



Indemnities & Allowances Commission

2024 Report

Legislative Assembly of Prince Edward Island

Ron Profit, K.C., Chair
Dennis Carver, C.P.A., C.A., Commissioner
Karen Fraser, C.P.H.R., Commissioner

August 6, 2024

Hon. Darlene Compton, MLA
Speaker of the Legislative Assembly
197 Richmond Street
PO Box 2000
Charlottetown, PE C1A7N8

Dear Madam Speaker,

Section 53(10) of the *Legislative Assembly Act* authorizes the Indemnities and Allowances Commission to review and report on the remuneration for legislative positions under its responsibility at any time it considers necessary following its initial reporting requirement under *Section 53(6)*. The Commission fulfilled its initial reporting requirement under *Section 53(6)* in August 2023.

Pursuant to the *Act*, the Commission is pleased to present this further report.

Respectfully submitted,



Ron Profit, K.C., Chair



Dennis Carver, C.P.A., C.A., Commissioner



Karen Fraser, C.P.H.R., Commissioner

Commissioners

Appointments to the Commission are made by the Speaker of the Legislative Assembly within 60 days of a provincial general election and commissioners serve until the Assembly is dissolved for the next general election.

In 2023, Hon. Darlene Compton, Speaker of the Legislative Assembly, appointed the following individuals as Commissioners for the 67th General Assembly:

Ron Profit, K.C., was first appointed to the Commission in 2012, and brings his legal experience as a partner in the law firm of Cox & Palmer to the Commission's deliberations.

Dennis Carver, C.P.A., C.A., was first appointed to the Commission in 2019, and adds a wealth of knowledge as a partner and leader in auditing, accounting, and business advisory services at Grant Thornton, LLP.

Karen Fraser, C.P.H.R., was first appointed to the Commission 2021, and provides expertise on workplace benefits and employee-employer relations via her extensive public sector human resource management experience.

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Introduction

The Indemnities and Allowances Commission was established in legislation as an independent body in 1994 to set remuneration for the role of Member of the Legislative Assembly (MLA). This authority arises from *Section 53* of the *Legislative Assembly Act RSPEI 1988, Cap. L-7.1*. The Commission is tasked with reviewing and reporting on MLA remuneration to the Speaker of the Legislative Assembly. The Commission's decisions are binding.

Commissions work to reduce barriers to elected office by ensuring fair remuneration for the duties of representation and advocacy undertaken by individuals elected to the Legislative Assembly. The Commission supports the democratic value of the role of MLA to Island society by ensuring remuneration is neither an inducement nor a deterrent to seeking elected office.

The Commission utilizes economic and regional information and considers the responsibilities required for constituency and legislative representation within a parliamentary democracy.

As Commissioners Nicholson, Stewart, Monkley, and O'Brien stated in their 1980 *Report of the Commission Established to Examine and Recommend on Remuneration for Members of the Legislative Assembly* (this commission predated the establishment of the Indemnities and Allowances Commission):

The remuneration to Members must in some way compensate those who are willing to assume the burden of elective office...Fair and reasonable annual salaries must be paid to Members so that they will be free to devote the necessary time and attention to their work...We must see to it that no one is dissuaded from seeking public office because of financial risk or certain financial reversal. (pg.31)

Definitions

The remuneration under the Commission's authority is listed in the *Legislative Assembly Act* and is further defined by the Indemnities and Allowances Commission as follows:

- *indemnity*: the base salary paid to all MLAs to carry out the responsibilities of public office
- *salary*: payments added to the indemnity for positions of additional responsibility in executive or legislative roles
- *allowances*: monies available on a claim basis for expenses incurred while carrying out the duties of an MLA (mileage, home internet service, meal allowance, etc.)
- *benefits*: employer-sponsored health care insurance, life insurance, and a transition allowance
- *pension*: pension benefits for MLAs

Consumer Price Index (CPI) & Employment Income Data

In addition to reviewing the duties and expectations associated with any form of employment, determining adequate remuneration necessitates examining its economic context. Elected officials wield significant decision-making power as representatives of their constituents and as contributors to decisions on the use of public funds, making it imperative that fair remuneration is provided to attract candidates to public office.

