

October 31, 1994

Hon. Nancy Guptill, Speaker  
Legislative Assembly  
Province House  
P.O. Box 2000  
Charlottetown, PEI  
C1A 7N8

Dear Madam Speaker:

On June 3, 1994, you wrote to inform us that An Act to Amend the Legislative Assembly Act had been proclaimed the previous day by the Lieutenant-Governor-in-Council and to officially advise us of our appointment to the Indemnities and Allowances Commission.

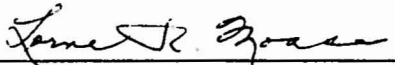
According to the legislation, the Indemnities and Allowances Commission is "to review and determine" the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, and Opposition Whip.

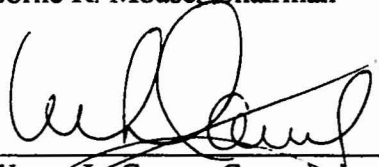
We have completed our review of the remuneration and benefits as defined in Section 46 of the amended Legislative Assembly Act and have determined what those shall be. Briefly, the Commission has developed a new Pension Plan for Members to take effect on July 1, 1994. It has determined that all other existing remuneration and benefits will remain in effect for the next year, although their application may vary slightly.


(...2/)

The Commission wishes to thank you for the trust you have placed in us as Commissioners, and with this letter we hereby transmit to you our 1994 Report. In addition to the main Report, there are also the following supplementary documents: "Pension Plan for Members of the Legislative Assembly Province of Prince Edward Island"; "Information Booklet" on the Pension Plan for Members; and, an Executive Summary of the Deloitte & Touche Report on a Pension Plan for Members of the Legislative Assembly entitled "The Province of Prince Edward Island - An Appropriate Course of Action".

Respectfully submitted,

  
\_\_\_\_\_  
Lorne R. Moase, Chairman

  
\_\_\_\_\_  
Wayne L. Carew, Commissioner

  
\_\_\_\_\_  
Doris M. Anderson, Commissioner

## TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
<b>I.</b>	<b>INTRODUCTION</b>	<b>1</b>
<b>II.</b>	<b>PENSIONS</b>	<b>3</b>
	A. General	3
	B. Deloitte & Touche Recommendations	3
	C. Deloitte & Touche Principles	4
	D. Commission's Response to Deloitte & Touche	5
	1. Basic Principles	5
	2. Recommendations	6
	E. Commission's Decisions	8
	F. Pension Administration and Fund Investment	11
<b>III.</b>	<b>INDEMNITIES, SALARIES, AND ALLOWANCES</b>	<b>13</b>
	A. General	13
	B. Definitions	16
	C. Members' Indemnities and Allowances	16
	D. Salaries and Allowances for Speaker and Deputy Speaker	18
	E. Salaries for Members of Executive Council and Leader of the Opposition	20
	F. Salaries for Special Positions of the Legislative Assembly	22
	G. Salaries for Non-Ministerial Members of Executive Council Committees	26
	H. Remuneration for House Committee Work	27
	I. Other Administrative Matters	27
	1. Government Vehicles and Mileage Allowance	27
	2. Members' Meal Allowances	30
	3. Effective Date for Remuneration and Allowances	30
<b>IV.</b>	<b>OTHER MATTERS</b>	<b>31</b>
<b>V.</b>	<b>CONCLUSION</b>	<b>32</b>
<b>VI.</b>	<b>SUMMARY OF COMMISSION'S DECISIONS</b>	<b>33</b>
	References	
	Appendices	





## **I. INTRODUCTION**

The 1993 Report of the O'Brien and Roche Commission of Inquiry which, among other things, had been established to examine and recommend on the adequacy of indemnities, salaries, and allowances paid to Members of the Legislative Assembly, indicated that there was a considerable amount of public cynicism directed against the work of the Commission. That cynicism, according to the Report, stemmed from the concern that not all of the recommendations of the Commission would be implemented and, of those that were implemented, Government would be in a position to add to the levels of compensation until the next General Election in any event.

As a result of this expression of public concern, the Commissioners commented as follows:

"We believe the public are desirous of a stronger system which would finalize all remuneration for elected officials. A separate Authority to establish all levels of compensation for MLAs would alleviate the cynicism expressed by many. This Authority ...would have the power of making binding recommendations. It would also free the MLAs from difficulties of establishing their own levels of compensation."

The Commission then recommended "that Government consider empowering future Commissions with the statutory powers to make its recommendations binding."

The Government appears to have taken the advice of the 1993 Commission seriously. During the 2nd Session of the 59th General Assembly, the Assembly amended the Legislative Assembly Act, R.S.P.E.I. 1988, Cap. L-7. Included among those amendments was the establishment of the Indemnities and Allowances Commission (hereinafter referred to as the Commission). This independent body was given the following legislative mandate:

"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, Government Whip, and Opposition Whip."

The legislation makes it clear that "remuneration and benefits" include "salaries, indemnities,

allowances, and pension benefits".

The Speaker of the Legislative Assembly, Hon. Nancy Guptill, officially advised the Commissioners on June 3, 1994, of their appointment and that An Act to Amend the Legislative Assembly Act had been proclaimed. The Commission held its organizational meeting on June 17, 1994.

The Commission determined early in its mandate that it would not hold public meetings nor seek further the views of either the public or Members of the Legislature at this time. The Commission was aware that those views had been sought and obtained during the past year by the O'Brien and Roche Commission and by a consulting firm in the preparation of a report on Members' pensions for the Premier.

## **II. PENSIONS**

### **(A) General**

The Commission determined that its first responsibility must be the consideration of a new pension plan for MLAs since the Legislature and Executive Pensions Act, given Royal Assent during the 1994 Spring Session of the Legislature, ceased to have effect on June 30, 1994, thus leaving sitting MLAs without a pension plan beyond that date.

On February 1, 1994, Premier Catherine Callbeck asked the consulting firm of Deloitte & Touche to examine the existing pension plan for Members of the Legislative Assembly and to develop recommendations respecting a replacement pension plan. Mr. Stan MacPherson, partner with the firm of Deloitte & Touche, forwarded the report entitled An Appropriate Course of Action - Members of Legislative Assembly Pension Plans to Premier Callbeck on May 19, 1994. In the letter of transmittal, Mr. MacPherson noted that Deloitte & Touche had retained the services of Sedgewick Noble Lowndes, Actuaries and Benefits Consultants, and in particular, the services of Roy A. Chittick, Senior Vice-President, in the preparation of the Report.

On June 6, 1994, Premier Callbeck forwarded the Report to the Chairman of the Indemnities and Allowances Commission. In her accompanying letter, the Premier commented:

"In your capacity as Chairman of the Commission, I am forwarding to you for appropriate study and consideration the Deloitte and Touche Report. ... It is my understanding that the Commission will be making a final determination with regard to a replacement pension plan for MLA's, and that such a decision will be made as soon as possible."

### **(B) Deloitte & Touche Recommendations**

Deloitte & Touche recommended the following basic terms for a replacement MLA pension plan:

**"Annual Pension Accrual** - 2% of the average of the highest three (3) consecutive years of indemnities, excluding allowances, for each year of service as a Member of the Legislative Assembly, plus 2% of the average of the highest three (3) years of salary, for each year of service as a Minister, Speaker, etc. of the Assembly.

**Retirement Age** - The earlier of age 60 or when age plus service equals 80 must be reached for unreduced accrued pension. Reduced pension is available on or after 50 with a discount of 1/4% for each month earlier than at which unreduced pension can commence.

**Participant Contribution** - Pension plans for executives in the private sector almost exclusively do not require participant contributions and we recommend that none be required for this Plan.

