



Legislative Assembly
of Prince Edward Island

Report of the Indemnities & Allowances Commission

December 2007

December 1, 2007

Hon. Kathleen Casey, MLA
Speaker of the Legislative Assembly
Province House
P.O. Box 2000
Charlottetown, P.E.I.
C1A 7N8


Dear Madam Speaker,


The Indemnities and Allowances Commission has completed its review of the remuneration and allowances paid to Members of the Legislative Assembly and others as defined in Section 46 of the Legislative Assembly Act.

The Commission is pleased to submit the 2007 report which includes the Commission's decisions for effect on April 1, 2008.

Respectfully submitted,


Barbara Stevenson, Q.C., Chair


Leonard Cusack, Commissioner



Blair Campbell, Commissioner

Table of Contents

- I. Legislation and Mandate
- II. Introduction
- III. Research
 - i Public input
 - ii Analysis of current provincial MLA salary, benefits, and allowances
 - iii Examination of previous Commission reports
 - iv Comparisons with other provincial MLA remuneration levels
 - v Review of Consumer Price Index (CPI)
- IV. Review
 - i MLA base salary
 - ii Additional salary
 - a Premier
 - b Minister
 - c Speaker
 - d Deputy Speaker
 - e Leader of the Opposition
 - f Government House Leader
 - g Opposition House Leader
 - h Government Whip & Opposition Whip
 - i Non-Ministerial Members of Executive Council Committees
 - j Leader of a Third Party
- V. Decisions
- VI. Conclusion
- VII. Appendices
 - A. *Legislative Assembly Act, Section 46*
 - B. Advertisement
 - C. Comparative MLA Salary Tables from *Report to the Members' Services Board of the Yukon Legislative Assembly Respecting MLA Salaries and Benefits*
 - D. Canada All-Items Consumer Price Index Annual Increase

I. Legislation and Mandate

The Commission's authority arises from a 1994 amendment to the *Legislative Assembly Act*, which established the independent Indemnities and Allowances Commission for the purpose of reviewing annually the salaries and benefits of MLAs and parliamentary leaders, and reporting decisions and findings to the Speaker by a legislated deadline of December first. A copy of *Legislative Assembly Act*, Section 46, is included in Appendix A.

On October 31, 2007, the Speaker of the House, the Honourable Kathleen Casey, appointed this three-member Indemnities and Allowances Commission to review the salaries and benefits of Members of the Legislative Assembly (MLAs). Appointed to the Commission are Barbara Stevenson, Q.C., Chair of the Commission, Blair Campbell and Leonard Cusack, Commissioners.

II. Introduction

In preparation for writing this report, the Commission published an advertisement in all local newspapers inviting public submissions on the issue of MLA remuneration (a copy of the advertisement is attached in Appendix B). The Commission acknowledges the input of those who made submissions and thanks them for their efforts. These include David Steeves of Charlottetown, Gary A.O. MacKay of Birch Hill, Tom and Kirsten Connor of Charlottetown, and the Association of Former Members of the Legislative Assembly of Prince Edward Island.

As noted in the report of the previous Commission, it has been determined that the MLA pension plan is in need of the Commission's attention. The Commission will address these pension matters in its 2008 report.

As recommended in the Commission's 2006 report, Members of the Prince Edward Island Legislative Assembly receive an annual, fully taxable base salary of \$62,500. This base salary replaced the combined indemnity and non-taxable expense allowance previously assigned to the position of MLA.

III. Research

In determining the salary adjustment, the Commission established the following processes and factors as most relevant:

- i Public input
- ii Analysis of current provincial MLA salary, benefits, and allowances
- iii Examination of previous Commission reports
- iv Comparisons with other provincial MLA remuneration levels
- v Review of Consumer Price Index (CPI)

i. Public input

The Commission decided, as part of the discovery process, to canvass public opinion on the subject of MLA remuneration; this would allow the Commission to hear - and account for - public opinion during its deliberations. Accordingly, the Commission placed an advertisement (see Appendix B) in all local newspapers inviting written public submissions on the subject of MLAs' salaries and allowances as a means of soliciting public opinion.