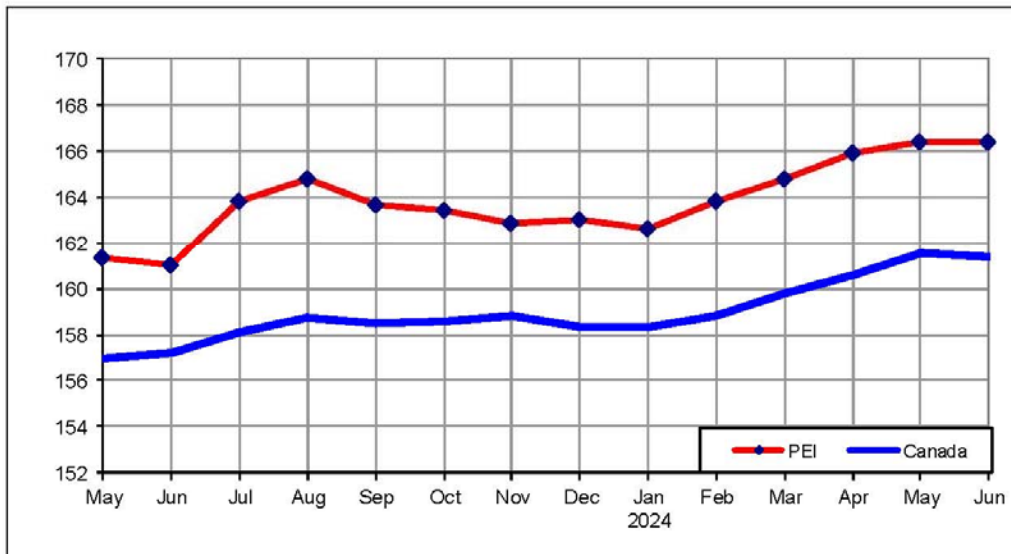
The role of MLA is inherently complex and occasionally contradictory, requiring individuals to advocate for their local constituencies while also considering financial and legislative issues affecting the entire province. Service in the legislature also means an interruption in an individual's career path and private life.

Consumer Price Index (CPI) Data

Financial support for the role of an MLA should maintain economic security for those currently in office and for future candidates. CPI is a reliable indicator of the average cost of living over time based on an established collection of items, providing a universal, quantitative economic metric to compare current remuneration with inflation.

The year-over-year All Items Consumer Price Index for June 2024 for PEI is 3.4%. The information on the following page is excerpted from the June 2024 Consumer Price Index Monthly Summary produced by Economics, Statistics and Federal Fiscal Relations division in PEI's Department of Finance:

PEI / CANADA CONSUMER PRICE INDEX, JUNE 2024



All-Items Consumer Price Index by Province, Year-Over-Year Change, June 2024

PE	CA	AB	BC	MB	NB	NL	NS	ON	QC	SK
166.4	161.4	169.4	155.5	160.7	162.0	162.5	165.0	163.1	157.5	162.8
3.4%	2.7%	3.0%	2.6%	1.4%	2.8%	2.3%	3.5%	3.0%	2.2%	1.4%

Statistics Canada reported that the year-over-year change in the *All-Items Consumer Price Index* (CPI) for P.E.I. was 3.4 percent in June 2024, up from 3.2 percent in May. This was the second highest year-over-year increase among provinces, behind only Nova Scotia at 3.5 percent. Year-over-year prices rose at a faster pace in June than in May in only PEI and Manitoba. The All-items index for P.E.I. as compared to May 2024 was unchanged. This compares to 2.7 percent year-over-year and -0.1 percent monthly changes for Canada.

Leading contributors to year-over-year price increases for P.E.I. were food purchased from restaurants (+7.1%), followed by mortgage interest cost, rent (+6.1%), gasoline (+5.3%), and fuel oil and other fuels (+23.8%). These increases were partially offset by year-over-year declines for telephone services (-6.9%), traveler accommodation (-3.9%), home entertainment equipment, parts and services (-11.3%), homeowners' maintenance and repairs (-3.6%), and child care and housekeeping services (-12.2%).

