLA Indemnity, June 2006*,

be approved;

And that the effective date for implementation of the recommendations of the report be the polling date of the next general election.

The question being put, it was agreed to unanimously.

Minute # 1652

ITEM 3

Decision Item: Recommendation for the Appointment of the Legislative Librarian

Moved by Mr. Hagel, seconded by Ms. Harpauer:

That Ms. Melissa K. Bennett be appointed Legislative Librarian for the Legislative Assembly of Saskatchewan effective September 1, 2006.

The question being put, it was agreed to unanimously.

Minute # 1653

The Board adjourned at 12:18 p.m.

Hon. P. Myron Kowalsky
Chair

Margaret Tulloch
Secretary

[The board met at 11:00.]

The Chair: — Well good morning everybody. At this time I would like to call to order this meeting of the Board of Internal Economy. I bring to your attention an agenda which you have before you which is made up, first of all, of approval of minutes from meeting no. 1 in the year '06.

Item no. 1 will be a tabling of a Legislative Assembly fourth quarter financial report and expenditure summary. Item no. 2 will be a decision item that is a consideration of the *Report of the Independent Review Committee of MLA Indemnity*. Item 3 will be a decision item, recommendation for the appointment of a Legislative Librarian. And other business under that item, I wish to table the brief report on Legislative Assembly management classification plan which has been completed since the last meeting.

Before we proceed, I would ask members' approval for the permission of the cameras to remain in the meeting. Mr. Wakabayashi had conducted his in camera session, his briefing to the press in this meeting, with the understanding that a decision may be made in the future that may not allow . . . We've not had any type of filming of this meeting prior to this date. But would members agree that for this meeting only, until other decision is taken, that we have the cameras remain?

Some Hon. Members: — Agreed.

The Chair: — It is agreed. We will proceed to the agenda, approval of the proposed agenda. Is there a motion? Moved by Mr. Hagel and seconded by Ms. Junor that the agenda as proposed be approved. Is the committee prepared to vote the motion? Those agreed?

Some Hon. Members: — Agreed.

The Chair: — Any opposed? None opposed.

Minutes of the meeting no. 1 for the year '06 for your approval, are there any questions or comments that you might want or anybody might want to raise? Mr. Hagel.

Hon. Mr. Hagel: — Mr. Chair, I've looked at them. I assume that your office has checked them, but they look accurate to me, and I'll move the minutes be adopted.

The Chair: — Moved by Mr. Hagel that the minutes be adopted, seconded by Ms. Harpauer. Is it the pleasure of the committee to adopt the motion?

Some Hon. Members: — Agreed.

The Chair: — Motion is carried.

Item no. 1, a tabling item of the fourth quarter financial report and executive summary, I just bring to your attention, members, that for the year 2005-2006 the final figures are in. The end result is that there was a \$628,000 under expenditure, which I think is good news, speaks to good management. This is from different sources, but this also includes an amount that had been approved for special warrant request.

You will recall that there was a special warrant request for \$70,000: \$30,000 for the Committee on Human Services and \$40,000 for the legislative internship program. This amount was found in other areas of Legislative Assembly Service, and a special warrant funding was not used, but it was there as a safety factor.

The members' committee expenses were under budget by 43,000. The members' indemnity and annual expense allowance amounts were lower by 142,000. A lot of this was because of the decision of the Board of Internal Economy for members' salary increases to be held to the 0, 1, and 1 per cent for the period of 2004 to the period of 2006.

There was a saving of \$24,000 because some members held more than one position that warranted extra pay. But a member can only get extra pay once. He can't have extra pay twice or three times regardless of how many of those positions they take on. And also because two members were added to Executive Council, it means there is sort of a transfer that reduced the amount available to the government caucus by \$22,000 when that happened.

So those are the highlights that I'd like to bring to your attention. If there are other questions members might want to raise, then we have Marilyn Borowski here who is quite willing to answer or the Clerk.

There's no motion required on this. So if there aren't any questions . . . oh pardon me. I just correct that last statement. I would like a motion to receive this report.

Hon. Mr. Yates: — Thank you, Mr. Chair. I'll move that we receive the report.

The Chair: — Moved by Mr. Yates that we receive the report. Is there a seconder? Mr. McMorris. Is the committee prepared to accept the motion?

Some Hon. Members: — Agreed.

The Chair: — Anybody opposed? Motion is carried.

We proceed then to item 2, decision item, consideration of the *Report of the Independent Review Committee on MLA Indemnity*. At this time I would invite the Chair of the committee, Mr. Art Wakabayashi, and Terence McKague, his assistant, to come to the witness table.

