



Indemnities & Allowances Commission

2023 Report

Legislative Assembly of Prince Edward Island

Ron Profit, K.C., Chair
Dennis Carver, C.P.A., C.A., Commissioner
Karen Fraser, C.P.H.R., Commissioner

August 13, 2023

Hon. Darlene Compton, MLA
Speaker of the Legislative Assembly
197 Richmond Street
PO Box 2000
Charlottetown, PE C1A7N8

Dear Madam Speaker,

Section 53(6) of the *Legislative Assembly Act* requires the Indemnities and Allowances Commission to review and report on remuneration for the position of a Member of the Legislative Assembly, and for positions with additional responsibility in the legislature, within ninety days of the Commission's appointment following a general election. Pursuant to the Act, the Commission is pleased to present its report.

This is the first report of the Commission since the reporting requirement was changed with the adoption of a new *Legislative Assembly Act* in 2020.


Respectfully submitted,



Ron Profit, K.C., Chair



Dennis Carver, C.P.A., C.A., Commissioner



Karen Fraser, C.P.H.R., Commissioner

Table of Contents

I. Introduction.....	2
II. Commissioners.....	4
III. Indemnity & Salaries	
• Income Data.....	5
• Consumer Price Index (CPI) Data.....	6
• Written Submissions to the Commission.....	9
• Consideration of MLA Indemnity.....	9
• Indemnities in Canadian Jurisdictions.....	9
• Consideration of Additional Salaries.....	12
VIII. Conclusion.....	17

I. Introduction

The Indemnities and Allowances Commission establishes employment benefits for the role of MLA to provide reasonable remuneration for the scope of work required and to ensure the position is widely accessible without undue financial hardship

The Commission was established in 1994 in the *Legislative Assembly Act* as an independent body with authority to set remuneration provided to Members of the Legislative Assembly (MLAs) through binding decisions.

A core purpose of Commissions past and present has been to reduce barriers to elected office by ensuring fair compensation for the work of representation and advocacy undertaken by those elected to the Legislative Assembly. As Commissioners Nicholson, Stewart, Monkley, and O'Brien stated in their 1980 *Report of the Commission Established to Examine and Recommend on Remuneration for Members of the Legislative Assembly*:

The remuneration to Members must in some way compensate those who are willing to assume the burden of elective office...Fair and reasonable annual salaries must be paid to Members so that they will be free to devote the necessary time and attention to their work...We must see to it that no one is dissuaded from seeking public office because of financial risk or certain financial reversal. (pg.31)

Through its review of remuneration, the Commission supports the democratic value of the role of an MLA to Island society, and ensures compensation is neither an inducement nor a deterrent to civic-minded individuals interested in seeking elected office. In its review, the Commission uses quantitative economic and regional information and considers the responsibilities required in a representative democracy.

The range of remuneration under the Commission's authority is listed in the *Legislative Assembly Act* and is further defined by the Indemnities and Allowances Commission as follows:

- *indemnity*: the base salary paid to all MLAs to carry out the responsibilities of public office
- *salary*: payments added to the indemnity for positions of additional responsibility in executive or legislative roles
- *allowances*: monies available on a claim basis for expenses incurred while carrying out the duties of an MLA (mileage, home internet service, meal allowance, etc.)
- *benefits*: employer-sponsored health care insurance, life insurance, and a transition allowance

- *pension*: pension benefits for MLAs

The Indemnities and Allowances Commission's authority arises from Section 53 of the *Legislative Assembly Act RSPEI 1988, Cap. L-7.1*.

II. Commissioners

Appointments to the Commission are made by the Speaker of the Legislative Assembly within 60 days of a provincial general election and commissioners serve until the Assembly is dissolved for the next general election.

Ron Profit, K.C., was first appointed to an Indemnities and Allowances Commission in 2012. He has been appointed to each Commission and reappointed by Hon. Darlene Compton, Speaker of the Legislative Assembly, in 2023. Mr. Profit brings legal experience as a partner in the law firm of Cox & Palmer. His fellow Commissioners elected him chair of the Commission in 2023.

