



**REPORT OF THE  
INDEMNITIES AND  
ALLOWANCES COMMISSION**

**NOVEMBER, 1995**

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November 29, 1995

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

Dear Madam Speaker:

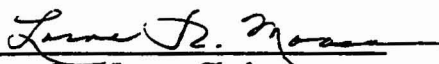
*An Act to Amend the Legislative Assembly Act (1994)* established an Indemnities and Allowances Commission which is required to report annually to the Speaker on or before the first day of December.


According to the legislation, the 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 *Legislative Assembly Act* and have determined that all indemnities, salaries, and allowances shall be increased by one and one-half percent (1.5%) beginning April 1, 1996. In addition, we have increased the salaries of the Speaker and the Deputy Speaker to bring those amounts more in line with the average salaries for similar positions in the Atlantic region.

We, the undersigned Commissioners, are pleased to transmit to you with this letter our 1995 Report.

Respectfully submitted,

  
Lorne R. Moase, Chairman

  
Wayne L. Carew, Commissioner

## **I. INTRODUCTION**

A 1994 amendment to the *Legislative Assembly Act* established the Indemnities and Allowances Commission. This Commission, according to the legislation, is to "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."

Remuneration and benefits are defined by the legislation as "salaries, indemnities, allowances, and pension benefits."

The legislation requires "the Commission, annually and at such other times as the Speaker may request, [to] carry out a review of remuneration and allowances. . . and on or before the first day of December of each year [to] deliver a report to the Speaker which shall be final and binding."

The Commission carried out a comprehensive review of Members' remuneration and benefits and delivered its first report to the Speaker in the fall of 1994. That report contained a new pension plan for Members, as well as a number of decisions relative to indemnities, salaries, and other benefits.

In preparation for the 1995 report to the Speaker, the Commission placed advertisements in local newspapers in mid-August and again in early September inviting the general public to present its views on the matter of remuneration and benefits in the form of written submissions. At the same time (mid-August), the Commission advised both the Liberal and Progressive Conservative caucuses, in writing, that it would be advertising in local newspapers and invited submissions from either or both caucuses. The Commission did not receive any submissions from the general public or from either of the two caucuses. The Commission Chairman did receive a telephone call from one Island resident who expressed

concern that the Commission was not planning to hold public hearings.

The Commission met with the Chief Executive Officer of the Province's Human Resources Management Services Inc., Mr. Wayne McMillan, to obtain up-to-date information on the status of public sector bargaining in the Province, as well as comparative information on salaries of some public sector professions in the region.

Finally, the Commission requested and obtained comparative information on remuneration and benefits for Members of Legislative Assemblies from each of the other provinces and territories.

## **II. PENSIONS**

The Commission established a new Pension Plan for Members of the Legislative Assembly in 1994. This Plan, which took effect on July 1, 1994, was established with several basic principles in mind. One of those principles was that the pension benefits for elected representatives should be within the terms of Revenue Canada's requirements for Registered Pension Plans. In January, 1995, the Commission made application to Revenue Canada for registration of the Plan and subsequently was advised that "until such time as the final determination is made with respect to your application, your plan is deemed to be a registered pension plan . . .". In subsequent correspondence, Revenue Canada identified three sections which must be amended in order for the Plan to be registered. Those sections are 8.01, 9.02, and 12.02. Accordingly, the Commission is amending those sections to comply with the requirements of Revenue Canada.

Under section 8.01 of the Plan as it currently stands, any participant's required contribution in excess of 50% of the commuted value of a deferred pension may be transferred to an RRSP or other registered plan. Revenue Canada has advised that such transfer is acceptable only where the transfer is required under a provincial law applicable to a pension plan. Revenue Canada notes that the MLA Plan is not itself a law of the Province nor is there a provincial Pension Benefits Act in force to which the plan is subject.

Section 9.02 presently enables the Administrator to vary the terms of payment of a pension or deferred pension in respect of short life expectancy. The *Income Tax Act* requires the settlement in such cases to be made as a lump-sum payment.

