



# Political Salaries and Pensions

MEMBER OF PARLIAMENT



PETER GOLDRING

Most Members of Parliament go into politics as a second or third career. For some, as substantial professional and business leaders, entering Parliament can mean a considerable loss of income compared to what they earned in private industry. They have established themselves in their fields, but feel a call to public service. Peter Goldring looks at the issue.

over the so-called “gold-plated” pension plan for Members of Parliament coupled with distorted numbers to provoke public outcry.

That the truth of the matter is completely different doesn't sell newspapers or give big television ratings, so those numbers somehow get lost in the shuffle.

## POLITICAL SALARIES AND PENSIONS

Mr. Goldring, for example, made considerably less when first being elected to the House of Commons in 1997 than he had been making as the owner of his own business. Perhaps that is why people like the Honourable Jim Prentice leave public life for private industry - the income earning potential is so much higher, something that can be very important when planning for your family's future.

Every few years it seems there is an outcry

Many Members of Parliament make sacrifices to enter public life. Their income can as in Mr. Goldring's particular case be much lower, with a 70-80 hour work week with duties that can involve extensive work throughout Canada and indeed the world. Job security is poor and each MP has about 100,000 bosses, many of whom have conflicting views on how the job should be done. There is no private life and the MP is expected to be available to constituents 24 hours a day, seven days a week, 365 days a year. The media is always salivating over any and all indiscre-



**City councillors in Edmonton receive one third of their salary tax-free, a monthly car allowance, free parking and free transit passes.**

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tions real or imagined. The real enemy though is from within party ranks by the ambitious, constantly seeking your job, by whatever means available. Even the election process is costly. In the past election Mr. Goldring had to personally front the campaign with \$75,000 of his own money, of which \$25,000 is still outstanding. Family milestones, such as children's birthdays and wedding anniversaries, are hit and miss. Yet MPs don't complain about the drawbacks of the job as they feel it is an honour to serve and they are performing a valuable public service.

We as a nation are fortunate that many people are still drawn to public service despite the drawbacks, and Parliament is full of dedicated people from all parties who have come to Ottawa to make Canada better. It makes sense that like any good employer the Parliament of Canada would have a pension plan for its employees. What seems to be at issue, at least for the media, is what sort of plan and how it should be funded.

Members of Parliament have a defined benefit pension (as do many civil servants), a type of pension that is becoming less common. With a defined benefit pension the

worker knows what their pension benefits will be on retirement. The Members pay seven per cent of their pay monthly into their retirement fund and the Government of Canada contributes the estimated amount necessary to cover the future pension. This is similar to the pension plan which covers federal civil servants. While the MP pension plan calculates the rates at three per cent per year, the civil service pension is calculated at two per cent per year. Admittedly less, but civil servants have lengthy years of service possibilities and have a job security that Members of Parliament do not (MPs average six years in office). Many civil servants (such as deputy Ministers) earn as much as a Member of Parliament, and the CEOs of some Crown corporations have a

higher salary than the Prime Minister.

Many Members spend their political career on the back benches giving very valuable support to the front bench. They seldom have the post-politics golden opportunities of high-level directorships (with correspondingly high level salaries) when they leave Parliament.

The pension provisions for MPs are comparable with that of provincial or municipal leg-



**Former provincial Environment Minister Rob Renner was entitled to almost \$900,000 in severance pay.**



islators except that there is no severance package after six years service. Unlike most Canadians, retiring Members of Parliament can't even take advantage of the recent changes to taxation laws that allow income splitting for pension purposes.

In Alberta, for example, Members of the legislature don't have a pension plan (although they did until 1992). However, adding in car allowance, committee work, temporary residence allowance, parking allowance, unlimited car washes and home security allowance, brings MLA pay to an average of \$136,000 annually. Which doesn't take in to account the generous severance pay (three months salary for every year of service) given to retiring MLAs or the extra annual tax free allowance of \$11,000 to contribute to an RRSP. When former Environment Minister Rob Renner retired his severance package was almost \$900,000.

Members of Edmonton City Council follow a similar process. The 2012 base salary for a councillor is \$87,955, one third of which is tax exempt. Councillors also receive a \$578 monthly car allowance and the city also contributes an extra tax-free amount equal to 11% of the councillor's salary, almost

\$10,000, to an RRSP. They also receive a car allowance, free transit passes and are eligible for \$3,450 of parking each year. They too receive severance pay, three weeks salary for each year served, up to a maximum of 36 weeks pay.

It could be argued that the unique needs of political life require a unique pension. Upon defeat a Member of Parliament might need

time to readjust to their previous career – if indeed such a move is possible. People leaving public life can find that their skills are outdated, their professional qualifications obsolete. To use Mr. Goldring as an example, his pre-politics life was as in the manufacture and inspection of high tech fire suppression and alarm systems. After 15 years in Par-

liament his professional certifications have all lapsed and his knowledge of technological advances in his field is limited, his business and his market is gone. He would be starting almost from square one were he to return to his former field.

Certainly changes could be made to the MP pension plan and the civil service pension plan that would give it a more equitable appearance. At the present time a Member of Parliament is eligible for pension when they



**Like all Canadians, Members of Parliament are concerned about their retirement income and their pensions.**

reach age 55 and have served at least six years in Parliament. Even in a time of majority government no-one is eligible unless they have won at least two elections. Those MPs elected in 2006, 2008 and 2011 are just qualifying only if they survived the three elections.

However, perhaps the amount of time served before qualifying could be raised from six years to eight. That would ensure (given fixed election dates) that an MP would have to win two elections at a minimum (and more if there were minority governments) in order to qualify for the MP pension.

In a similar fashion, the age at which the MP can begin to draw a pension could be raised from the current 55 to 65, more in line with the Canada Pension Plan. As older workers are increasingly finding a place in the workforce perhaps this would be appropriate.


Mr. Goldring knows of no-one who retired from Parliament at 55 in order to collect an immediate pension. To continue to attract good people to Parliament it would seem necessary that the MP pension plan remain a fair one for all MPs as well as all Canadians.

Update: Retired Supreme Court Justice John Major has issued his report on MLA compensation, which recommends some salary changes and the re-introduction of an MLA pension plan. Premier Redford has said she will not accept the recommended increase to her salary.

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***This brochure series is intended to highlight special issues that Member of Parliament, Peter Goldring, has been involved in. If you wish to comment, please take a moment to fill out the survey below, write or call to the address above.***



<p style="text-align: center;"><b>Your Opinion Matters...</b></p> <p>Do you think Members of Parliament, MLAs and City Councilors should have a pension plan?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes                      <input type="checkbox"/> No         </p> <p>Do you think Members of Parliament, MLAs and City Councilors should have a severance package as civil servants do?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes                      <input type="checkbox"/> No         </p> <p>Comments: _____          _____          _____</p>	<p>Name: _____          Address: _____          City: _____          Postal Code: _____          Telephone: _____</p> <div style="text-align: right;">  </div> <div style="text-align: center; margin-top: 20px;"> <p><b>Peter Goldring</b>  <b>Member of Parliament</b>  <b>Edmonton East</b>  <b>House of Commons</b>  <b>Ottawa, ON K1A 0A6</b></p> </div>
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