

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendations 39 -43 (MHA Pensions)

Background:

- The 2016 MCRC made the following recommendations regarding MHA pensions:
 - 39. *There shall be no portability option to the Member of the House of Assembly Pension Plan. An amendment shall be necessary to the Portability of Pensions Act;*
 - 40. *Eligibility for an MHA to receive a pension shall be at 60 years of age, and there shall be no option to select an early retirement option;*
 - 41. *The MHAPP shall have no indexing component;*
 - 42. *The current MHAPP vesting component and survivor's benefit remain unchanged; and*
 - 43. *The Defined Benefit Plan as outlined in the Morneau Shepell Report attached as Appendix H (Option 2) shall apply to Members of the House of Assembly who were first elected on or after November 30, 2015.*
- MHA pensions are specified in the *Members of the House of Assembly Retiring Allowances Act*. The current Members of the House of Assembly Pension Plan (MHAPP) is a defined benefit plan. Pension benefits are calculated based on an annual accrual rate, years of service and average pensionable salary. Salary is defined as the MHA base salary plus, where applicable, the salaries of Ministers and Legislative Office holders.
- Upon their review of the pension plans, in general; the provisions of the other provincial public sector pension plans; plans from other provincial jurisdictions; consultations with the public, present and former MHAs, public servants as well as consultations with the actuarial firm of Morneau Shepell, the 2016 MCRC set out its goals for MHA pensions as follows:
 - Develop an MHA Pension Plan that had stability, certainty and sustainability into the future.
 - Cap (or preferably decrease) the current Plan's unfunded liability.

- The Committee concluded that a number of elements in the current Plan make it unsustainable. The charts on page 77 of the MCRC report detail the continuing growth in the Plan's unfunded liability and annual cost to the province.
- The MHAPP shows an unfunded liability of \$100 million and a funded ratio of 17% (or a funding deficiency of 83%), making the MHAPP the most poorly funded of the government sponsored pension plans. This is mainly because a significant portion of the benefits earned under the MHAPP exceed the limits for Registered Pension Plans under the *Income Tax Act* (Canada) and, rather than fund the benefits through permissible arrangements under the *Income Tax Act*, government has chosen the "pay as you go" option.
- The most significant differences between the MHAPP and the other government sponsored plans are the annual benefit accrual rate and the required service to achieve the maximum benefit. The 2009 MHAPP has an annual benefit accrual rate of 3.5% and a 20 year maximum service cap, which results in a 70% pension. This compares to an annual accrual rate of 2% and 35 years of service to achieve a 70% benefit under the other plans, with the exception of the Provincial Court Judges Pension Plan.
- The total compensation arrangements for Newfoundland and Labrador MHAs currently rank fourth highest of Canada's ten provinces, below the levels in Quebec, British Columbia and Alberta. Among the provinces, our province ranks sixth in MHA/MLA salaries, at \$95,357. At \$38,047, NL ranks third (slightly behind British Columbia and Quebec) in cost to fund our province's annual obligation for MHA pension benefits.
- The Committee recognized that elements of the Plan needed to be compatible with the new fiscal realities facing the province and with the overall trend of pension reform in Canada and concluded that the current Plan was unsustainable and provided too great a benefit to Members when considered in conjunction with other elements of remuneration.
- In keeping with their goals for pensions, the Committee engaged the actuarial firm of Morneau Shepell to model alternative pension plan designs with comparisons to the current MHAPP. After reviewing the preliminary actuarial valuation at December 31, 2015 and following further discussions with the Actuary and the Pensions Division, Department of Finance, the Actuary was requested to provide MCRC with two pension plan options (incorporating the previously stated assumptions) for their consideration and to inform their recommendation. Option 1 modeled a Defined Contribution plan for the first 8 years shifting to a Defined Benefit Plan for Year 9 onwards. Option 2 modeled a less generous Defined Benefit Plan. The details of the two options and comparisons with the current Plan were set out in Appendix H of the 2016 MCRC Report.
- The Committee selected Option 2 – the less generous Defined Benefit Plan as the recommended option. This Plan does not favor any age group; rather all age groups are on an equal footing because pension benefits are predetermined by the Member's years of service as an MHA or an MHA/Minister. This is an important consideration in terms of creating diversity in the House of Assembly.

