



Legislative Assembly
of Prince Edward Island

Report of the Indemnities & Allowances Commission
December 2008

December 1, 2008


Hon. Kathleen Casey, MLA
Speaker of the Legislative Assembly
Province House
P.O. Box 2000
Charlottetown, P.E.I.
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Dear Madam Speaker,

The Indemnities and Allowances Commission has completed its review of the remuneration and allowances to be paid to Members of the Legislative Assembly and others as defined in Section 46 of the Legislative Assembly Act.

The Commission is pleased to submit the 2008 report which includes the Commission's decisions for effect on April 1, 2009.

Respectfully submitted,


Barbara Stevenson, Q.C., Chair


Leonard Cusack, Commissioner



Blair Campbell, Commissioner

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I. Legislation and Mandate

The Commission's authority arises from a 1994 amendment to the *Legislative Assembly Act*, which established the independent Indemnities and Allowances Commission for the purpose of reviewing annually the salaries and benefits of MLAs and parliamentary leaders, and reporting decisions and findings to the Speaker by a legislated deadline of December first. A copy of *Legislative Assembly Act*, Section 46, is included in Appendix A.

On October 31, 2007, the Speaker of the House, the Honourable Kathleen Casey, appointed this three-member Indemnities and Allowances Commission to review the salaries and benefits of Members of the Legislative Assembly (MLAs). Appointed to the Commission are Barbara Stevenson, Q.C., Chair of the Commission, and Blair Campbell and Leonard Cusack, Commissioners.

II. Introduction and Commission Work

At present, members of the Prince Edward Island Legislative Assembly receive an annual, fully taxable base salary of \$63,750. This base salary replaces the combined indemnity and non-taxable expense allowance previously assigned to the position of MLA.

In conducting its review of MLA remuneration, the Commission published an advertisement in all local newspapers inviting public submissions on the issue of MLA remuneration (a copy of the advertisement is attached in Appendix B). The Commission acknowledges the input of those who made submissions throughout the year and thanks them for their efforts. These include Mr. Rick Gibbs of Montague, Mr. Gary A.O. MacKay of Tyne Valley, and Honourable George R. McMahon of Summerside.

As determined in its 2007 report, the Commission undertook a detailed review of the 2001 text of the *Pension Plan for Members of the Legislative Assembly*, updating the complete plan and tabling its report, along with the full plan text, on September 17, 2008. The Commission will continue its work on issues surrounding the pension plan in the coming year. Copies of the *Pension Plan for Members of the Legislative Assembly* are available by contacting the Office of the Clerk.

III. Research

In determining the annual salary adjustment, the Commission established the following processes and factors as most relevant:

- i Public input
- ii Analysis of current provincial MLA salary, benefits, and allowances
- iii Examination of the role of an MLA
- iv Examination of previous Commission reports
- v Comparisons with other provincial MLA remuneration levels
- vi Review of Consumer Price Index (CPI) and trends in negotiated salary increases

i. Public input

The Commission decided, as part of the discovery process, to canvass public opinion on the subject of MLA remuneration; this allows the Commission to receive public opinion during its deliberations. Accordingly, the Commission placed an advertisement (see Appendix B) in all local newspapers inviting written public submissions on the subject of MLAs' salaries and allowances as a means of soliciting public opinion.

Throughout the year, the Commission received three submissions and has summarized them as follows:

- a request that the Commission consider the recent financial uncertainty brought on by the downturn in the markets, and the likelihood of future budget deficits in its decision-making process;
- the recent increase in the minimum wage, when combined with the economic slowdown, should result in a modest increase to MLA remuneration, if the Commission deems an increase is warranted, and;
- that the MLA pension plan indexing formula be changed to allow MLA pensioners who retired before the formula was implemented in 1994, to receive a retroactive annual pension adjustment equal to CPI.

The Commission appreciates this input and thanks those who took the time to contribute to the Commission's work.

ii. Analysis of current provincial MLA salary, benefits, and allowances

The base salary for MLAs is currently set at a fully taxable amount of \$63,750. Additional salaries and allowances are provided for the Premier, 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 (please see page 7 for current remuneration information).

