



Legislative Assembly  
of Prince Edward Island

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2012 Report of the Indemnities & Allowances Commission

February 15, 2013

Hon. Carolyn Bertram, MLA  
Speaker of the Legislative Assembly  
Province House  
PO Box 2000  
Charlottetown PE C1A 7N8

Dear Madam Speaker,

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

The Commission is pleased to submit its 2012 report, which includes the Commission's decisions effective April 1, 2013.

Respectfully submitted,

  
Barbara Stevenson, Q.C., Chair

  
Ron Profit, Q.C., Commissioner

  
Stan MacPherson, F.C.A., Commissioner

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## ***I. Legislation, Mandate, and Commissioners***

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The Commission's authority arises from a 1994 amendment to the *Legislative Assembly Act*, which established the independent Indemnities and Allowances Commission. Its purpose is to review annually the remuneration and benefits of MLAs and parliamentary leaders, and to report its decisions and findings to the Speaker by a legislated deadline of December 1.

A copy of *Legislative Assembly Act*, Section 46, is included in Appendix A.

On November 22, 2011, the Speaker of the House, the Honourable Carolyn Bertram, appointed Barbara Stevenson, Q.C., Chair, and Stan MacPherson, FCA, and Blake Doyle as Commissioners to the three-member Indemnities and Allowances Commission.

On December 3, 2012, Blake Doyle resigned from the Commission and, effective December 12, 2012, Ronald Profit, Q.C., was appointed as a Commissioner.

## ***II. Review of Activity***

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The Indemnities and Allowances Commission submitted a report to the Speaker in 2009 that did not increase the base or additional salaries for MLAs. The Commission's decision was effective for the fiscal year beginning April 1, 2010.

On May 19, 2010, *Bill No. 34, An Act to Amend the Legislative Assembly Act*, received Royal Assent and became law. The final text of the amendment (Chapter 39 in the 2010 annual volume of the *Acts of Prince Edward Island*) is as follows:

**1. Section 46 of the *Legislative Assembly Act R.S.P.E.I. 1988, Cap. L-7* is amended by the addition of the following after subsection (9):**

- (10) Notwithstanding anything contained in this section,
- (a) there shall be no increase in the remuneration and benefits paid to any person referred to in subsection (1) in accordance with this section until April 1, 2012; and
  - (b) no increase in the remuneration or benefits paid pursuant to this section shall occur for the year 2012, except in accordance with clause (a) and as recommended in the report referred to in subsection (6).

As a result of the above legislation, MLA salaries remained at the levels established on April 1, 2009. The Commission did not have the authority to effect any change to MLA remunerations and benefits before April 1, 2012.

The Commission met in 2011 to research the issue of MLA remuneration and benefits and submitted a report to the Speaker. The Commission concluded, based on the Consumer Price Index, collective bargaining agreements, and a comparison of inter-jurisdictional remuneration, that there would be a 2% increase in salaries for the fiscal year beginning April 1, 2012 (rounded to the nearest \$100).

On May 30, 2012, *Bill No. 3, An Act to Amend the Legislative Assembly Act*, received Royal Assent and became law. The final text of the amendment (Chapter 23 in the 2012 annual volume of the *Acts of Prince Edward Island*) is as follows:

**1. Subsection 46(10) of the *Legislative Assembly Act R.S.P.E.I. 1988, Cap. L-7* is repealed and the following substituted:**

- (10) Notwithstanding anything contained in this section, there shall be no increase in the remuneration and benefits paid to the Premier or nonministerial members of the executive council committees or to any person referred to in subsection (1) in accordance with this section until January 1, 2013.

Therefore, as of January 1, 2013, and in accordance with the *2011 Report of the Indemnities and Allowances Commission*, MLA salaries are as set out in Section IV (page 8) of this report.

### **III. Research**

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

- i Analysis of current provincial and territorial MLA remuneration and benefits
- ii Examination of MLA remuneration, 1994-2012
- iii Review of previous Commission reports
- iv Comparisons with other provincial and territorial MLA remuneration levels
- v Review of Consumer Price Index (CPI)
- vi Trends in negotiated salary increases
- vii Other materials reviewed

#### **i. Analysis of current provincial MLA remuneration and benefits**

As of January 1, 2013, and in accordance with the 2011 Report of the Indemnities and Allowances Commission, the base salary for an MLA is \$66,700. Additional salaries and allowances are provided for the Premier, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, Opposition Whip, Non-Ministerial Member of Executive Council Committees, and Leader of a Third Party (page 8 for current remuneration information).