**Death Benefits** - In the event of a participant's death, before or after retirement, the participant's spouse will receive an immediate pension for life of 60% of the pension accrued to the participant.

If the participant has no spouse but has children under the age of 18, then 60% of the participant's pension will be provided to the children in equal shares until one of them reaches age 18; whereupon it will be redivided among the remaining children until the youngest has reached age 18. Where such a child is attending school, payment will continue until the child reaches age 25. Where the child is disabled, payments will continue during the disability irrespective of the child's age. ...

**Termination Benefits** - In the event that participation is discontinued before retirement, the accrued pension will immediately vest in the participant. Pension will be increased annually thereafter, up to the earlier of the date the participant actually retires or attains age 60, by the average three-year increase in the indemnity, salary, and allowance paid to continuing Members.

**Post-Retirement Indexing** - Annually, following retirement, the pension paid to a participant will be increased by the ratio of any increase in the national CPI in excess of 2%."

### **(C) Deloitte & Touche Principles**

Deloitte & Touche stated the following basic principles as rationale for recommending the terms of a replacement pension plan for MLAs:

1. **That** the level and value of government-provided pension benefits should not compensate for real or perceived deficiencies in the level of MLA indemnities and allowances, nor mitigate the financial impact of severance;

2. **That** since the political career of a sitting Member usually represents a distinct interruption in that Member's regular occupation or employment and pension accrual, pension earned as an MLA should vest immediately;
3. **That** elected representatives' pension benefits should be within the terms of Revenue Canada's requirements for Registered Pension Plans and should not be artificially elevated beyond allowable levels by the use of Retirement Compensation Arrangements;
4. **That** pension benefits should equate with those provided executives in the private sector.

**(D) The Commission's Response to Deloitte & Touche**

1. **Basic Principles**

The Commission concurs with Deloitte & Touche that:

- (a) The pension benefits for elected representatives should be within the terms of Revenue Canada's requirements for Registered Pension Plans and should not be artificially elevated beyond allowable levels by the use of Retirement Compensation Arrangements.
- (b) The level and value of a government-provided pension plan should not compensate for the real or perceived deficiencies in the level of indemnities and allowances nor mitigate the financial impact of severance. The Commission notes, however, that the legislation does not give it authority to determine severance allowances. This authority remains with the Legislative Assembly.
- (c) The pension earned as an MLA should vest immediately. The Commission

understands that the normal vesting period in new pensions plans across the country ranges from zero to 2 years. The Commission concurs with the view expressed by the 1994 Report of the Manitoba Indemnities and Allowances Commission that MLAs are often interrupting participation in arrangements under which they would already be entitled to the employer share of the contributions thus "having the contributions immediately vest to the Member seems appropriate".

## **2. Recommendations**

The Commission's position on the terms of the pension plan proposed by Deloitte & Touche is as follows:

- (a) **Annual Pension Accrual** - The Commission concurs with the consultant that the annual pension accrual should be 2% of the average of the highest three (3) consecutive years of indemnities, excluding allowances, for each year of service as a Member of the Legislative Assembly **plus** 2% of the average of the highest three (3) years of salary for each year of service as a Minister, Speaker, etc. of the Assembly.
- (b) **Retirement Age** - The Commission agrees with the consultant that the retirement age should be the earlier of age 60 or when age plus service equals 80. The Commission further agrees that a reduced pension should be available at or after age 50 at a discount of 1/4% per month for each month earlier than that at which the unreduced pension can commence.
- (c) **Participant Contribution** - The Commission does not agree with the consultant that the participant (Member) should not be required to make any contribution to his/her pension plan. This recommendation appears contrary to what is happening in each of the other political jurisdictions in Canada---both federal and provincial---at the present time where there is a pension plan in place. Deloitte & Touche noted in their

Report that Member contributions ranged from a low of 7% in Newfoundland and Manitoba to a high of 11% for Members of the House of Commons. Comparative tables provided by both Deloitte & Touche and the O'Brien and Roche Commission substantiate this information. Deloitte & Touche also noted that the "normal cost" of the proposed plan for the remaining period until the end of the current General Assembly is estimated at \$250,100 or an annual Government contribution of 15.6% of MLAs' indemnities and salaries. It is the position of the Commission that the participant (Member) and the employer (Government) should share, as nearly as possible, equal responsibility for the pension costs.

Based on the situation in other political jurisdictions in Canada and on what the Commission feels to be equitable for both the Island MLAs and the tax-paying public, the Commission has deemed that an 8% participant contribution is fair and reasonable.

- (d) Death Benefits - The Commission concurs with the recommendation that, in the event of the participant's death,
  - (i) the participant's spouse should receive an immediate pension for life of 60% of the pension accrued to the participant;
  - (ii) where there is no spouse, any children under the age of 18 would share in equal parts 60% of the participant's pension;
  - (iii) where a dependent child is attending an educational institution, payments would continue to the age of 25;
  - (iv) where a dependent child is disabled, payments would continue during disability irrespective of the child's age;

- (v) where there is no spouse or dependent children, the commuted (present) value of the pension would be paid to the beneficiary or the estate.
- (e) Termination Benefits - The Commission concurs with the recommendation that in the event that participation in the pension plan is discontinued before retirement, the accrued pension should immediately vest in the participant. The Commission also concurs that the pension should be increased annually up to the date the participant actually retires or reaches the age of 60. The Commission does not agree that the "allowance" paid to continuing Members should be used in the calculation of the increase. The Commission agreed earlier with Deloitte & Touche that "allowances" should not be considered in determining the annual pension accrual and is, therefore, of the opinion that there should be consistency in those two recommendations.
- (f) Post-Retirement Indexing - The Commission concurs with the consultant's recommendation that the pension following retirement should be indexed; however, the Commission is of the opinion that there should be a maximum established. There does not appear to be any consistent pattern to indexing in the various political jurisdictions across the Country. The Commission notes, however, that the Legislature and Executive Pensions Act, given Royal Assent at the 1994 Spring Session of the Legislative Assembly, provided for a maximum annual increase in the pension allowance of 8%. The Commission feels that a maximum indexing of 8% is reasonable.

**(E) Commission Decisions**

**Decision #1** - That there shall be a pension plan for Members of the Legislative Assembly entitled "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" (henceforth referred to as the "Plan") and that this Plan shall have effect from July 1, 1994.

**Decision #2** - That a sitting Member of the Legislative Assembly on July 1, 1994, shall



become a participant in the Plan as of that date. Further, that a person who is not a sitting Member on July 1, 1994, but who subsequently is elected to the Legislative Assembly, shall become a participant in the Plan on the first day following the election.

**Decision #3** - That a Member who has retired and is receiving a pension under the Plan and who subsequently is re-elected and becomes eligible to rejoin the Plan shall cease receiving pension benefits under the Plan while a participant in the Plan.

**Decision #4** - That, to the extent possible, the cost of providing benefits under the Plan shall be shared equally between the participant and the Government; that in no case shall the value of the participant's required contributions made with interest exceed 50% of the commuted value of the deferred pension.

**Decision #5** - That participants shall make contributions of 8% of their indemnity and salary, excluding allowances, to the Plan each year, subject to any limits of the Federal Income Tax Act.

**Decision #6** - That the Government shall make contributions to the Pension Fund, on a regular basis, in such amounts as are determined by the Plan's Actuary as being required, in addition to participant's contributions, to meet the estimated cost of the current accruals of benefits to participants and such other amounts as are required to fund all accrued liabilities for benefits already earned by participants.