- Unlike Option 1, the Plan’s unfunded liability will continue to grow, albeit at a much slower rate than under the current arrangement. Over time, however, it should decline significantly from current levels due to attrition. The unfunded liability will not be eliminated entirely but should be manageable. The impact on the taxpayers of the province would be greater than that of Option 1, but it would be significantly better than the current Plan.
- With respect to the application of the new provisions, the Committee recommended that they shall apply to Members who were first elected on or after November 30, 2015. Actuarial calculations have determined that if the recommended plan changes (2.5% accrual rate with an earliest unreduced retirement date of age 60) were deferred to apply only to MHAs elected in the future, the total expected increase in obligation is \$3.6 million.
- Information with respect to the Committee’s rationale for the pension recommendations is on pages 69 -97 of the 2016 MCRC Report.
- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations but does not have the authority to exceed the maximum amounts recommended by the MCRC.
- Subsection 16(6) refers to:
... with respect to salaries, non-taxable allowances to salaries, non-taxable allowances or other amounts for which a member may be entitled to claim reimbursement or payment on his or her behalf for reasonable and legitimate expenses ...
- MCRC noted there is no reference to severance and pension benefits in this section. The Committee said “It is not reasonable to conclude that the Management Commission may make changes to certain areas of remuneration and be restricted to changing others”. (Pages 99-100 refer)
- MCRC recommended that each of these sections of the Act be amended to ensure that all aspects of MHA remuneration are referenced, and that the references are consistent and transparent. Recommendations 45-48, and proposed legislative amendments, will be brought to the Commission at a future meeting for consideration.

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members’ Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

Implementation of the new measures will reduce the unfunded liability over time. If the implementation is delayed to the next General Assembly, the total expected increase in obligation is \$3.6 million.

Legislative Impact:

If recommendations 39-43 are accepted, amendments will be required to the *Members of the House of Assembly Retiring Allowances Act* and to the *Portability of Pensions Act*.

Options:

Recommendation 39

- The Commission accepts recommendation 39 that there shall be no portability option to the Member of the House of Assembly Pension Plan. An amendment shall be necessary to the Portability of Pensions Act;
- The Commission modifies recommendation 39.

Recommendation 40

- The Commission accepts recommendation 40 that eligibility for an MHA to receive a pension shall be at 60 years of age, and there shall be no option to select an early retirement option.
- The Commission modifies recommendation 40.

Recommendation 41

- The Commission accepts recommendation 41 that the MHAPP shall have no indexing component.
- The Commission modifies recommendation 41.

Recommendation 42

- The Commission accepts recommendation 42 that the current MHAPP vesting component and survivor's benefit remain unchanged.
- The Commission modifies recommendation 42.

Recommendation 43

- The Commission accepts recommendation 43 that the Defined Benefit Plan as outlined in Appendix H of the Morneau Shepell Report (Option 2) shall apply to Members of the House of Assembly who were first elected on or after November 30, 2015.
- The Commission modifies recommendation 43.

Status:

The current MHA pension provisions as currently outlined in the *Members of the House of Assembly Retiring Allowances Act* remain in effect.

Action Required:

- The direction of the Commission is requested.

Prepared by: Marie Keefe
Date: December 1, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendations 31 – 38 (MHA Severance)

Background:

- The 2016 MCRC made the following recommendations regarding MHA severance:

31. A Member must serve 3 years to be eligible to receive severance;

32. Severance shall be calculated as follows:

- a. If the Member's service ends at the conclusion of his/her 1st General Assembly, 20% of the Member's salary is payable as severance;*
- b. If the Member's service ends at the conclusion of his/her 2nd General Assembly, 50% of the Member's salary is payable as severance;*
- c. If the Member's service ends at the conclusion of his/her 3rd General Assembly or thereafter, a maximum of 75% of the Member's salary is payable as severance.*

Provided that, if a Member's service ends prior to the end of an Assembly, the severance will be pro-rated for the years of service.

33. Severance shall be paid monthly during the transition period;

34. A Member who is or becomes disqualified from being a Member pursuant to Part V of the Act (other than the failure to be re-elected or the resignation of his/her seat) is not eligible to receive severance;

35. No additional severance shall be paid to an MHA who has vacated or otherwise terminated his/her Legislative Office for any reason whatsoever;

36. Severance benefits paid to an MHA from any other government source including, but not limited to, severance benefits available to Members through Executive Council (e.g. the receipt by a Minister of payment upon leaving a Ministerial office and an extended car allowance) shall be deducted from the severance payable to an MHA from the HOA, so that the overall severance payable to the MHA from all sources does not exceed severance payable to a Member pursuant to Severance Recommendation 32;

37. Severance benefits shall cease in the event that a Member:

- a. is eligible to receive a pension sponsored by the Government of Newfoundland and Labrador during the transition period;
- b. obtains fulltime employment with the public sector;
- c. is appointed a provincial or federal judge;
- d. is appointed to the Senate of Canada;
- e. is elected as a Member of the House of Commons;
- f. is appointed Lieutenant-Governor of Newfoundland and Labrador;
- g. is appointed Governor General of Canada;

38. If a Member becomes a Member again, following a break in service, prior service for which severance has already been paid is not to be counted towards years of service for future severance pay, and the Member shall be considered as commencing his/her first General Assembly, regardless of how many Assemblies he/she may have served previously.