Dennis Carver, C.P.A., C.A., was first appointed as Commissioner in 2019 and brings a wealth of knowledge as a partner and leader in auditing, accounting, and business advisory services at Grant Thornton, LLP. Hon. Darlene Compton, Speaker of the Legislative Assembly, reappointed Mr. Carver to the Commission in 2023.

Karen Fraser, C.P.H.R., was first appointed to the Commission 2021. Ms. Fraser provides insight on workplace benefits and employee-employer relations via her extensive public sector human resource management experience. Ms. Fraser was reappointed to the Commission by Hon. Darlene Compton, Speaker of the Legislative Assembly, in 2023.

III. Indemnity & Salaries

Determining adequate compensation for any form of employment necessitates examining the duties and expectations associated with the position, and the economic environment in which it operates. Elected officials wield significant decision-making power as representatives of their constituents, making it imperative that fair compensation is provided to draw good candidates to public office.

The role of an MLA requires individuals to advocate for their respective constituencies while also considering financial and legislative issues that affect the entire province, creating a complex and occasionally contradictory work environment. The uncertainty of the term of legislative office and the interruption in the individual's career path and private life are unique elements for the role of an MLA.

Income Data

In conducting its review of MLA remuneration the Commission reviewed income, consumer and historical data to place the remuneration in context with other jurisdictions and with the current economy. The Commission notes the PEI average and median incomes for individuals and for families compare favourably with the rest of the Atlantic provinces.

Income of individuals, Canada and Atlantic provinces, 2021

	Average income	PEI as a Percent of Average	Median income	PEI as a Percent of Median
Prince Edward Island	\$46,500		\$38,300	
Canada	\$54,000	86%	\$41,200	93%
Newfoundland	\$49,300	94%	\$37,400	102%
New Brunswick	\$47,400	98%	\$38,900	98%
Nova Scotia	\$48,100	97%	\$38,200	100%
Atlantic Canada average (exc. PEI)	\$48,267	96%	\$38,167	100%

Source: Statistics Canada. Table 11-10-0239-01 Income of individuals by age group, sex and income source, Canada, provinces and selected census metropolitan areas

Income of economic families*, Canada and Atlantic provinces, 2021

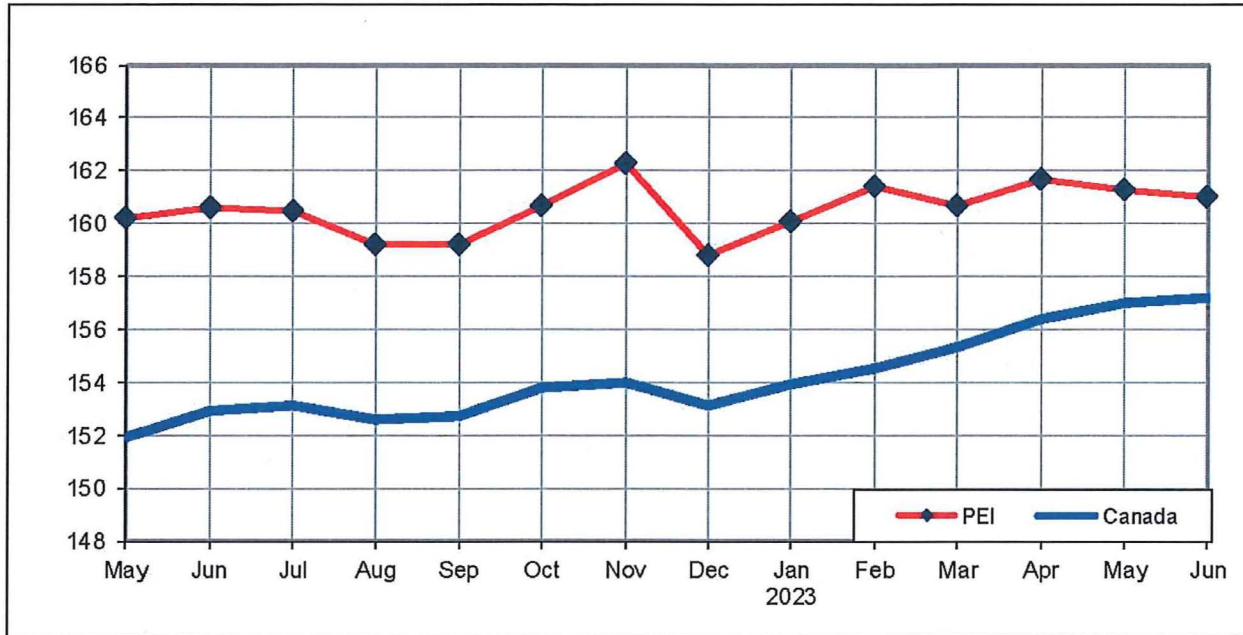
	Average total income	PEI as a Percent of Average	Median total income	PEI as a Percent of Median
Prince Edward Island	\$107,900		\$95,200	
Canada	\$132,300	82%	\$110,200	86%
Newfoundland	\$112,200	96%	\$92,800	103%
New Brunswick	\$108,700	99%	\$92,700	103%
Nova Scotia	\$112,500	96%	\$97,800	97%
Atlantic Canada average (exc. PEI)	\$111,133	97%	\$94,433	101%
*An economic family refers to a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law, adoption or a foster relationship.				