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, with the exception of long term disability benefits. 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.

The Commission notes that its 2009 report did not grant a salary increase for 2010, and *Bill No. 34, An Act to Amend the Legislative Assembly Act*, passed by the Legislative Assembly in May 2010, continued salaries for 2011 at the 2009 level.

The 2011 report of the Commission granted an increase; however, *Bill No. 3, An Act to Amend the Legislative Assembly Act*, passed by the Legislative Assembly in May 2012, held MLA salaries at the 2009 level until January 1, 2013.

## **ii. Examination of MLA Remuneration, 1994-2012**

MLA remuneration was charted for the base salary and the additional salaries for positions of increased responsibility. The chart provided a view of MLA compensation over the lifetime of the Commission, which was founded by legislation in 1994.

## **iii. Review of previous Commission reports**

Previous Commission reports were reviewed 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 received an inter-jurisdictional survey of MLA indemnities and allowances compiled in 2012 by the MLA Compensation Review Commission in Alberta. The survey provides an overview of remuneration paid to MLAs across the country, compiling the data into a comparative table that includes information on the types and amounts of allowances paid to MLAs in each province. The Commission considered these findings and has included, in Appendix B, a summarized table of the base salaries received by MLAs in all Canadian jurisdictions.

Limiting the base salary comparison of Prince Edward Island MLAs to those of MLAs and MHAs in the other Atlantic Provinces illustrates that PEI MLAs receive the lowest base salary in the region (Appendix B ).

In analyzing the data in Appendix C, the Commission notes that Prince Edward Island MLAs continue to receive the lowest base salary in Canada.

## **v. Review of Consumer Price Index (CPI)**

The Commission investigated the application of CPI as a tool for determining salary adjustment. During its deliberations, it was noted that CPI for Prince Edward Island increased 7.3% between April 2009 and December 2012.

The All Items Consumer Price Index information for Prince Edward Island and Canada for December 2012, as well as the 2012 annual averages, are included in Appendix D.

## **vi. Trends in negotiated salary increases**

The Commission reviewed the status of negotiated salaries for collective bargaining units in Prince Edward Island.

## **vii. Other materials**

The Commission reviewed the decisions and recommendations of three in-depth studies of member remuneration plans undertaken by other jurisdictions in 2012: *MLA Compensation Review, Alberta*; *Report of the Commissioner on Salaries, Allowances, and Retirement Benefits for Members of the Manitoba Legislative Assembly*; and *MHA Salaries, Allowances, Severance Payments and Pensions Review, Newfoundland and Labrador*.



#### **IV. Review**

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Following are current salaries for MLAs, which became effective January 1, 2013.

Position	<sup>i</sup> Base Salary	<sup>ii</sup> Additional Salary	<sup>iii</sup> Total
MLA	\$66,700	n/a	\$66,700
Premier	\$66,700	\$72,500	\$139,200
Minister	\$66,700	\$46,600	\$113,300
Speaker	\$66,700	\$39,200	\$105,900
Deputy Speaker	\$66,700	\$19,600	\$86,300
Leader of the Opposition	\$66,700	\$46,600	\$113,300
Government House Leader	\$66,700	\$12,600*	\$79,300
Opposition House Leader	\$66,700	\$4,400*	\$71,100
Government Whip & Opposition Whip	\$66,700	\$3,700*	\$70,400
Non-Ministerial Member of Executive Council Committees	\$66,700	\$6,100*	\$72,800
Leader of a Third Party	\$66,700	\$18,600	\$85,300

*\*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

- i. The Commission has concluded, based on the Consumer Price Index, collective bargaining agreements, and a comparison of MLA compensation in other jurisdictions, that there shall be a 1% increase in remuneration (rounded to the nearest \$100) for the fiscal year beginning April 1, 2013.

Position	Base Salary	Additional Salary	Total
MLA	\$67,400	n/a	\$67,400
Premier	\$67,400	\$73,200	\$140,600
Minister	\$67,400	\$47,100	\$114,500
Speaker	\$67,400	\$39,600	\$107,000
Deputy Speaker	\$67,400	\$19,800	\$87,200
Leader of the Opposition	\$67,400	\$47,100	\$114,500
Government House Leader	\$67,400	\$12,700*	\$80,100
Opposition House Leader	\$67,400	\$4,400*	\$71,800
Government Whip & Opposition Whip	\$67,400	\$3,700*	\$71,100
Non-Ministerial Member of Executive Council Committees	\$67,400	\$6,200*	\$73,600
Leader of a Third Party	\$67,400	\$18,800	\$86,200

*\*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.*

- ii. The Commission will consider the following areas in its future work plan:
  - a) the Commission's mandate as provided in Section 46 of the *Legislative Assembly Act*
  - b) the Pension Plan for Members of the Legislative Assembly
  - c) other remuneration and benefits under the Commission's jurisdiction, as provided in Section 46 of the *Legislative Assembly Act*.

