

**REPORT OF THE INDEMNITIES AND
ALLOWANCES COMMISSION
2005 REPORT**

HAND DELIVERED

February 8, 2006

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:

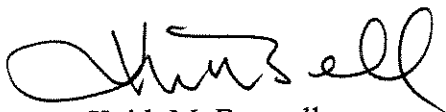
An Act to Amend the Legislative Assembly Act (1994) established an Indemnities and Allowances Commission. The Commission is required to report annually to the Speaker on or before the first day of December. The Commission delivered its interim report for December 2005 to you on November 30, 2005; that report, for various reasons, recommended and determined, pending further review and determination, that the remuneration and benefits as stated in its 2004 report (delivered on June 27, 2005) 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.

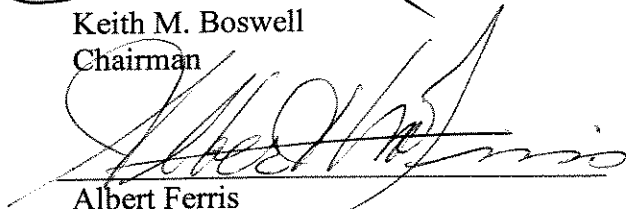
The Commission has now completed its review of the remuneration and benefits as defined in Section 46 of the Legislative Assembly Act.

As Chairman, I am pleased to transmit to you with this letter the final 2005 Report which includes the Commission's decisions and the rationale for these decisions.

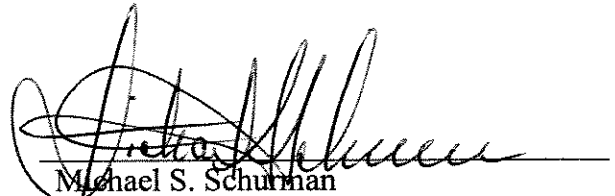
Respectfully Submitted,



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 2004 contained an increase of approximately 1.00% in Members' indemnities and allowances. The increase for 2003 was approximately 1.00%. 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 inviting the general public to present its views on the remuneration and benefits of the members. The Commission received only a few responses from the general public in preparation of its 2005 annual report. 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 September 28, 2005.

TABLE 1

MEMBERS' ANNUAL INDEMNITIES AND EXPENSE ALLOWANCE

<u>Jurisdiction</u>	<u>Basic Indemnity Taxable</u>	<u>Expense Allowance Non-Taxable</u>
Newfoundland	49,480	23,620
Nova Scotia	33,256	16,628
New Brunswick	42,703	21,651
Quebec	78,886	13,934
Ontario	86,860	Nil
Manitoba	67,173	Nil
Saskatchewan	64,175	5,372
Alberta	45,132	22,466
British Columbia	75,400	Nil
Prince Edward Island	36,689	11,476
NWT	85,021	Nil
Yukon	37,434	18,717
Nunavut	67,530	1,000

Since the preparation of our last report remuneration in the other jurisdictions has increased only marginally, and in Nova Scotia there has been a reduction. For example, the percentage increase in New Brunswick during the past year was approximately 2.7%. In Quebec, there were no increases in indemnities or allowances for Members and the tax free allowance has been eliminated in the Northwest Territories.

Table 2 indicates the current salaries for Cabinet Ministers and the Premier in each of the Provinces and Territories as at September 28, 2005.

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	Nil	49,480
Nova Scotia	55,737	39,708
New Brunswick	57,193	38,130
Quebec	82,830	59,165
Ontario	68,880	36,742
Manitoba	47,557	29,726
Saskatchewan	57,967	40,578
Alberta	70,452	55,380
British Columbia	45,000	39,000
Prince Edward Island	60,054	42,420
Northwest Territories	64,664	45,504
Yukon	28,971	21,147
Nunavut	69,061	58,133

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 specified salary for the 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, British Columbia and the Yukon.

Table 3 indicates the current salaries for Speakers and Deputy Speakers in each of the Provinces and Territories as at September 28, 2005.