Source: Statistics Canada. Table 11-10-0190-01 Market income, government transfers, total income, income tax and after-tax income by economic family type

Consumer Price Index (CPI) Data (update charts using June numbers)

The year-over-year All Items Consumer Price Index for June 2023 for PEI is 0.2%. CPI is a reliable indication of the cost of living over time for the average consumer based on a set collection of items, providing a universal, quantitative economic metric against which to compare current compensation with inflation. Financial support for the role of an MLA should maintain the economic security of those currently serving in office, as well as protect the access to, and viability of, the position for future candidates. The information on the following page is excerpted from the June 2023 Consumer Price Index Monthly Summary produced by Economics, Statistics and Federal Fiscal Relations division in PEI's Department of Finance:

PEI and Canada Consumer Price Index



All-Items Consumer Price Index by Province, Year-Over-Year Change, June 2023

PE	CA	AB	BC	MB	NB	NL	NS	ON	QC	SK
161.0	157.2	164.4	151.6	158.5	157.6	158.9	159.4	158.4	154.1	160.5
0.2%	2.8%	1.9%	3.5%	2.1%	2.1%	1.7%	1.9%	2.6%	3.6%	3.3%

Statistics Canada reported that the year-over-year change in the *All-Items Consumer Price Index* (CPI) for P.E.I. was 0.2 per cent in June 2023, down from 0.7 per cent in May. This was the lowest year-over-year increase among provinces and the lowest year-over-year change for PEI since December 2020. Year-over-year prices rose at a slower pace in June than in May in all provinces except British Columbia. The change to the All-items index for P.E.I. as compared to May 2023 was -0.2 per cent. This compares to 2.8 per cent year-over-year and 0.1 per cent monthly changes for Canada.

Leading contributors to year-over-year price increases for P.E.I. were *mortgage interest cost*¹, followed by *food purchased from restaurants* (7.5%), *purchase and leasing of passenger vehicles* (3.6%), *traveler accommodation* (18.0%), and *cigarettes* (7.5%). These increases were mostly offset by year-over-year declines for *gasoline* (-23.7%), *fuel oil and other fuels* (-41.9%), *child care and housekeeping services* (-40.5%), *internet access services* (-14.0%), and *telephone services* (-7.8%).