- Severance, based on the current salary of \$95,357, would be:

<i>Years of Service</i>	<i>Severance (rounded)</i>	
	<i>Current</i>	<i>Proposed</i>
3 (Minimum)	\$15,892	\$14,303
4 (1st General Assembly)	\$25,810	\$19,071
5	\$32,263	\$29,799
6	\$38,715	\$35,759
7	\$45,168	\$41,719
8 (2nd General Assembly)	\$51,621	\$47,678
9	\$58,608	\$53,638
10	\$64,526	\$59,598
11	\$70,979	\$65,558
12 (3rd General Assembly)	\$77,432	\$71,517

Source: House of Assembly

- Prior to 2007, severance benefits for Members were based on a policy approved in 1999 by the former Internal Economy Commission. The policy stated:

Members who were Members immediately before an election are eligible for severance pay when they cease to be Members for any reason. Severance is calculated at one month's current basic indemnity for each year of service and prorated for part of the year's service. Minimum severance is three month's pay; maximum severance is 12 month's pay.

- Following the adoption of the *House of Assembly Accountability, Integrity and Administration Act*, a Member's indemnity, including the former tax-free allowance, was converted to a fully taxable salary. In light of this change, the Green Report recommended that the calculation of severance benefits be adjusted to ensure retiring MHAs did not receive severance benefits higher than those calculated under the former pay structure. (Recommendation 62)
- The House of Assembly calculated severance based on 81.2% of gross salary for MHAs, which was confirmed by the Management Commission at its June 7, 2011 meeting (**CM 2011-026 refers**).
- With respect to recommendation 35, the Committee felt that that it is not in keeping with the spirit and intent of a transition allowance that a Legislative Office holder is entitled to severance upon leaving office, despite the fact that the Member may continue in his/her role as an MHA and therefore recommended that no additional severance shall be paid to an MHA who has vacated or otherwise terminated his/her Legislative Office.
- In its 2009 report, the MCRC made several recommendations with respect to MHA severance. After considering the recommendations, the Commission decided that the current provisions for the payment of severance to an MHA would remain unchanged and the issue be referred to the next appointed MCRC (**CM 2010-012 refers**).
- The 2012 MCRC made 4 recommendations respecting MHA severance which were not considered by the Management Commission.
- In order to make the total MHA remuneration package reasonable and one that is administratively straight forward to implement, the Committee decided not to differentiate between Members based on their relative net worth, anticipated employment prospects, business investments or ability to transition to private life when implementing severance. Such circumstances will vary with each Member and with each General Assembly.
- The Committee felt that the current payment of severance based on 81.2% of the MHA salary was not transparent and that a clearer method of calculating severance is needed.
- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations but does not have the authority to exceed the maximum amounts recommended by the MCRC.
- Information with respect to the Committee's rationale for these recommendations is on pages 61 - 68 of the 2016 MCRC Report.

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):
Corporate & Members' Services

External Consultation(s):
N/A

Comparison to Government Policy:
N/A

Financial Impact:
Cannot be determined at this time.

Legislative Impact:
N/A

Options:

Recommendation 31

- The Commission accepts recommendation 31 that a Member must serve 3 years to be eligible to receive severance.
- The Commission modifies recommendations 31.

Recommendation 32

- The Commission accepts recommendation 32 that Severance shall be calculated as follows:
 - If the Member's service ends at the conclusion of his/her 1st General Assembly, 20% of the Member's salary is payable as severance;
 - If the Member's service ends at the conclusion of his/her 2nd General Assembly, 50% of the Member's salary is payable as severance;
 - If the Member's service ends at the conclusion of his/her 3rd General Assembly or thereafter, a maximum of 75% of the Member's salary is payable as severance.

Provided that, if a Member's service ends prior to the end of an Assembly, the severance will be pro-rated for the years of service.

- The Commission modifies recommendations 32.

Recommendation 33

- The Commission accepts recommendation 33 that the severance shall be paid monthly during the transition period.
- The Commission modifies recommendations 33.

