



PRINCE EDWARD ISLAND

Regulatory & Appeals Commission

Commission de réglementation et d'appels

ÎLE-DU-PRINCE-ÉDOUARD

# 2022-2023 ANNUAL REPORT



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PRINCE EDWARD ISLAND  
Regulatory & Appeals Commission  
Commission de réglementation et d'appels  
ÎLE-DU-PRINCE-ÉDOUARD

**Hon. Natalie Jameson**  
Minister of Education and Early Years  
P.O. Box 2000  
Charlottetown, PE C1A 7N8

Dear Minister Jameson:

I am pleased to submit the 2022-2023 Annual Report for the Prince Edward Island Regulatory and Appeals Commission. The report presents an overview of the Commission's activities and the audited financial statements for the fiscal year ending March 31, 2023.

Respectfully submitted,

**J. Scott MacKenzie, K.C.**  
Chair and Chief Executive Officer





## COMMENTS FROM THE CHAIR

I am pleased to present the Annual Report of the Prince Edward Island Regulatory and Appeals Commission for the period April 1, 2022 to March 31, 2023.

This past year, the Commission resumed normal operations, with staff returning to the office and some hearings being held in-person for the first time since pre-pandemic. However, the arrival of Hurricane Fiona at the end of September resulted in the office being closed to the public for a week. Commission and Rental Office staff worked quickly to reschedule hearings to accommodate the needs of parties during cleanup efforts. I would like to recognize Commission staff for their professionalism and commitment to maintaining a high standard of service through the pandemic and Hurricane Fiona. I thank them for their resilience during these challenging events.

This year, the Commission processed 913 files, resulting in a total of 780 decisions, orders, approvals, and recommendations issued.

In 2022-23, the Commission received several filings from Maritime Electric including, a General Rate Application, 2023 Capital Budget, and the 2022 Sustainability Report.

In response to Hurricane Fiona, the Commission directed Maritime Electric to provide a Post-Mortem Report detailing the utility's response to the storm. The Commission received this report in January 2023, as well as a refiled, more detailed report on March 7, 2023. Maritime Electric also provided the Commission with a Climate Change Risk Assessment in February 2023.

The Commission is currently undertaking a petroleum margin review, which has included engaging experts Gardner Pinfold Consultants Inc. to prepare a report and recommendations regarding the calculations used in setting petroleum products pricing. At this time, the review is ongoing.

The Commission recently completed its financial audit and was pleased to receive excellent feedback on its accounting practices. The financial audit information can be found at the end of this report.

Looking forward on an operational level, the Commission will be focused on strengthening the efficiency of internal and external processes, updating web content to reflect legislative changes, developing new tools to assist landlords and tenants, and continuing to provide information across a variety of online channels in both official languages.

As an independent quasi-judicial tribunal, the Commission operates at arm's length from government and is free of influence from any source. Upholding the Commission's independence is fundamental to maintaining public confidence in its impartiality in decision making.

I would like to thank the Commission staff for the high caliber of work they have done over the last year while demonstrating the integrity and professionalism that is essential to the Commission's function. I would like to recognize and thank our full-time and part-time Commissioners: Vice-Chair Doug Clow, Commissioners Erin Mitchell, Terry McKenna, Cynthia McCardle, and Murray MacPherson for their expertise on the various panels they serve on.



**J. Scott MacKenzie, K.C.**  
Chair and CEO



## MESSAGE DU PRÉSIDENT

J'ai le plaisir de présenter le rapport annuel de la Commission de réglementation et d'appels de l'Île pour la période du 1er avril 2022 au 31 mars 2023.

Au cours du dernier exercice, la Commission a repris ses activités normales; le personnel est revenu au bureau et certaines audiences ont eu lieu en personne, pour la première fois depuis le début de la pandémie. Par contre, le passage de l'ouragan Fiona, fin septembre, a entraîné la fermeture du bureau au public pendant une semaine. Le personnel de la Commission et du Bureau des locations a travaillé rapidement afin de reporter les audiences et de répondre aux besoins des parties pendant les efforts de nettoyage. J'aimerais souligner le professionnalisme du personnel de la Commission et son engagement à maintenir des normes de service élevées pendant la pandémie et après le passage de l'ouragan Fiona. Merci pour votre résilience pendant ces périodes difficiles.

