

**JULIE GREEN—MLA YELLOWKNIFE CENTRE**  
**Members Compensation and Benefits**  
**Committee of the Whole—2019-2020 Operating Budget Review**  
**Legislative Assembly—March 8, 2019**

**MS. GREEN:** Thank you, Mr. Chair. In the expenditure category on page 9, there is an increase of \$696,000 in the area of compensation and benefits, and I am wondering if the Speaker or his staff can provide a breakdown of how that money is allocated. Thank you.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. Speaker.

**HON. JACKSON LAFFERTY:** Masi, Mr. Chair. Part of the difference is we started paying to Members' pension. For the last 20 years, we haven't been paying to Members' pension, similar to across Canada. Most or all legislatures pay into Members' pension. We have been fortunate with a great economy over the years, but now, just since last year, we started contributing towards that, so that is part of that cost. Also, another cost is the transitional allowance for Members. Every election, we allocate upwards of six individuals who could be either retiring or losing their seats, so we have to subsidize for that. As you know, 2015, we had a turnover of 11 new Members, so we fell behind on our funding allocation at that time. We want to be prepared for that, so those are just some of the differences. However, Mr. Chair, I will allow our director of corporate services maybe to elaborate more and provide more detailed information. Masi.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. Ouellette.

**MR. OUELLETTE:** Thank you, Mr. Chair. Yes, as Mr. Speaker referred to, transitional costs, in that are the two allowances, the transitional allowance and the retaining allowance. We make assumptions that, during a transition to the next Assembly, there could be up to six Members who would not be returning for various reasons. That is \$432,000 that has been budgeted in that area. There was also the cost-of-living adjustment, for a total of \$107,000 in that particular category. Then, there are also the allowances that have now become taxable. We have reallocated that budget into the compensation and benefits area, and that was for \$157,000.

**CHAIRPERSON (Mr. Simpson):** Thank you. Ms. Green.

**MS. GREEN:** Thank you for the information. I want to just ask a further explanation for the taxable benefit. Could the Speaker or his staff provide a little more information about the taxable allowance and its current status? Thank you.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. Ouellette.

**MR. OUELLETTE:** Currently, effective January 1<sup>st</sup> with the federal Income Tax Act, the previous non-taxable allowances that Members received, in the range of \$7,600 per year, now became taxable on January 1<sup>st</sup>, so that is the status of it. They are taxed now, and Members receive the gross tax on a bi-weekly basis, and, at the end of the year, they will get a T4A to provide taxes there. At the time when we drafted the main estimates, the thinking was that these would be taken from payroll source, and so the budget was reallocated to this area. That thinking has since changed, and so it will be a

return back to the accounts payable, the expenditures category, for allowances.

**CHAIRPERSON (Mr. Simpson):** Thank you. Ms. Green.

**MS. GREEN:** Thank you for that explanation. The other thing I wanted to ask is: the finance director already mentioned that, in 2015, there were 11 changes in the House. The budgeting has been for six Members, so what is the premise of the six Members, and what happens if it does turn out to be another large turnover, in terms of funding? Thank you.

**CHAIRPERSON (Mr. Simpson):** Thank you. Mr. Mercer.

**MR. MERCER:** Thank you, Mr. Chair. When we are budgeting in a transition year, we have to make assumptions about how many Members will not be returning, and our assumptions have consistently been a turnover of about a third of Members in any given election. We always hope it is going to be less than that, but that is what we budget for. The transition allowance payments that we budget for assume that two first-term Members will not be returning, that two two-term Members will not be returning, and that two three-term Members or two Ministers will not be returning. So, if the turnover tends to be more than six Members or if it is six Members who have long service, the budgeted amount will not be enough and we will need to find the funding, as we did in 2015, from other sources or through supplementary appropriation. If the turnover is less than six or if all that turnover occurs for Members who have served only four years, then that amount will be underspent. It is essentially a set of assumptions we have to work on, and we need to wait until the election date to see how it plays out. Thank you, Mr. Chair.

**CHAIRPERSON (Mr. Simpson):** Thank you. Ms. Green.

**MS. GREEN:** Thank you to the witnesses for their responses. Nothing further.