Recommendation 34

- The Commission accepts recommendation 34 that a Member who is or becomes disqualified from being a Member pursuant to Part V of the Act (other than the failure to be re-elected or the resignation of his/her seat) is not eligible to receive severance.
- The Commission modifies recommendations 34.

Recommendation 35

- The Commission accepts recommendation 35 that no additional severance shall be paid to an MHA who has vacated or otherwise terminated his/her Legislative Office for any reason whatsoever.
- The Commission modifies recommendations 35.

Recommendation 36

- The Commission accepts recommendation 36 that severance benefits paid to an MHA from any other government source including, but not limited to, severance benefits available to Members through Executive Council (e.g. the receipt by a Minister of payment upon leaving a Ministerial office and an extended car allowance) shall be deducted from the severance payable to an MHA from the HOA, so that the overall severance payable to the MHA from all sources does not exceed severance payable to a Member pursuant to Severance Recommendation 32.
- The Commission modifies recommendations 36.

Recommendation 37

- The Commission accepts recommendation 37 that Severance benefits shall cease in the event that a Member:
 - is eligible to receive a pension sponsored by the Government of Newfoundland and Labrador during the transition period;
 - obtains fulltime employment with the public sector;
 - is appointed a provincial or federal judge;
 - is appointed to the Senate of Canada;
 - is elected as a Member of the House of Commons;
 - is appointed Lieutenant-Governor of Newfoundland and Labrador;
 - is appointed Governor General of Canada.
- The Commission modifies recommendations 37.

Recommendation 38

- The Commission accepts recommendation 38 that if a Member becomes a Member again, following a break in service, prior service for which severance has already been paid is not to be counted towards years of service for future severance pay, and the Member shall be considered as commencing his/her first General Assembly, regardless of how many Assemblies he/she may have served previously.
- The Commission modifies recommendations 38.

Status:

- The current MHA severance provisions apply.

Action Required:

- The direction of the Commission is requested.

Prepared by: Marie Keefe
Date: December 1, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendation 44 (Grandfathering Provision)

Background:

- The 2016 MCRC made the following recommendations regarding grandfathering provisions:

44. The Severance and Pension Recommendations shall not apply to Members of the House of Assembly who were elected before November 30, 2015.

- The Committee was asked to consider that its recommendations not apply to current Members of the House of Assembly, but rather to MHAs who will be elected after the 48th General Assembly.
- The Committee felt that those who consider running for political office should be aware that a Members' Compensation Review Committee is appointed at the commencement of each General Assembly to review and make recommendations regarding the MHA compensation package and therefore should be aware that the compensation package for the then current General Assembly may be adjusted.
- MCRC is of the view that there is no rationale to delay the consideration and imposition of their recommendations for 4 years. MCRC recommendations are based on current research, consultations and deliberations, and such recommendations would be meaningless (and possibly dated and irrelevant) if they were applicable to the next General Assembly only.
- Nevertheless, the Committee felt there are two aspects of MHA remuneration that require grandfathering: severance and pensions. MHAs elected prior to the 48th General Assembly have built their future retirement plans on the pension provisions to which they are subject. It is neither reasonable nor fair to "change the rules" mid-stream for those MHAs. However, for MHAs newly elected to the 48th General Assembly, reliance on the current pension and severance plans cannot be said to be as great.
- The timing of the appointment of the Members' Compensation Review Committee at the beginning of each General Assembly (as opposed to at the end of each General Assembly) also supported the Committee's view on this issue.
- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations but

does not have the authority to exceed the maximum amounts recommended by the MCRC.

- Information with respect to the Committee's rationale for this recommendation is on page 98 of the 2016 MCRC Report.

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members' Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

The financial impact with respect to severance cannot be determined at this time.

With respect to pensions, implementation of the new provisions will reduce the unfunded liability over time. Delaying the implementation has the potential to add \$3.6 million to the unfunded liability.

Legislative Impact:

Legislative amendments may be required to the *Members of the House of Assembly Retiring Allowances Act*.

Options:

- The Commission accepts recommendation 44 that the severance and pension recommendations shall not apply to Members of the House of Assembly who were elected before November 30, 2015.
- The Commission modifies recommendation 44.

Status:

- N/A

Action Required:

- The direction of the Commission is requested.