Source: Statistics Canada. Table 18-10-0004-01, Consumer Price Index, monthly, not seasonally adjusted. Courtesy of Colin Mosley, Economist, Statistics; Economics, Statistics and Federal Fiscal Relations, Department of Finance

As the data above indicates the all-items basket of goods which cost \$100 in 2002 currently costs an average of \$161 nationally and \$166 in PEI. At \$166 as of June 2024, PEI has the second highest cost of living in Canada while its MLAs are the lowest paid in the country.

To balance the volatility of annual CPI changes, the Commission reviews cost of living over a ten-year span for a long-term view of inflation, factoring in cumulative changes to both CPI and MLA indemnity adjustments, as follows:

All-items Consumer Price Index, year-over-year (June) for PEI, and PEI MLA indemnity adjustments (%) with resulting dollar remuneration, for 2015-2024

Year	June PEI CPI All-items Index [CPI 2002=100]	June PEI CPI Year-Over-Year % Change [CPI 2002=100]	% adjustment to MLA indemnity & salaries	Total indemnity as at April 1 (rounded to nearest dollar)
2015	130.4	-0.1%	1.2%	\$68,721
2016	131.8	1.1%	2%	\$70,095
2017	133.4	1.2%	2%	\$71,497
2018	137.3	2.9%	1.5%	\$72,569
2019	138.0	0.5%	1.0%	\$73,295
2020	137.5	-0.4%	1.5%	\$74,394
2021	144.8	5.3%	0%	\$74,394
2022	160.6	10.9%	2.75% (Jan 1)	\$76,440
2023	161.0	0.2%	2.75% (Jan 1)	\$78,542
			2.0% (Sept 1)	\$80,113
2024	166.4	3.4%	2.5%	\$82,116
Total cumulative change	27.6%			19.5%

Sources: Statistics Canada. Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted, and reports of the Indemnities and Allowances Commission, 2014-2023

As illustrated in the chart above, over the previous decade CPI has cumulatively increased 27.6% year-over-year while the MLA indemnity has cumulatively increased 19.5%, a loss of 8.1%. Had the indemnity kept pace with inflation over the past decade, the indemnity today would be \$87,688, compared to the current \$82,112, which is a difference of \$5,572.

In just the past four years (June 2020-June 2024), inflation has cumulatively increased 21% while MLAs received a cumulative adjustment of 10.4%. In inflationary terms, the MLA indemnity is 10.6% less than it was in 2020.

Employment Income Data

The Commission reviewed national and regional income data to provide context for remuneration in the current economy.

The Commission notes the PEI average incomes for individuals and for families compare favourably with the rest of the Atlantic Canada provinces, but median incomes for individuals are higher in PEI.

Income of individuals (15 years and over), Canada and Atlantic Canada provinces, 2022

	Average income	PEI as a Percent of Average	Median income	PEI as a Percent of Median
Prince Edward Island	48,400		40,900	
Canada	57,100	85	43,100	95
Newfoundland	51,100	95	39,100	105
New Brunswick	48,200	100	40,100	102
Nova Scotia	48,800	99	38,700	106
Atlantic Canada average (exc. PEI)	49,367	98	39,300	104

Source: Statistics Canada. Table 11-10-0239-01 Income of individuals by age group, sex and income source, Canada, provinces and selected census metropolitan areas

Income of economic families*, Canada and Atlantic Canada provinces, 2022

	Average total income	PEI as a Percent of Average	Median total income	PEI as a Percent of Median
Prince Edward Island	114,700		100,800	
Canada	140,700	82	115,600	87
Newfoundland	120,100	96	101,700	99
New Brunswick	110,400	104	95,000	106
Nova Scotia	114,900	97	97,900	103
Atlantic Canada average (exc. PEI)	115,133	100	98,200	103

*An economic family refers to a group of two or more persons who live in the same dwelling and are related to each other by a blood, marriage, common-law, adoption or foster relationship.

