



Legislative Assembly
of Prince Edward Island

2011 Report of the Indemnities & Allowances Commission

March 2, 2012


Hon. Carolyn Bertram, MLA
Speaker of the Legislative Assembly
Province House
PO Box 2000
Charlottetown PE C1A 7N8

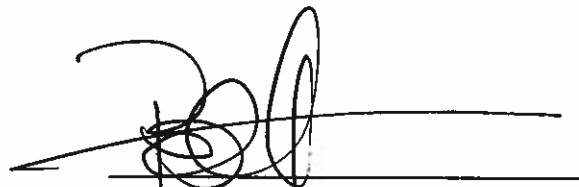
Dear Madam Speaker,

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

The Commission is pleased to submit its 2011 report, which includes the Commission's decisions effective April 1, 2012.

Respectfully submitted,


Barbara Stevenson, Chair


Blake Doyle, Commissioner


Stan MacPherson, 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. Its purpose is to review annually the remuneration and benefits of MLAs and parliamentary leaders, and to report its decisions and findings to the Speaker by a legislated deadline of December 1. A copy of *Legislative Assembly Act*, Section 46, is included in Appendix A.

On November 22, 2011, the Speaker of the House, the Honourable Carolyn Bertram, appointed Barbara Stevenson, Q.C., as Chair of the Commission, and Stan MacPherson, FCA, and Blake Doyle as Commissioners to the three-member Indemnities and Allowances Commission. Given their late appointments, the Commissioners were not able to meet the legislated deadline of December 1, 2011, and deferred their report until they could undertake a thorough review of the remuneration and benefits of Members of the Legislative Assembly (MLAs).

II. Introduction and Commission Work

At present, members of the Prince Edward Island Legislative Assembly receive an annual salary of \$65,344.

In conducting its review of MLA remuneration, the Commission published an advertisement in local newspapers inviting public submissions on the issue of MLA remuneration and benefits (a copy of the advertisement is attached in Appendix B). The Commission acknowledges the input of those who made submissions and thanks them for their efforts. These include Mr. Gary A. O. MacKay, of Birch Hill; Mr. George Clark-Dunning, of Cavendish; and Mr. Brendan Flood, of South Melville.

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 and territorial MLA remuneration and benefits
- iii Examination of the role of an MLA
- iv Examination of previous Commission reports
- v Comparisons with other provincial and territorial MLA remuneration levels
- vi Review of Consumer Price Index (CPI)
- vii Trends in negotiated salary increases
- viii Other materials reviewed

i. Public input

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

The Commission received three submissions and has summarized them as follows:

- economic restraint should be exercised to ease the growing provincial deficit, freezing remuneration at current levels, and future increases should be based on job performance;
- members' remuneration should remain at current amounts in light of funding levels for social assistance programs, and;
- current levels of remuneration are adequate given the high number of low-income earners on Prince Edward Island, and the increasing provincial debt.

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 remuneration and benefits

The base salary for MLAs is \$65,344. Additional salaries and allowances are provided for the Premier, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, Opposition Whip, Non-Ministerial Member of Executive Council Committees, and Leader of a Third Party (please see page 8 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 exception 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.

The Commission notes that its 2009 report did not grant a salary increase for 2010, and *An Act to Amend the Legislative Assembly Act*, passed by the Legislative Assembly in May 2010, froze salaries for the year 2011 at the 2009 level.

iii. Examination of the role of an MLA

The Commission reviewed the 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), and sampled articles on the topic from the professional literature available.

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 received an inter-jurisdictional survey of MLA indemnities and allowances compiled in December 2011 by the Office of the Clerk at the Legislative Assembly of Manitoba. The survey provides an overview of remuneration paid to MLAs across the country, compiling the data into a comparative table that includes information on the types and amounts of allowances paid to MLAs in each province. The Commission considered these findings and has included, in Appendix D, a summarized table of the base salaries received by MLAs in all Canadian jurisdictions.

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

The Commission also took note of the Statistics Canada report showing that Prince Edward Islanders earn the lowest average wages of all the provinces in Canada.

vi. Review of Consumer Price Index (CPI)

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 2012. 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.

vii. Trends in negotiated salary increases

The Commission reviewed the status of negotiated salaries for collective bargaining units in Prince Edward Island.

viii. Other materials

The Commission reviewed three in-depth studies of member remuneration plans undertaken by other jurisdictions, namely the *Final Report and Recommendations* of the New Brunswick Commission on Legislative Democracy (2007); the *Nova Scotia MLA Pension Review Report* (2011); and, the British Columbia *Report of the Independent Commission to Review MLA Compensation* (2007).

IV. Review

Following is an outline of current salaries for MLAs, which became 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.*

V. Decisions

- i. The Commission has concluded, based on the Consumer Price Index, collective bargaining agreements, and a comparison of inter-jurisdictional remuneration, that there will be a 2% increase in salaries for the fiscal year beginning April 1, 2012 (rounded to the nearest \$100). The Commission notes that its 2009 report did not grant a salary increase for 2010, and *An Act to Amend the Legislative Assembly Act*, passed by the Legislative Assembly in May 2010, froze salaries for the year 2011 at the 2009 level.