**Decision #7** - That participants shall become immediately entitled to (vested in) the pension and other benefits that have been earned by reason of participating in the Plan on termination, retirement, or death.

**Decision #8** - That the normal retirement date shall be the earlier of the participant's 60th birthday or the date on which the participant's age plus credited service equals 80.

**Decision #9** - That a participant may elect to retire early and receive a reduced pension at any time after attaining the age of 50; that in the event the participant elects to retire early, the pension shall be reduced by 1/4% for each month the participant retires earlier than the normal retirement date.

**Decision #10** - That the normal retirement pension payable to a participant (Member only) who retires on the normal retirement date shall be equal to: (a) 2% of the average of the participant's highest three (3) years of indemnity (excluding allowances) **multiplied by** (b) the participant's number of years of credited service in the Plan as a Member.

Example: An MLA retires at age 60 with 20 years of credited service in the Plan as a Member with the average of the highest three (3) years of indemnity of \$32,000. The annual pension earned will be:

$$2\% \times \$32,000 \times 20 \text{ years} = \$12,800$$

**Decision #11** - That the normal retirement pension payable to a participant (Minister) who retires on the normal retirement date shall be equal to: (a) 2% of the average of the participant's highest three (3) years of indemnity (excluding allowances) **multiplied by** (b) the participant's number of years of credited service in the Plan as a Member **plus** (c) 2% of the average of the participant's highest three (3) years of salary received while acting as a Minister **multiplied by** (d) the participant's number of years of credited service in the Plan as a Minister.

Example: An MLA who retires at age 60 with 20 years of credited service in the Plan as a Member with the average of the highest three (3) years of indemnity of \$32,000 and who has been a Minister for 10 of those 20 years and the average of the highest three (3) years of Minister's salary has been \$37,000, the annual pension earned will be:

2% x \$32,000 x 20 years	=	\$12,800 <b>plus</b>
2% x \$37,000 x 10 years	=	\$ 7,400
Total Pension \$12,800 + \$7,400	=	\$20,200

**Decision #12** - That the amount of pension payable to a participant who has retired shall be increased on the anniversary of each Plan Year by an amount equal to the percentage increase in the average CPI since the last previous increase was granted, **minus** 2% per annum, to a maximum of 8% per annum.

**Decision #13** - That in the event of a participant's death, before or after retirement, the participant's spouse shall receive an immediate pension for life of 60% of the pension accrued to the participant.

**Decision #14** - That, in the event the participant has no spouse at the time of death but has dependent child(ren), 60% of the pension accrued to the participant shall be paid to the child(ren) in equal shares.

**Decision #15** - That "dependent child(ren)" referred to in Decision #14 above shall have the following meaning: that at the time of the participant's death, the child(ren) was (were) dependent on the participant for support and was (were) (a) under 18 years of age and will not attain that age during the calendar year in which the participant died; or (b) under 25 years of age and in full-time attendance at an educational institution; or (c) dependent on the participant by reason of mental or physical infirmity.

**(F) Pension Administration and Fund Investment**

The Commission notes that Section 3 of the Legislature and Executive Pensions Act provided for a Board to administer that Act. It further notes that the Act ceased to have effect on June 30, 1994, thus terminating the Board on that date.

Since the 1994 amendment to the Legislative Assembly Act, which established the Commission, has directed the Commission to determine pension benefits for Members but has not provided for the administration of any new plan developed, it is the opinion of the Commission that the administration of the Plan, including the investment of all funds, should be a function of the Department of the Provincial Treasury. Accordingly, the Commission so recommends.

**Recommendation #1:** That the Department of the Provincial Treasury be given the responsibility for administering the new Pension Plan and investing the funds of the Plan.

### **III. INDEMNITIES, SALARIES, AND ALLOWANCES**

#### **(A) General**

Statutory authority for payment of indemnities and allowances to Members of the Legislative Assembly of Prince Edward Island can be traced back to 1948. In that year, the Legislative Assembly Act, 12 Geo. VI, Cap. 25 was amended to provide each Member \$700 for each Session attended and an additional \$300 as a tax-free allowance.

This same amendment recognized the additional responsibilities of the Speaker of the Assembly and the Leader of the Opposition and provided a legislative precedent for providing the holders of these offices an additional remuneration and allowance. According to this amendment, each was to receive an additional \$400 and a \$200 tax-free allowance.

The first Commission to study and report on remuneration for Members of the Island Assembly was established by Resolution of the Legislative Assembly on July 26, 1979. The Resolution read in part:

"WHEREAS it is reasonable that Members of this Assembly should receive indemnities and allowances appropriate to their legislative and constituency duties; and

WHEREAS the existing practices for setting the aforesaid indemnities and allowances is dependent solely on the examination and initiatives of the Honourable Members of this House.

THEREFORE BE IT RESOLVED...."

It is evident from the excerpt of the aforementioned Resolution that there was a two-fold purpose for establishing the 1979 Commission:

1. to ensure that Members receive equitable remuneration for the responsibilities they were elected to perform; and

2. to have an independent body examine and make recommendations on what that equitable remuneration should be.

The first Commission, under the chairmanship of then Chief Justice, John P. Nicholson, provided an historical review of the payment of remuneration and allowances to Members beginning with the 1948 legislative amendment referred to earlier in this section. It also spent a considerable amount of time addressing the changing role of government and the evolving role of Members to meet this change. The Commission identified two main functions or roles of Members as follows:

1. to represent the people of the Province in the legislative process; and
2. to act as a sort of ombudsman for their constituents.

Future Commissions concurred generally with the Nicholson Commission on the main roles of Members. They also acknowledged the transitory and uncertain aspects of the tenure of legislative office. Not all future Commissions, however, agreed with the first Commission when it stated emphatically that the duties of a Member should be considered "a full time job". Chief Justice Norman H. Carruthers, for example, in his 1986 Report of the Commissioner Appointed Pursuant to the Legislative Assembly Act to Inquire into the Adequacy of the Indemnities, Salaries and Allowances for Members and Officers of the Legislative Assembly and the Adequacy of the Salaries fixed for the Members of the Executive Council, commented:

"The general reaction I received would not lead me to conclude that an M.L.A.'s position is a full-time responsibility which would preclude them from being engaged in another occupation at the same time."

Regardless of the views on the full-time aspect of a Member's duties, most previous Commissions concur with Commissioners O'Brien and Roche that "the subject of the role of the MLA in our society is complicated by the demands constituents place on the Members." They also appear to agree with the Nicholson Commission that:

"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."

The following comment from a member of the general public and quoted by Commissioner Carruthers in his 1986 Report would appear to sum up fairly well the views expressed by all previous Commissions on the subject of Member remuneration:

"A person who aspires to a public office should not be doing so mainly for personal gain, but rather to serve his fellow man. Somehow, there has to be a balance between a reasonable level of remuneration for elected officials and salaries that are considered excessive."

Although Commissioners O'Brien and Roche, in their 1993 Report, are not as precise as was Commissioner Carruthers on the subject of the full-time role of an MLA, they do give a similar impression when they comment:

"We know that some MLAs work full time at performing their functions and do not hold down a second job. We also know that MLAs are able to continue to hold down their full-time jobs and at the same time perform their MLA functions. ... Whatever the situation, we understand that the MLAs are very busy persons who become very involved in a variety of things within the constituency that they represent. However, we question all the situations that MLAs become involved with should be attributed to the role of an MLA."