Section 12.02 provides for an annual increase in a deferred pension "by an amount equal to the average three year increase in the salary and/or indemnity of participants continuing in the plan". The *Income Tax Act* requires that the total increase in a former participant's deferred pension during the deferral period cannot exceed the increase in the

average industrial wage over the same period.

Initially, one or more Members expressed a desire to withdraw from the Plan. The request was denied based on Article 2.01 of the Plan which states that "an individual who, on July 1, 1994, was a sitting Member of the Legislative Assembly of Prince Edward Island, shall become a Participant in the Plan on that date".

The Commission met recently with Mr. Robert E. Ramsay, Manager of Employee Benefits with the Provincial Government and the person in charge of administering the Pension Plan for the Commission. Mr. Ramsay provided the Commission with an overview of the Plan's operation during its first year and with financial statements to March 31, 1995.

The Commission is of the opinion that the Plan has worked well during the first year and does not plan any amendments other than those required by Revenue Canada in order to have the Plan registered under the *Income Tax Act*.

**Decision #1** - That the following amendments are made to the Pension Plan for Members of the Legislative Assembly of Prince Edward Island (Plan) and take effect on April 1, 1996:

Section 8.01 is deleted in its entirety and replaced by the following:

**8.01 50% Maximum Employee Cost Rule**

It is provided that on the earliest of

1. retirement;
2. termination;
3. a Participant's death; and
4. termination of the Plan;

the value of the participant's required contributions made with interest, shall not exceed 50% of the commuted value of the deferred pension. If it does so, then the excess contributions shall be paid in a cash lump-sum payment to the participant or, if the participant has died, to the participant's surviving spouse or, if there is no surviving spouse, to the beneficiary or estate.

Section 9.02 is deleted in its entirety and replaced by the following:

- 9.02 Notwithstanding anything to the contrary contained herein, where the Administrator is satisfied, on the basis of written certification by a medical practitioner licensed to practice medicine in Canada that the participant's or former participant's life expectancy is considerably reduced from what would normally be expected, then the Administrator may pay to the participant or former participant the commuted value of the participant's or former participant's annual deferred pension in complete discharge of all Plan obligations to the participant or former participant and the respective spouse, beneficiary, or estate.

Section 12.02 is amended by the addition of the following sentence:

In no case, however, shall the total percentage increase in the deferred pension over the period from termination until the participant reaches retirement or attains age 60, whichever event occurs first, exceed the total percentage increase in the average wage over the same period, where the term "average wage" has the meaning given in subsection 147.1(1) of the *Income Tax Act* (Canada).



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

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

The Commission, in accordance with the authority given to it by *An Act to Amend the Legislative Assembly Act* (1994), determined indemnities, salaries, and allowances for Members of the Legislative Assembly in its Report of the Indemnities and Allowances Commission dated October, 1994. In that Report, the Commission concurred with previous Commissions that the subject of the role of the MLA in our society is complicated by the demands constituents place on the Members. It further agreed with a previous Commission that an MLA's position is not a full-time responsibility, although some Members do make it full-time. The Commission did agree however with Premier Catherine Callbeck and other previous Commissions that Islanders, generally, want to see their MLAs fairly compensated for their work, but they expressed the opinion that there must "be a balance between a reasonable level of remuneration . . . and salaries that are considered excessive."

The Chairman of the Commission met with MLAs, at their invitation, following the delivery of the Commission's Report to the Speaker. MLAs, generally, were offended by the Report on two counts: first, they disagreed with the Commission's conclusion that their role was not a full-time one and second, they felt that the Commission had not made adequate reference to the fact that MLAs in other provinces often received additional allowances and remuneration which Island MLAs do not receive.

The Commission has not seen anything to change its mind on the first issue, ie. that the role of the MLA is not a full-time one. The Commission is aware that the new electoral map for Prince Edward Island may very well offer new challenges and different responsibilities for MLAs. As the new electoral map is presently being contested in the courts, and since its impact on MLAs will not be felt in any event until after the next General Election, the Commission does not believe that it should attempt to address the implications

of the new electoral map on MLAs at this time. The Commission would suggest to the Speaker, however, that she may wish to have it address the whole matter of remuneration and benefits following the next General Election.