Source: Statistics Canada. Table 11-10-0190-01 Market income, government transfers, total income, income tax and after-tax income by economic family type

Public Consultation

As part of its review of remuneration for the role of MLA the Commission invests in public notices inviting written submissions on the topic of MLA remuneration. Ads are purchased in Island newspapers, as well as on Facebook and Instagram, the approved social media platforms for the Legislative Assembly. A notice is posted on the home page of the Legislative Assembly's website with links to details on how to provide feedback to the Commission. A notice is also posted on the Commission's web page.

In 2024, ads were published on the dates noted in the following Island newspapers:

Wednesday, June 26, 2024

- Eastern Graphic
- Journal-Pioneer
- La Voix Acadienne
- West Prince Graphic

Saturday, June 29, 2024

- The Guardian

The Island-wide social media advertising campaign ran from June 27, 2024, to July 12, 2024, inclusive. The ad appeared 57,229 times and received 18,249 unique views. The ad was clicked by someone interested in learning more 1,197 times. Of those who clicked on the ad, 81% were 45 years of age and older.

Four submissions were received:

- one related to formatting and content of the Commission's report;
- two expressed negative opinions of remuneration for the role of MLA, at current or adjusted levels; and
- one supported the Commission's independent process and remuneration adjustments in line with the public sector.

The Commission appreciates and considers all feedback.

Indemnity

The role of MLA is a uniquely essential part of elected government in our democratic society. Along with constituency work, every MLA participates in deliberations on legislation and public expenditures, representing the interests of their own constituents in the provincial parliament while also representing the interests of all PEI residents in collective debate in the Legislative Assembly.

In a democratic process where majority rules, both in the election of representatives and in the function of the parliament, there is an element of precariousness to the role of MLA. Every MLA is voted into office, the duration of which isn't guaranteed due to the nature of a democratic process which allows for snap elections and votes of non-confidence which are beyond the MLA's control. An MLA can also be removed from office by their constituents' votes at the next election.

With these responsibilities in mind, the Commission conducted a survey of indemnities in other Canadian jurisdictions.

In all Canadian jurisdictions, an indemnity is the universal wage received by all MLAs upon being elected. For MLAs who then take on roles of additional responsibility, a salary in addition to the universal indemnity is received. In PEI's legislature, the salary positions are:

- Speaker
- Deputy Speaker
- Premier
- Minister
- Leader of the Opposition
- Leader of the Third Party
- House Leaders, and
- Whips.

Indemnities in Canadian Jurisdictions

The current indemnity provided to PEI MLAs (rounded to the nearest dollar) is \$82,116.

The Commission reviewed the indemnities paid to other provincial and territorial legislative representatives, listed in the following table:

Jurisdiction	Indemnity (rounded to the nearest dollar)
Prince Edward Island	\$82,116
Alberta	\$120,936
British Columbia	\$119,533
Manitoba	\$106,603
New Brunswick	\$93,126*
Newfoundland	\$95,357
Northwest Territories [☉]	\$117,668
Nova Scotia	\$89,235
Nunavut** [☉]	\$112,942
Ontario	\$116,550
Quebec**	\$131,766
Saskatchewan	\$109,576
Yukon**	\$93,067
National average (excl. PEI)	\$108,863

* Approved for November 1, 2024. **These jurisdictions provide their elected members an additional taxable allowance (not included in the indemnity amount in this table.) [☉]These jurisdictions provide their elected members an additional non-taxable allowance (not included in the indemnity amount in this table). Amounts are rounded to the nearest whole dollar.

As illustrated by the chart above, PEI’s indemnity is 75% of the national average.

To gain perspective with comparable regional resources, cultures, and populations, the Commission compared indemnities within Atlantic Canada provinces. The following chart shows the PEI indemnity is 89% of the Atlantic Canada average.

	PEI	NL	NS	NB	Atlantic Canada Average (excl. PEI)
Indemnity (\$):	\$82,116	\$95,357	\$89,235	\$93,126 (Nov. 1, 2024)	\$92,573
PEI indemnity as a % of :		86%	92%	88%	89%
\$ difference:		-\$13,241	-\$7,119	-\$11,010	-\$10,457

Whether the national or regional scale is used, and despite performing the same constituency and legislative duties as every other provincial and territorial parliamentary representative, PEI MLAs continue to be the lowest paid legislators in Canada.

