

SPEAKER
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**REPORT OF THE INDEMNITIES AND
ALLOWANCES COMMISSION
DECEMBER, 2004**

November 30, 2004

Hon. Gregory J. Deighan, M.L.A.
Speaker of the Legislative Assembly
P.O. Box 2000
Charlottetown, P.E.I.
C1A 7N8

Dear Mr. Speaker:

Pursuant to section 46(6) of the Legislative Assembly Act, the Indemnities and Allowances Commission is required to report annually to the Speaker on or before the first day of December.

The Commission has recently met to consider its recommendations to be effective as at April 1, 2005. However, having regard to numerous submissions from members of the public as well as delay in the receipt of some necessary information pertaining to benefits and remuneration, the Commission has been unable to complete its annual review of the remuneration and benefits as outlined in the Commission's last report. The Commission accordingly recommends and determines, pending further review and determination, that the remuneration and benefits as stated in its 2003 report be maintained for the time being.

The Commission will be proceeding during the next several weeks to complete its review and determination of the existing remuneration and benefits. You can anticipate a further, detailed report from the Commission early in the new year which will include the Commission's decisions and the rationale for those decisions.

Respectfully submitted,



Keith M. Boswell
Chairman
Indemnities and Allowances Commission

**REPORT OF THE INDEMNITIES AND
ALLOWANCES COMMISSION
2004 REPORT**

HAND DELIVERED

June 27, 2005

Hon. Gregory J. Deighan, M.L.A.
Speaker of the Legislative Assembly
P.O. Box 2000
Charlottetown, P.E.I.
C1A 7N8

Dear Mr. Speaker:

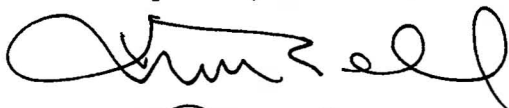
An Act to Amend the Legislative Assembly Act (1994) established an Indemnities and Allowances Commission. The Commission is required to report annually to the Speaker on or before the first day of December. The Commission delivered its interim report for December 2004 to you on November 30, 2004; that report, for various reasons, recommended and determined, pending further review and determination, that the remuneration and benefits as stated in its 2003 report (delivered on June 23, 2004) be maintained for the time being

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

As Chairman, I am pleased to transmit to you with this letter the final 2004 Report which includes the Commission's decisions and the rationale for these decisions.

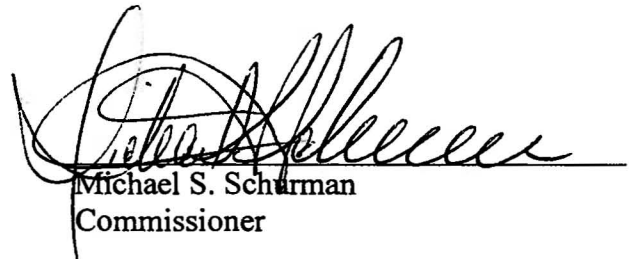
Respectfully Submitted,



Keith M. Boswell
Chairman



Albert Ferris
Commissioner



Michael S. Schurman
Commissioner

INTRODUCTION

A 1994 amendment to the Legislative Assembly Act established the Indemnities and Allowances Commission (the "Commission"). This Commission, as mandated by Section 46(1), is to "review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly ["Members"], Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Leader of a Third Party, Government Whip and Opposition Whip"

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

As required by Section 46(6), the Commission meets "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 deliver[s] a report to the Speaker which shall be final and binding."

The Commission's last annual report to the Speaker for 2003 contained an increase of approximately 1.00% in Members' indemnities and allowances and enhanced their pension benefits. The Commission's annual reports for 2002 and 2001 each contained a 3.25% increase in Members' indemnities and allowances. The increase in 2000 was 2.50%.

In preparation for the current report to the Speaker, the Commission placed advertisements in local newspapers last November inviting the general public to present its views on the remuneration and benefits of the members. The Commission received nearly 30 responses from the general public stating various and divergent views on the Members' remuneration and benefits. These responses ranged from suggesting the abolition of the Commission itself, and increasing or decreasing Members' salaries in line with the Consumer Price Index, to reducing Members' salaries by reason of current provincial finances. The Commission appreciates such public input and has considered such views in its deliberations.

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, Leader of a Third Party, and those other Members who hold special positions in the Legislative Assembly, or sit 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 an annual MLA expense allowance and a mileage allowance. These payments are non-taxable.