With regard to the second concern of MLAs, ie. that MLAs in other provinces often receive additional allowances and remuneration which Island MLAs do not receive, the Commission concedes that this is often the case. However, this matter must be looked at in its proper context. Island MLAs, for example, do not receive a living allowance during legislative sessions or while on constituency business in the capital city during intersession while MLAs in other provinces do receive varying levels of such allowances for carrying out those responsibilities in addition to any travel allowance. Island MLAs, on the other hand, who reside more than 20 kilometres from Province House do receive a mileage allowance for use of their own vehicles while carrying out their legislative responsibilities both during and between sessions. The rationale for not providing MLAs with a living allowance comes down to a simple explanation---geography. Islanders have the distinct advantage of being able to drive to Charlottetown from any point in the Province in approximately two hours or less.

Again, Island MLAs do not receive a constituency allowance while MLAs in other provinces do receive such an allowance. In some instances, however, the constituency allowance covers other items of expense as well. For example, in New Brunswick, the constituency allowance includes telephone, mailing, and postage costs. Island MLAs do have access to space in the Regional Service Centres and, in addition, each has a telephone calling card which provides unlimited telephone constituency business privileges and each has unlimited access to mailing and postage services for constituency business. As noted earlier in this section, Members will be elected in accordance with a new electoral map in the next and succeeding General Elections. Following the next General Election, therefore, the Speaker may wish to have the Commission review allowances, such as constituency allowances. At this time, however, the Commission is satisfied that the current situation adequately meets the needs of Island MLAs.

**(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 expenses allowance and the mileage allowances. These payments are non-taxable.

**(C) Comparative Information from other Provinces**

A recent study conducted for the Province of Saskatchewan on salaries and allowances for Members of the Legislative Assembly in that province and entitled Report of the Independent Committee on MLA Compensation dated March 1995, and a survey of all provinces and territories in September of this year by the Commission to confirm the information contained in that report have enabled the Commission to construct a number of comparative tables. (see Tables 1 to 6 below)

**(D) Members Indemnities and Allowances**

Table 1 indicates the indemnities and the tax-free allowances MLAs in each of the provinces received as of September, 1995:

Table 1  
Members' Annual Indemnities 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	36,420	18,210
*Saskatchewan	38,546	7,622
**Manitoba	56,000	—
Ontario	42,218	14,160
Quebec	63,469	11,417
New Brunswick	35,807	14,323
***Nova Scotia	29,226	14,613
Prince Edward Island	29,600	8,970
Newfoundland	38,628	18,814

\* The recommendations of the Independent Committee on MLA Compensation in Saskatchewan have not yet been implemented; thus the amounts shown here are those in effect at the present. The Committee has recommended reducing the tax-free allowance to \$4,500 and increasing the indemnity to \$55,000 from the current \$38,546.

\*\* Manitoba eliminated the tax-free allowance during the past year and at the same time increased the indemnity from \$28,332 to \$56,000.

\*\*\* Nova Scotia rolled back both the indemnities and the allowances by 3% for a 3-year period beginning November 1, 1994.

Members' indemnities and expense allowances remained at the same level as in 1994 in five of the other nine provinces. They decreased in two provinces (Alberta and Nova Scotia), while they increased somewhat in Newfoundland. In Manitoba, the tax-free allowance and the car allowance were both abolished and the indemnity was increased to \$56,000. According to the Report of the Indemnities and Allowance Commission (1994) in Manitoba, the Members' discretionary income remained about the same.

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

Table 2 indicates the salaries and additional allowances which Speakers and Deputy Speakers in the various provinces receive:

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

<u>Jurisdiction</u>	<u>Speaker</u> <u>Salary/Allowance</u> <u>(taxable)/(non-taxable)</u>	<u>Deputy Speaker</u> <u>Salary/Allowance</u> <u>(taxable)/(non-taxable)</u>
British Columbia	\$39,000/---	\$19,500/---
Alberta	44,700/---	22,350/---
*Saskatchewan	21,778/---	8,167/---
**Manitoba	21,000/---	7,000/---
Ontario	22,811/---	9,546/---
Quebec	47,602/---	22,214/---
New Brunswick	24,460/1,000	7,500/250
***Nova Scotia	35,943/---	17,977/---
→ Prince Edward Island	12,025/---	6,013/---
Newfoundland	39,416/---	19,708/---