As noted, the Commission received three submissions and has summarized them as follows:

- MLA salaries be increased according to the national Consumer Price Index (CPI)
- given the recent pay adjustment and transition period of the newly elected government, remuneration and benefits should remain at current levels, and;
- restructure the remuneration review process to eliminate the annual review requirement and make the process more transparent and participatory for the public

The Commission appreciates this input and thanks those who took the time to contribute to the Commission's work.

A presentation was made to the Commission by the Association of Former Members of the Legislative Assembly of Prince Edward Island (Association) on behalf of its membership regarding issues of health and pension benefits. Representing the Association were Norman MacPhee, President; Marion Murphy, Secretary Treasurer; and Pat Mella, spokesperson.

The Association recommended two items for the Commission's consideration:

- that the Province of Prince Edward Island (PEI) adopt some type of co-pay provision of health care premiums for former members, and;
- that the MLA pension plan indexing formula of "CPI minus 2% to a maximum of 8%" be changed to eliminate the "minus 2%" provision, subject to a maximum percentage.

The Commission investigated the option of the Province of PEI adopting some type of co-pay provision of health care premiums for former members. The Commission considered potential financial and administrative consequences of establishing a co-pay provision, and determined such a change will not be made.

As noted in the previous Commission report, and based on information arising from this presentation, the Commission has determined that the MLA pension plan warrants further investigation. The Commission acknowledges the existence of issues regarding the pension plan and will undertake a detailed review of the MLA pension plan in 2008.

ii. Analysis of current provincial MLA salary, benefits, and allowances

The base salary for MLAs is currently set at a fully taxable amount of \$62,500. Additional salaries and allowances are provided for positions such as minister, leaders, presiding officers, and others, and will be detailed later in this report.

Full benefits, including health, dental, pension, group insurance, and life insurance, are provided for MLAs based on the same terms and conditions applied to the Excluded Group of Employees in the Provincial Civil Service. In addition, MLAs receive professional support in the form of staff, communication services, travel allowances, office facilities, and computer hardware to assist in the performance of their duties.

iii. Examination of previous Commission reports

Previous Commission reports dating back to 1994 (the first year the Indemnities and Allowances Commission was legislated into existence) were reviewed by the Commission to ensure continuation of any precedents previously set, and to carry forward any previously-noted issues requiring the Commission's attention.

iv. Comparisons with other provincial MLA remuneration levels

The Commission was fortunate to have at its disposal the *Report to the Members' Services Board of the Yukon Legislative Assembly Respecting MLA Salaries and Benefits*, published in October 2007, by Patrick L. Michael of the MLA Salaries and Benefits Commission. In reviewing the salaries and benefits provided to Yukon MLAs, Mr. Michael conducted a comprehensive survey of remuneration paid to MLAs across the country, compiling the data into comparative tables appended to his report. Given the timeliness of the publication and the succinct presentation of the comparative data, the Commission accepted these findings and included the tables in Appendix C.

In analyzing the data in Appendix C, the Commission notes that Prince Edward Island MLAs are the lowest paid in the country.

v. Review of Consumer Price Index (CPI)

The Commission investigated the application of CPI as a tool for determining salary adjustment.

Supporting documents referred to by the Commission include *Your Guide to the Consumer Price Index*, *The Consumer Price Index*, and *Consumer Price Index: A Preview of the Upcoming Basket Update*, all publications of Statistics Canada from 2007. The Canada All Items Consumer Price Index Annual Increase is included in Appendix D.

IV. Review

Following is an outline of current remuneration for MLAs, effective May 28, 2007.