Members of the Assembly, at the last meeting, we had a consensus that there was an important decision to be made and that we should have an independent commissioner to study and bring us a report on the members' indemnity. So the independent committee was established under the Legislative Assembly and council executive Act. According to that Act, Mr. Wakabayashi was appointed as the committee by order in council, and he sought the assistance of Mr. McKague.

The mandate was to examine and make recommendations with respect to an MLA [Member of the Legislative Assembly] indemnity. Mr. Wakabayashi has done extensive studies, extensive work on this which he will outline to us, I hope,

briefly in a moment. And he is coming in with recommendations. He had submitted his report to the Speaker on July 4th, at which time I distributed it to the Board of Internal Economy members for their consideration and consultation.

So at this time what I would do is ask Mr. Wakabayashi . . . I welcome Mr. Wakabayashi to the table and Mr. McKague and also ask him, at this time, to summarize the report and the rationale for his recommendations.

Mr. Wakabayashi: — Thank you very much for this opportunity to present our report and our findings. I would like to start to indicate how we approached this review. We invited public input to our review. We set a deadline for May 31. So we issued a press release inviting such public input, and we were available to receive any suggestions or comments by email, in writing. We had a toll-free number.

We set up an MLA indemnity website. We also sent letters to all MLAs informing them of our mandate and soliciting any comments. We also sent letters to MLAs who sat in a previous sitting of the legislature. A letter went to the press gallery. And we selected about 18 organizations; we invited submissions from 18 organizations.

The response though was fairly limited. We kept track of all of the calls, emails, and submissions. Response: about 16 email and letters, about 11 phone calls. We had four visits. Only six organizations responded to our request for submission, although there was a seventh indicated that they had no comments.

In addition, the committee met with the following personnel to get their advice. We met with Ken Rasmussen and Greg Marchildon of the Graduate School of Public Policy; David Smith, a political scientist from University of Saskatchewan, who's now a senior fellow of the Saskatchewan Institute of Public Policy. Met Gary Tompkins, the head of the economics department. We also met with David Barnard and Doug Moen because there was a suggestion we should look into the work of the — what do you call it? — Provincial Court Commission that is required to be established every three years to set provincial court judges' salary.

We got very good information from our personnel policy secretariat on public sector wage settlements and got some information from our Government of Canada labour market information service in which we asked if we could get some idea of what national occupational groups fell within . . . We selected a couple of salary ranges, 70 to 80,000, 80 to 90,000.

So if I could refer you to pages 5 to 7 in the report, starting at the bottom of page 5, I attempt to summarize the range, the range of input that we received. And some of this might be evident, but we certainly received a number of concerns from the general public that MLAs are overpaid, that your current compensation is adequate. And there are references to suggestions that MLAs are part-time positions requiring no formal qualifications and that if we proposed any increases to MLA salaries that cannot be justified when the general public is not being treated fairly. And there's reference to the social service allowance and relation to common wage earners and some senior citizens stating they're on fixed incomes. So we got

this kind of input suggesting that MLAs' salaries should be at least not increased and maybe even reduced.

But on the other hand, we received representations that Saskatchewan MLA salaries has fallen behind, particularly members in other jurisdictions, and also relative to wage settlements in Saskatchewan both in the public and private sector.

We also heard that the role of an MLA is a demanding commitment and as representative, well for your legislative responsibilities, but also for your constituency representation, and a suggestion that a significant increase in MLA salaries may attract more professionals and other qualified candidates to choose to run for office. So that was the range of submissions or suggestions that are set out in the report.

But other comments that we received — and we'll address that in our report — a number of submissions called for the elimination of the annual allowance that is tax-free. It was suggested to us that this form of compensation is resented by the public, serves as an irritant, and that MLA salary should be a straight salary that's simple to understand and is transparent. So we addressed that issue later in the report.

We had also suggestions that, if possible, that we should try to establish some kind of an appropriate benchmark for establishing MLA salaries and then at the same time depoliticize the process of setting and adjusting MLA compensation. And so that was a useful suggestion that we looked at. At this point, as you will see in the report, we were unable to come up with an appropriate benchmark to propose to the board here.

Now the main part of our report really begins on page 7; that's the analysis of the MLA salary. And there are two important points to make. One is the committee right from the beginning viewed that the current salary of an MLA is really comprised of two components: your basic indemnity of 64,817 and the annual expense allowance of 5,426. And we point out in the report that the annual expense allowance is classified under the Income Tax Act as a reimbursement for expenses, is not subject to income tax, but it is earnings for pensionable purposes, and that for us to compare the MLA salaries with what MLAs are receiving in other jurisdictions — and in fact for comparisons with anything or any indicator whether it's other specific positions in the public sector or the private sector — we felt that the salary that we used for this comparison . . . We assigned a value of 73,173, and we show how we arrived at that figure.