Position	Salary	Additional Salary	Total
MLA	\$66,700	n/a	\$66,700
Premier	\$66,700	\$72,500	\$139,200
Minister	\$66,700	\$46,600	\$113,300
Speaker	\$66,700	\$39,200	\$105,900
Deputy Speaker	\$66,700	\$19,600	\$86,300
Leader of the Opposition	\$66,700	\$46,600	\$113,300
Government House Leader	\$66,700	\$12,600*	\$79,300
Opposition House Leader	\$66,700	\$4,400*	\$71,100
Government Whip & Opposition Whip	\$66,700	\$3,700*	\$70,400
Non-Ministerial Member of Executive Council Committees	\$66,700	\$6,100*	\$72,800
Leader of a Third Party	\$66,700	\$18,600	\$85,300

*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.

- ii. In reviewing reports of previous Commissions, it was noted that the additional salary for the position of Leader of a Third Party did not receive the increases in remuneration granted to all other positions in the 2000 and 2001 reports. This Commission has corrected this oversight and included the updated additional salary for Leader of a Third Party in the table with the first decision above.
- iii. The Commission has determined there will be no change to any other remuneration and benefits .

VI. Conclusion

The Commission appreciates and acknowledges the research provided in support of its deliberations and recognizes, in particular, the contributions of Terry Hogan, Director, Pension and Benefits, Provincial Treasury.

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

VII. Appendices

- A. Section 46 of the *Legislative Assembly Act*
- B. Advertisement
- C. *Role of a Member of the Legislative Assembly*, excerpted from the 1995 report of the Special Committee on the Legislative Assembly.
- D. Inter-Jurisdictional Survey of MLA Indemnities
- E. Prince Edward Island All-Items Consumer Price Index
- F. Canada All-Items Consumer Price Index

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 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, February 3, 2012**.

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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 Manitoba and has been summarized by the Commission for inclusion in this report.

PROVINCE	BASE SALARY
Alberta	\$78,138*
British Columbia	\$101,859
House of Commons	\$157,731
Manitoba	\$85,564
New Brunswick	\$85,000
Newfoundland & Labrador	\$95,357
Northwest Territories	\$95,357 [‡]
Nova Scotia	\$86,619
Nunavut	\$91,396*
Ontario	\$116,550
Prince Edward Island	\$66,700
Québec	\$100,926*
Saskatchewan	\$89,300
Yukon	\$82,902*

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

[‡] amount is increased by a tax-free allowance of \$6,839 if MLA resides within the capital (\$102,196 total), or \$13,678 if MLA resides outside commuting distance of the capital (\$109,035 total)

Appendix E

Prince Edward Island and Canada All-Items Consumer Price Indices



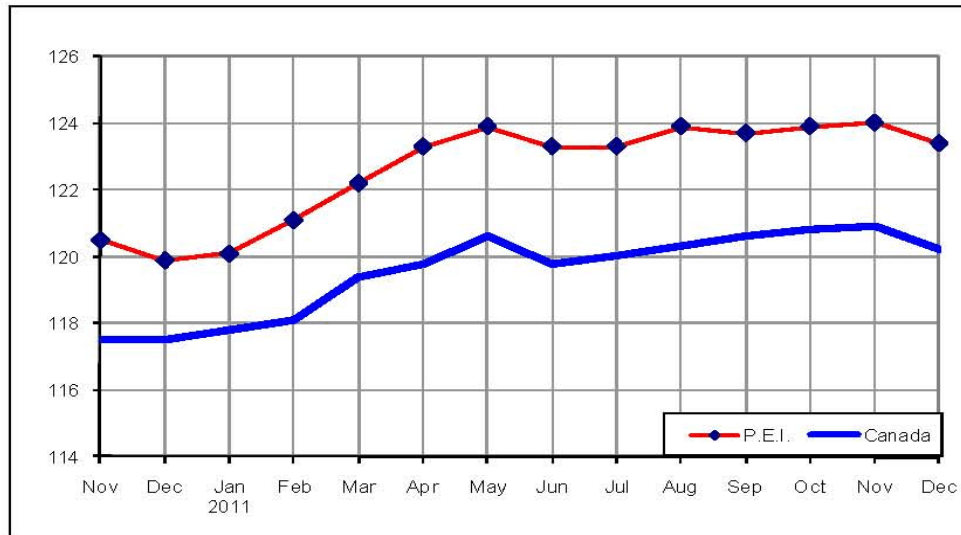
Prince Edward Island Statistics Bureau
 Department of Finance and
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January 20, 2012

PEI / CANADA CONSUMER PRICE INDEX, DECEMBER 2011



**DECEMBER 2011 ALL-ITEMS CONSUMER PRICE INDEX
 (2002=100)**

	CAN	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Dec-11	120.2	121.9	123.4	122.7	120.4	118.7	120.3	118.6	122.4	126.5	116.5
Nov-11	120.9	122.9	124.0	124.0	121.3	119.3	121.0	119.6	123.4	126.6	117.5
Dec-10	117.5	118.1	119.9	119.4	116.6	115.8	117.9	115.6	119.4	122.9	114.6
Year Over year Change (%)	2.3%	3.2%	2.9%	2.8%	3.3%	2.5%	2.0%	2.6%	2.5%	2.9%	1.7%
Monthly Change (%)	-0.6%	-0.8%	-0.5%	-1.0%	-0.7%	-0.5%	-0.6%	-0.8%	-0.8%	-0.1%	-0.9%
Annual Average 2011	119.9	121.4	123.0	122.7	120.0	118.3	120.1	118.4	122.0	125.7	116.5
Annual Average 2010	116.5	117.4	119.5	118.2	115.9	114.8	116.5	115.0	118.7	122.7	113.8
Annual Change(%)	2.9%	3.4%	2.9%	3.8%	3.5%	3.0%	3.1%	3.0%	2.8%	2.4%	2.4%