Position	Salary	Additional Salary	Total
MLA	\$62,500	n/a	\$62,500
Premier	\$62,500	\$68,000	\$130,500
Minister	\$62,500	\$43,700	\$106,200
Speaker	\$62,500	\$36,800	\$99,300
Deputy Speaker	\$62,500	\$18,400	\$80,900
Leader of the Opposition	\$62,500	\$43,700	\$106,200
Government House Leader	\$62,500	\$11,800*	\$74,300
Opposition House Leader	\$62,500	\$4,150*	\$66,650
Government Whip & Opposition Whip	\$62,500	\$3,500*	\$66,000
Non-Ministerial Member of Executive Council Committees	\$62,500	\$5,735*	\$68,235
Leader of a Third Party	\$62,500	\$16,034	\$78,534

**provided the Member is not receiving an additional salary as Premier or as a member of Executive Council, or any other position identified in section 45(5) of the Legislative Assembly Act.*

V. Decisions

1. The Commission has concluded, based on research presented in this report, that a salary increase of 2% shall apply (as follows), effective April 1, 2008:

Position	Salary	Additional Salary	Total
MLA	\$63,750	n/a	\$63,750
Premier	\$63,750	\$69,360	\$133,110
Minister	\$63,750	\$44,574	\$108,324
Speaker	\$63,750	\$37,536	\$101,286
Deputy Speaker	\$63,750	\$18,768	\$82,518
Leader of the Opposition	\$63,750	\$44,574	\$108,324
Government House Leader	\$63,750	\$12,036*	\$75,786
Opposition House Leader	\$63,750	\$4,233*	\$67,983
Government Whip & Opposition Whip	\$63,750	\$3,570*	\$67,320
Non-Ministerial Member of Executive Council Committees	\$63,750	\$5,850*	\$69,600
Leader of a Third Party	\$63,750	\$16,355	\$80,105

**provided the Member is not receiving an additional salary as Premier or as a member of Executive Council, or any other position identified in section 45(5) of the Legislative Assembly Act.*

2. The Commission will undertake a review of the *Pension Plan for Members of the Legislature of Prince Edward Island*, and submit a report in 2008.

VI. Conclusion

The Commission appreciates and acknowledges the research provided in support of its deliberations and recognizes, in particular, the contributions of Michael L. O'Brien, FCA, former Commission Chair; Nigel Burns, Senior Analyst, Federal Fiscal Relations, Provincial Treasury, and; Terry Hogan, Director, Pension and Benefits, Provincial Treasury.

In conclusion, the members of the Commission respectfully acknowledge Honourable Speaker Kathleen Casey for the trust she has placed in appointing us to serve on this important Commission. Further, the Commission thanks the Office of the Legislative Assembly for the support provided in the preparation of this Report.

VII. Appendices

- A. *Legislative Assembly Act, Section 46*
- B. *Advertisement*
- C. *Comparative MLA Salary Tables from Report to the Members' Services Board of the Yukon Legislative Assembly Respecting MLA Salaries and Benefits*
- D. *Canada All-Items Consumer Price Index Annual Increase*

Appendix A

Section 46 of the
Legislative Assembly Act of Prince Edward Island

Prince Edward Island, Legislative Counsel Office.
Legislative Assembly Act, Section 46, R.S.P.E.I. 1988, Cap. L-7.

46. (1) The Speaker, after consultation with such persons as the Speaker considers appropriate, shall appoint an independent commission to be known as the Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the members of the Legislative Assembly, Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Leader of a Third Party, Government Whip and Opposition Whip.
- (2) The Commission shall be comprised of three independent, neutral and knowledgeable persons from private life.
- (3) The persons appointed pursuant to subsection (1) shall serve until appointment the dissolution of the Assembly during which they are appointed, or for a maximum of five years, and are eligible for reappointment.
- (4) On the resignation, inability to act or death of a commissioner, the Speaker shall appoint a replacement.
- (5) The persons appointed pursuant to subsection (1) have all the powers and privileges and immunities of a commissioner pursuant to the Public Inquiries Act R.S.P.E.I. 1988, Cap. P-31.
- (6) The Commission, annually and at such other times as the Speaker may request, shall carry out a review of remuneration and allowances paid to the persons referred to in subsection (1), and shall on or before the first day of December of each year deliver a report to the Speaker which shall be final and binding.
- (7) The Speaker shall, within five sitting days of the commencement of the Legislative Assembly next following the receipt of the report, cause a copy thereof to be laid before the Legislative Assembly.
- (8) The report shall, from such date as may be specified therein, have effect for the purposes of determining the remuneration and allowances of the persons referred to in subsection (1) as if the provisions contained in it had been enacted by the Legislative Assembly.
- (9) For the purposes of this section, remuneration and benefits include salaries, indemnities, allowances and pension benefits. 1994,c.34,s.5; 1997,c.28,s.3.