*lack of allowance noted in table...*

- \* Saskatchewan has not as yet adopted the Report of its Independent Committee. These are current amounts.
- \*\* During the past year, Manitoba implemented the decisions outlined in the Report of the Indemnities and Allowances Commission (1994). The salaries of both the Speaker and the Deputy Speaker were increased substantially while at the same time the tax-free allowances were eliminated.
- \*\*\* Nova Scotia rolled back the salary of both these positions by 3% for a 3-year period effective November 1, 1994.

During the past year, the salaries of the Speaker and Deputy Speaker in six of the other nine provinces remained the same. Nova Scotia reduced those salaries as it did other indemnities, salaries, and allowances in that Province by 3% while Newfoundland increased somewhat the salaries of those two officers. Manitoba eliminated the tax-free allowances paid to those positions in the past and increased the salaries substantially. (Speaker from \$15,500 to \$21,000 and the Deputy Speaker from \$3,500 to \$7,000.)

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

Table 3 provides a comparison of the additional levels of remuneration which Premiers, Cabinet Ministers, and Leaders of the Opposition in the various provinces received as of September, 1995:

Table 3

Salaries of Premiers, Cabinet Ministers and Leaders of the 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	40,000	25,000	25,000
***Ontario	42,752	30,003	30,902
Quebec	66,642	47,602	47,602
New Brunswick	47,957	31,972	31,972
Nova Scotia	50,452	35,943	35,943
Prince Edward Island	44,584	34,225	34,225
Newfoundland	54,336	39,514	39,416

\* Recommendations of the Independent Committee have not been implemented at this time. Amounts shown are current.

\*\* The salary of a Minister without portfolio in Manitoba is \$20,000.

\*\*\* In Ontario, a Minister receives a tax-free allowance of \$6,667 in addition to the Ministerial salary.

The salaries of the Premiers, Cabinet Ministers, and Opposition Leaders in five of the other provinces remain the same as last year. Both Nova Scotia and New Brunswick reduced the salaries of all three positions while Newfoundland was the only province to increase the three amounts. Manitoba increased those salaries substantially (Premier from \$26,600 to \$40,000; and, Cabinet Ministers and Leader of the Opposition from \$20,600 to \$25,000 in accordance with the decisions of the Indemnities and Allowances Commission in that province.)

**(G) 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 in each of the provinces. These 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</u>	<u>Opposition</u>
	<u>House Leader (taxable)</u>	<u>House Leader (taxable)</u>
British Columbia	none paid	\$6,000
Alberta	none paid	9,500
Saskatchewan	none paid	7,949
Manitoba	7,000	5,000
Ontario	none paid	11,804
Quebec	none paid	22,214
New Brunswick	none paid	none paid
Nova Scotia	5,000	2,000
*Prince Edward Island	4,625	3,238
Newfoundland	none paid	19,600

\* In Prince Edward Island, the salary is paid only if the persons holding the positions are not receiving a salary as a Cabinet Minister or for any other position identified in section 45(4) of the 1994 amendment to the *Legislative Assembly Act*.

The information in Table 4 has changed only marginally over the past year. In the majority of the provinces, the Government House Leader does not receive additional salary for carrying out the responsibilities of this office. In Prince Edward Island, the holders of both the Government House Leader and the Opposition House Leader positions are unable to receive additional remuneration if they are either a Cabinet Minister or are identified in section 45(4) of the 1994 amendment to the *Legislative Assembly Act* as being ineligible.

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	9,600	5,700
Saskatchewan	7,949	7,949
Manitoba	5,000	4,000
Ontario	11,804	9,049
Quebec	22,214	22,214
New Brunswick	1,500	1,500
Nova Scotia	(\$85 x no. MLAs)	(\$85 x no. MLAs)
*Prince Edward Island	2,775	2,775
Newfoundland	5,900	5,900

\* In Prince Edward Island, the salary for Whip is paid only to the persons holding those positions who are not receiving a salary for any other position identified in section 45(4) of the 1994 amendment of the *Legislative Assembly Act*.