Benefits including health, dental, pension, group insurance, and life insurance are provided for MLAs based on the same terms and conditions applied to the Excluded Group of Employees in the Provincial Civil Service, with the exclusion of long term disability benefits. In addition, MLAs receive professional support in the form of staff, communication services, travel allowances, office facilities, and computer hardware to assist in the performance of their duties.

iii. Examination of the role of an MLA

The Commission reviewed a description of the role of an MLA included in the 1995 report to the House of the Special Committee on the Legislative Assembly (Appendix C). The most recent Speech from the Throne announced a Special Committee to be established to study the role and responsibilities of members, and the Commission looks forward to considering the final report of the Special Committee.

iv. Examination of previous Commission reports

Previous Commission reports were reviewed to ensure continuation of any precedents previously set, and to carry forward any previously-noted issues requiring the Commission's attention.

v. Comparisons with other provincial MLA remuneration levels

The Commission was fortunate to have at its disposal an inter-jurisdictional survey of MLA indemnities and allowances compiled in August 2008, by the Office of the Legislative Assembly of New Brunswick. The survey provides a comprehensive overview of remuneration paid to MLAs across the country, compiling the data into comparative tables that include information on the types and amounts of allowances paid to MLAs in each province. Given the timeliness of the publication and the succinct presentation of the comparative data, the Commission considered these findings and has included, in Appendix D, an abbreviated table of the indemnities received by MLAs across Canada.

In analyzing the data in Appendix D, the Commission notes that Prince Edward Island MLAs continue to be the lowest paid in the country.

vi. Review of Consumer Price Index (CPI) and trends in negotiated salary increases

The Commission investigated the application of CPI as a tool for determining salary adjustment. Additional supporting documents referred to by the Commission include *The Consumer Price Index* and *Consumer Price Index: A Preview of the Upcoming Basket Update*, both publications of Statistics Canada released in 2008. The Prince Edward Island All Items Consumer Price Index Annual Increase, and the Canada All Items Consumer Price Index Annual Increase, are included in Appendix E and Appendix F, respectively.

The Commission also reviewed recently negotiated salary increases published by collective bargaining units on Prince Edward Island.

IV. Review

Following is an outline of current remuneration for MLAs, effective April 1, 2008.

Position	Salary	Additional Salary	Total
MLA	\$63,750	n/a	\$63,750
Premier	\$63,750	\$69,360	\$133,110
Minister	\$63,750	\$44,574	\$108,324
Speaker	\$63,750	\$37,536	\$101,286
Deputy Speaker	\$63,750	\$18,768	\$82,518
Leader of the Opposition	\$63,750	\$44,574	\$108,324
Government House Leader	\$63,750	\$12,036*	\$75,786
Opposition House Leader	\$63,750	\$4,233*	\$67,983
Government Whip & Opposition Whip	\$63,750	\$3,570*	\$67,320
Non-Ministerial Member of Executive Council Committees	\$63,750	\$5,850*	\$69,600
Leader of a Third Party	\$63,750	\$16,355	\$80,105

**provided the Member is not receiving an additional salary as Premier or as a member of Executive Council, or any other position identified in section 45(5) of the Legislative Assembly Act.*

V. Decision

The Commission has concluded, based on research presented in this report, that a salary increase of 2.5% shall apply (as follows), effective April 1, 2009:

Position	Salary	Additional Salary	Total
MLA	\$65,344	n/a	\$65,344
Premier	\$65,344	\$71,094	\$136,438
Minister	\$65,344	\$45,688	\$111,032
Speaker	\$65,344	\$38,474	\$103,818
Deputy Speaker	\$65,344	\$19,237	\$84,581
Leader of the Opposition	\$65,344	\$45,688	\$111,032
Government House Leader	\$65,344	\$12,337*	\$77,681
Opposition House Leader	\$65,344	\$4,339*	\$69,683
Government Whip & Opposition Whip	\$65,344	\$3,659*	\$69,003
Non-Ministerial Member of Executive Council Committees	\$65,344	\$5,996*	\$71,340
Leader of a Third Party	\$65,344	\$16,764	\$82,108