In January, 1994, Premier Callbeck announced her Government's response to the Report of the Commission of Inquiry Established to Examine the Adequacy of Indemnities, Salaries and Allowances Paid to Members of the Legislative Assembly (the O'Brien and Roche Commission). In her address to the Assembly, the Premier commented:

"The people of the Province, in my opinion, want MLAs to be fairly compensated for their work. However, Islanders also have made it clear they want their MLAs to lead by example when it comes to fiscal restraint and their own remuneration."

This Commission concurs with O'Brien and Roche that "the subject of the role of the MLA in our society is complicated by the demands constituents place on the Members." It also agrees with those Commissioners when they question whether all the situations that MLAs become

involved with "should be attributed to the role of the MLA". The Commission believes that some Members do see the function of an MLA as being full-time and some may even make it full-time; however, it believes that this is a personal preference rather than being a requirement of the job. The Commission concurs, therefore, with Commissioner Carruthers that an MLA's position is not a full-time responsibility. This having been said, however, the Commission agrees with Premier Callbeck and other previous Commissions that Islanders, generally, want to see their MLAs fairly compensated for their work. There must, however, "be a balance between a reasonable level of remuneration ... and salaries that are considered excessive."

### **(B) Definitions**

In the Sections that follow,

"**indemnities**" refers to payments made to all Members of the Legislative Assembly to carry out their basic responsibilities as MLAs; these payments are taxable;

"**salaries**" refers to payments that are made to Members of Executive Council, the Speaker, Deputy Speaker, Leader of the Opposition, and those other Members who hold special positions in the Legislative Assembly or on Executive Council Committees; these payments are in addition to payments received by Members in the form of indemnities and are also taxable;

"**allowances**" refers to additional monies paid to Members, such as, the MLA expense allowance and the mileage allowances; these payments are non-taxable.

### **(C) Members' Indemnities and Allowances**

A Federal/Provincial survey of Members' Indemnities and Allowances prepared in November 1993 enables one to construct the following comparative table of Members' annual indemnities and allowances:



**Table 1**  
**Members' Annual Indemnity and Expense Allowance**

<u>Jurisdiction</u>	<u>Indemnity</u> <u>(taxable)</u>	<u>Expense Allowance</u> <u>(non-taxable)</u>
British Columbia	\$ 32,812	\$ 16,406
Alberta	38,335	19,168
Saskatchewan	38,546	7,622
Manitoba	28,332	14,167
Ontario	42,218	14,160
Quebec	63,475	11,203
New Brunswick	35,807	14,323
Nova Scotia	30,130	15,065
*Prince Edward Island	32,000	9,700
Newfoundland	36,317	18,158
House of Commons	64,400	21,300

Source: Members' Indemnities and Allowances: Federal/Provincial Survey (Summary - November, 1993)

\* The indemnities and allowances of MLAs were reduced by 7.5%, effective April 1, 1994, by the Legislature and Executive Compensation Act. MLAs in Prince Edward Island are currently receiving a taxable annual indemnity of \$29,600 and a non-taxable allowance of \$8,973.

Commissioners O'Brien and Roche in their November, 1993, Report concluded that "the basic salary for an MLA in P.E.I. ... provides a relatively good income for a P.E.I. resident [and] ... the non-taxable allowance ... is adequate in the circumstances to cover ... additional expenses in performing an MLA's duties."

The Commission is aware that, at about the same time the indemnities and allowances of MLAs were reduced by 7.5% by the Legislature and Executive Compensation Act, the Legislative Assembly also reduced the pay rate for all public sector employees. The Public Sector Pay Reduction Act, which came into force on May 17, 1994, reduced the pay rates by 7.5% for those

whose annual salaries were more than \$28,000 and 3.75% for those receiving less than \$28,000 annually. According to the legislation, there is to be no increase in pay rates or benefits for one year.

The Commission, taking into consideration the conclusions of O'Brien and Roche and the fact the salaries and benefits of public sector employees have been frozen at their reduced levels for a year, is of the opinion that no increase in either indemnities or allowances should be awarded to MLAs at this time.

**Decision #16** - That the annual indemnity (taxable) for Members of the Legislative Assembly shall be \$29,600.

**Decision #17** - That the annual non-taxable allowance for Members of the Legislative Assembly shall be \$8,973.

**(D) Salaries and Allowances for Speaker and Deputy Speaker**

The following Table indicates the salaries and additional allowances received by Speakers and Deputy Speakers in the various provinces and the House of Commons:

**Table 2**  
**Annual Salaries and Allowances for Speakers and Deputy Speakers**

<u>Jurisdiction</u>	Speaker Salary/Allowance (taxable)/(non-taxable)	Deputy Speaker Salary/Allowance (taxable)/(non-taxable)
British Columbia	\$39,000 / ----	\$19,500 / ----
Alberta	44,700 / ----	22,350 / ----
Saskatchewan	21,778 / ----	8,167 / ----
Manitoba	15,500 / 3,000	3,500 / 500
Ontario	22,811 / ----	9,546 / ----
Quebec	47,606 / ----	22,216 / ----
New Brunswick	24,460 / 1,000	7,500 / 250
Nova Scotia	37,055 / ----	18,533 / ----
*Prince Edward Island	13,000 / 2,700	6,500 / 1,400
Newfoundland	38,041 / ----	19,021 / ----
House of Commons	49,100 / ----	25,700 / ----

Source: Members' Indemnities and Allowances; Federal/Provincial Survey (Summary - November, 1993)

\*The Speaker's and Deputy Speaker's salaries in this Province were reduced by 7.5% in accordance with the provisions of the Legislature and Executive Compensation Act. These taxable amounts are now: Speaker \$12,025 and Deputy Speaker \$6,013. The non-taxable allowances for both Speaker and Deputy Speaker were eliminated during the 1994 legislative session.

The O'Brien and Roche Commission noted that the remuneration for both the Speaker and Deputy Speaker in this Province was considerably less than for those positions in other provinces. It noted also the relatively short period the Legislature was in session each year. It concluded, therefore, that there did not appear to be any reason for an increase at that time and recommended that the present salary levels continue.

The Commission, in its review of comparative salaries for Speakers and Deputy Speakers, reached a similar conclusion to that of O'Brien and Roche as to the level of salaries for these

positions in this Province. However, in view of the recent decision of the Legislative Assembly with respect to public sector pay rates, the Commission is of the opinion that no adjustment should be considered in the salaries of these positions at this time. The Commission's review of comparative non-taxable allowances for Speakers and Deputy Speakers would indicate that the decision to eliminate those allowances in Prince Edward Island was the right one.

**Decision #18** - That the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$12,025.

**Decision #19** - That the Deputy Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$6,013.

**(E) Salaries for Members of the Executive Council and Leader of the Opposition**

Table 3 provides a comparison of the additional levels of taxable remuneration which Premiers, Cabinet Ministers, and Leaders of the Official Opposition in the various political jurisdictions in Canada received at the time of the November, 1993, Federal/Provincial Survey of Members' Indemnities and Allowances.

**Table 3**  
**Salaries of Premiers, Cabinet Ministers, and Leaders of the Official Opposition**

<u>Jurisdiction</u>	<u>Premier (taxable)</u>	<u>Cabinet Minister (taxable)</u>	<u>Opposition Leader (taxable)</u>
British Columbia	\$45,000	\$39,000	\$39,000
Alberta	56,865	44,700	44,700
Saskatchewan	52,300	38,111	36,610
Manitoba	26,600	20,600	20,600
* Ontario	42,752	30,003	30,902
Quebec	66,649	47,606	47,606
New Brunswick	48,936	32,625	32,625
Nova Scotia	52,012	37,055	37,055
**Prince Edward Island	46,000	37,000	37,000
Newfoundland	52,471	38,137	38,041
House of Commons	69,920	46,645	49,100

Source: Members' Indemnities and Allowances; Federal/Provincial Survey (Summary - November, 1993)

\* The Premier in Ontario receives a non-taxable expense allowance of \$7,967 in addition to his salary as a Premier, while the Leader of the Opposition receives a non-taxable allowance of \$5,313.

