

Hon. C. BERTRAM

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Legislative Assembly
of Prince Edward Island

2013 Report of the Indemnities & Allowances Commission

November 29, 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 2013 report, which includes the Commission's decisions effective April 1, 2014.

Respectfully submitted,


Barbara Stevenson, Q.C., Chair


Ronald Profit, Q.C., Commissioner



Stan MacPherson, F.C.A., Commissioner

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I. Legislation, Mandate, and Commissioners

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.

The Honourable Carolyn Bertram, Speaker of the Legislative Assembly, appointed Barbara Stevenson, Q.C., Chair; Stan MacPherson, FCA, and; Ronald Profit, Q.C., as Commissioners to the Indemnities and Allowances Commission.

II. Research

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

- i Analysis of current MLA remuneration and benefits
- ii Review of previous Commission reports
- iii Comparison of all provincial and territorial MLA remuneration levels
- iv Review of Consumer Price Index (CPI)
- v Trends in negotiated salary increases
- vi Written submissions to the Commission

i. Analysis of current MLA remuneration and benefits

As of April 1, 2013, the base salary for an MLA is \$67,400. 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 (see page 7 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 due to the passage of *Bill No. 34, An Act to Amend the Legislative Assembly Act*, in May 2010, and *Bill No. 3, An Act to Amend the Legislative Assembly Act*, in May 2012, MLA salaries remained at 2009 levels until January 1, 2013.

ii. Review of previous Commission reports

Previous Commission reports were reviewed to ensure continuation of any precedents, and to carry forward any previously-noted issues requiring the Commission's attention.

iii. Comparison of all provincial and territorial MLA remuneration levels

The Commission received an inter-jurisdictional survey of MLA indemnities and allowances compiled in 2013. The survey provided an overview of remuneration paid to MLAs across the country, compiling the data into a comparative table that included information on any taxable and non-taxable allowances, as well as information on compensation for committee members who attend committee meetings. 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.

In reviewing the base salaries of legislators in all provinces and territories, the Commission noted that Prince Edward Island MLAs continue to receive the lowest base salary in Canada, and 80% of the Atlantic Canadian average (see Appendix C).

iv. Review of Consumer Price Index (CPI)

In considering the matter of MLA Compensation, the Commission reviewed CPI for PEI and noted that it has been increasing steadily.

The All Items Consumer Price Index information for Prince Edward Island and Canada for October 2013 (most recent data available), as well as the 2013 annual averages, are included in Appendix D.

v. Trends in negotiated salary increases

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

vi. Written submissions to the Commission

The Commission decided to canvass public opinion on the subject of MLA remuneration; accordingly, the Commission placed an advertisement in local newspapers inviting written submissions on the subject of MLAs' salaries and allowances.

The Commission acknowledges the input of those who made submissions and thanks them for their efforts. These include George Clark-Dunning; John W.A. Curtis; Ken Gillis; Carl Hamm; Marc J. L'Heureux, CGA (ret'd); Gary A.O. MacKay; Muriel Power; Mike Redmond, Leader of the Prince Edward Island New Democratic Party; Mark Robertson; Donna Sears; Heather Walsh; Betty Wichers; Brian Williams; John Zarwan, and; a petition from fifty-two citizens of Borden-

Carleton and area.

A total of sixteen submissions were received, and are summarized as follows:

- given the current economy and the growing provincial deficit, remuneration should be frozen at current levels and future increases should be based on job performance;
- increases in remuneration should be frozen until there is a balanced provincial budget, and;
- MLA remuneration should be more reflective of the average income of Island taxpayers.

