

**REPORT OF THE INDEMNITIES AND
ALLOWANCES COMMISSION
DECEMBER, 1997**

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, Opposition Whip, and the Leader of the Third Party.

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

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 presented its third report to the Speaker in the fall of 1996. That report contained a 2% increase in Members' indemnities and allowances, as well as an adjustment in the salary of the Premier.

In preparation for the 1997 report to the Speaker, the Commission placed advertisements in local newspapers in early November inviting the general public to present its views on submissions. At the same time, the Commission advised both the Liberal, Progressive Conservative, and the Island New Democrats caucuses, in writing, that it would be advertising in local newspapers and invited submissions from the caucuses. The Commission received submissions from two individuals and received a written submission from the Island New Democrats.

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

INDEMNITIES, SALARIES, AND ALLOWANCES

GENERAL

Since the last report of the Commission, in accordance with the authority given to it by An Act to Amend the Legislative Act (1994), there have been changes to the political scene on P.E.I.

The electoral map of Prince Edward Island has changed and as a result there are five fewer Island M.L.A.'s. However, since this is the first year of the change the Commission feels it will require more information in order to make a decision as to whether there should be any specific increases as a result of a heavier workload with fewer M.L.A.'s. The Commission would suggest that this information should be obtained and reviewed for its next report.

The second change is the addition of the second sitting of the Legislature. The Commission has not made a specific adjustment to either the Speaker or Deputy-Speaker remuneration at this time. These salaries were adjusted in the 1995 Commission Report. Although recognizing that there may be a heavier workload with the extra sitting, the Commission is not recommending a change at this time since this is the first year for the extra sitting.

In the 1996 Provincial Election the Island New Democrats ran a full slate of candidates for the twenty-seven ridings and elected one member. On January 13, 1997 the Speaker of the Prince Edward Island Legislative Assembly bestowed, official party status to the Office of the Third Party. There is a precedent, both in Atlantic Canada and in other provinces to pay a salary to the Leader of the Third Party. The Commission has determined that salary to be \$8,065 for the Leader of the Third Party on Prince Edward Island.

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 M.L.A. s. These payments are taxable.

"Salaries" refers to payments that are made to Members of Executive council, the Speaker, Deputy Speaker, Leader of the Opposition, Leader of the Third party, 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

"Allowance" refers to additional monies paid to Members, such as M.L.A. expense allowances and the mileage allowances. These payments are non-taxable.

MEMBERS INDEMNITIES AND ALLOWANCES

Table 1 indicates the indemnities and tax free allowances for M.L.A.s in each of the provinces as of October, 1997.

TABLE 1

MEMBERS' ANNUAL INDEMNITIES AND EXPENSE ALLOWANCE

<u>Jurisdiction</u>	<u>Indemnity - Taxable</u>	<u>Expense Allowance non-taxable</u>
Newfoundland	\$38,028	\$19,014
Nova Scotia	29,226	14,613
New Brunswick	36,595	14,638
Quebec	59,661	11,869
Ontario	78,007	-
Manitoba	58,264	-
Saskatchewan	56,012	4,583
Alberta	36,420	18,210
British Columbia	69,900	-
Prince Edward Island	30,645	9,287

In 1994 the Legislative and Executive Compensation Act reduced the indemnities and allowances of M.L.A.s by 7.5%. The Commission's decision to increase the indemnities and allowances by 4% results in an indemnity of \$31,870 and an allowance of \$9,659. These amounts are just under the amounts of \$32,000 and \$9,700 that were in effect before the 1994 rollback which was effective April 1, 1994.

*\$9,658
in
summe*

Effective April 1, 1997, Civil Servants' wages, as a minimum, had returned for all employees to pre-rollback rates of pay. Dependent on the original salary of the employee the 1994 rollback rate was either 7.5% for salaries greater than \$28,000 and 3.7% for salaries less than \$28,000.

As stated above, this increase of 4% returns the indemnities and allowances to 1994 levels. In the other provinces during the same period, six provinces had increases in remuneration to the M.L.A.s while two had decreases and one had no change.

During this time three provinces, British Columbia, Ontario, and Manitoba have eliminated the tax free allowance and Saskatchewan has reduced theirs. In each case the indemnity was increased to cover the loss of the allowance and to give M.L.A.s an increase ranging from 2.4% to 22%.

The Commission is reluctant to change the allowance at this time. There is a net cost of \$127,000 to the Province to make the change. However, the Commission feels this should be reviewed on an ongoing basis.

TABLE 2

SALARIES AND ALLOWANCES FOR SPEAKER AND DEPUTY SPEAKERS

<u>Jurisdiction</u>	<u>Speaker Salary</u>		<u>Deputy Speaker Salary</u>	
Newfoundland	\$39,834		\$19,917	
Nova Scotia	35,943		17,977	
New Brunswick	24,508	+ \$1,000 allowance	7,597	+\$250 allowance
Quebec	44,746		20,881	
Ontario	24,338		11,545	
Manitoba	21,656		7,219	
Saskatchewan	30,356		10,119	
Alberta	44,700		22,350	
British Columbia	39,000		19,500	
Prince Edward Island	17,549		7,755	

The salaries are taxable while the allowance is non-taxable.

During the past year Saskatchewan and Manitoba increased the salaries by 2% while Quebec decreased the salaries by 6%. There were no changes in the other Provinces.

