

**Report of the  
Indemnities and Allowances Commission  
for the Year 2006**

HAND DELIVERED

April 30, 2007

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:

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

The Commission is pleased to submit its report for the 2006 year which includes the Commission's decisions and the rationale for these conclusions.

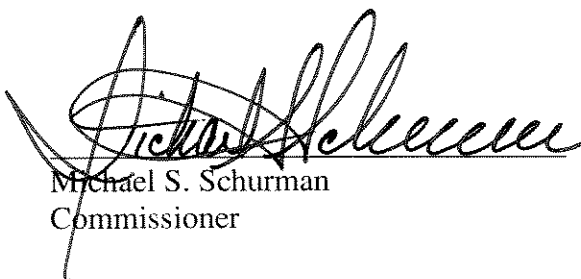
Respectfully Submitted,



Michael L. O'Brien, FCA  
Chairman



Albert Ferris, FCA  
Commissioner



Michael S. Schurman  
Commissioner

## **BACKGROUND**

The following amendment to the Legislative Assembly Act in 1994 established the Indemnities and Allowances Commission.

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.28s.3.

## SUMMARY OF RECOMMENDATIONS

Recommendations:

The recommendations become effective on the first day of the commencement of the 63<sup>rd</sup> General Assembly

1. A base salary of \$62,500 replaces the indemnity and non-taxable allowance.
2. A 3% increase be provided to the additional salary for a Minister and the Leader of the Opposition resulting in a total salary of \$106,200.
3. A 3% increase be provided to the additional salary for the Premier resulting in a total salary of \$130,500. The additional non-taxable allowance is eliminated and included in the \$130,500.
4. An increase of \$5,000 be provided for the position of Speaker resulting in a total salary of \$99,300.
5. The additional salary for the Deputy Speaker is to continue at the rate of 50% of the Speaker resulting in a total salary of \$80,900.
6. A 3% increase be provided on the additional salaries for the positions of Government House Leader, Opposition House Leader, Government Whip and Opposition Whip. Total salaries effective on the first day of the commencement of the 63<sup>rd</sup> General Assembly.

|                         |        |
|-------------------------|--------|
| Government House Leader | 74,300 |
| Opposition House Leader | 66,650 |
| Government Whip         | 66,000 |
| Opposition Whip         | 66,000 |

7. In the event of the dissolution of the Legislative Assembly and the Commission is therefore automatically dissolved, the Speaker appoints a Commission to address various administrative pension issues.

## **INTRODUCTION**

The three person Indemnities and Allowances Commission (Commission) was established in 1994 by an amendment to the Legislative Assembly Act. The Commission reported its decision for the previous year 2005 on February 8, 2006. Subsequent to its report, the Chairman resigned and Mr. Michael L. O'Brien, FCA was appointed as Chairman on November 3, 2006. Messrs. Albert Ferris, FCA and Michael S. Schurman agreed to continue as members of the Commission.

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

The Commission advised the Speaker it would not be in a position to report by December 1, and would be continuing to conduct its review and present its conclusions in a final report sometime in 2007.

## **METHODOLOGY**

To reach our conclusions, the Commission decided on the following approach:

- i) to seek input from the general public
  - ii) to conduct an analysis and compare rates of remuneration with those in other jurisdictions
  - iii) to conduct an analysis of the wages and earnings of those working in Prince Edward Island and provide comparisons with wages and earnings with those working in other jurisdictions
  - iv) to review reports of previous commissions
  - v) to meet with anyone who expressed an interest to do so
- i) To seek input from the general public.**

The request to seek input from the public was circulated in The Guardian, West Prince Graphic, La Voix Acadienne, Eastern Graphic and the Journal Pioneer for three weeks in January 2007. A copy of the request is shown in Appendix 1.

Three submissions were received and the more salient suggestions can be summarized as follows:

- restraint should be exercised in setting MLA's remuneration;
- change the legislation to allow MLA's pensions to be indexed to the Consumer Price Index;
- abolish the Commission and adjust salaries to cost of living increases;
- transfer members' pensions to self-directed RRSP's.

While each of these suggestions were given consideration, the Commission noted that the number of submissions received were less than the number received in the prior year. The lack of public participation and input is likely a reflection of the lack of knowledge of the levels of pay MLA's receive and the complex way MLA's are sometimes compensated. Although the

public have shown an indifference to the Commission's request, we believe the public want to know and understand the pay rates of elected officials and this information will be a subject of interest once our report is released. The Commission therefore reflected on its responsibilities and the duty to recommend a fair and reasonable salary that will attract qualified candidates, and at the same time is seen as a reasonable use of tax dollars.

**ii) Analysis and comparisons with members of legislatures in other jurisdictions.**

This information was received from each of the jurisdictions and is shown as Appendix 2. For comparative purposes, the information is initially difficult to use because of the mix of taxable and non-taxable compensation amounts. To provide a true comparison, we have redrafted the schedule and show the various levels of pay in a revised schedule shown in Appendix 3 by converting the non-taxable allowances to pre-tax amounts. This schedule now shows the total pre-tax salaries for each jurisdiction.. We followed the practice used in other jurisdictions and applied a 50% income tax rate to calculate the pre-tax income and then included the amount with the indemnity. We did not include in our calculation the special allowances noted in some provinces for commuting distances. We then extended the schedule (shown as Appendix 4) to show the cash compensation for MLA's without portfolios, MLA's with portfolio responsibilities, the position of Premier and the position of Speaker for each jurisdiction. It is clear from this analysis that members of the PEI Legislature are among the lowest paid in Canada.