## ***VI. Conclusion***

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In conclusion, the members of the Commission respectfully acknowledge Honourable Carolyn Bertram, Speaker of the Legislative Assembly, for the trust she has shown in appointing them to serve on this important Commission. Further, the Commissioners thank the Office of the Legislative Assembly for the support provided in the preparation of this report. The Commission appreciates and acknowledges the research provided in support of its deliberations.

## **VII. Appendices**

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- A. Section 46 of the *Legislative Assembly Act*
- B. Comparison of PEI MLA Base Salary to Base Salaries of Legislators in Other Atlantic Provinces for the Year 2012
- C. Base Salaries of Legislators in All Provinces and Territories for the Year 2012
- D. Prince Edward Island and Canada All-Items Consumer Price Indices, December 2012 and Annual 2012

## Appendix A

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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 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.

(10) Notwithstanding anything contained in this section, there shall be no increase in the remuneration and benefits paid to the Premier or nonministerial members of the executive council committees or to any person referred to in subsection (1) in accordance with this section until January 1, 2013. 1994,c.34,s.5; 1997,c.28,s.3; 2010,c.39,s.1; 2012,c.23,s.1.



## **Appendix B**

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**Comparison of PEI MLA Base Salary to Base Salaries of  
Legislators in Other Atlantic Provinces for the Year 2012**

## Comparison of PEI MLA Base Salary to Base Salaries of Legislators in Other Atlantic Provinces for the Year 2012

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The following is a table that compares the PEI MLA base salary to the salaries received by MLAs and MHAs in the other Atlantic provinces. The base salary data was compiled by the MLA Compensation Review Commission of Alberta and the comparison has been provided by the Commission for inclusion in this report.

	PEI	NB	NS	NL
<b>Base salary:</b>	\$65,344	\$85,000	\$87,485	\$95,357
<b>2012 Annual CPI change by province*:</b>	2.0%	1.7%	2.0%	2.1%
<b>PEI base salary as a % of:</b>		77%	75%	69%
<b>\$ difference:</b>		\$19,656	\$22,141	\$30,013

\* 2012 Annual All-items Consumer Price Index, annual percent change for each province. Provided by Economics, Statistics and Federal Fiscal Relations, based on most recent release of Statistics Canada data.

## Appendix C

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Base Salaries of Legislators in All Provinces and Territories for the Year 2012

## Base Salaries of Legislators in All Provinces and Territories for the Year 2012

The following is a table of the base salaries received by MLAs in each province and territory in 2012. The data was compiled by the MLA Compensation Review Commission of Alberta and has been summarized by the Commission for inclusion in this report.

<b>PROVINCE</b>	<b>BASE SALARY</b>
Alberta	\$134,000
British Columbia	\$101,859
House of Commons	\$157,731
Manitoba	\$85,564
New Brunswick	\$85,000
Newfoundland & Labrador	\$95,357
Northwest Territories	\$103,577* <sup>+</sup>
Nova Scotia	\$87,485
Nunavut	\$91,396*
Ontario	\$116,550
Prince Edward Island	\$65,344
Québec	\$102,137*
Saskatchewan	\$91,800
Yukon	\$84,892*

\* amount includes a tax-free allowance as part of the total base salary

<sup>+</sup> if MLA resides outside commuting distance of the capital, an additional tax-free allowance of \$6,962 is given

## Appendix D

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Prince Edward Island and Canada All-Items Consumer Price Indices,  
December 2012 and Annual 2012