\*\* The Premier, Cabinet Ministers and Leader of the Opposition in Prince Edward Island all had their remuneration reduced by 7.5% during the last Session of the Legislature. Accordingly, their taxable remuneration, in addition to their MLA indemnities and allowances (referred to under Section C of Part III) are as follows: Premier: \$44,585; Cabinet Ministers: \$34,225; and, Leader of the Opposition: \$34,225.

From the comparative figures in Table 3, one notes that the salaries of Island Cabinet Ministers and the Leader of the Opposition compare very favourably with those in other provinces. In fact, the figures indicate that Island Cabinet Ministers and the Leader of the Opposition receive, on average, slightly more salary than their counterparts in the other nine provinces. The 7.5% reduction in salaries, assuming those salaries in the other provinces do not change, places the salaries of Island Cabinet Ministers and the Leader of the Opposition somewhat below their counterparts in the other provinces. The Premier's salary, on the other hand, is somewhat less than

the average of the other provinces and is even more so with the 7.5% reduction.

The Commission concurs with the O'Brien and Roche Commission that Cabinet Ministers work "long arduous hours" and that they should receive "some significant additional payment to their basic salary". The Commission also concurs with what appears to be the practice in most other provincial jurisdictions wherein the Leader of the Official Opposition receives an amount similar to that of Cabinet Minister. It is the opinion, therefore, that the remuneration currently being received by holders of these offices should continue at the same level.

The Commission recognizes the heavy responsibilities of the Premier of a province and, although P.E.I. may be small in comparison to most other provinces, the fact is that being a Premier presents many major management challenges which are not unique to size. This, plus the fact that the Premier's salary compares less favourably than that of her Cabinet colleagues with similar positions in the other provinces, suggests to the Commission that the salary level of this position should receive consideration when the economic climate in the Province improves.

**Decision #20** - That the Premier of the Province, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$44,585.

**Decision #21** - That a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$34,225.

**Decision #22** - That the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$34,225.

**(F) Salaries for Special Positions of the Legislative Assembly**

Tables 4 and 5 provide a comparison of the remuneration paid to Members holding special positions in the Legislative Assembly of each jurisdiction. These special positions include: Government House Leader, Opposition House Leader, Government Whip, and Opposition Whip.

**Table 4**  
**Salaries Paid to Government and Opposition House Leaders**

<u>Jurisdiction</u>	<u>Government House Leader (taxable)</u>	<u>Opposition House Leader (taxable)</u>
* British Columbia	n/a	\$ 6,000
* Alberta	n/a	10,000
* Saskatchewan	n/a	8,167
** Manitoba	new	2,500
* Ontario	n/a	11,804
Quebec	47,606	22,804
* New Brunswick	n/a	n/a
Nova Scotia	5,000	2,000
***Prince Edward Island	5,000	3,500
* Newfoundland	n/a	17,029
* House of Commons	n/a	23,800

Source: Members' Indemnities and Allowances; Federal/Provincial Survey (Summary - November, 1993)

\* It is not clear from the Survey whether "n/a" has the same meaning in all instances. It is clear, however, that in British Columbia, Saskatchewan, Newfoundland, and the House of Commons, Cabinet Ministers act as Government House Leaders and receive no additional remuneration.

\*\* The information for Manitoba was not clear as to whether the position was new or the remuneration was new.

\*\*\* The amounts paid to both the Government House Leader and the Opposition House Leader in Prince Edward Island have been reduced by 7.5% to \$4,625 and \$3,238 respectively.

The Commission notes that in a number of the provinces the Government House Leader does not receive any remuneration in addition to the salary he or she receives as a Cabinet Minister. The Commission recognizes that there are additional responsibilities involved in holding this position; however, it is of the opinion that the salary paid as a Cabinet Minister provides reasonable compensation for the additional duties involved.

The Commission notes that, in all provinces except New Brunswick, the Opposition House

Leader receives additional remuneration for the extra duties involved. The Commission agrees that additional remuneration should be given for this position where the position is held by a Member other than the Leader of the Opposition himself or herself. In the event the Leader of the Opposition holds the position, the Commission sees the matter to be similar to that of the Government House Leader and is of the opinion that no additional remuneration should be paid for holding this added responsibility. The Commission notes with approval that legislation precludes a Member from holding more than one of the following offices at any one time: Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, and Opposition Whip.

**Decision #23** - That the Government House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$4,625, providing that the Member holding this position is not receiving a salary as a Cabinet Minister or for any other position identified in amended Section 45(4) of the Legislative Assembly Act.

**Decision #24** - That the Opposition House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$3,238, providing that the Member holding this position is not receiving a salary for any other position identified in amended Section 45(4) of the Legislative Assembly Act.



**Table 5**  
**Salaries Paid to Government Whip and Opposition Whip**

<u>Jurisdiction</u>	<u>Government Whip</u> <u>(taxable)</u>	<u>Opposition Whip</u> <u>(taxable)</u>
British Columbia	\$ 6,000	\$ 6,000
Alberta	8,000	6,000
Saskatchewan	8,167	8,167
Manitoba	2,500	2,500
Ontario	11,804	9,049
Quebec	22,216	19,042
*New Brunswick	1,500	1,500
Nova Scotia	(\$85 for each Caucus Member)	
**Prince Edward Island	3,000	3,000
Newfoundland	5,730	5,730
House of Commons	13,200	13,200

Source: Members' Indemnities and Allowances; Federal/Provincial Survey (Summary - November, 1993)

\* The amount indicated for New Brunswick is non-taxable.

\*\* The amounts paid to Whips in Prince Edward Island have been reduced by 7.5% to \$2,775.

The Commission is aware that there are specific duties attached to the role of Whip and notes that other jurisdictions recognize these additional responsibilities by providing additional remuneration. The Commission does not believe, however, that this additional remuneration should be paid to those Members who are already receiving salaries in addition to their Members' indemnities, such as Cabinet Ministers or the Leader of the Opposition. Again, the Commission is pleased to note that legislation precludes Members from holding this office along with a number of other offices at the same time.

**Decision #25** - That the Government Whip, in addition to the Member's indemnity and

allowance, shall receive an annual salary (taxable) of \$2,775, providing that the Member holding this position is not receiving a salary as a Cabinet Minister or for any other position identified in amended Section 45(4) of the Legislative Assembly Act.

**Decision #26** - That the Opposition Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,775, assuming that the Member holding this position is not receiving a salary for any other position identified in amended Section 45(4) of the Legislative Assembly Act.

**(G) Salaries for Non-Ministerial Members of Executive Council Committees**

The Commission is aware that, from time to time, the Premier may appoint a non-Ministerial Member to an Executive Council Committee. The Commission notes that Commissioners O'Brien and Roche recommended that the additional payment to those Members serving on Executive Council Committees be eliminated. Commissioners O'Brien and Roche give the following rationale for this recommendation: the public perception is that MLAs' duties are not full-time and that their current rate of pay is quite adequate. The Commission also notes that the Premier has not actioned this recommendation except to reduce the amount of remuneration paid to those non-Ministerial Members.