The bottom of page 7 shows you the income tax brackets of 2005. It shows that if your taxable income is under 71,100, your marginal rate is 35 per cent and goes right up to the top income bracket of 44 per cent.

We chose the bottom bracket of 35 per cent, and we — in fact we used the term gross — grossed up the value of the tax-free allowance to a figure of \$8,356. That is assuming a marginal tax rate of 35 per cent. The value of the \$5,426 tax-free allowance is the equivalent of a taxable income of \$8,356.

So that's a significant point to draw to your attention as to how we arrived at saying that the current salary of an MLA, if all

taxable, is \$73,173. That was our reference point in making comparisons with everything else that we saw.

I suppose maybe I'm getting ahead of myself, but just to go through the calculation again. If we had set the salary at 73,173 — and I'm jumping ahead of myself but — and eliminate the tax-free allowance and your marginal rate's 35 per cent, then your net take-home pay would be exactly the same. So a salary of 73,173 would be the equivalent of . . . If you consider tax of your current indemnity of sixty-four thousand one — what is it? — 817 plus your tax-free allowance of 5,426.

And then we point out a minor point. Of course that would be all taxable earnings, so you would be required to contribute a full 9 per cent on the full salary which, if compared to what you're doing now, you'd have to pay another two . . . well another 9 per cent of the gross up that we identified of twenty-nine thirty. So your pension contributions would go up by \$264 assuming no change in your situation. And of course the government will have to . . . Well I'll point out later the financial implications of what we're proposing. Of course the government will have to pay an additional \$2,930 and have to match the additional contributions from the MLA. So I'm sort of jumping ahead of myself, but I wanted to clearly show what was the intent of this so-called grossed up value of an MLA salary.

The second point is on top of page 8. We used as a starting point the MLA salary and expense allowance that was set as a result of your last independent review committee of which I was a member of and Terry was the research support to that committee. And we point out that . . . so that effective July 1, we used as a starting point that the indemnity at that time was set at \$55,000 and that the expense allowance was \$4,500. And this is a point that I wanted . . .

If I can take you to . . . there's a table 2 near the back of the report which compares MLA salaries to various comparative indicators. And you'll note on table 2, the first line, we show a figure of \$61,930. Well that, for comparative purposes, was your annual indemnity set in 1966 of \$55,000 plus the tax equivalent of that \$4,500 expense allowance. And I used the marginal rate of 35 per cent just for comparison.

So in summary when you . . . I'll come back to this table, but it would indicate that the MLA salary has increased from 61,930 on this grossed up assigned value to your current salary of 73,173. Your average annual rate of increase through that 10-year period is 1.68 per cent. So we've used that as a reference point when we've looked at how MLAs have fared compared to whatever other indicators we will come across later.

First point then — having done that — on page 8, middle of page 8, we've indicated that we've made a calculation as to what MLAs would be receiving today had the MLAs not taken the 0, 1, 1 wage guideline starting in April 1, 2004. And the calculations are shown here. And your salary, if you got the full cost of living increase since 1996, again as shown on that table 2, would be roughly 76,610 as of today. So that's one reference point we've made here.

Then there's a brief discussion on prevailing economic

conditions and the fiscal capacity of the province. Some have suggested to us that this is not too relevant since the budget for MLA indemnities and allowances are fairly negligible relative to the total budget, so any adjustments here would not have a major impact on the budget. That's one point of view.

But others have indicated, and I sort of take the position, that it's important that in setting MLA salaries one does have to take into account prevailing economic conditions and the province's fiscal capacity. So there's a brief discussion on it, and I've concluded that there certainly should be room in the province's fiscal resources to at least restore the cost of living adjustments that would have been applied. And perhaps there is some, maybe, room for adjustments relative to the relationship to public and private sector wage increases over this 10-year period.

Then the next section compares members' salaries with members in other jurisdictions. And back in 1996, if you did a ranking, Saskatchewan was ranked fifth amongst the provinces, and the salary was slightly below the national average. And of course since then, because you've been held to this increase of about 1.7 per cent, you've fallen behind relative to MLAs in other jurisdictions, such that Saskatchewan is ranked eighth and below the national average.

So not saying that that should be the indicator, it is one indicator which we present, but your table 1 shows what the comparison is of MLA salaries relative to salaries of other jurisdictions. And what one can say here is that — I'm not saying that this is right or wrong — but if we want to use simply this comparison and we want to end up ranking fifth and if we want to end up close to the national average, one could make the case for setting the salary at roughly \$78,500 just on the basis of this comparison.