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

III. Review

Following are current salaries for MLAs, which became effective 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.*

IV. Decision

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 three quarters of one percent (0.75%) increase in remuneration (rounded to the nearest whole dollar) for the fiscal year beginning April 1, 2014.

| Position | Base Salary | Additional Salary | Total |
|--|-------------|-------------------|-----------|
| MLA | \$67,906 | n/a | \$67,906 |
| Premier | \$67,906 | \$73,749 | \$141,655 |
| Minister | \$67,906 | \$47,453 | \$115,359 |
| Speaker | \$67,906 | \$39,897 | \$107,803 |
| Deputy Speaker | \$67,906 | \$19,949 | \$87,855 |
| Leader of the Opposition | \$67,906 | \$47,453 | \$115,359 |
| Government House Leader | \$67,906 | \$12,795* | \$80,701 |
| Opposition House Leader | \$67,906 | \$4,433* | \$72,339 |
| Government Whip & Opposition Whip | \$67,906 | \$3,728* | \$71,634 |
| Non-Ministerial Member of Executive Council Committees | \$67,906 | \$6,247* | \$74,153 |
| Leader of a Third Party | \$67,906 | \$18,941 | \$86,847 |

**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. Future Work

The Commission is presently undertaking a review of the *Pension Plan for Members of the Legislative Assembly* and will report its decisions on this matter on or before March 1, 2014.

VI. Conclusion

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.

VII. Appendices

- A. Section 46 of the *Legislative Assembly Act*
- B. Base Salaries of Legislators in All Provinces and Territories for the Year 2013
- C. Comparison of PEI MLA Base Salary to Base Salaries of Legislators in Other Atlantic Provinces for the Year 2013
- D. Prince Edward Island and Canada All-Items Consumer Price Indices, October 2013 and Annual 2013

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 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

Base Salaries of Legislators in All Provinces and Territories for the Year 2013

Base Salaries of Legislators in All Provinces and Territories for the Year 2013

The following is a table of the base salaries received by MLAs in each province and territory in 2013. The data was compiled by the MLA Compensation Review Commission of Alberta and has been summarized by the Commission for inclusion in this report.

| PROVINCE | BASE SALARY |
|-------------------------|-------------------------|
| 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 | \$108,178* [†] |
| Nova Scotia | \$87,485 |
| Nunavut | \$91,396* |
| Ontario | \$116,550 |
| Prince Edward Island | \$67,400 |
| Québec | \$104,213* |
| Saskatchewan | \$93,629 |
| Yukon | \$86,759* |

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

[†] if MLA resides outside commuting distance of the capital, an additional tax-free allowance of \$7,271 is given

Appendix C

Comparison of PEI MLA Base Salary to Base Salaries of
Legislators in Other Atlantic Provinces for the Year 2013

Comparison of PEI MLA Base Salary to Base Salaries of Legislators in Other Atlantic Provinces for the Year 2013

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.

| | PEI | NB | NS | NL |
|---|----------|----------|----------|----------|
| Base salary: | \$67,400 | \$85,000 | \$87,485 | \$95,357 |
| 2013 Annual CPI change by province*: | 2.0% | 0.8% | 0.9% | 1.5% |
| PEI base salary as a % of: | | 79% | 77% | 71% |
| \$ difference: | | \$17,600 | \$20,085 | \$27,957 |

* 2013 Annual All-items Consumer Price Index, annual percent change for each province, as of October. Provided by Economics, Statistics and Federal Fiscal Relations, based on most recent release of Statistics Canada data.