The Commission is of the opinion that non-Ministerial Members appointed to Executive Council Committees are expected to carry out responsibilities beyond those duties normally expected of an MLA and that they should be adequately remunerated for those quasi-Ministerial responsibilities. The Commission, in taking this position, believes that these duties should not preclude a Member from carrying out the normal responsibilities of an MLA. The Commission agrees therefore, that non-Ministerial Members appointed to Executive Council Committees should receive extra remuneration and that the current taxable amount of \$4,625 (\$5,000 less 7.5%) is reasonable.

**Decision #27** - That a non-Ministerial Member appointed to an Executive Council

Committee, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$4,625, providing that the Member serving on such Committee is not receiving a salary for any position identified in amended Section 45(4) of the Legislative Assembly Act.

**(H) Remuneration for House Committee Work**

An Act to Amend the Legislative Assembly Act repealed Section 44 of the Legislative Assembly Act effective April 1, 1994. Section 44 had provided MLAs a per diem allowance of \$75 for each scheduled Committee meeting of the Legislative Assembly to which he or she was appointed and attended when the Assembly was not in session. Members of the Executive Council and the Leader of the Opposition did not receive this additional payment for such Committee work. The Commission assumes that the decision of the Legislature to repeal this particular section was, in part, due to the recommendation of the O'Brien and Roche Commission. That Commission, in arriving at its recommendation, took the position that such Committee work "is the normal job of an MLA". This Commission can find no fault with the reasoning of the former Commission and its subsequent recommendation. The Commission commends the Legislative Assembly for taking the decision it did on this matter.

**(I) Other Administrative Matters**

**(1) Government Vehicles and Mileage Allowance**

**(a) Premier and Cabinet Ministers:** The Commission notes that the practice of providing the Premier and Cabinet Ministers with a Government-owned or leased vehicle or an allowance for the use of their own vehicle is similar to that which exists in the other jurisdictions in Canada. These senior public servants obviously require a vehicle in order to carry out their many public responsibilities. The Commission notes with approval that O'Brien and Roche recommended that the present policy regarding vehicles and allowances for the Premier and Cabinet Ministers remain unchanged.

**Decision #28** - That the Premier and Cabinet Ministers shall be provided with a Government-owned or leased vehicle or, in lieu thereof, an allowance for the use of his or her own vehicle.

(b) **Leader of the Opposition:** Most jurisdictions in Canada provide the Leader of the Official Opposition with either a vehicle or an allowance for use of a personal vehicle. It is the opinion of the Commission that the duties of the Leader of the Opposition are such that he or she requires a vehicle in the performance of those duties.

**Decision #29** - That the Leader of the Opposition shall be provided with a Government-owned or leased vehicle or, in lieu thereof, an allowance for the use of his or her own vehicle.

(c) **Speaker of the House:** Several of the other provinces provide a vehicle or a vehicle allowance for the Speaker. The Speaker maintains an office at Province House and has certain administrative and ceremonial roles which he or she must perform throughout the year. It is the opinion of the Commission that the current practice of providing the Speaker in this Province with a vehicle or a vehicle allowance should continue.

**Decision #30** - That the Speaker of the Legislative Assembly shall be provided with a Government-owned or leased vehicle or, in lieu thereof, an allowance for the use of his or her own vehicle.

(d) **MLAs:** Members in Prince Edward Island are not provided with vehicles but receive a mileage allowance for use of their own vehicles while on official business outside their respective districts. This practice is similar to that in other provinces. The Commission notes with approval the Resolution passed at the 1994 Session of the Legislative Assembly which approved round-trip mileage at the prevailing Civil Service rates to Members who live more than 20 kilometres from Province House, while attending Sessions of the Legislative Assembly or Committee meetings of the Assembly on days the House is not sitting or during the intersession.

This decision, in the opinion of the Commission, properly recognizes the additional cost of attending those sessions and meetings by Members representing areas outside the Capital region. The Commission fully supports that part of the Resolution which states that Members who are eligible for sessional mileage "shall receive payment only for the days they attend the services of the House, or Committees thereof".

The Commission notes that the House Resolution also authorized payment , on a claim basis, to Members who reside more than 20 kilometres from Province House for up to three (3) trips per month when the House is not in session. Except for the "more than 20 kilometres" rider, this provision has been in place for a number of years. It is difficult to make comparisons with other provinces in this particular area as each has its own unique way of addressing the issue. The Commission supports, however, the continuation of this payment and, again, agrees with the "mileage rider" applied by the Assembly Resolution.

**Decision #31** - That Members of the Legislative Assembly who reside more than 20 kilometres from Province House shall receive a mileage allowance for use of their own vehicles while attending sessions of the Legislative Assembly or Committee meetings of the Assembly on days the House is not sitting or during the intersession.

**Decision #32** - That the Premier, Cabinet Ministers, Speaker of the House, and the Leader of the Opposition are not eligible for the mileage allowance referred to in #31 above.

**Decision #33** - That Members receiving mileage allowance referred to in #31 above shall receive such allowance at the prevailing Civil Service mileage rates and only for those days they attend the sittings of the House or the Committees thereof.

**Decision #34** - That Members who reside more than 20 kilometres from Province House shall receive payment, on a claim basis, for up to three (3) trips per month to Charlottetown when the House is not in session.

## **(2) Members' Meal Allowances**

The Commission notes that the sessional meal allowance and the intersessional Committee meal allowance of \$25 per day were eliminated by Resolution of the House at the last Session of the Legislative Assembly. The Commission also notes that the elimination of this allowance was recommended by the O'Brien and Roche Commission. One of the arguments which the former Commission offered in defence of its recommendation was that the non-taxable allowance was sufficient to cover any meal costs. The meal allowance prior to 1989 had been \$25 per day for intersessional meetings and \$10 per day for sessional House business. In 1989, the Thompson and O'Brien Commission recommended that the meal allowance be \$25 per day for both sessional and intersessional meetings. That Commission did not appear to give any consideration as to the need for the allowance in the first instance. This Commission believes that the original intent of a non-taxable expense allowance paid to all Members must have been to cover such costs as meals which were associated with the normal business of the House and concurs with O'Brien and Roche that the non-taxable allowance is sufficient to cover any meal costs. It concurs, therefore, with the recommendation of the O'Brien and Roche Commission and the subsequent Resolution of the Assembly to eliminate this allowance.

## **(3) Effective Date for Remuneration and Benefits**

Section 6 of An Act to Amend the Legislative Assembly Act requires the Commission to specify a date for the implementation of the remuneration and benefits provided by the Commission in Part III of its Report.

The two most obvious dates for decisions in Part III of the Commission's Report to take effect are January 1, 1995, and April 1, 1995, the beginning of the Government's fiscal year. The Commission opts for the latter date, that is, April 1, 1995.

**Decision #35** - That the effective date for implementing all remuneration and benefits approved in Part III (Nos. 16 to 34 above) of this Report shall be April 1, 1995.

#### **IV. OTHER MATTERS**

Section 7 of An Act to Amend the Legislative Assembly Act empowers the Commission to hear a presentation from, and make a compassionate allowance to, a former Member, or the spouse of a former Member, who, in the opinion of the Commission, has suffered "severe hardship" as the result of a reduction in pension benefits or allowances pursuant to the Legislature and Executive Pensions Act, which came into force on April 7, 1994.

Section 7 reads as follows:

- "(1) Any former member of the Legislative Assembly, or the spouse of such member, who is in receipt of a pension or allowance and may suffer severe hardship in consequence of the reduction of such pension or allowance pursuant to the Legislature and Executive Pensions Act, may make a representation to the Indemnities and Allowances Commission.
- (2) The Commission shall consider the representation and may award a compassionate allowance of all or part of the difference between the existing pension or allowance and the pension or allowance payable pursuant to the Legislature and Executive Pensions Act.
- (3) A compassionate allowance awarded under subsection (2) is payable out of the Consolidated Fund."