Source: Statistics Canada. Table 18-10-0004-01, *Consumer Price Index, monthly, not seasonally adjusted*. Courtesy of Colin Mosley, Economist, Statistics; Economics, Statistics and Federal Fiscal Relations, Department of Finance

As indicated by the above data, the all-items basket of goods which cost \$100 in 2002 now costs \$161 on PEI, versus the average cost of \$157.20 for the rest of the country. At \$161, PEI has the second-highest cost of living in Canada as of June 2023. To balance the volatility of annual cost of living changes, the Commission reviews CPI changes over a ten-year span for a long-term view of inflation, factoring in cumulative changes to both CPI and MLA indemnity adjustments, as follows:

All-items Consumer Price Index, year-over-year (June) for PEI, and PEI MLA indemnity adjustments (%) with resulting dollar compensation, for 2014-2023

Year	June PEI CPI All-items Index [CPI 2002=100]	June PEI CPI Year-Over-Year % Change [CPI 2002=100]	% adjustment to MLA indemnity & salaries	Total indemnity as at April 1 (rounded to nearest dollar)
2014	130.5	2.0%	0.75%	\$67,906
2015	130.4	-0.1%	1.2%	\$68,721
2016	131.8	1.1%	2%	\$70,095
2017	133.4	1.2%	2%	\$71,497
2018	137.3	2.9%	1.5%	\$72,569
2019	138.0	0.5%	1.0%	\$73,295
2020	137.5	-0.4%	1.5%	\$74,394
2021	144.8	5.3%	0%	\$74,394
2022	160.6	10.9%	2.75% (Jan 1)	\$76,440
2023	161.0	0.2%	2.75% (Jan 1)	\$78,542
Total of annual changes		23.6%	15.5%	
Total cumulative change	23.4			15.7%

Sources: Statistics Canada. Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted, and reports of the Indemnities and Allowances Commission, 2013-2023

As illustrated in the chart above, over the previous decade CPI has cumulatively increased year-over-year 23.4%, while the MLA indemnity has cumulatively increased 15.7%. The indemnity for PEI MLAs is almost 8% less than CPI increases over the same time period. For illustration, had MLAs received wage adjustments equal to inflation over the past decade, the indemnity today would be

\$83,796 – more than \$5,000 higher than the current indemnity. In the past three years, inflation has cumulatively increased 17% while MLAs have received a cumulative adjustment of 5.6%.

Written Submissions to the Commission

The Commission invited written submissions from the public on the topic of MLA remuneration. Notices were posted on the Legislative Assembly's website and a social media campaign ran for two weeks. The Commission appreciates and considers all feedback.

Consideration of MLA Indemnity

The role of an MLA is a uniquely essential part of the elected government in our democratic society. Every MLA is elected and can be removed at the next election in accordance with the interests of their constituents. The MLA is expected to serve their constituents and all PEI residents, both in the Legislative Assembly and in public life. Along with constituency work, every MLA participates in debates on public expenditures and deliberates on legislation. With these responsibilities in mind, the Commission conducted a survey of indemnities in other Canadian jurisdictions.

In all Canadian jurisdictions, an indemnity is the wage received by all MLAs upon being elected; and an additional salary is received for roles with additional responsibility, such as serving in the role of Speaker, Deputy Speaker, Premier, Leader of the Opposition, Leader of the Third Party, House Leader, or Whip.

Indemnities in Canadian Jurisdictions

The current indemnity provided to PEI MLAs (rounded to the nearest dollar) is \$78,542.

The Commission reviewed the following indemnities paid to other provincial and territorial legislative representatives:

Jurisdiction	Indemnity as of April 1, 2023 (rounded to the nearest dollar)
Prince Edward Island	\$78,542
Alberta	\$120,936
British Columbia	\$115,046
Manitoba	\$102,998
New Brunswick	\$86,700
Newfoundland	\$95,357
Northwest Territories [Ⓢ]	\$117,986
Nova Scotia	\$89,235
Nunavut* [Ⓢ]	\$109,123
Ontario	\$116,550
Quebec*	\$95,704
Saskatchewan	\$106,384
Yukon*	\$88,215

*These jurisdictions provide their elected members an additional taxable allowance (not included in the indemnity amount in this table.) [Ⓢ]These jurisdictions provide their elected members an additional non-taxable allowance (not included in the indemnity amount in this table). Amounts are rounded to the nearest whole dollar.