Prepared by: Marie Keefe
Date: December 1, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendation 21 – Annual Lump Sum for Accommodations in Capital Region (Travel & Living Allowance)

Background:

- At its meeting on November 30, 2016, the Commission considered the following recommendation by the 2016 MCRC regarding a lump sum for accommodations in the Capital Region:

21. A Member may opt to receive a lump sum for his/her accommodations rather than avail of the Secondary Accommodation, Private Accommodation or Temporary Accommodation:

- a. such lump sum shall be a taxable benefit to the Member;*
- b. shall apply to the Capital Region only, for the entire fiscal year, whether the House in Session or the House not in Session;*
- c. the Member must elect this option no later than 30 days before the commencement of the fiscal year. If he/she does not so elect, the Member will not be permitted this option and shall have to choose from the Secondary Accommodation, Private Residence or Temporary Accommodation options;*
- d. The lump sum will be calculated as follows:*
 - i. Using the average number of days the House is in Session calculated over an 8 year period (2008/09 to 2015/16 the average sitting days of the House was 51)*

multiplied by
 - ii. the Temporary Accommodation rate (at the RFP price).*
- e. the Member may not seek other accommodation expense reimbursement for the remainder of that fiscal year;*
- f. if the Member leaves office prior to the end of the fiscal year, the Member must repay the lump sum on a pro rata basis.*

- Questions were raised regarding the mechanism for calculating the lump sum for each fiscal year. Recent amendments to the Standing Orders of the House of Assembly now provide a

parliamentary calendar which stipulates a certain number of sitting days for each year. This is a provisional change for the 2017 calendar year.

- The Commission considered whether this number could be used for the calculation instead of the average number of days as outlined in the recommendation. When MCRC did its review, the changes to the Standing Orders (e.g. the Parliamentary Calendar) were not in effect. The MCRC concurs that if a parliamentary calendar is in force, it rather than the average can be used in the lump sum calculation.
- While the revised Standing Orders provide for a certain number of sitting days in each year, that number could still fluctuate depending on issues related to the legislative agenda that may require further sitting days. The Commission further considered whether there could be an adjustment to the lump sum after the fact to accommodate the actual number of days the House sat in that year.
- MCRC confirms that the original intent of this recommendation was to provide Members flexibility with respect to accommodation options in the Capital Region. The lump sum (a taxable benefit) could be chosen by a Member at the beginning of a fiscal year, and put toward costs of either private or temporary accommodations for the entire year (for both House in Session and House not in Session). It cannot be chosen if the Member maintains a secondary residence in the Capital Region.
- The calculation mechanism was recommended as a means of determining a reasonable amount for the lump sum. It was not intended to capture the actual number of days the House sat in that year.
- Should a Member wish to seek reimbursement for the actual number of days the House sits, he/she would have the option of claiming one of the following existing alternatives for accommodations in the Capital Region:
 - Secondary residence (declared by affidavit) - \$53 for each night occupied
 - Private accommodations - \$53 for each night occupied
 - Temporary accommodations - Actual cost of standard room for each night occupied

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members' Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

Cannot be assessed at this time.

Legislative Impact:

If recommendation 21 is accepted, an amendment will be required to Section 30 of the *Members' Resources and Allowances Rules*. The amendment will need to provide for the use of the parliamentary calendar or the average sitting days over an 8-year period, as the parliamentary calendar is a provisional change.

Options:

- The Commission accepts recommendation 21 that Members be provided the option to choose an annual lump sum for temporary accommodations in the Capital Region (under Travel and Living Allowance), with the terms and conditions as provided for in that recommendation.
- The Commission modifies recommendation 21.

Status:

- Current provisions of the *Members' Resources and Allowances Rules* remain in effect.

Action Required:

- The direction of the Commission is requested.

Prepared by: Bobbi Russell
Date: December 1, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendation 24 – Commuting Distance

Background:

- The 2016 MCRC made the following recommendation regarding Members ability to claim mileage when travelling within commuting distance (60 km zone).

24. There will be no mileage allowance for any Member travelling within the 60 km zone (commuting distance). This restriction does not apply to Intra/Extra Constituency Allowance

- Currently, subsection 29(1) of the Members Resources and Allowances Rules states that:

29. (1) A member who travels

- (a) to and from the capital region when the House of Assembly is in session;*
- (b) to and from the capital region for constituency business when the House of Assembly is not in session; or*
- (c) to and from his or her permanent residence which is not in his or her district to that district*

may claim for travel and living allowance only where the member

- (d) is engaged in constituency business; and*
- (e) is outside commuting distance of the member's permanent residence.*

- Essentially, Members who live within commuting distance may not claim mileage and those who reside outside commuting distance may claim mileage. The view of the Committee was that there is little fairness between Members who are “close” to the commuting distance, and people in this province travel far greater distances to and from their place of work and receive no benefit for such travel.
- The Committee recommended that Members be prohibited from claiming mileage when travelling within the 60 km zone for **House in Session and House not in Session travel only**, which they felt would place all Members on the same footing.
- The commuting distance restriction **does not apply** to any travel under the I/E constituency allowance. Therefore, travel within the 60 km zone is allowable for **all Members** under that category.

- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations but does not have the authority to exceed the maximum amounts recommended by the MCRC.
- Information with respect to the Committee’s rationale for the recommendation is on page 49 of the 2016 MCRC Report.

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members’ Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

Cannot be assessed at this time.

Legislative Impact:

If recommendation 24 is accepted, an amendment will be required to section 29 of the *Members’ Resources and Allowances Rules*.

Options:

- The Commission accepts recommendation 24 that there will be no mileage allowance for any Member travelling within the 60 km zone (commuting distance). This restriction does not apply to Intra/Extra Constituency Allowance.
- The Commission modifies recommendation 24.

Status:

- Current provisions of the *Members’ Resources and Allowances Rules* remain in effect.

Action Required:

- The direction of the Commission is requested.

Prepared by: Marie Keefe
Date: November 15, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendation 27 – Travel by Automobile Options for Capital Region Districts and Corner Brook District (Intra/Extra Constituency Allowance)

Background:

- The 2016 MCRC made the following recommendation regarding travel by automobile for Capital Region Districts and the Corner Brook District under the Intra/Extra Constituency Allowance:

27. MHAs in the Capital Region and in the Corner Brook district only, have the option at the beginning of each fiscal year to choose between:

- a. Claiming mileage; or*
- b. A monthly automobile allowance of \$200, which will be a taxable benefit to the Member.*

The remainder of the current I&E Allowance (until it is changed as recommended herein) to be allotted for the other uses permitted by the Allowance.

- Currently, all Members are reimbursed a per kilometer rate for actual distance travelled by automobile under the Intra/Extra Constituency Allowance, requiring detailed mileage records.
- For urban districts (Capital Region and Corner Brook) where travel is often a short distance, keeping the required detailed mileage records has been described in the report as “unnecessarily onerous.”
- Accepting recommendation 27 would allow Members in these districts the choice of claiming actual mileage (and keeping detailed mileage records), or a monthly allowance of \$200 for the entire fiscal year (\$2,400 per year). Once an option is selected, it cannot be changed during that fiscal year.
- The monthly allowance option will be a taxable benefit to the Member.
- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations but does not have the authority to exceed the maximum amounts recommended by the MCRC.

- Information with respect to the Committee’s rationale for the recommendations is on page 55 of the 2016 MCRC Report.

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members’ Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

Cannot be assessed at this time.

Legislative Impact:

If recommendation 27 is accepted, an amendment will be required to section 38 of the *Members’ Resources and Allowances Rules*.

Options:

- The Commission accepts recommendation 27 that MHAs in the Capital Region and in the Corner Brook district only, have the option at the beginning of each fiscal year to choose between:
 - a. Claiming mileage; or
 - b. A monthly automobile allowance of \$200, which will be a taxable benefit to the Member.
- The Commission modifies recommendation 27.

Status:

- Current provisions of the *Members’ Resources and Allowances Rules* remain in effect.

Action Required:

- The direction of the Commission is requested.

Prepared by: Bobbi Russell
Date: November 8, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendations 12 to 15 – Advertising

Background:

- The 2016 MCRC made the following recommendations regarding advertising by Members:
 12. *All advertising by MHAs is to be restricted to the size of a business card;*
 13. *The HOA staff shall prepare a template to be approved by the Management Commission which will be used by the Members for all advertising to provide consistency in approach and content of advertising for all MHAs;*
 14. *Paragraph 24(i) will require an amendment to comply with the advertising recommendations;*
 15. *A Member shall be permitted recovery of an expense for advertisement (that meets the amended Rules and the revised Policy) in an organization's brochure/pamphlet, despite any reference to "donation" or "gift" by the organization;*
- Currently, paragraph 24(i) of the *Members' Resources and Allowances Rules* (the Rules) permits Members to use the office operations, supplies and communications allowance for advertising expenses. The *Advertising Policy for Members of the House of Assembly* provides further direction with respect to purpose, type and content of advertising by MHAs.
- Based on their review, the MCRC is recommending that changes should be made to the Advertising Policy to provide consistency in content and approach of advertising by Members. The changes will include restricting all advertising to the size of a business card. A detailed template for advertising, to be approved by the Management Commission, will be provided for use by all Members.
- Given that the Rules (Section 46 refers) prohibits donations and sponsorships, advertising in brochures/pamphlets/booklets of community groups and organizations has been an issue when groups refer to the fee for advertising in such publications as a "donation/sponsorship."