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	49,480	24,740
Nova Scotia	39,708	19,860
New Brunswick	28,598 + \$1,000 Allowance (non-taxable)	8,865 + \$250 Allowance (non-taxable)
Quebec	59,165	27,610
Ontario	27,100	12,855
Manitoba	29,726	8,325
Saskatchewan	34,779	11,859
Alberta	55,380	27,696
British Columbia	39,000	19,500
Prince Edward Island	31,812	15,906
Northwest Territories	29,937	5,987
Yukon	7,049	5,287
Nunavut	58,133	6,775

The above salaries are taxable, while the allowance in New Brunswick is non-taxable. During the past year, there were no increases in 3 jurisdictions for Speaker and Deputy Speaker salaries (i.e., Quebec, British Columbia and the Yukon).

SUMMARY

Compensation Comparison

	<u>Member</u> <u>(incl. expense allow.)</u>	<u>Opposition Leader</u> <u>and Cabinet</u> <u>Minister</u>	<u>Premier</u>
Newfoundland	73,100	122,580	Nil
Nova Scotia	59,568	99,276	115,305
New Brunswick	64,354	102,484	121,547
Quebec	92,820	151,985	175,650
Ontario	86,860	123,602	155,740
Manitoba	67,173	96,899	114,730
Saskatchewan	69,547	110,125	127,514
Alberta	67,598	122,978	138,050
British Columbia	75,400	114,400	120,400
Prince Edward Island *	48,689	91,109	111,743
Northwest Territories	85,021	130,525	149,685
Yukon	56,151	77,298	85,122
Nunavut	67,530	125,663	136,591
Average	70,290	112,994	129,340

* The P.E.I. compensation used is the recommended amounts effective April 1, 2006

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 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 expense allowance.

In its 2004 Report, the Commission recommended 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 recommends an increase of \$524 in a Member's basic tax free allowance so that the total tax free allowance for a Member effective as at April 1, 2006 will be \$12,000. In view of the additional duties associated with the position of Premier of the Province, the Commission further recommends that an additional tax free allowance of \$3,000 be paid to the Premier, for a total tax free allowance of \$15,000. 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.

In its 2004 Report, the Commission considered the availability of extending long term disability insurance coverage to Members. 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 determined in its 2004 Report that such coverage was not feasible at that 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 \$12,000; and that the Premier shall be paid an additional annual non-taxable allowance of \$3,000 for a total annual tax free allowance of \$15,000.
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 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 non-taxable 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, 2006.

APPENDIX 1

Surname	TOTAL PENSIONABLE EARNINGS (Includes basic MLA salary of \$36,689 plus tax free allowance of \$12,000 = \$48,689, plus other allowances and salary)	PREMIER SALARY	MINISTER/ OPP. LEADER	EX. COUNCIL COMMITTEE	GOVT H. LEADER	OPP. H. LEADER	SPEAKER/ DEP. SPK.	GOV'T/OPP. WHIP
ARSENAULT, J.W.	\$54,424			\$5,735				
BAGNALL, J.	\$60,159			\$0	\$11,470			
BALLEM, J.	\$91,109		\$42,420					
BINNS, P.	\$111,743	\$60,054						
BROWN, P.	\$91,109		\$42,420					
BERTRAM, C.T.	\$48,689							
BROWN, R.	\$52,704					\$4,015		
COLLINS, W.	\$54,424			\$5,735				
CURRIE, M.	\$91,109		\$42,420					
DEIGHAN, G.	\$80,501					\$31,812		
DOVER, M.	\$91,109		\$42,420					
DUNN, C.J.	\$54,824			\$5,735				
GILLAN, J.C.	\$91,109		\$42,420					
GHIZ, R.W.J.	\$91,109		\$42,420					
MACADAM, K.	\$91,109		\$42,420					
MACALEER, W.	\$54,424			\$5,735				
MACDONALD, H.M.	\$54,424			\$5,735				
MACDONALD, W.B.	\$54,424			\$5,735				\$0
MACFADYEN, E.	\$91,109		\$42,420					
MACKENZIE, E.L.A.	\$48,689							
MACKINLEY, R.W.	\$52,066							\$3,377
MCCARDLE, F.	\$54,424			\$5,735				
MCKENNA, D.	\$54,424			\$5,735				
MOONEY, A.	\$64,595						\$15,906	
MURPHY, M.	\$91,109		\$42,420					
RODGERSON, E.E.	\$54,424			\$5,735				
SHEA, G.A.	\$91,109		\$42,420					