

Jan. 4, 2017

Michael D. Werier
Commissioner for MLA Pay, Allowances and Retirement Benefits
302 – 386 Broadway
Winnipeg, MB R3C 3R6

Dear Mr. Werier,

Thank you for your work to find the right balance between fairly compensating members of the Legislative Assembly and protecting taxpayers who cover the costs. It's not an easy balance to strike and we appreciate your efforts. Further, thank you for giving us the opportunity make recommendations.

First, we recommend that MLAs reduce their salaries by 5%.

Even after accepting a 5% pay cut, MLAs would still be paid more than most of the people they represent. More importantly, Manitoba is facing extraordinary financial challenges with an operational deficit of more than a billion dollars – MLAs have to find ways to save money and they need to lead by example.

There will, of course, be objections to this recommendation and we would like to proactively address a few of them.

Some may argue that reducing MLA pay will make it hard to recruit qualified candidates. This point needs to be considered objectively. In the last election, every seat was contested by numerous candidates and many of those candidates had to win party nomination contests. Not only that, the overwhelming majority of MLAs run for re-election. The Legislature clearly has a strong retention rate and attracts numerous applicants in each election.

This is not a new observation.

“It may be imagined ... that we can never find men to serve us in the executive department without paying them well for their services,” said Ben Franklin while discussing pay for politicians in 1787. “Sir, I have a better opinion of our country. I think we shall never be without a sufficient number of wise and good men to undertake and execute well and faithfully the office in question.”

Others may argue Manitoba MLA salaries should reflect MLA salaries in other provinces. This is a largely irrelevant point as it's very unlikely and Manitoba MLA will quit in order to take an MLA position in another province. More fundamentally, the question isn't about parity but rather performance. Are constituents in other provinces served better by higher paid politicians? Unless the answer is objectively yes, minimal consideration should be given to this factor.

Our second recommendation is simple: make MLA pension reports public.

Government pension reports for government employees, such as teachers and nurses, are routinely released. They show how much money is in the fund and provide expert actuarial projections regarding future liabilities. Taxpayers fund these pension plans so their release is an issue of basic transparency.

However, the MLA pension report is not made public, so taxpayers don't know whether there's enough money in the fund to cover future liabilities. This is wrong – the MLA pension report must be made public every year.

Our third recommendation is that the defined-benefit MLA pension should be replaced with matching RRSP contributions.

Most Manitobans depend on money they've personally saved for retirement, but MLAs can count on defined-benefit pension plans to pay out significant amounts regardless of how much is actually in the fund. If there isn't enough, the liability falls to taxpayers. This is fundamentally unfair.

Worse, it's symptomatic of a much bigger problem. The Manitoba government's defined-benefit public pension plans have unfunded liabilities of [\\$2.3 billion](#). That number is growing fast.

Manitoba desperately needs to shift from defined-benefit pensions to defined-contribution pensions. In Saskatchewan, Premier [Allan Blakeney](#) started putting all new provincial employees on a defined-contribution pension plan starting in 1977. Manitoba must belatedly follow that lead.

While transforming all government employee pensions will take time, MLAs can change their own pension plan immediately. They must implement a defined-contribution pension plan. Better yet, MLAs could contribute 8% of their income into registered retirement savings plans with matching deposits from the government.

A defined-contribution pension or matching RRSP deposit plan would be more generous than most savings plans Manitobans have, but would represent an important step forward in dealing with Manitoba's looming liabilities in unfunded government employee pension plans.

Conclusion

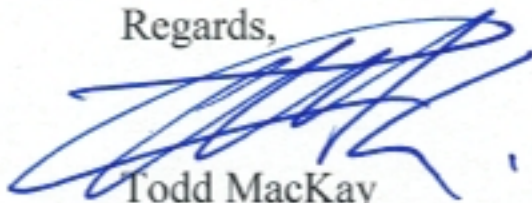
As you look at all of the many issues related to MLA compensation, we urge you to consider two key factors: fairness in relation to people MLAs represent and a recognition of the province's current economic circumstances.

Salaries and pensions provided for MLAs should be within the realm of those most Manitobans can expect to receive.

MLA compensation must also take into account the financial realities facing the province. With massive deficits, soaring debt and significant unfunded pension liabilities, it's vitally important to reflect that reality when dealing with compensation for all government employees, starting with MLAs.

Thank you again for your work on this important issue and for the opportunity to provide recommendations.

Regards,



Todd MacKay
Prairie Director
Canadian Taxpayers Federation