MEMBERS INDEMNITIES AND ALLOWANCES

Table 1 indicates the current indemnities and (non-taxable) allowances for members in each of the Provinces and Territories as at December 1, 2004.

TABLE 1

MEMBERS' ANNUAL INDEMNITIES AND EXPENSE ALLOWANCE

<u>Jurisdiction</u>	<u>Indemnity - Taxable</u>	<u>Expense Allowance Non-Taxable</u>
Newfoundland	47,238	23,619
Nova Scotia	37,288	17,264
New Brunswick	41,580	20,781
Quebec	78,886	13,379
Ontario	85,240	Nil
Manitoba	66,453	Nil
Saskatchewan	65,001	5,319
Alberta	43,740	21,870
British Columbia	75,100	Nil
Prince Edward Island	36,326	11,362
NWT	80,141	6,208
Yukon	36,556	17,832
Nunavut	65,564	1,000

Since the preparation of our last report remuneration in the other jurisdictions has increased only marginally, and in British Columbia the Government caucus members have taken a voluntary reduction of \$5,000. For example, the percentage increase in New Brunswick during the past year was approximately 2.4%. In both Quebec and Ontario, there were no increases in indemnities or allowances for Members.

Table 2 indicates the current salaries for Cabinet Ministers and the Premier in each of the Provinces and Territories as at December 1, 2004.

TABLE 2

**SALARIES FOR MEMBERS OF CABINET AND
THE LEADER OF THE OPPOSITION**

<u>Jurisdiction</u>	<u>Premier</u> <u>(Taxable)</u>	<u>Cabinet</u> <u>Minister</u> <u>(Taxable)</u>
Newfoundland	68,252	49,483
Nova Scotia	59,596	42,464
New Brunswick	55,690	37,127
Quebec	82,830	59,165
Ontario	67,595	38,057
Manitoba	46,397	29,001
Saskatchewan	57,393	40,176
Alberta	68,292	53,676
British Columbia	45,000	39,000
Prince Edward Island	54,459	42,000
Northwest Territories	60,952	42,892
Yukon	28,971	21,147
Nunavut	67,049	56,440

The Leader of the Opposition's salary is the same as a Cabinet Minister's in all Provinces except Ontario where it is approximately 30% higher. Neither the Northwest Territories nor Nunavut has a Leader of the Opposition due to their consensus style of assemblies. During the past year, it deserves note that no increases for Cabinet Ministers or the Premier were made in Quebec, Ontario, Manitoba, Saskatchewan, British Columbia, Northwest Territories and the Yukon.

Table 3 indicates the current salaries for Speakers and Deputy Speakers in each of the Provinces and Territories as at December 1, 2004.

TABLE 3

SALARIES AND ALLOWANCES FOR SPEAKERS AND DEPUTY SPEAKERS

<u>Jurisdiction</u>	<u>Speaker</u> <u>Salary</u>	<u>Deputy</u> <u>Speaker</u> <u>Salary</u>
Newfoundland	49,983	24,742
Nova Scotia	42,464	21,232
New Brunswick	27,846 + \$1,000 Allowance (non-taxable)	8,632 + \$250 Allowance (non-taxable)
Quebec	59,165	27,610
Ontario	28,595	12,616
Manitoba	24,360	8,122
Saskatchewan	34,435	11,478
Alberta	53,676	26,844
British Columbia	39,000	19,500
Prince Edward Island	31,497	15,748
Northwest Territories	28,219	5,644
Yukon	7,049	5,287
Nunavut	56,440	[TBC]

The above salaries are taxable, while the allowance in New Brunswick is non-taxable. During the past year, there were no increases in 7 jurisdictions for Speaker and Deputy Speaker salaries (i.e., Quebec, Ontario, Manitoba, Saskatchewan, British Columbia, Northwest Territories and Yukon).

