

**REPORT OF THE INDEMNITIES AND**

**ALLOWANCES COMMISSION**

**DECEMBER, 1999**

November 23, 1999

Hon. Wilbur MacDonald, M.L.A.  
Speaker of the Legislative Assembly  
P.O. Box 2000  
Charlottetown, PE C1A 7N8

Dear Mr. MacDonald:

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.

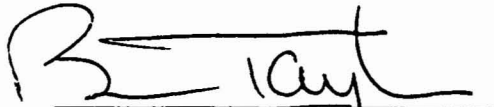
According to the Legislation, the Commission is to 'review and determine' the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, Opposition Whip and the Leader of the Third Party.

The Commission has completed its review of the remuneration and benefits as defined in Section 46 of the Legislative Assembly Act.

I am pleased to transmit to you with this letter the 1999 Report which includes the Commission's decisions and the rationale for these decisions.

Respectfully Submitted,

  
Colin Younker, Chairman

  
Ben Taylor, Commissioner

  
Wilbert MacKenzie, Commissioner

## 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 fifth report to the Speaker in the fall of 1998. That report contained a 2% increase in Members' indemnities and allowances, as well as adjusting the salary level for the Leader of the Third Party to be the same as the Deputy Speaker's. On May 11, 1999 the Commission also presented a Supplementary Pension Plan for the Members as recommended in the 1998 report.

In preparation for the 1999 report to the Speaker, the Commission placed advertisements in local newspapers in August 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 one individual and a written submissions from the Island New Democrats.

## **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 May, 1999.

TABLE 1

<u>MEMBERS' ANNUAL INDEMNITIES AND EXPENSE ALLOWANCE</u>		
<u>Jurisdiction</u>	<u>Indemnity - Taxable</u>	<u>Expense Allowance non-taxable</u>
Newfoundland	\$38,789	\$19,014
Nova Scotia	31,034	15,517
New Brunswick	37,400	14,960
Quebec	60,860	11,956
Ontario	78,007	-
Manitoba	59,255	-
Saskatchewan	57,455	4,701
Alberta	39,276	19,638
British Columbia	69,900	-
Prince Edward Island	32,505	9,850

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 in 1997 to increase the indemnities and allowances by 4% resulted in an indemnity of \$31,870 and an allowance of \$9,659. These amounts were just under the amounts of \$32,000 and \$9,700 that were in effect before the 1994 rollback which was effective April 1, 1994. The Commission's decision in 1998 was to increase the indemnity and allowance by 2% to \$32,505 for the indemnity and \$9,850 for the allowance. The Commission's decision this year is to increase the indemnity and allowance by 2% to \$33,155 for the indemnity and to \$10,050.

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. The teachers' last settlement was for a 6 1/2% increase over three years at an increase of 2%, 2%, 2 1/2% in the third year. The decision to increase is consistent with MLA increases in other provinces; Nova Scotia - 3%, Saskatchewan - 1.5%, Newfoundland - 2% and Alberta - 8%.

The current pension plan has a retirement date of 60 or age plus service index of 80. Recognizing that few politicians would attain 30 years of service in order to have an early retirement at 50, the Commission is recommending that the supplemental plan have an age plus service index of 70 for a participant who has reached 50. Therefore, to qualify at age 50, they would have been a member for 20 years.

TABLE 2

---

**SALARIES AND ALLOWANCES FOR SPEAKER AND DEPUTY SPEAKERS**


---

<u>Jurisdiction</u>	<u>Speaker Salary</u>		<u>Deputy Speaker Salary</u>	
Newfoundland	\$40,631		\$20,315	
Nova Scotia	37,055		18,533	
New Brunswick	25,047	+ \$1,000 allowance	7,765	+\$250 allowance
Quebec	45,645		21,301	
Ontario	24,338		11,545	
Manitoba	22,025		7,342	
Saskatchewan	31,138		10,379	
Alberta	48,204		24,012	
British Columbia	39,000		19,500	
Prince Edward Island	25,030		12,515	

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

) During the past year Saskatchewan increased the salaries by 1.5%, Alberta 8%, and Newfoundland 2%. New Brunswick did increase the Speaker's salary but not the Deputy Speaker's.

TABLE 3

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

---

<u>Jurisdiction</u>	<u>Premier (Taxable)</u>	<u>Cabinet Minister (Taxable)</u>
Newfoundland	\$55,583	\$40,631
Nova Scotia	52,012	37,055
New Brunswick	50,091	33,395
Quebec	63,903	45,645
Ontario	61,860	32,997
Manitoba	41,951	26,220
Saskatchewan	51,897	36,328
Alberta	61,320	48,204
British Columbia	45,000	39,000
Prince Edward Island	53,205	37,585

Newfoundland has had a 2% increase. There has been a 8% increase in Alberta and a 1.5% increase in Saskatchewan.



TABLE 4

## 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	\$18,533	50%	100%
New Brunswick	12,000	37%	148%
Quebec	21,301	47%	100%
Ontario	27,848	65%	241%
Manitoba	4,125	16%	57%
Saskatchewan	17,921	50%	175%
Alberta	19,869	44%	88%
British Columbia	19,500	50%	100%
Prince Edward Island	12,515	33%	100%

Four 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 the 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 \$15,835 which is 40% of the Opposition Leader's salary.

typo.  
Correct amount in  
summary.  
[ \$15,335.00 ]

## SUMMARY OF COMMISSION DECISIONS

1. That the annual indemnity (taxable) for Members of the Legislative Assembly shall be \$33,155.
2. That the annual non-taxable allowance for members of the Legislative Assembly shall be \$10,050.
3. That the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$25,530.
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 \$12,765.
5. That the Premier of the Province, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$54,270.
6. That a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$38,335.
7. That the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$38,335.
8. That the Government House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$5,180, 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 \$3,630, 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 \$3,055 providing that the Member holding this position is not receiving a salary as a Cabinet Minister or as a member of an Executive Council Committee 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 \$3,055 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 \$5,180, 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 \$15,335.
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 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 shall receive payment, on a claim basis, for up to five (5) trips per month to Charlottetown when the House is not in session.
21. That the Leader of the Third Party shall receive payment, on a claim basis, for up to eight (8) trips per month to Charlottetown when the House is not in session.
22. The Commission recommends that a member, who has met an age plus service index of 70 and has attained age 50, and who retires on or after April 1, 2000 be entitled to an additional benefit from the Supplementary Pension Plan such that the total pension paid from the Basic and Supplementary Pension plans is equal to the sum of the unreduced pension from both plans.
23. That the effective date for implementing the Decision of this Report shall be April 1, 2000.