**iii) Comparison of wages/earnings of Islanders with wages/earnings of those in other jurisdictions.**

This information was obtained from the Economies, Statistics and Federal Fiscal Relations Section of the P.E.I. Department of Provincial Treasury and is shown in Appendix 5. The table shows the per capita per income for Canada, and each of the provinces. We have calculated the percentage income PEI is to Canada, New Brunswick and Nova Scotia and included this in the box below the information received.

Included as Appendix 6 is a table (table 32) taken from the "32<sup>nd</sup> Annual Statistical Review" published by the Province which shows the income tax returns filed by individuals in Prince Edward Island in 2003. This is the most recent information available.

We also requested HRA and Associates to provide salary information for health care and educational positions in Prince Edward Island, New Brunswick and Nova Scotia. The conclusion drawn from this information is that health care and educational positions in PEI are close to or are on par with similar positions in New Brunswick and Nova Scotia.

**iv) Previous Commission reports dating back to 1993 were reviewed along with other publications**

v) **Meetings with interested parties**

The Commission did not receive any requests for meetings with interested parties, however, we suggested a meeting with the elected parties for the purpose of discussing the work load of members and their constituency commitments. It was decided in advance that the discussion would be confined to a description of the work of the MLA without any discussion on financial matters.

***BASIC SALARY INCLUDING NON-TAXABLE ALLOWANCES***

The cash compensation for MLA's comes in the form of an indemnity, salary and non-taxable allowances all of which vary from jurisdiction to jurisdiction. For our purposes, we determined that the terminology used for indemnity, salary etc., are considered to be the same. In the past, the term indemnity was used to describe the sum of money paid to MLA's for attending sessions of the legislature to ensure members did not suffer financially while spending time away from their place of employment. As the work of MLA's began to increase over time and dual ridings were replaced with single ridings, the indemnity was considered the MLA's primary source of income and is now more often referred to as a salary.

We have decided that the tax-free allowances should be eliminated and replaced with an equivalent amount of taxable salary. When it was first introduced, the non-taxable amount was likely meant to reimburse MLA's for various travel, accommodations and constituency expenses, however, with the passage of time it is seen to be a salary and not as a reimbursement of expenses incurred. Our information suggests members are reimbursed for the out-of-pocket expenses they incur in carrying out their duties and attending various meetings and sessions of the legislature. Moreover, office space and support is provided free of charge for MLA's to meet constituents and there is no evidence to support that the non-taxable allowance is used for any expense incurred in carrying out their duties as an elected official. Also, there is no accountability as members are not required to submit receipts to account for the amount they receive. Added evidence that the allowance is considered a salary is the decision to include the amount when determining the base to calculate members' pensions.

We have read that most jurisdictions have received recommendations to do away with the allowance with the purpose of being more transparent and accountable. It is quite likely that the public will continue to look for more transparency and clarity and this will pressure other jurisdictions to have their members account or make the amount taxable.

Recently, the Province of Nova Scotia abolished the tax free allowance and added a pre-tax amount to the members basic salary. For PEI, we have decided on a similar approach and accordingly, are recommending that the allowance be eliminated, and be replaced with a taxable salary of \$24,000 which when added to the basic amount brings the total salary to \$60,689 all of which is subject to income tax.

A comparison of the cash compensation amounts with New Brunswick and Nova Scotia is shown below.

|                   | PEI     |    | NB      |    | NS      |   |
|-------------------|---------|----|---------|----|---------|---|
|                   | \$      | %  | \$      | %  | \$      | % |
| Cash compensation |         |    |         |    |         |   |
| MLA basic         | 60,689  | 69 | 87,909  | 74 | 81,805  |   |
| Ministers         | 103,109 | 81 | 127,156 | 81 | 126,768 |   |
| Premier           | 126,743 | 86 | 146,779 | 77 | 165,487 |   |
| Speaker           | 92,501  | 77 | 119,346 | 73 | 126,768 |   |

This comparison shows that the basic salary amount in PEI represents about 69% of the salary total of MLA's in New Brunswick and about 74% of the salary total for MLA's in Nova Scotia. The salary for a Minister is about 81% for New Brunswick and Nova Scotia, the salary level for the Premier is 86% and 77% for New Brunswick and Nova Scotia, and the salary for the Speaker is 77% and 73% for New Brunswick and Nova Scotia.

The Commission reviewed the per capita personal income table appearing as Appendix 5 which shows that the per capita personal income on PEI is about 95 – 96% of the per capita personal income in New Brunswick and about 92 – 93% of the per capita income for Nova Scotia. If the PEI salary amount was adjusted to 93 – 95 % of the salaries in New Brunswick and Nova Scotia, it would require an increase of about \$15,000 to \$22,000 or expressed as a percentage an increase of about 25 – 35%.