Cette année, la Commission a rendu 909 décisions, ordonnances, approbations et recommandations.

En 2022-2023, la Commission a reçu plusieurs documents déposés par Maritime Electric, notamment une demande générale d'approbation concernant les tarifs, le budget d'immobilisations de 2023 et le rapport sur la durabilité de 2022.

En réponse à l'ouragan Fiona, la Commission a demandé à Maritime Electric de présenter un bilan de la réponse de l'entreprise à la tempête. La Commission a reçu ce bilan en janvier 2023, puis un bilan plus détaillé le 7 mars 2023. Maritime Electric a en outre présenté à la Commission une évaluation des risques liés aux changements climatiques en février 2023.

La Commission procède actuellement à un examen des marges relatives aux produits pétroliers, ce qui a nécessité l'embauche des spécialistes Gardner Pinfold Consultants Inc. afin de rédiger un rapport et des recommandations à propos des calculs utilisés pour l'établissement du

prix des produits pétroliers. Au moment de rédiger les présentes, cet examen est en cours.

La Commission a récemment terminé son audit financier et eu le plaisir de recevoir d'excellents commentaires sur ses pratiques comptables. Les renseignements sur l'audit financier se trouvent à la fin du présent rapport.

Maintenant, sur le plan opérationnel, la Commission concentrera ses efforts sur le renforcement de l'efficacité des processus internes et externes, la mise à jour du contenu Web de sorte à refléter les changements législatifs, la conception de nouveaux outils pour aider les propriétaires et les locataires, ainsi que la poursuite de la diffusion de l'information grâce à un éventail de plateformes en ligne, et ce, dans les deux langues officielles.

En tant que tribunal quasi judiciaire indépendant, la Commission fonctionne de manière autonome par rapport au gouvernement et est libre de toute influence. Le maintien de l'indépendance de la Commission est fondamental pour préserver la confiance du public dans l'impartialité de son processus décisionnel.

J'aimerais remercier le personnel de la Commission pour la grande qualité de son travail au cours du dernier exercice, tout en faisant montre de l'intégrité et du professionnalisme essentiels au bon fonctionnement de la Commission. J'aimerais également reconnaître la contribution des commissaires à temps plein et à temps partiel, soit Doug Clow, vice-président, et Erin Mitchell, Terry McKenna, Cynthia McCardle et Murray MacPherson, commissaires, pour leur savoir-faire au sein des différents comités auxquels elles et ils siègent.



Le président et directeur général,  
**J. Scott MacKenzie, c.r.**

# OVERVIEW

The Prince Edward Island Regulatory and Appeals Commission was established in 1991 as an independent quasi-judicial tribunal with appellate, regulatory, and administrative responsibilities defined in the *Island Regulatory and Appeals Commission Act* and in a number of provincial statutes.

The Commission operates at arm's length from government, free of influence from any source. As the Commission has appellate oversight of decisions made by Government and sets the prices charged to consumers by utilities, upholding the Commission's independence is fundamental to ensuring public confidence in its objectivity, expertise, and impartiality in decision making.

The Commission reports to the Legislative Assembly of Prince Edward Island through the Minister of Education and Early Years.

## COMMISSIONERS AND STAFF

The Commission Chair and Chief Executive Officer is J. Scott MacKenzie, K.C., Vice-Chair is Doug Clow, CPA, CA, and Erin Mitchell is a full-time Commissioner. Part-time Commissioners are Terry McKenna, Cynthia McCardle, and Murray MacPherson.

In 2022-23, the Commission employed 22 people.

### MISSION

To ensure the public of Prince Edward Island is provided with unbiased, well-reasoned, clear, and timely decisions in all matters brought before the Commission for its consideration.

### VISION

To be respected for independence, professionalism, competence, and leadership in the matters the Commission regulates, adjudicates, and administers.

## LEGISLATIVE ROLES AND RESPONSIBILITIES

The Commission operates as an independent quasi-judicial tribunal under the authority of the *Island Regulatory and Appeals Commission Act*.