But we indicate the difficulty with this comparison is you don't know when provinces do their reviews and when they're going to adjust their salaries next. For example, Manitoba, based on the commissioner's report, did adjust their salary effective, I think, this year. I think this year was . . . so Manitoba's pretty current as to what . . . And I think they are required to set the salary after every election in Manitoba. So the next salary raise in Manitoba will be after their next election.

In the case of Alberta, and I only mention these provinces because generally when you set salaries, whether it's MLAs or public sector, you try to place salaries . . . Saskatchewan tends to place itself behind Alberta. We're never able to come up with salaries that matches Alberta, and we usually end up a little bit higher than Manitoba. So we pay attention as to what's going to happen to Alberta or the Prairie provinces.

So looking at Alberta, their last adjustment was . . . I think 1998 was their last adjustment. And ever since then, their salaries and expense allowances have gone up by the average weekly earnings in Alberta. And we have no indication that they're going to change that, so Alberta MLAs seem to be pleased with the average weekly wage index. And I think — I don't have the table here — but I think average weekly earnings have been going up fairly significantly high in Alberta, and the MLAs are getting the benefit of it. And I will come back later to the question of whether we use the average weekly earnings as an

index, you know, to escalate MLA salaries.

And in the case of Manitoba . . . or BC [British Columbia], our understanding is they haven't adjusted their salaries since 1994. Since then they've escalated their salaries based on some combination of use of a CPI [consumer price index] and . . . What was the other indicator? CPI and some form of wage settlement, some combination. So I'm just pointing out that BC and Alberta have not had a major revision or review of their salaries and should keep that in mind when we use that as an indicator.

The next section deals with an attempt to compare MLA salaries with other public and private sector occupational groups. The one conclusion that we formulated in this review is, looking at your table 2 at the back of the report, we show what the average annual increase is if we had chosen the Saskatchewan average weekly earnings as an indicator as opposed to the CPI.

We have received what the increases have been for the SGEU [Saskatchewan Government and General Employees' Union] in-scope positions, average annual increase of about 2.88. But we in the report have factored that out because, if you'll note, there are sizeable increases to the SGEU in-scope, periods 1998 through to 2001. And we're advised that that was for pay-equity adjustments, so we were hesitant to take that 2.88.

We've, in effect in our minds, factored that out and concluded that the Saskatchewan wage settlements to the SGEU have been maybe slightly higher than the cost, the consumer price index. But if you look at whatever indicators there are, we concluded that the MLA salaries, because you took the 0, 1, 1 and have been adjusted by the cost, consumer price index over a 10-year period, because of that factor, generally we concluded that there is room for some further adjustments to be sort of in line with wage increases and public sector and private sector settlements in the province. And that's sort of what table 2 serves to point out.

There are, though, suggestions that we tried to equate MLA salaries with some benchmark positions out there. And we had all sorts of suggestions relating to judges' salaries; school principals was mentioned; perhaps some public service executive type of position, senior policy analyst position, nursing supervisor. Some suggested even a salary of a mid-career lawyer.

And I mentioned earlier, we asked the labour market information service to identify for us national income groups that fell in the salary ranges of 70 to 80 to 80 to 90,000. Some positions that seemed of interest to me was, there is a category called government managers, economic analysis policy development program administration that fell in this category; in other words, educational administrators of elementary and secondary schools.

And having done that, we were unable to, given our limited time and resources and . . . I don't know if one can ever get at this question. We reviewed independent reviews, other independent reviews. None of them have come up with an appropriate benchmark as to what . . . you know, relative to an MLA.

I didn't mention it here, but we looked at . . . 1993, 1995, Alberta engaged KPMG Pete Marwick — I've got this down here anyway — a management consultant firm to do kind of a job evaluation, trying to assign appropriate points for an MLA, taking into consideration, you know, knowledge and impact, the decision making, and all those factors that one needs to do to evaluate jobs and then try to relate it to trends in the private and public sector. And maybe that may be the approach one might take in the future, is to do, you know, some kind of a full job evaluation of an MLA's work and then make that kind of a comparison to appropriate positions in the private or public sector.

On the other hand, we received advice really that would be very difficult or almost impossible to do, given the role of an MLA. And anyway, the point of our discussion here is we did look at that possibility but have concluded that we were unable to or I'm unable to recommend at this time what position or benchmark is appropriate for an equivalent role of an MLA. So that's the discussion in that part of the paper.