Another comparison is to use the Canadian average and apply the same reasoning by using the PEI per capita income to all of Canada (approximately 82%).

|                   | PEI salary |    | Cdn average |         | 82% thereof |    | Required increase |   |
|-------------------|------------|----|-------------|---------|-------------|----|-------------------|---|
|                   | \$         | %  | \$          | %       | \$          | %  | \$                | % |
| Cash compensation |            |    |             |         |             |    |                   |   |
| MLA               | 60,689     | 68 | 89,579      | 73,454  | 73,454      | 21 |                   |   |
| Ministers         | 103,109    | 76 | 135,076     | 110,762 | 110,762     | 7  |                   |   |
| Premier           | 126,743    | 81 | 155,065     | 127,154 | 127,154     | -  |                   |   |
| Speaker           | 92,501     | 70 | 132,320     | 108,501 | 108,501     | 17 |                   |   |

The required increase to bring the PEI salaries to 82% of the national average (excluding PEI) are shown above in the column to the right.



Employing a numerical weighting average to adjust salaries to a relevant percentage of a comparator group has been used by previous Commissions, and the results vary depending on which average is used. This approach is often used by collective bargaining units in the public sector with the accompanying argument “Why should PEI members not be paid as much as their counterparts in our neighboring provinces”. The Commission cannot quarrel with this statement but we recognize that it alone should not be the determinant factor.

As previously stated, the salaries for elected officials in PEI when compared to their counterparts in other provinces are the lowest in Canada. The Commission believes that the work of an MLA should be considered the MLA’s primary work responsibility. From time to time an MLA might engage in part-time work to supplement his or her income but opportunities are limited because representing the public is increasingly more demanding. The Commission realizes that not everyone will share this view but we believe most would agree that the position knows no boundaries and often infringes on the privacy of a member and involves an uncertain career without assurances of returning to a career. However argued, we do note that each person entering politics has full knowledge of the personal and financial implications and the decision is a personal choice on selecting a path that is more likely a short to medium term career and not long term.

Information in Appendix 6 shows the number of income tax returns filed for the year 2003. From this information one can deduce that a basic salary in the \$60,000 range is among the top 10 – 15% income earners in the province although it is likely at the low end of the range. Measured this way, one might assume that a basic salary of \$60,000 is adequate for MLA’s, however, we believe that the MLA should be paid among the top 10 – 15% of income earners in the province. MLA’s work long hours dealing with personal constituency matters to complex legislative matters and we believe that the salary level should be commensurate with the work that is required of them. Moreover, we believe that a salary that is too low could discourage those thinking about running for elective office. A reasonable salary level needs to be established to attract people from a wide range of occupations and backgrounds and, once elected, officials should be free to devote the necessary time and attention to the responsibilities involved and not working at other jobs for the sole purpose of supplementing their income. While the Commission believes that the salary level should not be a deterrent to attracting people from seeking office, the salary level cannot and will not meet everyone’s expectations and situation. We recognize that the level we set should at least meet the needs of the people who offer for public office, and be fair and reasonable in the circumstances.

### ***BASIC SALARY FOR MLA***

As described earlier in this report, the base salary for an MLA is considerably lower than a similar salary for members in New Brunswick and Nova Scotia, and to bring the salary in line with these two provinces or the Canadian average would require an adjustment in the order of – 21% - 35%. The question on the minds of the Commission is why is there such a difference, and is this a reasonable difference to expect.

We have concluded that we could not support recommending an increase of 21 – 35% because the only supporting argument would be to bring salaries in line with those in New Brunswick and

Nova Scotia or the Canadian average. Even though the Commission requested and met with representatives from both parties, we did not feel we had sufficient information to recommend a significant adjustment. The Commission believes that such an increase could only be supported by an in-depth study examining the work load of an MLA, and an analysis of the reasons that motivate people to offer for public office and the reasons why others are dissuaded. A more detailed study would solicit views from the general public, various organizations, professionals, retired members and so forth. We believe this would result in a good base for future commissions to establish future increases.

### **RECOMMENDATIONS**

The Commission has concluded that it should provide an increase that is within the range of the general wage settlements in Canada. These settlements for economic and performance reasons ranged between 2% and 8% last year.

After adjusting for potential income taxes, the base taxable salary is, as previously calculated, \$60,689. The Commission recommends that a 3% increase be provided bringing the base salary to \$62,500

For administrative reasons, the Commission recommends all adjustments become effective on the first day of the commencement of the 63<sup>rd</sup> General Assembly of the Province of Prince Edward Island.

#### **Recommendation 1**

##### **Base Salary for MLA**

A base salary of \$62,500 replaces the indemnity and non-taxable allowance.

#### **Recommendation 2**

##### **Salary for Minister and Leader of the Opposition**

We have decided that the additional salary for the position of Minister and the Leader of the Opposition should also be increased by 3%, which would provide the following.

| Basic salary | Additional salary | Total salary |
|--------------|-------------------|--------------|
| \$           | \$                | \$           |
| 62,500       | 43,700            | 106,200      |

### Recommendation 3

#### **Premier's Salary**

We have decided that the additional non-taxable allowance of \$3,000 be eliminated and a pre-tax amount be included with the additional salary, and the salary for the Premier should also increase by 3% which would result in the following:

| Basic salary<br>\$ | Additional salary<br>\$ | Total salary<br>\$ |
|--------------------|-------------------------|--------------------|
| 62,500             | 68,000                  | 130,500            |