**provided the Member is not receiving an additional salary as Premier or as a member of Executive Council, or any other position identified in section 45(5) of the Legislative Assembly Act.*

VI. Conclusion

The Commission appreciates and acknowledges the research provided in support of its deliberations and recognizes, in particular, the contributions of Colin Mosely, Economist, Statistics, Program Evaluation and Fiscal Relations, Provincial Treasury; Terry Hogan, Director, Pension and Benefits, Provincial Treasury, and Conrad Ferguson from Morneau Sobeco.

In conclusion, the members of the Commission respectfully acknowledge Honourable Kathleen Casey, Speaker of the Legislative Assembly, for the trust she has shown in appointing them to serve on this important Commission. Further, the Commission thanks the Office of the Legislative Assembly for the support provided in the preparation of this report.

VII. Appendices

- A. *Legislative Assembly Act, Section 46*
- B. Advertisement
- C. *Role of a Member of the Legislative Assembly*, excerpted from the 1995 report of the Special Committee on the Legislative Assembly.
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Appendix A

Section 46 of the
Legislative Assembly Act of Prince Edward Island

Prince Edward Island, Legislative Counsel Office.
Legislative Assembly Act, Section 46, R.S.P.E.I. 1988, Cap. L-7.

46. (1) The Speaker, after consultation with such persons as the Speaker considers appropriate, shall appoint an independent commission to be known as the Indemnities and Allowances Commission 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, Leader of a Third Party, Government Whip and Opposition Whip.
- (2) The Commission shall be comprised of three independent, neutral and knowledgeable persons from private life.
- (3) The persons appointed pursuant to subsection (1) shall serve until appointment the dissolution of the Assembly during which they are appointed, or for a maximum of five years, and are eligible for reappointment.
- (4) On the resignation, inability to act or death of a commissioner, the Speaker shall appoint a replacement.
- (5) The persons appointed pursuant to subsection (1) have all the powers and privileges and immunities of a commissioner pursuant to the Public Inquiries Act R.S.P.E.I. 1988, Cap. P-31.
- (6) The Commission, annually and at such other times as the Speaker may request, shall carry out a review of remuneration and allowances paid to the persons referred to in subsection (1), and shall on or before the first day of December of each year deliver a report to the Speaker which shall be final and binding.
- (7) The Speaker shall, within five sitting days of the commencement of the Legislative Assembly next following the receipt of the report, cause a copy thereof to be laid before the Legislative Assembly.
- (8) The report shall, from such date as may be specified therein, have effect for the purposes of determining the remuneration and allowances of the persons referred to in subsection (1) as if the provisions contained in it had been enacted by the Legislative Assembly.
- (9) For the purposes of this section, remuneration and benefits include salaries, indemnities, allowances and pension benefits. 1994,c.34,s.5; 1997,c.28,s.3.

Appendix B

Advertisement



**INDEMNITIES AND ALLOWANCES COMMISSION
LEGISLATIVE ASSEMBLY OF PRINCE EDWARD ISLAND**

invites

WRITTEN SUBMISSIONS

Pursuant to section 46 of the *Legislative Assembly Act (R.S.P.E.I. 1988, Cap. L-7)*, the Indemnities and Allowances Commission is established and charged with the responsibility of reviewing and determining the remuneration and benefits to be paid to Members of the Legislative Assembly, Ministers, Speaker, Leader of the Official Opposition, and others. The Act requires that the Commission conduct an annual review and present a final and binding report to the Speaker of the Legislative Assembly.

The Commission will be meeting to consider these matters and invites those interested to submit their views in writing.

Written submissions should be forwarded to no later than **Friday, November 7, 2008**.

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Appendix C

Role of a Member of the Legislative Assembly, excerpted from the 1995 report of the Special Committee on the Legislative Assembly

Role of a Member of the Legislative Assembly

- 1) In Prince Edward Island, as in other parliamentary jurisdictions throughout Canada and the world, the role of the elected representative is basic to the functioning of modern democratic society.