The information contained in Table 5 has changed only marginally during the past year. Quebec has increased the amount paid to the Opposition Whip to bring it in line with



that paid to the Government Whip, while Manitoba has increased both amounts (Government Whip from \$2,500 to \$5,000 and Opposition Whip from \$2,500 to \$4,000). The amounts in other provinces have remained unchanged or have changed only slightly upwards or downwards.

**(H) Comparison of Annual Indemnities and Salaries in the Atlantic Region**

Table 6 provides a comparison of indemnities and salaries Members, Premiers, Ministers, Leaders of the Opposition, and Speakers in the Atlantic Region are receiving in 1995. As well, the Table indicates the percentage the remuneration for those positions in Prince Edward Island is compared to the average of those same positions in the other three Atlantic provinces.

**Table 6**

**Annual Indemnities and Salaries in the Atlantic Region**

<u>Province</u>	<u>Members'</u>		<u>Salaries</u>		
	<u>Indemnities</u>	<u>Premier</u>	<u>Ministers</u>	<u>Opp. Ldr.</u>	<u>Speaker</u>
P.E.I.	\$29,600	\$44,585	\$34,225	\$34,225	\$12,025
N.B.	35,807	47,957	31,972	31,972	24,460
N.S.	29,226	50,452	35,943	35,943	35,943
Nfld.	38,628	54,366	39,514	39,416	39,416
Average (exc. P.E.I.)	34,554	50,925	35,810	35,777	33,273
P.E.I. %age of other 3 provinces	85.7	87.6	95.6	95.6	36.1

From the preceding Table, a number of facts are evident. First, the annual indemnities of Island MLAs are 85.7% of the average of the indemnities of the MLAs in the other three Atlantic provinces. Second, the salary of the Premier is 87.6% of the average of the salaries of the other three Premiers in the Atlantic region. Third, the salaries paid to Cabinet Ministers and the Leader of the Opposition in this Province are 95.6% of the average salary paid to people holding the equivalent positions in the other provinces in the region. These salaries,

as the saying goes, are all "in the ballpark". The most revealing fact is the amount that is being paid to the Speaker of the Island House compared to the average salary that is being paid to Speakers in the other Assemblies—\$12,025 compared to \$33,273 or just 36.1%. This amount is obviously out of line with salaries paid to this position in the rest of the region. Although not shown on this Table, the salary paid to the Deputy Speaker is also low when compared to the average salary for this position in the other three Atlantic provinces. It is not as far out of line, however, as is the Speaker's.

The O'Brien and Roche Commission noted the discrepancy in its Report in 1993. It defended its decision not to recommend any change at that time by stating that the Legislature was in session for a relatively short time each year. In its 1994 Report, this Commission noted a similar discrepancy to the salary of these positions and justified the status quo by pointing to the fact that the Legislative Assembly had just rolled back public sector pay rates and therefore felt that no adjustment should be made at that time. The fact is, however, that these salaries are too far out of line with salaries of similar positions in the region and some adjustment should be made.

Accordingly, the Commission agrees that the salaries for the Speaker and the Deputy Speaker should be adjusted upwards by \$5,000 and \$1,500 respectively for 1996-97. It is noted that even with these adjustments, the salaries for these positions are still well below the average of the other Atlantic provinces (ie. 50.2% and 50.5% respectively). See Decisions #4 and #5 below.

No mention of reinstating the non-taxable allowance, though that's what they did.

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

The remuneration for non-Ministerial Members appointed to Executive Council Committees is currently \$4,625 per year in addition to a Member's indemnity and expense allowance.

**(J) Some Comparative Salaries in the Public Sector in the Atlantic Region**

Tables 7, 8, and 9 provide some comparisons of salaries of public servants in Prince Edward Island with salaries in similar positions in the other three Atlantic provinces. Source for these Tables is the P.E.I. Human Resources Management Services Inc.