### Recommendation 4

#### **Speaker's Salary**

We received a submission from the Speaker's office providing reasons to support the Speaker be paid the same as the position of a Minister. Currently there are six provinces that compensate Speakers at or close to the level provided to Ministers. The Speaker's duties are similar in nature to the running of a department, and the Commission decided on providing an adjustment of \$5,000 to that position. This still leaves the position in PEI as the lowest in the country but it brings it closer to the pay level of a Minister.

| Basic salary<br>\$ | Additional salary<br>\$ | Total salary<br>\$ |
|--------------------|-------------------------|--------------------|
| 62,500             | 36,800                  | 99,300             |

### Recommendation 5

#### **Deputy Speaker**

It has been the practice to fix the additional salary for the deputy speaker at 50% of the additional salary for the speaker, and we have decided to continue with this approach.

| Basic salary<br>\$ | Additional salary<br>\$ | Total salary<br>\$ |
|--------------------|-------------------------|--------------------|
| 62,500             | 18,400                  | 80,900             |

## Recommendation 6

**Government House Leader**  
**Opposition House Leader**  
**Government Whip**  
**Opposition Whip**

The Commission has decided that a 3% increase should be provided on the additional salaries for these positions. This would result in the following.

|                         | Basic salary<br>\$ | Additional salary<br>\$ | Total salary<br>\$ |
|-------------------------|--------------------|-------------------------|--------------------|
| Government House Leader | 62,500             | 11,800                  | 74,300             |
| Opposition House Leader | 62,500             | 4,150                   | 66,650             |
| Government Whip         | 62,500             | 3,500                   | 66,000             |
| Opposition Whip         | 62,500             | 3,500                   | 66,000             |

The additional salaries for these positions are to be received provided 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 Legislative Assembly Act.

## Pensions

The MLA Pension Plan is comprised of two components, namely the "Basic Portion" and the "Supplemental Portion".

The benefits provided under the "Basic Portion" are paid from a registered pension plan while the benefits paid under the "Supplemental Portion" are paid from general funds.

The total benefits available under the Pension Plan are derived in approximately equal shares from the Basic and Supplemental portions of the Plan. However, there are some differences on when benefits are available and how much is paid from the two portions.

The Commission has reviewed the two plans and have concluded that no changes are recommended to Member entitlements at this time. The Commission did note that there are a number of pension related administrative matters that should be addressed, however, two of the present Commission members are not available to complete this work within the time frame that is required to submit this report. Section 46(3) of the Legislative Assembly Act states that "Persons appointed pursuant to Subsection (1) shall serve until the dissolution of the Assembly" which means the Commission would be dissolved at the time an election is promulgated. In the event the Commission is dissolved, it is recommended that a new Commission be appointed as soon as possible to address the various matters involving the administration of the plans.

## Recommendation 7

In the event of the dissolution of the Legislative Assembly and the Commission is automatically dissolved, the Speaker appoints a Commission to address various administrative pension issues.

### **Health Insurance**

We have been asked by a retired member to look into the option of cost sharing health insurance coverage for retired members. A Member leaves the group insurance coverage on retirement, however, the Member may continue the coverage on an individual basis but many find this quite expensive. The decision to cost share post-retirement benefits for MLA's would result in significant financial implications and as a result the Commission did not pursue the suggestion any further.

### **CONCLUSION**

Attached as Appendix 8 is a schedule showing the comparative cash compensation for all provinces including a comparison with the average of nine provinces (excluding PEI), and a comparison with seven provinces (excluding PEI, ON and PQ). Note that the percentages are expressed as a percentage of the PEI amount which is regarded as 100%. For this example we used the major categories, that is the basic salary, the total salaries for Minister, Premier and Speaker. An example of how the schedule can be interpreted is as follows:

“The basic salary for a Member in Prince Edward Island is .54% of the basic salary for a member in Newfoundland.”

## APPENDICES

1. Copy of notice sent to PEI newspapers
2. Salary information received from Provinces, Government of Canada
3. Salary information from Provinces, Government of Canada restated to give affect to the tax-free allowance
4. Salary information from Provinces, Government of Canada showing total salary levels for MLA, Minister, Premier and Speaker (after adjusting the tax-free allowance)
5. Table showing per capita personal income
6. Personal income tax information for the 2003 year
7. Excerpt from a report adopted April 4, 1995 by the Legislative Assembly
8. Salary comparisons with other Provinces



**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 no later than **Friday, January 26, 2007**.

Indemnities and Allowances Commission  
c/o Office of the Clerk  
Province House  
P.O. Box 2000  
Charlottetown, PEI  
C1A 7N8

(fax) (902) 368-5175  
(tel) (902) 368-5970  
[assembly@gov.pe.ca](mailto:assembly@gov.pe.ca)