The Commission recognized the need for a full disclosure of a Member's, or a spouse's, financial status in order to determine "severe hardship". Accordingly, an application for a compassionate allowance was prepared (see copy labelled as Appendix A).

The Commission met with one former Member of the Legislative Assembly in August, who asked for consideration under Section 7; however, at the time of preparing this Report, said Member has not returned the completed application form to the Commission. Thus no action has been taken on the matter.





## V. CONCLUSION

The Commission has developed a Pension Plan for Members of the Legislative Assembly which, it believes, meets the dual objectives of providing Members with a reasonable pension scheme at a cost the general public can afford. To ensure that sitting Members of the Assembly do not experience any break in pension benefits as a result of the termination of the Legislature and Executive Pensions Act on June 30, 1994, the Commission has determined that the new Plan will commence on July 1, 1994, and that Members will be immediately vested in the Plan.

The Commission has reviewed the indemnities and allowances for Members and the salaries and allowances for those Members holding additional responsibilities of an executive or legislative nature. It has determined that those remunerations and benefits should remain at the current levels, with some minor application, for the next year, commencing April 1, 1995. The Commission believes that some adjustment may be desirable in some areas, but it is of the opinion that now is not the time to make those changes.

1

2

## **VI. SUMMARY OF COMMISSION DECISIONS**

1. **That** there shall be a pension plan for Members of the Legislative Assembly entitled "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" and that this Plan shall have effect from July 1, 1994.
2. **That** a sitting Member of the Legislative Assembly on July 1, 1994, shall become a participant in the Plan as of that date. Further, that a person who is not a sitting Member on July 1, 1994, but who subsequently is elected to the Legislative Assembly, shall become a participant in the Plan on the first day following the election.
3. **That** a Member who has retired and is receiving a pension under the Plan and who subsequently is re-elected and becomes eligible to rejoin the Plan shall cease receiving pension benefits under the Plan while a participant in the Plan.
4. **That**, to the extent possible, the cost of providing benefits under the Plan shall be shared equally between the participant and the Government; that in no case shall the value of the participant's required contributions made with interest exceed 50% of the commuted value of the deferred pension.
5. **That** participants shall make contributions of 8% of their indemnity and salary, excluding allowances, to the Plan each year, subject to any limits of the Federal Income Tax Act.
6. **That** the Government shall make contributions to the Pension Fund on a regular basis in such amounts as are determined by the Plan's Actuary as being required, in addition to participant's contributions, to meet the estimated cost of the current accruals of benefits to participants and such other amounts as are required to fund all accrued liabilities for benefits already earned by participants.
7. **That** participants shall become immediately entitled to (vested in) the pension and other

- benefits that have been earned by reason of participating in the Plan on termination, retirement, or death.
8. **That** the normal retirement date shall be the earlier of the participant's 60th birthday or the date on which the participant's age plus credited service equals 80.
  9. **That** a participant may elect to retire early and receive a reduced pension at any time after attaining the age of 50; that in the event the participant elects to retire early, the pension shall be reduced by 1/4% for each month the participant retires earlier than the normal retirement date.
  10. **That** the normal retirement pension payable to a participant (Member only) who retires on the normal retirement date shall be equal to: (a) 2% of the average of the participant's highest three (3) years of indemnity (excluding allowances) **multiplied by** (b) the participant's number of years of credited service in the Plan as a Member.
  11. **That** the normal retirement pension payable to a participant (Minister) who retires on the normal retirement date shall be equal to: (a) 2% of the average of the participant's highest three (3) years of indemnity (excluding allowances) **multiplied by** (b) the participant's number of years of credited service in the Plan as a Member **plus** (c) 2% of the average of the participant's highest three (3) years of salary received while acting as a Minister **multiplied by** (d) the participant's number of years of credited service in the Plan as a Minister.
  12. **That** the amount of pension payable to a participant who has retired shall be increased on the anniversary of each Plan Year by an amount equal to the percentage increase in the average CPI since the last previous increase was granted, **minus** 2% per annum, to a maximum of 8% per annum.

13. **That** in the event of a participant's death, before or after retirement, the participant's spouse shall receive an immediate pension for life of 60% of the pension accrued to the participant.
14. **That**, in the event the participant has no spouse at the time of death but has dependent child(ren), 60% of the pension accrued to the participant shall be paid to the child(ren) in equal shares.
15. **That** "dependent child(ren)" referred to in No. 14 above shall have the following meaning: that at the time of the participant's death the child(ren) was (were) dependent on the participant for support and was (were) (a) under 18 years of age and will not attain that age during the calendar year in which the participant died, or (b) under 25 years of age and in full-time attendance at an educational institution, or (c) dependent on the participant by reason of mental or physical infirmity.
16. **That** the annual indemnity (taxable) for Members of the Legislative Assembly shall be \$29,600.
17. **That** the annual non-taxable allowance for Members of the Legislative Assembly shall be \$8,973.
18. **That** the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$12,025.
19. **That** the Deputy Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$6,013.
20. **That** the Premier of the Province, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$44,585.
21. **That** a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive

- an annual salary (taxable) of \$34,225.
22. **That** the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$34,225.
  23. **That** the Government House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$4,625, providing that the Member holding this position is not receiving a salary as a Cabinet Minister or for any other position identified in amended Section 45(4) of the Legislative Assembly Act.
  24. **That** the Opposition House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$3,238, providing that the Member holding this position is not receiving a salary for any other position identified in amended Section 45(4) of the Legislative Assembly Act.
  25. **That** the Government Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,775, providing that the Member holding this position is not receiving a salary as a Cabinet Minister or for any other position identified in amended Section 45(4) of the Legislative Assembly Act.
  26. **That** the Opposition Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,775, assuming that the Member holding this position is not receiving a salary for any other position identified in amended Section 45(4) of the Legislative Assembly Act.
  27. **That** a non-Ministerial Member appointed to an Executive Council Committee, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$4,625, providing that the Member serving on such Committee is not receiving a salary for any position identified in amended Section 45(4) of the Legislative Assembly Act.

28. **That** the Premier and Cabinet Ministers shall be provided with a Government-owned or leased vehicle or, in lieu thereof, an allowance for the use of their own vehicle.
29. **That** the Leader of the Opposition shall be provided with a Government-owned or leased vehicle or, in lieu thereof, an allowance for the use of his or her own vehicle.
30. **That** the Speaker of the Legislative Assembly shall be provided with a Government-owned or leased vehicle or, in lieu thereof, an allowance for the use of his or her own vehicle.
31. **That** Members of the Legislative Assembly who reside more than 20 kilometres from Province House shall receive a mileage allowance for use of their own vehicles while attending sessions of the Legislative Assembly or Committee meetings of the Assembly on days the House is not sitting or during the intersession.
32. **That** the Premier, Cabinet Ministers, Speaker of the House, and the Leader of the Opposition are not eligible for the mileage allowance referred to in No. 31 above.
33. **That** Members receiving mileage allowance referred to in No. 31 above shall receive such allowance at the prevailing Civil Service mileage rates and only for those days they attend the sittings of the House or the Committees thereof.
34. **That** Members who reside more than 20 kilometres from Province House shall receive payment, on a claim basis, for up to three (3) trips per month to Charlottetown when the House is not in session.
35. **That** the effective date for implementing all remuneration and benefits approved in Part III (Nos. 16 to 34 above) of this report shall be April 1, 1995.





## REFERENCES

An Act to Amend the Legislative Assembly Act, Stats. P.E.I., 1994, c. 34.