**Table 7**

**Salaries of Deputy Ministers in the Atlantic Region**

<b><u>Province</u></b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Prince Edward Island	\$68,400	\$75,000
New Brunswick	80,600	96,200
Nova Scotia	75,000	93,000
Newfoundland	73,600	106,000
Average (excluding P.E.I.)	76,067	98,400
P.E.I. %age of other 3 provinces	89.9	76.2

**Table 8**

**Salary of Teachers at the Certificate 5 Level in the Atlantic Region**

<b><u>Province</u></b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Prince Edward Island	\$27,000	\$41,482
Nova Scotia	29,112	47,443
New Brunswick	30,767	47,443
Newfoundland	29,771	40,786
Average (excluding P.E.I.)	29,883	45,224
P.E.I. %age of other 3 provinces	90.4	91.7

Table 9

Salary of Public Sector Health Nurses I Level in the Atlantic Region

<u>Province</u>	<u>Minimum</u>	<u>Maximum</u>
Prince Edward Island	\$32,465	\$39,041
Nova Scotia	35,704	41,253
New Brunswick	37,248	45,617
Newfoundland	32,182	40,796
Average (excluding P.E.I.)	35,045	42,555
P.E.I. %age of other 3 provinces	92.6	91.7

From the above three Tables, one observes the following: that Island Deputy Ministers are paid on average from 89.9% (on the low end of the scale) to 76.2% (on the upper end of the scale) of their counterparts in the other Atlantic provinces; that Island teachers at the Certificate 5 level and public health nurses at level 1, whether at the low or high end of the scale, are in the low 90% range of comparable levels in the other three Atlantic provinces. With the exception of Island Deputy Ministers at the upper end of the scale, the various categories of public servants in the above-noted three Tables appear to be "in the ballpark" of regional comparability.

**(K) Consumer Price Index**

Table 10 indicates the percentage change in the Consumer Price Index (all items) for Charlottetown-Summerside for the period from 1989 to August 31, 1995.

Table 10

Percentage Change in the Consumer Price Index (all items)

Charlottetown - Summerside

<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
3.8	5.0	7.5	0.8	1.9	-0.2	1.3 (first 8 months)

Source: Department of the Provincial Treasury (Fiscal Management Division)

Table 10 shows that the Consumer Price Index for Charlottetown-Summerside has increased 11.3% for the period 1991 to August 31, 1995. This, in addition to the 7.5% reduction in all public sector salaries (3.75% for those under \$28,000) last year, indicates that Island MLAs who last received an increase in indemnities and salaries in 1990 have experienced an 18.8% decrease in their purchasing power over that same period of time. It is apparent that some upward adjustment in remuneration is warranted. The Commission understands that few settlements have been reached with public sector groups at this time, and, although it does not wish to lead the public sector in salary adjustments, it believes that an upward adjustment in MLAs' remuneration is warranted. Accordingly, it is approving a 1.5% increase for the 1996-97 fiscal year.

**Decision #2** - That the annual indemnity (taxable) for Members of the Legislative Assembly shall be \$30,044.

**Decision #3** - That the annual non-taxable allowance for Members of the Legislative Assembly shall be \$9,105.

**Decision #4** - That the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$17,205 (ie. \$12,205 plus an adjustment of \$5,000).

*does it mention re-instituting the allowance for Sp + DSP any other report?*

**Decision #5** - That the Deputy Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$7,603 (ie \$6,103 plus an adjustment of \$1,500).

**Decision #6** - That the Premier of the Province, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$45,253.

**Decision #7** - That a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$34,738.

**Decision #8** - That the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$34,738.

**Decision #9** - That the Government House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$4,694, 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* (1994).

**Decision #10** - That the Opposition House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$3,287 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* (1994).

**Decision #11** - That the Government Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,817, 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(5) of the *Legislative Assembly Act* (1994).

**Decision #12** - That the Opposition Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,817, 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* (1994).

**Decision #13** - 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 of \$4,694, 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* (1994).

**(L) Other Administrative Matters**

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

(a) The Premier, Cabinet Ministers, Leader of the Opposition, and the Speaker of the House are presently provided with a Government-owned or leased vehicle or, in lieu thereof, receive an allowance for the use of their own vehicle. Similar policies are in place in other provinces.