**Indemnities & Allowances  
of Members of Provincial & Territorial  
Parliaments in Canada  
(February, 2007\*)**

| Jurisdiction   | Indemnity | Expense Allowance          | Premier   | Speaker   | Minister | Effective date |
|--|-----------|----------------------------|---|---|----------|----------------|
| House of Commons   | \$147,700 | -                          | \$147,700   | \$70,800  | \$70,800 | April 1, 2006  |
| Ontario  | \$110,775 | -                          | \$87,845  | \$34,562  | \$46,858 | Dec. 21, 2006  |
| Quebec   | \$80,464  | \$14,234                   | \$84,487  | \$60,348  | \$60,348 | April 1, 2006  |
| NWT<br>(1) within commuting distance (2) beyond commuting distance and Ministers | \$87,572  | \$6,784(1)<br>\$10,483(2)  | \$66,604  | \$30,835  | \$46,869 | April 1, 2006  |
| Nova Scotia  | \$81,805  | -                          | \$83,682  | \$44,963  | \$44,963 | Jan. 1, 2007   |
| British Columbia   | \$76,100  | -                          | \$45,000  | \$39,000  | \$39,000 | April 1, 2006  |
| Manitoba   | \$73,512  | -                          | \$48,556  | \$30,350  | \$30,350 | April 1, 2006  |
| Alberta  | \$47,496  | \$23,748                   | \$74,136  | \$58,272  | \$58,272 | April 1, 2006  |
| Newfoundland & Labrador  | \$48,260  | \$24,130                   | \$68,252  | \$50,594  | \$49,484 | July 1, 2006   |
| Saskatchewan   | \$64,817  | \$5,426                    | \$58,547  | \$35,127  | \$40,948 | April 1, 2006  |
| Nunavut  | \$67,543  | \$1,000                    | \$70,097  | \$59,005  | \$59,005 | April 1, 2006  |
| New Brunswick**  | \$43,955  | \$21,977                   | \$58,870  | \$29,437 +<br>additional \$1,000<br>expense allowance | \$39,247 | Jan. 1, 2006   |
| Yukon<br>(1) within Whitehorse (2) outside Whitehorse & Ministers                | \$38,183  | \$16,669(1)<br>\$19,091(2) | \$28,971  | \$7,049   | \$21,147 | April 1, 2006  |
| Prince Edward Island   | \$36,689  | \$12,000                   | \$60,054 +<br>additional \$3,000<br>expense allowance | \$31,812  | \$42,420 | April 1, 2006  |

\*\* The Commission acknowledges the assistance of the Assemblies of Alberta, Newfoundland and Labrador and New Brunswick in compiling this information.

\*\*In New Brunswick, adjustments to MLA salaries are based on an average of increases in salaries of employees for the three preceding years. Figures for 2006 are not yet finalized by Statistics Canada; however, when complete, adjustment will be retroactive to January 1, 2007.



**Indemnities & Allowances  
of Members of Provincial & Territorial Parliaments in Canada  
After Tax Affecting the Expense Allowance at 50%  
(February 2007\*)**

| Jurisdiction  | Indemnity<br>\$ | Expense<br>Allowance<br>\$ | Premier<br>\$  | Speaker<br>\$   | Minister<br>\$ | Effective<br>Date |
|---|-----------------|----------------------------|--|---|----------------|-------------------|
| House of Commons  | 147,700         | -                          | 147,700  | 70,800  | 70,800         | April 1, 2006     |
| Ontario   | 110,775         | -                          | 87,845   | 34,562  | 46,858         | Dec. 21, 2006     |
| Quebec  | 108,932         | -                          | 84,487   | 60,348  | 60,348         | April 1, 2006     |
| NWT (2) beyond commuting<br>distance and Ministers            | 101,140         | 10,483 (2)                 | 66,604   | 30,835  | 46,869         | April 1, 2006     |
| Nova Scotia   | 81,805          | -                          | 83,682   | 44,963  | 44,963         | Jan. 1, 2007      |
| British Columbia  | 76,100          | -                          | 45,000   | 39,000  | 39,000         | April 1, 2006     |
| Manitoba  | 73,512          | -                          | 48,556   | 30,350  | 30,350         | April 1, 2006     |
| Alberta   | 94,992          | -                          | 74,136   | 58,272  | 58,272         | April 1, 2006     |
| Newfoundland &<br>Labrador                                    | 96,520          | -                          | 68,252   | 50,594  | 49,484         | July 1, 2006      |
| Saskatchewan  | 75,669          | -                          | 58,547   | 35,127  | 40,948         | April 1, 2006     |
| Nunavut   | 69,543          | -                          | 70,097   | 59,005  | 59,005         | April 1, 2006     |
| New Brunswick**   | 87,909          | -                          | 58,870   | 29,437 +<br>additional<br>\$1,000<br>expense<br>allowance | 39,247         | Jan. 1, 2006      |
| Yukon within Whitehorse (2)<br>outside Whitehorse & Ministers | 71,521          | 19,091 (2)                 | 28,971   | 7,049   | 21,147         | April 1, 2006     |
| Prince Edward Island  | 60,689          | -                          | 60,054 +<br>additional<br>\$3,000 expense<br>allowance | 31,812  | 42,420         | April 1, 2006     |

\*\* The Commission acknowledges the assistance of the Assemblies of Alberta, Newfoundland and Labrador and New Brunswick compiling this information.

\*\* In New Brunswick, adjustments to MLA salaries are based on an average of increases in salaries of employees for the three preceding years. Figures for 2006 are not yet finalized by Statistics Canada; however, when complete, adjustment will be retroactive to January 1, 2007.

(2) These are special allowances beyond commuting distances.