The PEI MLA indemnity is 77% of the Canadian average. To gain regional perspective with more comparable regional resources, culture, and population, the Commission compared MLA indemnities in the Atlantic provinces. The following chart shows that the PEI MLA indemnity is 87% of the Atlantic Canada average.

	PEI	NL	NS	NB	Atlantic Canada Average (excl. PEI)
Indemnity (\$):	\$78,542	\$95,357	\$89,234	\$86,700	\$90,430
PEI indemnity as a % of :		82%	88%	91%	87%
\$ difference:		\$16,815	\$10,692	\$8,158	\$11,888

The Commission recognizes that whether the national or regional scale is used, PEI MLAs continue to be the lowest paid legislators despite performing the same constituency and legislative duties as other provincial and territorial representatives.

In 2020, the legislature passed a new *Legislative Assembly Act*, section 53 of which outlines the scope, membership, and powers of the Commission. Previously, the Commission was required to report annually on remuneration for MLAs. Under the new legislation, the Commission must deliver a report on MLA remuneration within 90 days of its appointment following each general election. Under section 53(10), the Commission also has the authority to review remuneration at any time it deems necessary, following submission of its initial report.

DECISION 1

The indemnity received by all MLAs is the foundational compensation provided for the role of an elected representative in the Province and applies equally to all MLAs. Upon analyzing the Consumer Price Index, indemnities in other jurisdictions, historical data, and written submissions from the public, and fulfilling the Commission duty to report within 90 days of its appointment, the Commission adjusts the indemnity for the role of MLA by 2.0%, effective September 1, 2023, and by 2.5% effective April 1, 2024.

These adjustments bring PEI's MLA indemnity to 80% of the current Canadian average for legislators, and 91% of the current Atlantic Canadian average for legislators.

Consideration of Additional Salaries

Parliamentary roles with additional responsibility are provided a salary which is added to the MLA indemnity. The following chart summarizes the current indemnity and salary paid for specific roles in the Legislative Assembly of Prince Edward Island, rounded to the nearest dollar:

Position	Indemnity	Salary	Total
Premier	\$78,542	\$85,302	\$163,844
Speaker, Minister, Leader of the Opposition	\$78,542	\$54,885	\$133,427
Deputy Speaker, Leader of a Third Party	\$78,542	\$27,442	\$105,984
Government House Leader	\$78,542	\$14,800	\$93,342
Opposition House Leader	\$78,542	\$7,400	\$85,942
Third Party House Leader	\$78,542	\$4,884	\$83,426
Whips	\$78,542	\$4,312	\$82,854

**each MLA can receive only one additional salary.*

The Commission reviewed the total of indemnity and salaries paid for positions of additional responsibility in other Canadian jurisdictions to compare with PEI, which totals are as follows (as of April 1, 2023, rounded to the nearest dollar):

Premier					
	PEI	NL	NS	NB	Atlantic Canada average (excl. PEI)
Remuneration:	\$163,844	\$160,525	\$190,780	\$167,280	\$172,862
PEI Premier's remuneration as a percent of :		102%	86%	98%	95%
\$ difference:		(\$3,319)	\$26,936	\$3,436	\$9,018

Deputy Speaker					
	PEI	NL	NS	NB	Atlantic Canada average (excl. PEI)
Remuneration:	\$105,984	\$107,523	\$113,758	\$113,533	\$111,605
PEI Deputy Speaker's remuneration as a percent of		99%	93%	93%	95%
\$ difference:		\$1,539	\$7,774	\$7,549	\$5,621

Minister, Speaker, Leader of the Opposition					
	PEI	NL	NS	NB	Atlantic Canada average (excl. PEI)
Minister:				\$140,366	\$140,890
Speaker:	\$133,427	\$144,022	\$138,281		
Leader of the Opposition:				\$143,106	\$141,803
PEI Minister's remuneration as a percent of :				95%	95%
PEI Speaker's remuneration as a percent of		93%	96%		
PEI Leader of the Opposition's remuneration as a percent of				93%	94%
\$ difference:		\$10,595	\$4,854	\$6,939	\$7,463
				\$9,679	\$8,376