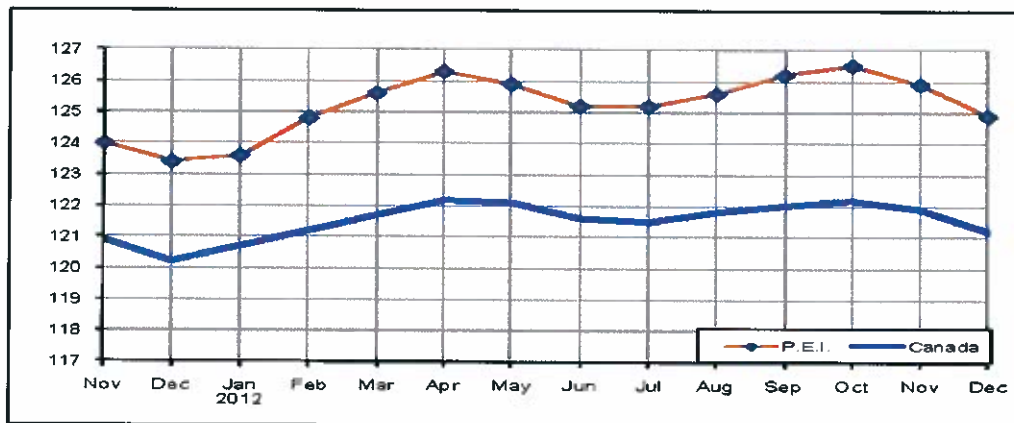
Prince Edward Island Statistics Bureau  
 Department of Finance and  
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January 25, 2013

### PEI / CANADA CONSUMER PRICE INDEX DECEMBER 2012 AND ANNUAL DATA



### DECEMBER 2012 AND 2012 ANNUAL ALL-ITEMS CONSUMER PRICE INDEX (2002=100)

	CAN	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Dec-12	121.2	123.5	124.9	124.9	121.2	120.5	121.3	120.2	123.3	126.5	117.0
Nov-12	121.9	124.3	125.9	125.5	122.0	121.1	121.9	121.1	124.5	127.3	117.6
Dec-11	120.2	121.9	123.4	122.7	120.4	118.7	120.3	118.6	122.4	126.5	116.5
Year Over year Change (%)	0.8%	1.3%	1.2%	1.8%	0.7%	1.5%	0.8%	1.3%	0.7%	0.0%	0.4%
Monthly Change (%)	-0.6%	-0.6%	-0.8%	-0.5%	-0.7%	-0.5%	-0.5%	-0.7%	-1.0%	-0.6%	-0.5%
Annual Average 2012	121.7	123.9	125.5	125.1	122.0	120.8	121.8	120.3	123.9	127.1	117.8
Annual Average 2011	119.9	121.4	123.0	122.7	120.0	118.3	120.1	118.4	122.0	125.7	116.5
Annual Change(%)	1.5%	2.1%	2.0%	2.0%	1.7%	2.1%	1.4%	1.6%	1.6%	1.1%	1.1%

### SUMMARY

On January 25, 2013 Statistics Canada released December 2012 and annual 2012 Consumer Price Index data. The year-over-year change in the *All-Items Consumer Price Index* for P.E.I. was 1.2 per cent. This compares to a rise of 0.8 per cent for Canada. The annual average for P.E.I. in 2012 showed an increase of 2.0 per cent. Energy prices on P.E.I. increased by 3.2 per cent over 2011, while food prices increased by 4.1 per cent. Core inflation (all items excluding energy and food) increased by 1.2 per cent. The annual average increase for Canada was 1.5 per cent, following an increase of 2.9 per cent in 2011. Slower growth in 2012 was mainly due to smaller price increases for gasoline and food as compared to 2011.

(continued on next page)

December 2012 over December 2011 price increases for P.E.I. were led by *gasoline* (3.0%), followed by *men's clothing* (12.0%), *bakery products* (8.4%), *food purchased from restaurants* (2.2%), *cablevision and satellite services including pay per view television* (5.8%), *passenger vehicle insurance premiums* (3.4%), and *cereal products excluding infant food* (8.9%). Declines included *sugar and confectionery* (-15.2%), *prescribed medicines* (-7.5%), *non-alcoholic beverages* (-11.0%), *home entertainment equipment, parts and services* (-7.0%), *children's clothing including infants* (-11.5%), and *women's clothing* (-2.6%).

The monthly change for P.E.I. in December 2012 was -0.8 per cent. Lower prices for *non-alcoholic beverages* (-21.9%), *fuel oil and other fuels* (-1.9%), *women's clothing* (-5.2%), *purchase and leasing of passenger vehicles* (-1.1%), *footwear* (-8.6%), and *gasoline* (-0.7%) were partially offset by higher prices for *furniture* (5.5%), *bakery products* (0.7%), *fresh fruit* (1.3%), *paper, plastic and foil supplies* (1.0%), and *reading material and other printed matter excluding textbooks* (1.8%).