Appendix B

Advertisement



**INDEMNITIES AND ALLOWANCES COMMISSION
LEGISLATIVE ASSEMBLY OF PRINCE EDWARD ISLAND**

invites

WRITTEN SUBMISSIONS

Pursuant to section 46 of the *Legislative Assembly Act (R.S.P.E.I. 1988, Cap. L-7)*, the Indemnities and Allowances Commission is established and charged with the responsibility of reviewing and determining the remuneration and benefits to be paid to Members of the Legislative Assembly, Ministers, Speaker, Leader of the Official Opposition, and others. The Act requires that the Commission conduct an annual review and present a final and binding report to the Speaker of the Legislative Assembly.

The Commission will be meeting to consider these matters and invites those interested to submit their views in writing.

Written submissions should be forwarded no later than **Tuesday, November 27, 2007**.

Indemnities and Allowances Commission
c/o Office of the Clerk
Province House
P.O. Box 2000
Charlottetown, PEI
C1A 7N8

(fax) (902) 368-5175
(tel) (902) 368-5970
assembly@gov.pe.ca

Appendix C

Comparative MLA Salary Tables from *Report to the Members' Services Board of the Yukon Legislative Assembly Respecting MLA Salaries and Benefits*

Table 1. *Indemnities and Expense Allowances of Members of Canadian Legislative Assemblies*

Table 2. *Salaries of Ministers, Leaders, and Presiding Officers in Canadian Legislative Assemblies*

Table 3. *Percentage Differences from Average in Salaries of Ministers, Leaders, and Presiding Officers*

Indemnities and Expense Allowances of Members of Canadian Legislative Assemblies

Jurisdiction	Indemnity	Expense Allowance	Total indemnity and expense allowance	"Grossed up" expense allowance	Total indemnity and "grossed up" expense allowance
British Columbia	98,000.00	0.00	98,000.00	0.00	98,000.00
Alberta	49,836.00	24,918.00	74,754.00	37,277.32	87,113.32
Saskatchewan	80,500.00	0.00	80,500.00	0.00	80,500.00
Manitoba	74,982.00	0.00	74,982.00	0.00	74,982.00
Ontario	113,100.00	0.00	113,100.00	0.00	113,100.00
Québec	82,073.00	14,467.00	96,540.00	26,649.00	108,722.00
New Brunswick	45,347.29	22,673.64	68,020.93	36,678.31	82,025.60
Nova Scotia	81,805.50	0.00	81,805.50	0.00	81,805.50
Prince Edward Island	62,500.00	0.00	62,500.00	0.00	62,500.00
Newfoundland & Labrador	92,580.00	0.00	92,580.00	0.00	92,580.00
Northwest Territories	90,199.00	9,750.00	99,949.00	15,777.64	105,976.64
Nunavut	68,543.00	0.00	68,543.00	0.00	68,543.00
Yukon (current)	38,985.00	18,405.50	57,390.50	26,939.67	65,924.67
AVERAGE (overall)	75,265.45	18,405.50	82,204.99	26,939.67	86,290.21