Leader of a Third Party					
	PEI	NL	NS	NB	Atlantic Canada average (excl. PEI)
Remuneration:	\$105,984	\$119,687	\$113,758	\$106,845	\$113,430
PEI Leader of a Third Party's remuneration as a percent of :		89%	93%	99%	93%
\$ difference:		\$13,703	\$7,774	\$861	\$7,446

House Leaders					
	PEI	NL	NS	NB	Atlantic Canada average (excl. PEI)
Government:	\$93,342	\$95,357	\$99,741	\$113,533	\$102,877
Opposition:	\$85,942	\$119,687		\$106,825	\$108,751
Third Party:	\$83,426	\$107,523		\$89,200	\$98,821
PEI Government House Leader's remuneration as a percent of :		98%	94%	82%	91%
PEI Opposition House Leader's remuneration as a percent of:		72%	86%	80%	79%
PEI Third Party House Leader's remuneration as a percent of:		78%	84%	94%	84%
\$ difference:		\$2,015	\$6,399	\$20,191	\$9,535
		\$33,745	\$13,799	\$20,883	\$22,809
		\$24,097	\$16,315	\$5,774	\$15,395

Whips					
	PEI	NL	NS	NB	Atlantic Canada average (excl. PEI)
Government:				\$113,533	\$101,126
Opposition:	\$82,854	\$95,357	\$94,488	\$106,825	\$98,890
Third Party:				\$89,200	\$93,015
PEI Government Whip's remuneration as a percent of :				73%	82%
PEI Opposition Whip's remuneration as a percent of:		87%	88%	78%	84%
PEI Third Party's remuneration as a percent of:				93%	89%
\$ difference:		\$12,503	\$11,634	\$30,679	\$18,272
				\$23,971	\$16,036
				\$6,346	\$10,161

As the data illustrates, remuneration provided in PEI for all positions of additional responsibility is lower than the Atlantic Canadian average.

Of the roles in the Legislative Assembly that carry additional duties and responsibilities, there are three which can be held by multiple individuals: Minister, House Leader, and Whip. Each MLA can only be compensated for one of these roles. Cabinet is made up of multiple Ministers, and each party represented in the legislature has a House Leader and a Whip to support the party's legislative agenda. For two of these roles – Minister and Whip – equal compensation is provided, regardless of legislative party standing, which supports the employer benchmark of equal pay for equal work. For the role of House Leader, however, different levels of compensation have been awarded according to legislative party standing.

In consultation with the Clerk of the Legislative Assembly, the Commission thoroughly reviewed the duties and responsibilities of the role of House Leader. The Commission

concluded that compensation for the role of House Leader should be based on the functions and legislative merit of the position rather than the legislative standing of parties represented in the legislature. Regional precedent exists in Nova Scotia, which compensates all House Leaders at the same level regardless of legislative party standing.

The Commission noted the role of Whip in PEI receives significantly less compensation than the role of Whip in the other Atlantic Canada provinces. In PEI's Legislative Assembly, the position already follows the practice of equal pay regardless of legislative party standing. The Commission concluded that the compensation for the role should be increased to bring it in line with Atlantic Canada counterparts.

DECISION 2

The Commission adjusts the salary for each of the Opposition and Third Party House Leaders to equal the salary of the Government House Leader, effective September 1, 2023.

DECISION 3

The Commission sets the salary for Government, Opposition, and Third Party Whips at 95% of the salary of House Leader, effective September 1, 2023.

DECISION 4

Upon reviewing the salary for the roles of additional responsibility - Premier, Speaker, Minister, Leader of the Opposition, Deputy Speaker, Leader of the Third Party, and Government House Leader - the Commission determined there will be no adjustment to current salary levels. These positions will only receive the indemnity adjustment stated in Decision 1 of this report.

IV. Conclusion

Any dispute, difference, or question arising with respect to any remuneration described in this report shall be directed to the Commission for determination. Such determinations are final and binding.

The Commissioners respectfully acknowledge Honourable Darlene Compton, Speaker of the Legislative Assembly, for the trust shown in appointing them to serve on this Commission.