**Indemnities & Allowances  
of Members of Provincial & Territorial Parliaments in Canada  
After Tax Affecting the Expense Allowance at 50%  
(February 2007\*)**

| Jurisdiction   | Indemnity<br>\$ | Expense<br>Allowance<br>\$ | Premier<br>\$   | Speaker<br>\$   | Minister<br>\$ | Basic<br>Salary (A)<br>\$ | Minister<br>(B)<br>\$ | Premier<br>(C)<br>\$ | Speaker<br>(D)<br>\$ |
|--|-----------------|----------------------------|---|---|----------------|---------------------------|-----------------------|----------------------|----------------------|
| House of Commons   | 147,700         | -                          | 147,700   | 70,800  | 70,800         | 147,700                   | 218,500               | 295,400              | 218,500              |
| Ontario  | 110,775         | -                          | 87,845  | 34,562  | 46,858         | 110,775                   | 157,633               | 198,620              | 145,337              |
| Quebec   | 108,932         | -                          | 84,487  | 60,348  | 60,348         | 108,932                   | 169,280               | 193,419              | 169,280              |
| NWT (2) beyond<br>commuting distance and<br>Ministers            | 101,140         | 10,483 (2)                 | 66,604  | 30,835  | 46,869         | 101,140                   | 148,009               | 167,744              | 131,975              |
| Nova Scotia  | 81,805          | -                          | 83,682  | 44,963  | 44,963         | 81,805                    | 126,768               | 165,487              | 126,768              |
| British Columbia   | 76,100          | -                          | 45,000  | 39,000  | 39,000         | 76,100                    | 115,100               | 121,100              | 115,100              |
| Manitoba   | 73,512          | -                          | 48,556  | 30,350  | 30,350         | 73,512                    | 103,862               | 122,068              | 103,862              |
| Alberta  | 94,992          | -                          | 74,136  | 58,272  | 58,272         | 94,992                    | 153,264               | 169,128              | 153,264              |
| Newfoundland &<br>Labrador                                       | 96,520          | -                          | 68,252  | 50,594  | 49,484         | 96,520                    | 146,004               | 164,772              | 147,114              |
| Saskatchewan   | 75,669          | -                          | 58,547  | 35,127  | 40,948         | 75,669                    | 116,617               | 134,216              | 110,796              |
| Nunavut  | 69,543          | -                          | 70,097  | 59,005  | 59,005         | 69,543                    | 128,548               | 139,640              | 128,548              |
| New Brunswick **   | 87,909          | -                          | 58,870  | 29,437 +<br>additional<br>\$1,000<br>expense<br>allowance | 39,247         | 87,909                    | 127,156               | 146,779              | 119,346              |
| Yukon within Whitehorse<br>(2) outside Whitehorse &<br>Ministers | 71,521          | 19,091 (2)                 | 28,971  | 7,049   | 21,147         | 71,521                    | 92,668                | 100,492              | 78,570               |
| Prince Edward Island   | 60,689          | -                          | 60,054 +<br>additional<br>\$3,000<br>expense<br>allowance | 31,812  | 42,420         | 60,689                    | 103,109               | 126,743 ***          | 92,501               |

\*\* The Commission acknowledges the assistance of the Assemblies of Alberta, Newfoundland and Labrador and New Brunswick in compiling this information.

\*\* In New Brunswick, adjustments to MLA salaries are based on an average of increases in salaries of employees for the three preceding years. Figures for 2006 are not yet finalized by Statistics Canada; however, when complete, adjustment will be retroactive to January 1, 2007.

\*\*\* The additional expense of \$3,000 has been tax adjusted.

A) Basic salary includes indemnity plus expense allowance after giving effect to income taxes using a rate of 50%

B) This includes the basic salary and salary for Minister

C) Includes the basic salary and salary for Premier

D) Includes the basic salary and salary for Speaker

### PER CAPITA PERSONAL INCOME

| YEAR | CND      | NL       | PE              | NS       | NB       | QC       | ON       | MB       | SK       | AB       | BC       |
|------|----------|----------|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1997 | \$23,924 | \$18,082 | <b>\$19,338</b> | \$20,722 | \$20,077 | \$22,186 | \$25,787 | \$22,101 | \$20,310 | \$25,778 | \$24,291 |
| 1998 | \$24,814 | \$18,961 | <b>\$20,007</b> | \$21,786 | \$21,085 | \$22,948 | \$26,801 | \$23,053 | \$21,182 | \$27,002 | \$24,638 |
| 1999 | \$25,755 | \$19,983 | <b>\$20,949</b> | \$22,922 | \$22,150 | \$23,852 | \$27,959 | \$23,572 | \$22,015 | \$27,481 | \$25,297 |
| 2000 | \$27,384 | \$21,064 | <b>\$22,382</b> | \$23,933 | \$23,214 | \$25,430 | \$29,752 | \$24,720 | \$22,975 | \$29,649 | \$26,646 |
| 2001 | \$28,254 | \$22,176 | <b>\$22,679</b> | \$24,793 | \$23,803 | \$26,294 | \$30,357 | \$25,398 | \$23,647 | \$32,100 | \$27,064 |
| 2002 | \$28,650 | \$22,981 | <b>\$23,810</b> | \$25,426 | \$24,403 | \$26,790 | \$30,526 | \$25,988 | \$24,257 | \$32,436 | \$27,570 |
| 2003 | \$29,438 | \$24,029 | <b>\$24,292</b> | \$26,113 | \$25,248 | \$27,790 | \$31,117 | \$26,630 | \$25,516 | \$33,504 | \$28,173 |
| 2004 | \$30,605 | \$24,826 | <b>\$25,326</b> | \$26,904 | \$26,265 | \$28,814 | \$32,070 | \$27,750 | \$27,056 | \$35,787 | \$29,381 |
| 2005 | \$31,819 | \$25,907 | <b>\$26,065</b> | \$28,075 | \$27,161 | \$29,763 | \$33,140 | \$28,531 | \$28,235 | \$38,208 | \$30,644 |