AVERAGE OF INDEMNITIES FOR JURISDICTIONS WITHOUT EXPENSE ALLOWANCES IS \$84,001.25

AVERAGES FOR JURISDICTIONS WITH EXPENSE ALLOWANCES

Jurisdiction	Indemnity	Expense Allowance	Total indemnity and expense allowance	"Grossed up" expense allowance	Total indemnity and "grossed up" expense allowance
Alberta	49,836.00	24,918.00	74,754.00	37,277.32	87,113.32
Québec	82,073.00	14,467.00	96,540.00	26,649.00	108,722.00
New Brunswick	45,347.29	22,673.64	68,020.93	36,678.31	82,025.60
Northwest Territories	90,199.00	9,750.00	99,949.00	15,777.64	105,976.64
Yukon	38,985.00	18,405.50	57,390.50	26,939.67	65,924.67
AVERAGE	61,288.06	18,042.83	79,330.89	28,664.39	89,952.45

**Salaries of Ministers, Leaders and Presiding Officers
in Canadian Legislative Assemblies**

Jurisdiction	Minister	Premier	Leader of Official Opposition	Leader of Third Party	Speaker	Deputy Speaker
British Columbia	49,000.00	88,200.00	49,000.00	24,500.00	49,000.00	34,300.00
Alberta	61,140.00	77,784.00	61,140.00	27,156.00	61,140.00	30,558.00
Saskatchewan	41,804.00	59,718.00	41,804.00	20,902.00	41,804.00	12,218.00
Manitoba	30,957.00	49,527.00	30,957.00	24,765.00	30,957.00	8,670.00
Ontario	47,841.30	89,688.30	62,431.20	40,376.70	35,287.20	16,738.80
Québec	61,555.00	86,177.00	61,555.00	28,726.00	61,555.00	28,726.00
New Brunswick	40,490.86	60,735.03	40,490.86	12,000.00	30,369.41	9,414.51
Nova Scotia	44,963.06	83,682.40	44,963.06	22,481.53	44,963.06	22,481.53
Prince Edward Island	43,700.00	68,000.00	43,700.00	16,034.00	36,800.00	18,400.00
Newfoundland & Labrador	52,497.00	72,409.00	52,497.00	18,367.00	52,497.00	26,246.00
Northwest Territories	48,275.00	68,602.00	0.00	0.00	39,260.00	6,352.00
Nunavut	59,005.00	70,097.00	0.00	0.00	59,005.00	6,877.00
Yukon	21,147.00	28,971.00	21,147.00	4,229.00	7,049.00	5,287.00
AVERAGE	46,336.56	69,506.98	46,335.01	21,776.11	42,283.59	17,405.30

**Salaries of Ministers, Leaders and Presiding Officers
in Territorial Legislative Assemblies**

Jurisdiction	Minister	Premier	Leader of Official Opposition	Leader of Third Party	Speaker	Deputy Speaker
Northwest Territories	48,275.00	68,602.00	0.00	0.00	39,260.00	6,352.00
Nunavut	59,005.00	70,097.00	0.00	0.00	59,005.00	6,877.00
Yukon	21,147.00	28,971.00	21,147.00	4,229.00	7,049.00	5,287.00
AVERAGE	42,809.00	55,890.00			35,104.67	6,172.00

Appendix D

Canada All Items Consumer Price Index Annual Increase

All Items Consumer Price Index

		CANADA
2005	November	107.7
	December	107.6
2006	January	108.2
	February	108.0
	March	108.6
	April	109.2
	May	109.7
	June	109.5
	July	109.6
	August	109.8
	September	109.2
	October	109.0
	November	109.2
	December	109.4
2007	January	109.4
	February	110.2
	March	111.1
	April	111.6
	May	112.1
	June	111.9
	July	112.0
	August	111.7
	September	111.9
	October	111.6
Nov-Oct Avg	05-06	108.8
	06-07	111.0
	Annual Increase	2.0%

Source:

Statistics Canada. *The Consumer Price Index*. Statistics Canada Catalogue no. 62-001-XIE, vol.86, no. 10.
Table 4, Page 24. Monthly.

<http://www.statcan.ca/bsolc/english/bsolc?catno=62-001-XIE#olcinfopanel>

Calculations by PEI Treasury.