So what were we faced with then, given all that? On top of page 11 then, we were looking at all of these options here, all the way from a reduction of salary, in effect a reduction of salary if we follow the Canadian Taxpayers Federation's recommendation, that would rescind the fifty-two forty-six tax-free allowance and make it all taxable. So that meant you would not get a gross up equivalent of that. So the salary would be set. Your salary would be set at \$70,243, and it would be all taxable. So obviously that would be a reduction of your net take-home pay from what you are receiving now.

As I say there are suggestions just to maintain your current salary set at 73,173. And then I had mentioned earlier in the report, we'd just restore the cost of living increase that set the salary at 76,610; that's from 1996.

If we used average weekly earnings in Saskatchewan, we could set the salary around just under 78,000. If we want to simply maintain the relevant position with other provincial jurisdictions, if that was the indicator, we could set the salary around 78,500.

And the last is we considered . . . there were a number of suggestions that the appropriate salary range for an MLA could be anywhere from 80 to \$90,000. The difficulty we found with that is I was unable to identify a particular position or a group of positions that would get the salary for an MLA somewhere in that range.

So it was simply a judgment call on my part, set it anywhere from 70,000 to \$90,000. And I suppose I'd mentioned to some, maybe I just took a bureaucratic approach and came up with a figure, you know, sort of, kind of mid-point there.

The 80,500 that we're recommending is simply that. It's just a judgment, weighed all of the inputs that we received. And as I said, I'd gone through all of the comparisons that we were able to put together, and that's how we got up to our suggestion of salary of \$80,500. But then that doesn't end the discussion there because we then adjust again the issue of the annual expense allowance. And so the bottom of page 11 through to page 12 outlines the considerations concerning the expense allowance.

I'm repeating myself, but there was a lot of recommendations or support to get rid of the tax-free allowance. Make the salary transparent, understandable, comparable.

We also note that since 1996 four provinces have eliminated the annual expense allowance. That's BC, Manitoba, Ontario, and Nova Scotia. We also note that the House of Commons, the last review Lumley Commission report, they have eliminated the annual expense allowance. In 1996 only Manitoba had eliminated the tax expense allowance. We point out the rationale though for maintaining tax-free allowance. We understand that MLAs are asked to support many events and functions and organizations — not all of it you can claim — and that if we eliminated the annual expense allowance we had maybe more pressure on the Board of Internal Economy to extend the expenses that you incur as a reimbursable expense. So that's mentioned here.

And I'm repeating again what I said earlier that if we were to eliminate the tax-free allowance, we should increase the annual indemnity by the amount of the value of the tax-free allowance so that the net take-home pay to MLAs would not be affected. So if we had recommended that there be no change in the current salary of the MLA and just recommended the elimination of the tax-free allowance, we would be recommending a salary of . . . the current salary we identified of 73,173. That would be all taxable and all pensionable income. That would be the effect of eliminating the tax-free allowance.

To the government — and at the end of my report I'll indicate what I think our recommendations will cost — to the government, this means an increased payment to MLAs for each MLA of \$2,930, the amount of the gross up. So the provincial treasury will have to pay an increased salary of 2,930 at the same time eliminating the tax-free allowance. So that's an added cost to the Consolidated Fund. And then of course the government will have to match the 9 per cent matching of your total salary of 71,000.

But then I'll point out that the government will get some offsetting savings because they will . . . I think the provincial government still gets about 40 per cent of all tax collected. So the total increase will be taxed at 35 per cent, and we'll get 40 per cent of that. So there's some partial offset. But the point is, and I'll come to it later, is just to simply eliminate the tax-free allowance and maintain your current salary will cost the government more money just to do that. So that takes us to our major recommendation then that MLAs receive an annual indemnity of 80,500 and at the same time the annual expense allowance be eliminated.

The next section of the report is the other part of our mandate, the question of having set the salary, how should salaries be adjusted in the future? There are sort of two components of this. One is to select the annual adjustment index into the future. And we've looked at a number of mechanisms, and we point out the advantages and disadvantages of particularly the consumer price index where we think it's been widely accepted as an index. It maintains the MLAs' purchasing power. But the disadvantage is it's not reflective of wages, wage increases, or the performance of the economy. Then you may end up with the same situation as you are today as compared to 10 years ago, that the continued use of the consumer price index would

maybe tend to put MLA salaries again behind wage increases generally obtained by the public and private sector, again depending on the economy.

So we looked very closely at this suggestion of using the average weekly earnings as an index. And I mentioned Alberta uses an index. A lot of other provinces use an index that's somehow tied to wages, whether it's public sector settlements or settlements in the private sector like the House of Commons uses or some combination of that. I think only two other provinces uses the CPI. I can't remember who they are, Manitoba and Ontario, maybe.