Carruthers, Hon. Norman H. Report of the Commissioner. December 31, 1986. (A Report to inquire into the adequacy of the indemnities, salaries and allowances for Members and Officers of the Legislative Assembly of Prince Edward Island).

Deloitte & Touche. The Province of Prince Edward Island - An Appropriate Course of Action. April 22, 1994. (A consultant's report prepared for Premier Catherine Callbeck on a pension plan for Members of the Legislative Assembly).

Executive Council Act, R.S.P.E.I. 1988, Cap. E-12.

Fox-Decent, Wally (Chairperson). Report of the Indemnities and Allowances Commission (Manitoba). March, 1994.

Income Tax Act R.S.C. 1985 (5th Supp.), c. 1-2, as am. S.C. 1994, c. 42-43.

Lapointe, Hon. Charles (Chairperson). "Democratic Ideals and Financial Realities" Commission to Review Allowances of Members of Parliament. Ottawa: Minister of Supply and Services Canada, 1994.

Legislative Assembly Act, 12 Geo. VI, Cap. 25 (1948).

Legislative Assembly Act, R.S.P.E.I. 1988, Cap. L-7.

Legislature and Executive Compensation Act, Stats. P.E.I., 1994, c. 1.

Legislature and Executive Pensions Act, Stats. P.E.I., 1994, c. 35.

Legislative Assembly Retirement Allowances Act, R.S.P.E.I. 1988, Cap. L-8.

Members' Indemnities and Allowances. November, 1993. (A Federal/Provincial Survey Summary).

Nicholson, Hon. John P. (Chairman). Report of the Commission on Remuneration for Members of the Legislative Assembly (Prince Edward Island). February 20, 1980.

O'Brien, Michael L. and Everett E. Roche. Report of the Commission of Inquiry. December 10, 1993. (A Report on the adequacy of indemnities, salaries and allowances for Members of the Legislative Assembly of Prince Edward Island).

Public Sector Pay Reduction Act, Stats. P.E.I., 1994, c. 51.

Rector, S. Myles and George L. White. Report of the Commission of Inquiry on Remuneration of Elected Provincial Officials (Nova Scotia). November 30, 1993.

Resolution #13 of the Legislative Assembly (Prince Edward Island). April 12, 1994. (The Resolution approved several changes to the compensation received by Members of the Legislative Assembly retroactive to March 9, 1994).

Salaries and Allowances for Members of the Legislative Assembly and Ministers of the Crown. (A summary of current salaries and allowances (adjusted by 7.5%) paid to Members and Ministers in Prince Edward Island; forwarded to Commissioners by the Clerk of the Legislative Assembly on September 28, 1994).

Thompson, Ralph C. and Michael L. O'Brien. Report of the Commission. December 14, 1989. (A Report to inquire into the adequacy of the indemnities, salaries and allowances for Members and Officers of the Legislative Assembly of Prince Edward Island).

## **Indemnities and Allowances Commission      F1**

### **Application for Compassionate Allowance**

#### **General Information:**

Section 7 of the **Legislative Assembly Act** empowers the Indemnities and Allowances Commission to hear a representation from, and make a compassionate allowance to, a former MLA or the spouse of an MLA who, in the opinion of the Commission, has suffered severe hardship as the result of a reduction in pension benefits or allowances pursuant to the **Legislature and Executive Pension Act (1994)**.

An application for a compassionate allowance must be made to the Commission in writing by either the former MLA, or their spouse, **describing the severe financial hardship being experienced.**

In the event that the former MLA or spouse is incapacitated, the application may be made by an authorized representative or legal guardian.

In order for the Commission to appreciate fully the purported financial hardship, and to assist in determining if a compassionate allowance is warranted, **detailed information respecting the income and financial assets of the MLA and their spouse** must be made available. All such information will be accorded absolute confidentiality.

The Commission, if requested or deemed necessary, may also meet privately with the MLA and/or spouse to review the application for a compassionate allowance.

Please address all inquiries and correspondence to:

**Lorne Moase, Chairman  
Indemnities and Allowances Commission  
Speaker's Office, Province House  
P.O. Box 2000, Charlottetown, PEI  
C1A 7N8**

Telephone inquiries and requests for information should be directed to:

**Hazel Gallant, Speaker's Office  
368-4310      Fax 368-5175**

Application for Compassionate Allowance  
Statement of Income, Assets and Liabilities

fa(1)

1. Name \_\_\_\_\_
2. Place of Residence \_\_\_\_\_
3. Mailing Address \_\_\_\_\_  
\_\_\_\_\_
4. Telephone \_\_\_\_\_
5. Marital Status \_\_\_\_\_
6. Name of Spouse \_\_\_\_\_
7. Address of Spouse (if different from Applicant)  
\_\_\_\_\_  
\_\_\_\_\_

**INCOME (combined MLA and spouse):**

**PLEASE STATE YOUR TOTAL INCOME FOR 1993**

Total net earnings from employment (after allowable deductions)	_____
Total net income from self-employment (after allowable deductions)	_____
Total net rents from property (after deductions)	_____
Total taxable Canadian dividends and/or taxable portion of capital gains	_____
Total net interest (from bank, trust company, credit union, bond and/or mortgage), as you will report to Revenue Canada	_____
Total gross amount of Unemployment Insurance Benefits	_____
Total gross payments from <b>Canada Pension Plan, Old Age Security pension, Guaranteed Income Supplement or Spouse's Allowance payments</b>	_____
Total gross payments from <b>MLA pension</b>	_____
Total income from other sources (Workers' Compensation, RRSP, Annuities, Alimony, etc.)	_____
<b>TOTAL</b>	_____

**ASSETS:****fa(2)**

**PLEASE LIST YOUR PRESENT ASSETS AND THEIR APPROXIMATE  
CURRENT VALUE**

**A LAND AND REAL ESTATE****Description****Value**

1	_____	_____
2	_____	_____
3	_____	_____

**B DEPOSITS WITH FINANCIAL INSTITUTIONS****C TERM DEPOSITS****D AUTOMOBILES (ACTUAL VALUE)****E STOCKS, BONDS, OTHER****TOTAL ASSETS****LIABILITIES:**

**PLEASE LIST YOUR PRESENT LIABILITIES (including bank  
loans, credit cards, installment debts, mortgages, credit  
companies, automobile loans, and other debts to institutions  
or individuals)**

**Description****Value**

1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____



# Appendix "B"

## EFFECTS OF LEGISLATIVE AND SALARY CHANGES TO MEMBERS' PENSION BENEFITS

			Pension Accrual Per Year	Pension After 5 Years	10 Years	
@ 8.5% Contributions						
1.	Prior to 1994 Legislation	Salary Expense Allowance	32,000 9,700	2,040 618	10,200 3,092	20,400 6,184
TOTAL			41,700	2,658	13,292	26,584
@ 8.5% Contributions						
2.	April 1/94 (after 7.5% rollback)	Salary Expense Allowance	29,600 8,973	1,887 572	9,435 2,860	18,870 5,720
TOTAL			38,573	2,459	12,295	24,590
@ 6.5% Contributions						
3.	May 17, 1994 (Post Legis- lative Changes)	Salary Expense Allowance	29,600 8,973	1,443 437	7,215 2,187	14,430 4,374
TOTAL			38,573	1,880	9,402	18,804

Source: Examples above provided by the Department of the Provincial Treasury.

### 8% Participant Contribution

4.	July 1, 1994 (New Plan)	2% of average of highest three (3) years of indemnity (est. \$32,000)
2% x \$32,000 x 5 years = \$3,200		
2% x \$32,000 x 10 years = \$6,400		