Calculated by ESFFR, P.E.I. Provincial Treasury Department

### ANNUAL GROWTH IN PER CAPITA PERSONAL INCOME

| YEAR | CND  | NL   | PE          | NS   | NB   | QC   | ON   | MB   | SK   | AB   | BC   |
|------|------|------|-------------|------|------|------|------|------|------|------|------|
| 1998 | 3.7% | 4.9% | <b>3.5%</b> | 5.1% | 5.0% | 3.4% | 3.9% | 4.3% | 4.3% | 4.7% | 1.4% |
| 1999 | 3.8% | 5.4% | <b>4.7%</b> | 5.2% | 5.1% | 3.9% | 4.3% | 2.3% | 3.9% | 1.8% | 2.7% |
| 2000 | 6.3% | 5.4% | <b>6.8%</b> | 4.4% | 4.8% | 6.6% | 6.4% | 4.9% | 4.4% | 7.9% | 5.3% |
| 2001 | 3.2% | 5.3% | <b>1.3%</b> | 3.6% | 2.5% | 3.4% | 2.0% | 2.7% | 2.9% | 8.3% | 1.6% |
| 2002 | 1.4% | 3.6% | <b>5.0%</b> | 2.6% | 2.5% | 1.9% | 0.6% | 2.3% | 2.6% | 1.0% | 1.9% |
| 2003 | 2.8% | 4.6% | <b>2.0%</b> | 2.7% | 3.5% | 3.7% | 1.9% | 2.5% | 5.2% | 3.3% | 2.2% |
| 2004 | 4.0% | 3.3% | <b>4.3%</b> | 3.0% | 4.0% | 3.7% | 3.1% | 4.2% | 6.0% | 6.8% | 4.3% |
| 2005 | 4.0% | 4.4% | <b>2.9%</b> | 4.4% | 3.4% | 3.3% | 3.3% | 2.8% | 4.4% | 6.8% | 4.3% |

Calculated by ESFFR, P.E.I. Provincial Treasury Department

| PEI ""%"" to | Canada | New Brunswick | Nova Scotia |
|--------------|--------|---------------|-------------|
| 1997         | 80.8   | 96.3          | 93.3        |
| 1998         | 80.6   | 94.9          | 91.8        |
| 1999         | 81.3   | 94.6          | 91.4        |
| 2000         | 81.7   | 96.4          | 93.5        |
| 2001         | 80.3   | 95.2          | 91.5        |
| 2002         | 83.1   | 97.6          | 93.6        |
| 2003         | 82.5   | 96.2          | 91.5        |
| 2004         | 82.8   | 96.4          | 94.1        |
| 2005         | 81.9   | 96.0          | 92.8        |

TABLE 32

**PERSONAL INCOME TAX RETURNS, 2003 TAXATION YEAR  
TAXABLE RETURNS AND ALL RETURNS BY INCOME  
PRINCE EDWARD ISLAND**

| <b>Taxable Returns<br/>by Total Income class</b> | <b>Number of<br/>Returns</b> | <b>Share<br/>(%)</b> | <b>Total<br/>Income<br/>\$'000s</b> | <b>Share<br/>(%)</b> | <b>Taxable<br/>Income<br/>\$'000s</b> | <b>Share<br/>(%)</b> | <b>Total<br/>Net Tax<br/>\$'000s</b> | <b>Share<br/>(%)</b> |
|--|------------------------------|----------------------|-------------------------------------|----------------------|---------------------------------------|----------------------|--------------------------------------|----------------------|
| Loss & Nil                                       | 30                           | 0.0                  | -192                                | 0.0                  |                                       | 0.0                  | 16                                   | 0.0                  |
| Under \$10,000                                   | 2,740                        | 3.8                  | 20,435                              | 0.8                  | 19,576                                | 0.9                  | 587                                  | 0.1                  |
| \$10,000 to \$15,000                             | 7,590                        | 10.5                 | 97,341                              | 4.0                  | 92,903                                | 4.2                  | 5,331                                | 1.3                  |
| \$15,000 to \$20,000                             | 11,850                       | 16.3                 | 205,435                             | 8.4                  | 196,337                               | 8.8                  | 17,791                               | 4.2                  |
| \$20,000 to \$25,000                             | 9,330                        | 12.8                 | 207,831                             | 8.5                  | 198,771                               | 8.9                  | 24,389                               | 5.7                  |
| \$25,000 to \$30,000                             | 8,870                        | 12.2                 | 243,036                             | 10.0                 | 228,041                               | 10.2                 | 32,275                               | 7.6                  |
| \$30,000 to \$40,000                             | 14,000                       | 19.3                 | 484,530                             | 19.8                 | 451,314                               | 20.2                 | 76,195                               | 17.9                 |
| \$40,000 to \$50,000                             | 7,050                        | 9.7                  | 314,744                             | 12.9                 | 288,360                               | 12.9                 | 58,902                               | 13.9                 |
| \$50,000 and over                                | 11,170                       | 15.4                 | 869,224                             | 35.6                 | 760,063                               | 34.0                 | 209,166                              | 49.3                 |
| <b>TOTAL</b>                                     | <b>72,620</b>                | <b>100.0</b>         | <b>2,442,384</b>                    | <b>100.0</b>         | <b>2,235,365</b>                      | <b>100.0</b>         | <b>424,651</b>                       | <b>100.0</b>         |