TABLE 3

**SALARIES FOR MEMBERS OF THE EXECUTIVE COUNCIL AND
THE LEADER OF THE OPPOSITION**

<u>Jurisdiction</u>	<i>Premier</i> <u>(Taxable)</u>	<u>Cabinet Minister (Taxable)</u>	<u>Opposition Leader (Taxable)</u>
Newfoundland	\$54,943	\$39,834	\$39,834
Nova Scotia	50,452	35,943	35,943
New Brunswick	49,013	32,676	32,676
Quebec	62,644	44,746	44,746
Ontario	61,860	32,997	43,060
Manitoba	41,249	25,781	25,781
Saskatchewan	50,954	35,416	35,416
Alberta	56,865	44,700	44,700
British Columbia	45,000	39,000	39,000
Prince Edward Island	50,158	35,433	35,433

The salaries of the Premier, Cabinet Ministers, and Opposition Leader have remained the same as last year in the six of the Provinces. In two Provinces, Saskatchewan and Manitoba there has been a 2% increase and in Quebec a 6% decrease.

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>
Newfoundland	\$ none paid	\$19,917
Nova Scotia	5,000	2,000
New Brunswick	none paid	none paid
Quebec	44,746	20,881
Ontario	none paid	14,275
Manitoba	7,219	5,157
Saskatchewan	none paid	8,095
Alberta	none paid	9,500
British Columbia	none paid	9,000
Prince Edward Island	4,788	3,353

During the past year the salary in British Columbia for the Opposition Leader has increased by 50%. Saskatchewan and Manitoba had salaries increased by 2% and in Quebec where most indemnities and salaries were decreased by 6% the Government House Leader's salary went from nil to \$44,746 and the Opposition House Leader's salary was increased by 6%. In the rest of the Provinces the salaries stayed the same.

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 Legislation Assembly Act.

The Commission members cannot remember a time in the past few legislatures where the Government House Leader has not been a Cabinet Minister. The Commission is recommending a change to correct this anomaly.

TABLE 5

LEADER OF THE THIRD PARTY

<u>Jurisdiction</u>	<u>Third Party Leader Salary (Taxable)</u>	<u>As a Per Cent of Opposition Leader's Salary</u>	<u>As a Per Cent of Deputy Speaker's Salary</u>
Newfoundland	None paid	N/A	N/A
Nova Scotia	\$17,977	50%	100%
New Brunswick	12,000	37%	148%
Quebec	20,881	47%	100%
Ontario	27,848	65%	241%
Manitoba	4,125	16%	57%
Saskatchewan	17,710	50%	175%
Alberta	19,869	44%	88%
British Columbia	19,500	50%	100%
Prince Edward Island	none paid	N/A	N/A

Three Provinces provide a salary for the Leader of the Third party which is equal to the Deputy Speaker's salary while three Provinces provide a salary which is equal to fifty per cent of the Opposition Leader's salary. The balance of the Provinces provide a varying range of remuneration.

The Commission has spent considerable time discussing an initial salary for the Leader of the Third Party recognizing the additional time and responsibility for the member. The Commission is recommending that the salary of the Third Party Leader be \$8,065 which is the same as the salary for the Deputy Speaker.

CONSUMER PRICE INDEX

The Consumer Price Index for Prince Edward Island has risen from 128.2 in April 1994 to 135.4 in October, 1997. This is a 5.6% increase.

The Commission's decision to increase the remuneration by 4% brings the MLAs back to the position they were at in 1994 and does not adjust the remuneration to reflect the increase in the Consumer Price Index since that time.

PENSIONS

A new Pension Plan for Members of the Legislative Assembly was established in 1994. At that time the Legislative and Executive Pension Act replaced the previously existing Legislative Assembly Retiring Allowance Act in respect of benefits accruing to June 30, 1994. The Legislative and Executive Pension Act effectively repealed itself after adjustments made to the old plan. Benefits accruing for MLAs after that date are covered by the Pension Plan for Members of the Legislative Assembly of Prince Edward Island.

With the repealing of the Legislative Assembly Retiring Allowance Act, the "old" pension plan, although still with both funds and membership, is operating without guidance of the Act.

The Commission believes that the pension plan should continue to be dealt with according to the rules set out in the now repealed Act and the Commission proposes to do so and accordingly adapts these rules.

The Commission has met with the plan's actuaries, Morneau Sobeco, and Coopers & Lybrand and at this time is not recommending any changes to the plan.

SUMMARY OF COMMISSION DECISIONS

1. That the annual indemnity (taxable) for Members of the Legislative Assembly shall be \$31,870.
2. That the annual non-taxable allowance for members of the Legislative Assembly shall be \$9,658.
3. That the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$18,251.
4. That the Deputy Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$8,065.
5. That the Premier of the Province, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$52,164.
6. That a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$36,850.
7. That the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$36,850.
8. That the Government House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$4,980, providing that the Member holding this position is not receiving a salary for any position identified in amended Section 45(4) of the Legislative Assembly Act (1994).
9. That the Opposition House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$3,487, 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).
10. That the Government Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,988 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).
11. That the Opposition Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$2,988 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).

12. 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 \$4,980, 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).
13. That the Leader of the Third Party, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$8,065.
14. That the Premier and Cabinet Ministers shall be provided with a Government-owned or leased vehicle, 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 intercession.
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 a 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 Decision of this Report shall be April 1, 1998.