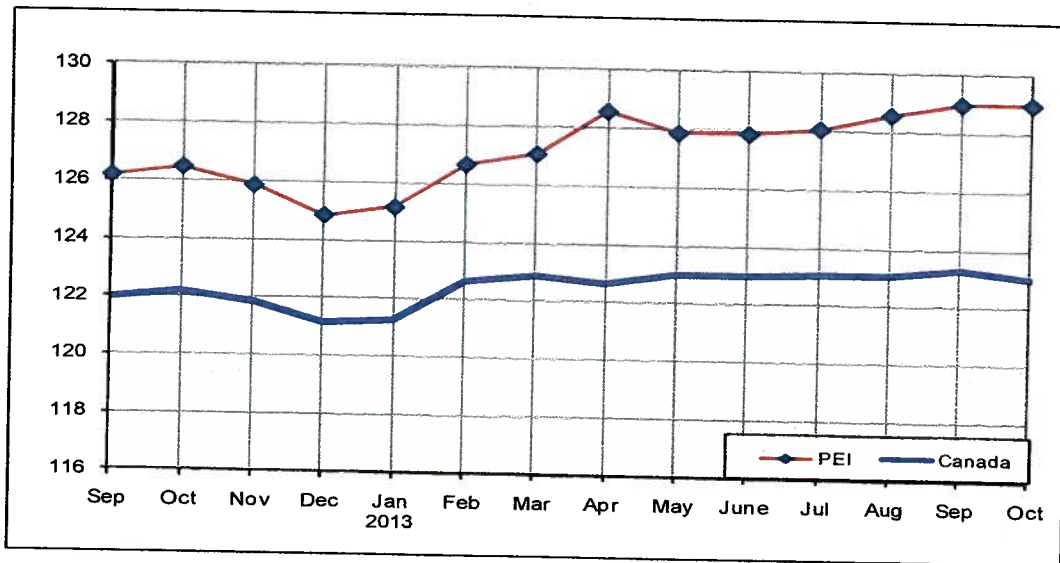
Appendix D

Prince Edward Island and Canada All-Items Consumer Price Indices,
October 2013 and Annual 2013



November 22, 2013

PEI / CANADA CONSUMER PRICE INDEX, OCTOBER 2013



OCTOBER 2013 ALL-ITEMS CONSUMER PRICE INDEX (2002=100)

| | CAN | NL | PE | NS | NB | QC | ON | MB | SK | AB | BC |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Oct-13 | 123.0 | 126.7 | 129.0 | 126.7 | 123.5 | 121.6 | 123.3 | 124.0 | 126.7 | 129.3 | 117.7 |
| Sep-13 | 123.3 | 126.6 | 129.0 | 127.3 | 123.5 | 122.0 | 123.5 | 124.0 | 126.4 | 129.5 | 118.1 |
| Oct-12 | 122.2 | 124.8 | 126.5 | 125.6 | 122.5 | 121.3 | 122.2 | 121.3 | 124.8 | 128.0 | 118.0 |
| Year Over year Change (%) | 0.7% | 1.5% | 2.0% | 0.9% | 0.8% | 0.2% | 0.9% | 2.2% | 1.5% | 1.0% | -0.3% |
| Monthly Change (%) | -0.2% | 0.1% | 0.0% | -0.5% | 0.0% | -0.3% | -0.2% | 0.0% | 0.2% | -0.2% | -0.3% |

SUMMARY

Statistics Canada reported that the year-over-year change in the *All-Items Consumer Price Index* for P.E.I. was 2.0 per cent in October 2013. This compares to a rise of 0.7 per cent for Canada. Year-over-year price increases for P.E.I. were led by *women's clothing* (15.3%), followed by *electricity* (11.1%), *homeowners' replacement cost* (9.4%), *men's clothing* (8.1%), *footwear* (5.1%), and *homeowners' home and mortgage insurance* (9.1%). Year-over-year declines included *gasoline* (-2.1%), *non-alcoholic beverages* (-14.4%), *recreational equipment and services excluding recreational vehicles* (-7.2%), *prescribed medicines* (-4.8%), and *personal care supplies and equipment* (-2.8%).

There was no change in the All-Items CPI for PEI from September 2013 to October 2013. Lower prices for *gasoline* (-6.3%), *traveler accommodation* (-9.0%), *furniture* (-4.0%), *fuel oil and other fuels* (-0.9%), *personal care supplies and equipment* (-2.2%), and *homeowners' maintenance and repairs* (-3.6%) were offset by higher prices for *purchase and leasing of passenger vehicles* (1.5%), *women's clothing* (3.1%), *footwear* (6.6%), *children's clothing including infants* (8.6%), *property taxes including special charges* (1.9%), and *sugar and confectionery* (7.6%).