SUMMARY

Compensation Comparison

	<u>Member</u> <u>(incl.</u> <u>expense</u> <u>allow.)</u>	<u>Opposition</u> <u>Leader and</u> <u>Cabinet</u> <u>Minister</u>	<u>Premier</u>
Newfoundland	70,857	120,340	139,109
Nova Scotia	54,552	97,016	114,148
New Brunswick	62,361	99,488	118,051
Quebec	92,265	151,430	175,095
Ontario	85,240	123,297	152,835
Manitoba	66,453	95,454	112,850
Saskatchewan	70,320	110,496	127,713
Alberta	65,610	119,286	133,902
British Columbia	75,100	114,100	120,100
Prince Edward Island *	48,165	90,585	108,219
Northwest Territories	86,349	129,241	147,301
Yukon	54,388	75,535	83,359
Nunavut	66,564	123,004	133,613
Average	69,094	111,482	128,177

* The P.E.I. compensation used is the recommended amounts effective April 1, 2005

Pension Plan

The Commission tabled with its 2001 report the combined plan text for the new pension plan introduced in 1994 and the supplemental plan introduced in 1996. This new plan is indexed at a rate of CPI to a maximum of 8% during the period when the member is on an active or deferred basis. When receiving benefits the indexation is CPI less 2%.

In its 2001 Report, the Commission noted that the previous pension plan, which was closed in 1994, was then indexed at a rate of CPI less 2%, both during the active/deferred basis and benefit period. To ease the administrative burden and to make the accruing benefit rate comparable for both plans, the Commission recommended in its 2001 Report that the previous pension plan, which was closed in 1994, be amended retroactively to July 1, 1994, to match the current plan; that is, CPI to a maximum of 8% while deferred, and CPI less 2% while receiving benefits.

In its 2003 Report, the Commission recommended that effective as at April 1, 2004, the amount of earnings upon which a Member's pension shall be calculated and based is the total earnings of the Member, excluding any car or mileage allowance (i.e., the basic indemnity, the annual MLA expense allowance and any salary paid to the Member by reason of an office such as that of a cabinet minister or whip held by the Member). The Commission noted that any pension calculations or entitlements for earnings prior to April 1, 2004 shall not include the annual MLA expense allowance.

During the past year, the Commission has received actuarial and other cost estimates of various changes to the now combined plans, and based on this information, the Commission recommends that, effective April 1, 2005, in respect of pension benefits payable under the Basic Portion and the Supplemental Portion the MLA Pension Plan, a Participant shall be entitled to an unreduced pension on the first day of the month coincident with or immediately following the Participant's 55th birthday.

Third Party Leader

The Commission's decisions apply only to elected members of the Legislative Assembly. Accordingly, any reference to a Third Party Leader applies only upon his or her election to the Legislative Assembly.

Speaker, Deputy Speaker and Government House Leader

The Commission, as in previous years, has fixed the salary for the Speaker at a level which is 75% of a Cabinet Minister's salary. The Deputy Speaker's salary remains at a level of 50% of the Speaker's salary.

The annual salary for the Government House Leader was adjusted in the Commission's 2003 Report to reflect that the position does not allow for remuneration for Executive Council Committee appointment.

Current Year Increase

The Commission is recommending a combined increase of approximately 1.00% for indemnities and allowances, effective at and retroactive to April 1, 2005. A table summarizing the current amounts to be paid to members is attached as Appendix 1.

Other Matters and Benefits

The Commission has compiled extensive information concerning the amounts to which members of assemblies in other jurisdictions in Canada are entitled for such items as staffing, communications, travel allowances, group, life, health and dental benefits, office facilities, constituency allowances, etc. There is, to say the least, considerable variation across the country as to the type and range of such amounts and benefits.

The Commission will be considering these additional matters in further detail in the years to come. In its 2003 Report, the Commission recommended that, effective April 1, 2004, all Members shall be provided group benefits for basic life, accident, health and dental as are provided or available to those excluded employees employed by the Government. This recommendation of the Commission required some clarification subsequent to delivery of the Commission's 2003 Report, since some of the coverage levels between those available to excluded employees employed by the Government and to Members are not identical. Accordingly, the Commission met and clarified this recommendation at its meeting of October 27, 2004 and this recommendation has been restated in item 20 of the Summary of the Commission's Decisions.

During the past year, the Commission was requested by the Speaker to consider the availability of extending long term disability insurance coverage to Members. The Commission has considered this request; and, after review of various plans and programmes in place in other jurisdictions in Canada as well as the costs associated with the provision of such insurance to a relatively small and transitory group of potential insureds, the Commission has determined that such coverage is not feasible at this time in a jurisdiction such as Prince Edward Island.