So I was very close to recommending the average weekly earnings, feeling that that would provide a more appropriate adjustment in the long run, I think, depending on the performance of the economy. This index will provide a larger increase, annual increases than just using the CPI and would be reflective of the performance of the economy and what the average weekly earnings are in Saskatchewan.

But I don't know enough about that index. First of all I heard that the index is simply employees that report through their T-4, their earnings, the T-4 earnings. So it excludes a large sector of our economy. It excludes all self-employed people including farmers, you know, out of this index. And someone also mentioned to me that it depends on how many hours you work. You can work longer hours, and of course your earnings will be higher, but your hourly rate may not be the same. It may be . . . Or the hourly rate may still be the same, but you work longer hours and therefore the earnings will be higher.

So while I was very tempted to recommend some use of a wage index like the average weekly earnings, I concluded that we should continue, that we would recommend the continued use of the CPI recognizing its disadvantages. But coupled with the other part of our recommendation, coupled with an independent review of MLA salaries at least every five years, feeling that a more frequent review would result in a situation when that review takes place that MLA salaries may not be too far out of line — may or may not be too far out of line.

So on the subject . . . So now I'm switching subjects. So we're recommending the continuing use of the cost consumer price index. And on the question of independent review, we received a lot of representations to try to depoliticize the setting of MLA salaries, and so this may be a difficult recommendation for maybe the government to accept. But we're recommending that salaries only be set by an independent review process, that the government cannot alter the salaries and allowances paid until the next review.

And so while this has an advantage of taking the hands of setting salaries out of the government, it binds the hands of the government though at any particular time where the government may want to, where the economy . . . well say the commodity prices dip and all sorts of things happen and you're back to a financial crunch. So if you picture that situation, we tie the hands of the government with our recommendation in that starting with the Premier or the cabinet ministers or MLAs can't show any leadership and take a, say a cut in your pay and also set your public sector wage guidelines, you know, sometime in the future.

So that's a major implication of our recommendation of an independent review, that salaries already be adjusted as a result of an independent review. The government cannot alter those salaries until another independent review takes place. So our recommendation is to call for a review at least every five years. The feeling is that, say the government is in a financial crunch, it could call for an independent review earlier than the five years to, you know, to examine that particular circumstance.

And then the last point on the review is that we feel that any future reviews, the mandate should be broad enough to look at all forms of compensation to MLAs, not just the annual indemnity. And the reason for suggesting that is, if we really want to do a better job of comparing MLAs' salaries with other comparable positions, you really can't do that without understanding and really knowing what are all of the expenses that are claimable, what are your pension and benefits. And so you'd need to really know the total compensation package to an MLA if you're going to compare it with any other classifications. So the intent is simply just to broaden the mandate in any future review to look at the total compensation package to MLAs.

And then the last section is simply that we feel the board needs to address when the effective date for the recommended salary and the elimination of the tax-free allowance should take place, and we feel that's a decision that we could not make. We just simply set out some, I guess, fairly obvious options for the board to consider.

The first option we mention is you could put this in place next April 1, 2007, since that's when the MLAs' salaries will be adjusted next. Another option is to set it on the date of the polling date of the next election. And we point out in doing that though that the salary, assuming that the election is after April 1, 2007, that it's known to the MLAs that the salary is 80,500 plus whatever the cost of living or consumer price index increase would have been on April 1, 2007. And the last option is to suggest that this could be implemented sooner; the rationale being that it would provide some catch-up or benefit to existing members. And so therefore we don't recommend a date of implementation.

So that, Mr. Speaker, is my presentation of the report.

The Chair: — Well thank you very much, Mr. Wakabayashi. I think it's easy to take a look at something like MLAs' salary and at first blush conclude that it's an easy thing to do, but in your report you've certainly shown that if you're going to consider all factors, it becomes a very, very complex issue. So thank you for presenting the report.

And I think at this time what we would do is open the floor to any comments or questions of Mr. Wakabayashi that members may have.

Mr. Wakabayashi: — Oh I forgot one thing. I meant to mention, wearing my former Finance hat, of what, I think, what it's going to cost the government for our recommendation. This is just a rough estimate, but I think that to the government, the government will have to increase the payment to the MLA from the 80,500 that we're recommending, from the figure of 70,243. The 70,243 again is your current indemnity of 64,817 and your

tax-free allowance of 5,426. That's what you're being paid out of the Consolidated Fund.