- The MCRC considered this issue and concluded that these expenses should be permitted regardless of whether or not there is a reference to a “donation/sponsorship” in the request from the community group/organization. Their rationale is that while on the surface it appears to be a donation, in the broader context the Member is actually receiving something tangible (the advertisement) in exchange.
- Further information with respect to the Committee’s rationale respecting the advertising recommendations is on pages 43 and 44 of the 2016 MCRC Report.
- Should the Management Commission accept the recommendations with respect to advertising, amendments will be required to the *Advertising Policy for Members of the House of Assembly* which will be brought forward for approval at a future meeting of the Commission.
- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations, but **does not have the authority to exceed the maximum amounts recommended by the MCRC.**

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members’ Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

None

Legislative Impact:

Amendment will be required to paragraph 24(i) of the *Members’ Resources and Allowances Rules*.

Options:

Recommendation 12

- The Commission adopts recommendation 12 restricting all advertising by Members to the size of a business card.

- The Commission modifies recommendation 12.

Recommendation 13

- The Commission adopts recommendation 13 to develop a template to be used by all Members for advertising that will be approved by the Management Commission.
- The Commission modifies recommendation 13.

Recommendation 13

- The Commission adopts recommendation 14 to amend paragraph 24(i) of the *Members' Resources and Allowances Rules* to comply with the advertising recommendations.
- The Commission modifies recommendation 14.

Recommendation 14

- The Commission adopts recommendation 15 to permit recovery of advertising expenses in an organization's brochure/pamphlet despite any reference to a donation or gift.
- The Commission modifies recommendation 15.

Status:

- The current provisions regarding advertising by Members remain in effect.

Action Required:

- The direction of the Commission is requested.

Prepared by: Bobbi Russell
Date: December 1, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendations 26 – Travel to Other Districts

Background:

- The 2016 MCRC made the following recommendations regarding travel to other districts under the Intra/Extra (I/E) constituency allowance:

26. *Section 30 of the Rules be amended to add the following:*

A member may claim reimbursement for travel and associated accommodation and meal costs related to travel ...

to another district in relation to matters affecting his or her district

- Currently, the I/E constituency allowance provides for the following types of travel:
 - Travel within the constituency.
 - Travel between the constituency or the Capital region and another constituency outside the Capital region.
 - Travel to and from other parts of Canada for constituency business.
 - Travel of the constituency assistant, where necessary, to attend to constituency business.
- As a result of their review, the MCRC found that under the current provisions there was no accommodation to allow for the following:
 - Travel between districts inside the Capital Region
 - Travel between a district outside the Capital Region and a district inside the Capital Region
- The MCRC noted that recommendation 73(1)(d) of the Green Report clearly intended that the I/E constituency allowance provide for travel to another district in relation to constituency matters, but that the provision did not appear to be included in the *Members' Resources and Allowances Rules* (the Rules).
- The MCRC is recommending an amendment to the Rules that would allow for this type of travel.
- Further information with respect to the Committee's rationale respecting travel between districts under the I/E constituency allowance is on pages 52 and 53 of the 2016 MCRC Report.

- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations, but **does not have the authority to exceed the maximum amounts recommended by the MCRC.**

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members' Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

None

Legislative Impact:

Amendment will be required to Section 30 of the *Members' Resources and Allowances Rules*.

Options:

- The Commission adopts recommendation 26 to amend Section 30 of the Rules to allow Members to travel to another district in relation to matters affecting their district under the I/E constituency allowance.
- The Commission modifies recommendation 26.

Status:

- The current provisions regarding travel under the I/E constituency allowance apply.

Action Required:

- The direction of the Commission is requested.

Prepared by: Bobbi Russell
Date: December 1, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendations 29 & 30 – Constituency Allowance

Background:

- The 2016 MCRC made the following recommendations with respect to the constituency allowance:
 29. *The recovery of meal expenses from restaurants, pubs, delicatessens and the like under the Constituency Allowance shall be prohibited. Members shall not be permitted to claim this expense as part of their meal per diem.*
 30. *If incurring an expense as an adjunct to a community event in the district, the Member or his/her Constituency Assistant is required to be present at the event, but is not required to host the event.*
- Under the current provisions of the *Members' Resources and Allowances Rules* (the Rules), Members may claim costs of meals at restaurants, pubs, delicatessens and the like for meetings with the public in relation to constituency business.
- As a result of their review, the MCRC concluded that due to the perception of such meal expenses as not constituting constituency business and given current economic realities, such expenditures should not be permitted. They further recommended that Members not be permitted to claim the expense as part of their meal diem.
- While they recommend restricting recovery of meal expenses from restaurants, pubs, delicatessens and the like, the MCRC feels that bulk food expenditures as an adjunct to a community activity/event is reasonable. The Committee recommends that either the Member or his/her Constituency Assistant must be in attendance, but it is not necessary that the Member host the event. It was felt that the purpose of such expenditures fits within the definition of constituency business.
- Further information with respect to the Committee's rationale respecting recommendations on the constituency allowance is on pages 58 to 60 of the 2016 MCRC Report.
- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations, but does not have the authority to exceed the maximum amounts recommended by the MCRC.