SUMMARY OF COMMISSION DECISIONS

1. That the annual indemnity (taxable) (the “indemnity”) for Members of the Legislative Assembly shall be \$36,689.
2. That the annual (non-taxable) MLA expense allowance (the “allowance”) for members of the Legislative Assembly shall be \$11,476.
3. That the Speaker of the Legislative Assembly, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$31,812.
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 \$15,906.
5. That the Premier of the Province, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$60,054.
6. That a Cabinet Minister, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$42,420.
7. That the Leader of the Opposition, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$42,420.
8. That the Government House Leader, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$11,470; provided that the Member holding this position is not receiving a salary for any position identified in Section 45(4) of the Legislative Assembly Act, R.S.P.E.I. 1988, Cap. L-7, as amended (the “Act”).
9. That the Opposition House Leader, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$4,015; provided that the Member holding this position is not receiving a salary for any other position identified in Section 45(4) of the Act.
10. That the Government Whip, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$3,377; provided 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 Section 45(4) of the Act.
11. That the Opposition Whip, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$3,377; provided that the Member holding this position is not receiving a salary for any other position identified in Section 45 (4) of the Act.
12. That a Member (other than a Cabinet Minister) appointed to an Executive Council Committee, in addition to the Member’s indemnity and allowance, shall receive an annual salary (taxable) of \$5,735; provided that the member serving on such Committee is not receiving a salary for any position identified in Section 45(4) of the Act.

13. That the Leader of a Third Party, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of \$16,034.
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, other than the Premier, a Cabinet Minister, the Leader of the Opposition and the Speaker, shall receive a mileage allowance for use of their own vehicles, while attending sessions of the Legislative Assembly, or Committee meetings of the Assembly held on days when the House is not sitting or during the inter-session.
18. 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.
19. 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.
20. That the group benefits for basic life, accident, health and dental as are now provided or available to Members shall be paid on their behalf, as is the case for those excluded employees employed by the Government; provided, however, that it shall be the Member's responsibility to pay for any optional or other coverages in excess of or beyond those basic coverages.
21. That the Member's indemnity, annual MLA expense allowance and any other salary received by a Member on and after April 1, 2004, shall be the pensionable earnings of the Member for purposes of the existing pension plans.
22. That effective April 1, 2005, in respect of pension benefits payable under the Basic Portion and the Supplemental Portion the MLA Pension Plan, a Participant shall be entitled to an unreduced pension on the first day of the month coincident with or immediately following the Participant's 55th birthday.
23. That the effective date for implementing the Decisions of this Report shall be April 1, 2005.

APPENDIX 1

Surname	TOTAL PENSIONABLE EARNINGS	PREMIER SALARY	MINISTER/ OPP. LEADER	EX. COUNCIL/ COMMITTEE	GOV'T H. LEADER	OPP. H. LEADER	SPEAKER/ DEP. SPK.	GOV'T/OPP. WHIP
	(Includes basic MLA salary of \$36,689 plus tax free allowance of \$11,476 = \$48,165, plus other salary)						(Deputy Speaker receives 1/2 of Speaker)	(Entitled to \$3,377, unless another position held)
ARSENAULT, J.W.	\$53,900			\$5,735				
BAGNALL, J.	\$59,635			\$0	\$11,470			
BALLEM, J.	\$90,585		\$42,420					
BINNS, P.	\$108,219	\$60,054						
BROWN, P.	\$90,585		\$42,420					
BERTRAM, C.T.	\$48,165							
BROWN, R.	\$52,180					\$4,015		
COLLINS, W.	\$53,900			\$5,735				
CURRIE, M.	\$90,585		\$42,420					
DEIGHAN, G.	\$79,977						\$31,812	
DOVER, M.	\$90,585		\$42,420					
DUNN, C.J.	\$53,900			\$5,735				
GILLAN, J.C.	\$90,585		\$42,420					
GHIZ, R.W.J.	\$90,585		\$42,420					
MACADAM, K.	\$90,585		\$42,420					
MACALEER, W.	\$53,900			\$5,735				
MACDONALD, H.M.	\$53,900			\$5,735				
MACDONALD, W.B.	\$53,900			\$5,735				\$0
MACFADYEN, E.	\$90,585		\$42,420					
MACKENZIE, E.L.A.	\$48,165							
MACKINLEY, R.W.	\$51,542							\$3,377
MCCARDLE, F.	\$53,900			\$5,735				
MCKENNA, D.	\$53,900			\$5,735				
MOONEY, A.	\$64,071						\$15,906	
MURPHY, M.	\$90,585		\$42,420					
RODGERSON, E.E.	\$53,900			\$5,735				
SHEA, G.A.	\$90,585		\$42,420					