So if you take our recommendation of 80,500 and eliminate the tax-free allowance, the government will have to increase the payment to MLAs by . . . I've got a figure of \$10,267 out of the Consolidated Fund. So the increased payment to the MLA is 10,267, recognizing that \$2,930 of that was simply to gross up the tax allowance, the taxable benefit of your tax allowance that you would lose based on our recommendation. So multiply that by 58 and you're close to \$600,000. And then I mentioned the government will have to match the increased pension contribution, the 9 per cent on the \$10,267 increased payment to MLAs. But that's a smaller amount, say roughly 53,000 . . . say \$50,000.

So we're up to about 650,000 but then, I'm just guessing, but the provincial share of the income tax since it's all taxable, the 10,267 increases will be all taxable at whatever the marginal rate — I'm using the conservative marginal rate of 35 per cent — and we get, I think we still get about 40 per cent of all the income taxes collected. There should be an offset of maybe around 100,000 in terms of additional income tax receipts for the government. So my rough guess is our recommendation will cost the provincial treasury maybe a half a . . . \$500,000; \$500,000. But that's just a rough . . .

The Chair: — That would be the impact on the total provincial budget.

Mr. Wakabayashi: — Yes.

The Chair: — So once again we're . . . Thank you. And are there any comments or questions that any members of the board would like to make at this time? Mr. Yates.

Hon. Mr. Yates: — Thank you very much, Mr. Chair. I'd just like to thank Mr. Wakabayashi and the committee for their work. I don't see it as an easy task. Any time you're asked to review an issue that is controversial as MLAs' salaries is, it's a difficult job.

My one question I have is, in the number of submissions that you received, could you just outline briefly for me again the number of submissions you received from individuals?

Mr. Wakabayashi: — Yes. Yes.

Hon. Mr. Yates: — Just a couple of numbers.

Mr. Wakabayashi: — Yes. We kept a record of this. Again we received 16 emails and letters; mainly these would be from individuals. We received 11 phone calls, and we had 4 visits. And I mentioned 6 organizations responded out of 18, and the list of those organizations are on our acknowledgement sheet at the back of the report. The second page of the acknowledgements are the organizations that did submit their views to us. And I think that's the essence. And then I mentioned there are the people that we list on the first page that we undertook to meet with.

Hon. Mr. Yates: — Okay. Thank you very much.

The Chair: — Mr. McMorris.

Mr. McMorris: — I guess one point for clarification regarding the timing, if the recommendation is approved that it doesn't come into effect until after or during the next election, what then takes place in the interim as of April 1 because the 0, 1, and 1 mandate is over? So as of April 1, '07, which probably is not before . . . is before the next general election, what takes place there?

Mr. Wakabayashi: — We're assuming that the MLAs will continue to get the cost-of-living index whatever it may be, the annual change in the cost-of-living, Saskatchewan cost or consumer price index, so that would be 2000 . . . 2006 over 2005, whatever that increase is would be applied to your current indemnity and allowances.

Mr. McMorris: — Okay.

Mr. Wakabayashi: — Is that right, Gwenn. Oh, sorry. Am I right in assuming that . . . or that is Marilyn there? Marilyn is there. Yes.

The Chair: — Thank you very much. Are there . . . If there aren't any other questions, then I assume I would ask members whether they are prepared to make any decisions on the matter.

And I see there aren't any other questions, so before we go into the decision-making phase of this, I, on behalf of the entire committee, I want to express my gratitude and the gratitude of the committee to you, Mr. Wakabayashi, for coming out of retirement to do this work for us, and Mr. McKague as well for serving on this. You know, the continuity that both of you provided to this with your background knowledge from the previous McDowell report work and coupled with your extensive experience in the public service was very valuable to the committee on this.

And so I, on behalf of the committee, want to express our deep gratitude for the work that you've done in putting this report together. And I think we'd like to acknowledge that publicly here.

Some Hon. Members: — Hear, hear!

Mr. Wakabayashi: — I wish to acknowledge the support from your Legislative Assembly staff — very, very supportive of our work and providing us with the staff support and the facilities and everything that helped us put this report together. Thank you.

The Chair: — The Chair recognizes Mr. Yates.

Hon. Mr. Yates: — Thank you very much, Mr. Chair. I would move:

That in accordance with section 66 of The Legislative Assembly and Executive Council Act, 2005, the *Report of the Independent Review Committee on MLA Indemnity, June 2006* be approved and that the effective date for implementation of the recommendations of the report be the polling date of the next general election.