**Decision #14** - 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.

**Decision #15** - 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.

**Decision #16** - 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.

(b) Members of the Legislative Assembly who reside more than 20 kilometres from Province House currently 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 intersession. The mileage allowance is the prevailing civil service mileage rates. In addition, Members who reside more than 20 kilometres from Province House also receive payment, on a claim basis, for up to three (3) trips per month to Charlottetown when the House is not in session. The current policy appears to be working well and there is no suggestion that it should be changed.

**Decision #17** - 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 #18** - 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. 17 above.

**Decision #19** - That Members receiving the mileage allowance referred to in No. 17 above shall receive such allowance at the prevailing civil service mileage rates and only for those days they attend the sitting of the House or the Committees thereof.

**Decision #20** - 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) Effective Date for Remuneration and Benefits**

Section 6 of *An Act to Amend the Legislative Assembly Act (1994)* require the Commission to specify a date for the implementation of the remuneration and benefits provided by the Commission. The Commission established July 1, 1994, as the effective date for beginning the Pension Plan and April 1, 1995, as the effective date for all other remuneration and benefits approved in Part III of its 1994 report. It agrees, therefore, that April 1, 1996, should be the date when the amendments to the Pension Plan will come into force and that April 1, 1996, should be the effective date for any amendments to the remuneration and benefits package approved under Part III of this Report.

**Decision #21** - That the effective date for implementing the amendments to the Pension Plan is April 1, 1996.

**Decision #22** - That the effective date for implementing all remuneration and benefits approved in Part III (Nos. 2 to 20 above) of this Report shall be April 1, 1996.

**(M) Total Remuneration for Island MLAs (1996)**

The following Table provides a summary of the indemnities, salaries, and allowances that Island MLAs will receive in 1996. In addition, MLAs receive vehicle and mileage allowances as outlined in Section L above and have unlimited use of a telephone calling card and mailing and postage services for constituency business.

Table 11

Total Remuneration (Indemnities, Salaries & Allowances), April 1, 1996

<u>Position</u>	<u>Indemnity</u>	<u>Salary</u>	<u>Allowance</u> <u>(non-taxable)</u>	<u>Total</u>
MLA	\$30,044	—	\$9,105	\$39,149
Premier	30,044	\$45,253	9,105	84,402
Minister	30,044	34,738	9,105	73,887
Ldr. of the Opp.	30,044	34,738	9,105	73,887
Speaker	30,044	17,205	9,105	56,354
Deputy Speaker	30,044	7,603	9,105	46,752
MLA (on Executive Council Committee)	30,044	4,694	9,105	43,843
*Gov't House Leader	30,044	4,694	9,105	43,843
*Opp. House Leader	30,044	3,287	9,105	42,436
*Gov't Whip	30,044	2,817	9,105	41,966
*Opp. Whip	30,044	2,817	9,105	41,966

\*where applicable (see Decisions #9 - 12 inclusive)

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

(a) Section 7 of *An Act to Amend the Legislative Assembly Act (1994)* 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.

Last year, the Commission reported that it had met with a former Member of the Legislative Assembly who had asked for consideration under this section of the legislation. It further reported that, at the time of preparing the Report to the Speaker, this Member had not returned the completed application form to the Commission and that no action had been taken. The Commission can now report that it has not had any further communication with said Member. The Commission has not received any additional requests from former Members, or from spouses of former Members, seeking consideration under this particular section of the legislation.

(b) In May, 1995, the Commission received an official request from a sitting Member of the Legislative Assembly to address the issue of portability of the MLA pension plan in effect for the period prior to the new 1994 Plan, ie. the *Legislature and Executive Pensions Act*, which was given Royal Assent on May 17, 1994, and which ceased to have effect on June 30, 1994. The Member noted correctly that under the terms of that legislation a Member may either collect benefits at age 50 or take a refund of the Member's contributions plus 6.5% interest. This Member further noted, again correctly, that the Act is silent on the issue of transferring the commuted value of the Member's benefits into another plan.

The Commission considered the request and, based on legal advice, advised the Member that, although it is the Administrator of the new pension plan, it does not appear to

have an explicit mandate to make any recommendations respecting the possible shortcomings of the old plan. The Commission further advised the Member that it would be prepared to address the matter of portability of the former plan if the Legislative Assembly deemed it appropriate to do so and the Commission's mandate was clarified accordingly.