| <b>All Returns<br/>by Total Income class</b> | <b>Number of<br/>Returns</b> | <b>Share<br/>(%)</b> | <b>Total<br/>Income<br/>\$'000s</b> | <b>Share<br/>(%)</b> | <b>Taxable<br/>Income<br/>\$'000s</b> | <b>Share<br/>(%)</b> | <b>Total<br/>Net Tax<br/>\$'000s</b> | <b>Share<br/>(%)</b> |
|--|------------------------------|----------------------|-------------------------------------|----------------------|---------------------------------------|----------------------|--------------------------------------|----------------------|
| Loss & Nil                                   | 3,630                        | 3.5                  | -6,217                              | -0.2                 |                                       |                      | 16                                   | 0.0                  |
| Under \$10,000                               | 23,460                       | 22.6                 | 135,042                             | 5.1                  | 114,242                               | 4.8                  | 587                                  | 0.1                  |
| \$10,000 to \$15,000                         | 12,500                       | 12.0                 | 156,578                             | 5.9                  | 135,837                               | 5.7                  | 5,331                                | 1.3                  |
| \$15,000 to \$20,000                         | 13,350                       | 12.8                 | 231,085                             | 8.7                  | 215,000                               | 9.0                  | 17,791                               | 4.2                  |
| \$20,000 to \$25,000                         | 9,660                        | 9.3                  | 215,388                             | 8.1                  | 202,935                               | 8.5                  | 24,389                               | 5.7                  |
| \$25,000 to \$30,000                         | 8,900                        | 8.6                  | 243,727                             | 9.2                  | 228,571                               | 9.5                  | 32,275                               | 7.6                  |
| \$30,000 to \$40,000                         | 14,160                       | 13.6                 | 489,898                             | 18.5                 | 453,788                               | 18.9                 | 76,195                               | 17.9                 |
| \$40,000 to \$50,000                         | 7,110                        | 6.8                  | 317,818                             | 12.0                 | 290,590                               | 12.1                 | 58,902                               | 13.9                 |
| \$50,000 and over                            | 11,170                       | 10.7                 | 869,224                             | 32.8                 | 760,063                               | 31.7                 | 209,166                              | 49.3                 |
| <b>TOTAL</b>                                 | <b>103,930</b>               | <b>100.0</b>         | <b>2,652,542</b>                    | <b>100.0</b>         | <b>2,401,026</b>                      | <b>100.0</b>         | <b>424,651</b>                       | <b>100.0</b>         |

See notes for Table 29.

Source: Canada Revenue Agency, *Income Statistics*, Tables 2 and 2A.

***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 issues resolved."

In practise, 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 of 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.

## Salary Comparisons

|                                       | Salary  |     | Minister |     | Premier |     | Speaker |     |
|---------------------------------------|---------|-----|----------|-----|---------|-----|---------|-----|
|                                       | \$      | %   | \$       | %   | \$      | %   | \$      | %   |
| Newfoundland                          | 96,520  | 154 | 146,004  | 137 | 144,772 | 111 | 147,114 | 148 |
| PEI                                   | 62,500  | 100 | 106,200  | 100 | 130,500 | 100 | 99,300  | 100 |
| Nova Scotia                           | 81,805  | 130 | 126,768  | 119 | 165,487 | 127 | 126,768 | 128 |
| New Brunswick                         | 87,909  | 141 | 127,156  | 119 | 146,779 | 112 | 119,346 | 120 |
| Quebec                                | 108,932 | 174 | 169,280  | 159 | 193,419 | 148 | 169,280 | 170 |
| Ontario                               | 110,775 | 177 | 157,633  | 148 | 198,620 | 152 | 145,337 | 146 |
| Manitoba                              | 73,512  | 118 | 103,862  | 98  | 122,068 | 94  | 103,862 | 105 |
| Saskatchewan                          | 75,669  | 121 | 116,617  | 110 | 134,216 | 103 | 110,796 | 112 |
| Alberta                               | 94,992  | 152 | 153,264  | 144 | 169,128 | 130 | 153,264 | 154 |
| British Columbia                      | 76,100  | 122 | 115,100  | 108 | 121,100 | 93  | 115,100 | 116 |
| Average - 9 Provinces                 | 89,579  | 143 | 135,076  | 127 | 155,065 | 119 | 132,320 | 133 |
| Average - 7 Provinces excluding ON/QC | 83,786  | 134 | 126,967  | 119 | 143,364 | 110 | 125,178 | 129 |