The Chair: — It has been moved by Mr. Yates, member for Regina Dewdney:

That in accordance with section 66 of The Legislative Assembly and Executive Council Act, 2005, the *Report of the Independent Review Committee on MLA Indemnity, June 2006* be approved and that the effective date for implementation of the recommendations of the report be the polling date of the next general election.

Is there a seconder for the motion? Mr. McMorris. A discussion of the motion? Any further discussion? There is no further discussion. Is it the pleasure of the committee to adopt the motion?

Some Hon. Members: — Agreed.

The Chair: — Is there anybody opposed to the motion? Motion is carried unanimously. That finalizes the decisions then on item 2.

We proceed now to item 3. We have a recommendation for the appointment of a Legislative Librarian.

Just by way of background members, the members will recall that after serving the Legislative Assembly for 24 years, Marian Powell retired from position of Legislative Librarian on May 2, 2006, and left us in the position where we were to seek a new librarian. By The Legislative Assembly and Executive Council Act, a Legislative Librarian is one of three, senior management positions in the Legislative Assembly Service that is appointed by the Board of the Internal Economy on the recommendation of the Speaker.

Accordingly, the Speaker initiated a selection process. The Speaker chaired a selection panel comprised of the Speaker; Gwenn Ronyk, Clerk of the Legislative Assembly. We had the assistance of the Manitoba Legislative Librarian, Susan Bishop, and also the assistant director of human services from the Legislative Assembly Office, Ginette Michaluk from the Assembly here. We held an open national competition. This position was advertised throughout the province and nationally.

To our pleasant surprise we received some excellent, excellent . . . an excellent response. Several very well qualified people applied for the job. The selection panel short-listed the applicants and selected five candidates for interviews. And I must say that the difficulty of the making of the final choice was not an easy task. It was very difficult because we had candidates that were excellent, and several candidates who could have well served this position.

In the end we are making our recommendation that the Board of Internal Economy appoint Ms. Melissa K. Bennett of Regina, Saskatchewan as the Legislative Librarian for the Legislative Assembly of Saskatchewan effective September 1, 2006. And further, that the appointment be made at a salary level of \$6,775 per month in the existing classification level for the position of Legislative Librarian of the MCP [management classification and compensation plan] level 10 whose range is \$6,775 to \$8,807.

Ms. Bennett comes to us with excellent background, excellent

qualifications, excellent experience. And I think we'll be faced with the task of assessing — as we have to do periodically — of the direction and the direction for the library as we go into more and more digitization and changing of the way that we gather our information as needed for legislators and for those who support the Legislative Assembly.

Are there any comments or question? Mr. Hagel.

Hon. Mr. Hagel: — Mr. Chair, I've reviewed the information that you provided to us and would be prepared to move a motion if that's in order.

The Chair: — The proposed motion would be:

That Ms. Melissa K. Bennett be appointed the Legislative Librarian for the Legislative Assembly of Saskatchewan, effective September 1, 2006.

Hon. Mr. Hagel: — Well clearly indicating the acceptance of the recommendation, I would make that motion.

The Chair: — It has been moved then by Mr. Hagel:

That Ms. Melissa K. Bennett be appointed Legislative Librarian for the Legislative Assembly of Saskatchewan, effective September 1, 2006.

Is there a seconder for the motion? Ms. Harpauer. Is it the pleasure of the committee to adopt the motion?

Some Hon. Members: — Agreed.

The Chair: — Anybody opposed? None being opposed, the motion is carried unanimously.

I'd like to put on record the thank you to the extensive work that was done by the members of the committee: Gwenn Ronyk, Susan Bishop, and Ginette Michaluk, and the background work that was done by others as well to assist with doing the work for this committee.

The final item on the agenda is under item 4, other business, and at this time we wish to table a report if members have received this prior to this time. I notice the time at this stage and if members wish to have an explanation of this report, a brief explanation, we can do it at this time. If members are pressed for time, what we can do is ask for more detailed explanation and implications on this at a later time.

What is the pleasure of the committee? Mr. Hagel.

Hon. Mr. Hagel: — Well, Mr. Chairman, I have a meeting in Moose Jaw at 1 o'clock that I'm now officially late for. So the sooner we could finish the meeting, the better from my point of view.

The Chair: — If it's all right with the members then, what we'll do is we'll simply table the item at this time. And that would conclude the business that I have requested and had on the agenda. Unless there's any other item, I'll entertain a motion of adjournment.

Ms. Junor: — I move the committee adjourn.

The Chair: — Ms. Junor moves the committee meeting be adjourned. Is it the pleasure of the committee to adopt that motion?

Some Hon. Members: — Agreed.

The Chair: — Motion is carried. Meeting stands adjourned.

[The board adjourned at 12:18.]