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members' Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

None

Legislative Impact:

Amendment will be required to Section 46 of the *Members' Resources and Allowances Rules*.

Options:

Recommendation 29:

- The Commission adopts recommendation 29 to prohibit the recovery of meal expenses from restaurants, pubs, delicatessens and the like under the Constituency Allowance, and that Members shall not be permitted to claim this expense as part of their meal per diem.
- The Commission modifies recommendation 29.

Recommendation 30:

- The Commission adopts recommendation 30 that if incurring an expense as an adjunct to a community event in the district, the Member or his/her Constituency Assistant is required to be present at the event, but is not required to host the event.
- The Commission modifies recommendation 30.

Status:

- The current provisions regarding the constituency allowance apply.

Action Required:

- The direction of the Commission is requested.

Prepared by: Bobbi Russell
Date: December 1, 2016

Approved by: Sandra Barnes

**House of Assembly Management Commission
Briefing Note**

Title: 2016 Members' Compensation Review Committee (MCRC) Recommendations

Issue: Recommendations 7 to 9 – Committee Meeting Per Diems

Background:

- The 2016 MCRC made the following recommendations regarding committee meeting per diems:
 7. *There shall be no meeting per diems for the chair and/or committee members for meetings held when the House is not in session;*
 8. *The chair and committee members are expected to take advantage of electronic media to participate in Committee work where practical;*
 9. *The chair and committee members shall be reimbursed for expenses associated with travel and accommodations when meetings are required to be held when the House is not in session.*
- The current remuneration scheme for standing and select committees is a per diem of \$190 for the Chair and \$145 for each committee member if the committee meets when the House is not in session. Members are also entitled to reasonable travel and accommodation expenses if such are required to attend the committee meetings. There is no meeting per diem provided if the committees meet when the House is in session.
- A Member or Chair of these committees who is a Minister or who holds a Legislative Office is not entitled to receive the meeting per diem.
- MCRC agreed that committee work is an important part of governance but felt that, based on its consultations with current and past MHAs and with the public, the appointment to a committee and the work of a committee should be considered an honour and as part of an MHA's duty as a Member of the House of Assembly.
- Accordingly, MCRC recommended that there shall be no meeting per diems for the Chair or Committee members for meetings held when the House is not in session. They anticipated that some committee work can be done by teleconference or videoconferencing, and thus reduce travel and accommodation costs. The Committee did feel that it is reasonable to reimburse committee members for costs associated with travel

and accommodations when meetings are required to be held when the House is not in session.

- As outlined in subsection 16(6) of the *House of Assembly Accountability, Integrity and Administration Act*, the Commission has the power to modify the recommendations, but does not have the authority to exceed the maximum amounts recommended by the MCRC.
- Information with respect to the Committee's rationale for these recommendations is on pages 37 to 39 of the 2016 MCRC Report.

Analysis:

Legal Consultation:

Law Clerk – House of Assembly

Internal Consultation(s):

Corporate & Members' Services

External Consultation(s):

N/A

Comparison to Government Policy:

N/A

Financial Impact:

Cannot be determined at this time

Legislative Impact:

Amendments will be required to subsection 12(3) of the *House of Assembly Accountability, Integrity and Administration Act*.

Options:

Recommendation 7

- The Commission adopts recommendation 7 that there shall be no meeting per diems for the chair and/or committee members for meetings held when the House is not in session.
- The Commission modifies recommendation 7.

Recommendation 8

- The Commission adopts recommendation 8 that the chair and committee members are expected to take advantage of electronic media to participate in Committee work where practical.
- The Commission modifies recommendation 8.

Recommendation 9

- The Commission adopts recommendation 9 that the chair and committee members shall be reimbursed for expenses associated with travel and accommodations when meetings are required to be held when the House is not in session.
- The Commission modifies recommendation 9.

Status:

- Provisions regarding Committee per diems remain in effect.

Action Required:

- The direction of the Commission is requested.

Prepared by: Marie Keefe
Date: November 15, 2016

Approved by: Sandra Barnes