DECISION 1

The indemnity received by all MLAs is the foundational remuneration for parliamentary representatives in the province and applies equally to all MLAs.

Upon analyzing the Consumer Price Index, indemnities in other jurisdictions, historical data, and written submissions from the public, the Commission adjusts the indemnity for the role of MLA by 1.5% effective January 1, 2025, and by 1.5% effective July 1, 2025.

Salary

Parliamentary roles with additional responsibility are provided a salary which is added to the indemnity. The following chart summarizes the current indemnity and salary provided for specific roles in the Legislative Assembly of Prince Edward Island, rounded to the nearest dollar:

Position	Indemnity	Salary	Total
Premier	\$82,116	\$85,302	\$167,418
Speaker, Minister, Leader of the Opposition	\$82,116	\$54,885	\$137,001
Deputy Speaker, Leader of a Third Party	\$82,116	\$27,442	\$109,558
House Leaders	\$82,116	\$14,800	\$96,916
Whips	\$82,116	\$14,060	\$96,176

If an MLA holds more than one parliamentary position at the same time, only the salary for the position with greater responsibility is paid. For example, if a Minister is also filling the role of Government House Leader, they receive only a Minister’s salary and not the House Leader’s salary.

The Commission compared PEI’s total remuneration provided for positions of additional responsibility with the Atlantic Canadian average for each position, as illustrated in the chart below.

Position	PEI total remuneration	Atlantic Canada average remuneration [^] (excl. PEI)	PEI as a percentage of the Atlantic Canada average	\$ difference between PEI and the Atlantic Canadian average
Premier	\$167,418	\$179,186	93%	-\$11,768
Speaker/Minister	\$137,001	\$145,817	94%	-\$8,816
Deputy Speaker	\$109,558	\$115,139	95%	-\$5,581
Leader of the Opposition	\$137,001	\$146,872	93%	-\$9,871
Leader of the Third Party	\$109,558	\$124,378	88%	-\$14,820
Government House Leader	\$96,916	\$106,412	91%	-\$9,496
Opposition House Leader	\$96,916	\$111,937	87%	-\$15,021
Third Party House Leader	\$96,916	\$105,298	92%	-\$8,382
Government Whip	\$96,176	\$104,661	92%	-\$8,485
Opposition Whip	\$96,176	\$102,076	94%	-\$5,894
Third Party Whip	\$96,176	<i>Not all provinces in Atlantic Canada currently have this role.</i>		
^New Brunswick indemnity and salaries included in Atlantic Canada averages are adjusted amounts that will come into effect on November 1, 2024 (refer to page 10 for amounts).				

As the data illustrates, remuneration provided in PEI for all positions of additional responsibility is lower than the Atlantic Canadian average – from \$5,581 to \$15,021 lower.

DECISION 2

Upon analyzing the Consumer Price Index, indemnities in other jurisdictions, historical data, written submissions from the public, and salaries for the roles of additional responsibility in other Atlantic Canada provinces, the Commission adjusts the salaries for the roles of additional responsibility by 1.5% effective January 1, 2025, and by 1.5% effective July 1, 2025.

Expenses Reimbursed by Caucus Offices

The Caucus Offices provide financial supports to MLAs as they engage in service to their constituents and in the business of the legislature. The Commission reviewed the history of Caucus Office allowances provided to MLAs for district and legislative expenses in its 2022 report.

The Commission provides the following update to the Caucus Office supports policy.

DECISION 3

Decision 4 in the *Indemnities and Allowances Commission 2022 Report* includes expenses directly reimbursed to an MLA and expenses paid directly by an MLAs' Caucus Office on the MLA's behalf, in accordance with the *Guidelines for the Operation and Expenditures in Caucus Offices*.

DECISION 4

Within each provincial fiscal year, a private MLA is eligible for a maximum of \$4,000 directly reimbursed, or paid directly by their caucus office on the MLA's behalf, for out-of-province travel in accordance with the *Guidelines for the Operation and Expenditures in Caucus Offices*. A private MLA is an MLA who is not a member of Executive Council.

Conclusion

Any dispute, difference, or question arising with respect to any remuneration described in this report shall be directed to the Commission for determination. Such determinations are final and binding.