(c) Earlier this year, the Deputy Minister of Provincial Affairs and Deputy Attorney General advised the Commission that it had been named as a Respondent in a legal proceeding commenced by a former Member of the Legislative Assembly, Mr. Leo F. Rossiter, and his wife, Anna A. Rossiter.

The Applicants made application, in part, for a declaration that sections 5 and 6 of *An Act to Amend the Legislative Assembly Act (1994)* are ultra vires the Legislative Assembly of the Province of Prince Edward Island and that "the report of the Indemnities and Allowances Commission dated October, 1994, is, as a consequence, of no force and effect".

The Commission considered its position in the matter and advised the Speaker of the Legislative Assembly, the Honourable Nancy Guptill, that, in its opinion, "since the mandate of the Commission with respect to the determination of pension benefits is legislated and clear in its intent, and since the legal authority for the actions and decisions of the Commission is the Assembly itself, it would be inappropriate for the Commission to respond to the Rossiter application".

(d) One of the members of the Commission, Ms. Doris Anderson, was appointed to the Senate of Canada by the Prime Minister in September. Although no person has been named to replace Ms. Anderson on the Commission, it has continued to operate as a Commission based on the advice it has received from legal counsel.

## V. CONCLUSION

The Commission has reviewed the indemnities and allowances for Members and the salaries for those Members holding additional responsibilities of an executive or legislative nature and compared them with similar indemnities, salaries, and allowances being paid for similar positions in other provinces. In addition, the Commission has reviewed the salaries of some public servants in the Atlantic region.

Generally, the Commission was satisfied that indemnities, salaries, and allowances paid to Island Members were "in the ballpark" when compared with indemnities, salaries, and allowances paid to Members in other Atlantic provinces. The salary paid to the Speaker and the Deputy Speaker are exceptions. In fact, salaries paid to these two positions were well under 50% of the amounts being paid to similar positions in the region. The Commission was therefore of the belief that salaries for these two positions should be increased. Furthermore, an 11.3% increase in the Consumer Price Index and a 7.5% reduction in Members' remuneration since they last received an increase suggested to the Commission that some upward adjustment was warranted for all MLAs.

Accordingly, the Commission has increased all indemnities, salaries, and allowances by 1.5% for fiscal year 1996-97 and, in addition, has increased the salary of the Speaker and the Deputy Speaker by \$5,000 and \$1,500 respectively.

Finally, the Commission has made three amendments to the Pension Plan as required by Revenue Canada to ensure its registration under the *Income Tax Act*.

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

1. **That the Pension Plan for Members of the Legislative Assembly be amended. (see the full text of the amendment in Section II of this Report.)**
2. **That the annual indemnity (taxable) for Members of the Legislative Assembly shall be \$30,044.**
3. **That the annual non-taxable allowance for Members of the Legislative Assembly shall be \$9,105.**
4. **That the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$17,205 (ie. \$12,205 plus an adjustment of \$5,000).**
5. **That the Deputy Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$7,603 (ie. \$6,103 plus an adjustment of \$1,500).**
6. **That the Premier of the Province, an addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$45,253.**
7. **That a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$34,738.**
8. **That the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$34,738.**
9. **That the Government House Leader, in addition to the Member's indemnity and**

allowance, shall receive an annual salary (taxable) of \$4,694, 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* (1994.)

10. That the Opposition House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$3,287, 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* (1994).
11. That the Government Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,817, 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* (1994).
12. That the Opposition Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,817, 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* (1994).
13. 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 of \$4,694, 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* (1994).
14. 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.

15. **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.**
16. **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.**
17. **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.**
18. **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. 17 above.**
19. **That Members receiving the mileage allowance referred to in No. 17 above shall receive such allowance at the prevailing civil service mileage rates and only for those days they attend the sitting of the House or the Committee thereof**
20. **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.**
21. **That the effective date for implementing the amendments to the Pension Plan is April 1, 1996.**
22. **That the effective date for implementing all remuneration and benefits approved in Part III (Nos. 2 to 20 above) of this Report shall be April 1, 1996.**