This role has become more complex in recent times with the greater involvement of the state in the affairs of the people, the expansion of government programs and services, changing technology, and the new conflicts between social, economic, and environmental objectives. As the 1989 Morgan Commission in Newfoundland observed, this changing work environment “has led to *greater and perplexing demands upon the time, energy and talents* of Members of the Legislature and to the requirement for a *greater capacity on their part both of comprehension and of judgement*. For complicated issues need to be investigated and conflicting issue resolved.”

In practise [sic], the Member of the Legislative Assembly has two primary responsibilities, the first as a **legislator** and the second as a **constituency representative and advocate**.

As a legislator, the Member is expected to develop and enact laws, participate in the parliamentary process and debate, vote funds, and be the guardian of the public purse. In order to carry out this function properly, all Members are required to;

- (a) attend the sittings of the Assembly;
- (b) participate in the work of Committees; and
- (c) serve on various boards and commissions as determined by government.

As a constituency representative, the Member is expected to be an advocate for the concerns and interests of the individuals, as well as the community, he or she represents. In addition, the Member also is called upon to represent the best interests of the broader Island community. An effective constituency representative is a good listener, is well informed about the policies, programs and services of government, possesses clear leadership skills, and is available to constituents.

As Members of the Legislative Assembly fo Prince Edward Island, we must recognize that our actions have a profound impact on the lives of all Islanders. We have an obligation to promote a better understanding of our responsibilities as Members and of the role and operation of the Legislative Assembly. Discharging our duties and fulfilling our obligations, duties and responsibilities requires a commitment to the highest ethical standards.

Appendix D

Inter-Jurisdictional Survey of MLA Indemnities

Inter-Jurisdictional Survey of MLA Indemnities

The following is a table of the base salaries received by MLAs in each province. The data was compiled by the Office of the Legislative Assembly of New Brunswick and has been summarized by the Commission for inclusion in this report.

PROVINCE	BASE SALARY
Alberta	\$81,138*
British Columbia	\$99,764
House of Commons	\$155,400
Manitoba	\$83,722
New Brunswick	\$85,000
Newfoundland & Labrador	\$95,357
Northwest Territories	\$92,147 [†]
Nova Scotia	\$84,178
Nunavut	\$73,827
Ontario	\$116,550
Prince Edward Island	\$63,750
Québec	\$96,540*
Saskatchewan	\$84,409
Yukon	\$79,128*

* amount includes a tax-free allowance as part of the total base salary

[†] amount is increased by a tax-free allowance of \$6,640 if MLA resides within the capital (\$98,787 total), or \$13,280 if MLA resides outside commuting distance of the capital (\$105,427 total)

Appendix E

Prince Edward Island All-Items Consumer Price Index

**All Items Consumer Price Index -
Prince Edward Island**

Month/Year	
October -2007	114.1
November -2007	114.3
December -2007	114.7
January -2008	114.2
February -2008	114.6
March -2008	115.8
April -2008	116.7
May -2008	118.9
June -2008	119.5
July -2008	120.0
August -2008	119.3
September -2008	120.3
October - 2008	118.6
YTD 2008/YTD 2007	3.8 % CPI

Source: Provincial Treasury. Program Evaluation & Fiscal Relations. Economics, Statistics and Federal Fiscal Relations.

Appendix F

Canada All-Items Consumer Price Index

All Items Consumer Price Index - Canada

Month - Year	
October -2007	111.6
November -2007	111.9
December -2007	112.0
January -2008	111.8
February -2008	112.2
March -2008	112.6
April -2008	113.5
May -2008	114.6
June -2008	115.4
July -2008	115.8
August -2008	115.6
September -2008	115.7
October -2008	114.5
YTD 2008/YTD 2007	2.5 % CPI

Source: Provincial Treasury. Program Evaluation & Fiscal Relations. Economics, Statistics and Federal Fiscal Relations.