The Commission's appellate responsibilities are defined in the following Acts:

- Rental of Residential Property Act*
- Residential Tenancy Act*
- Planning Act*
- Island Regulatory and Appeals Commission Act*
- Lands Protection Act*
- Real Property Assessment Act*
- Roads Act*
- Unsightly Premises Act*
- Heritage Places Protection Act*
- Environmental Protection Act*

The Commission's regulatory responsibilities fall under the following Acts:

- Petroleum Products Act*
- Electric Power Act*
- Water and Sewerage Act*
- Insurance Act*
- Environmental Protection Act*

The Commission has administrative responsibilities under the following Acts:

- Lands Protection Act*
- Municipal Government Act*
- Rental of Residential Property Act*
- Residential Tenancy Act*

# FINANCIAL HIGHLIGHTS FISCAL YEAR 2022-23

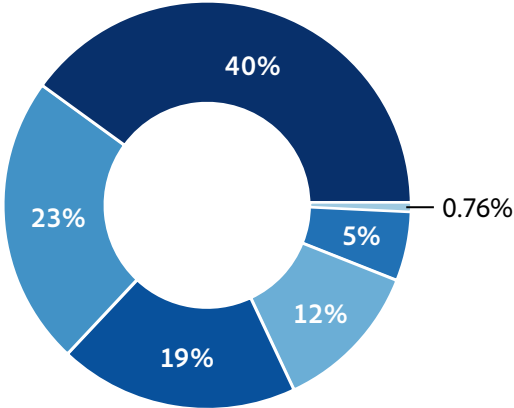
The Commission is funded through annual assessments, levies, application, and license fees on the utilities, industries and parties who are subject to supervision, regulation, or control of the Commission, including the province of Prince Edward Island.

The Commission's revenue sources include non-resident fees collected through the *Lands Protection Act*; license fees for retail and wholesale petroleum outlets; assessment fees on automobile insurers; water & sewer utilities, Maritime Electric Company Ltd., Summerside Electric, and the province of Prince Edward Island for the costs of the operation of the Office of the Director of Residential Rental Property, planning appeals, property tax appeals, environmental appeals, and rental appeals.

In 2022-23, total revenue amounted to \$4,140,516, an increase of \$109,828 from the previous year's revenues. The assessment on the Province was \$1,650,300 or 40% of the Commissions total revenue.

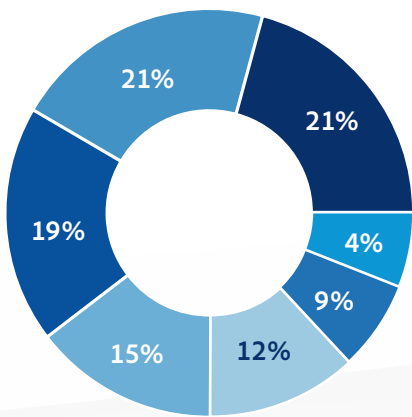
The Commission incurred expenses of \$4,103,111 during 2022-23, allocated as shown below:

2022-23 Total Revenue



Province of PEI	\$1,650,300
Lands Protection Act Fees	\$946,567
Public Utilities	\$801,736
Licenses - Petroleum	\$484,725
Assessments - Auto Insurance	\$225,670
Investments & Other Income	\$31,518

2022-23 Total Expenditures



Rental Office (assessed to Province of PEI)	\$901,328
Public Utilities	\$807,203
Land and Property	\$780,430
Appeals (assessed to the Province of PEI)	\$604,405
Petroleum Products	\$489,078
Corporate (assessed to the Province of PEI)	\$357,999
Auto Insurance	\$162,668

The Commission's audited financial statements for the fiscal year ending March 31, 2023 can be found in the last section of this report.

## COMMISSION ACTIVITIES

### FISCAL YEAR 2022-23

The Commission processed a total of 913 files, resulting in a total of 780 decisions, orders, approvals, and recommendations issued. The following is a breakdown by area:

#### LANDS PROTECTION

Non-Resident applications	118
Corporate applications	381
Global lease applications	19
Amendment applications	20
Amended permit applications	6
Annual disclosure statements	127
<b>TOTAL</b>	<b>671</b>

#### PETROLEUM

Regular petroleum price settings	53
Unscheduled price settings	22
Applications for new licenses	0
Regulatory administrative approvals	11
<b>TOTAL</b>	<b>86</b>

#### ELECTRICITY

Rate-related Applications	2
Capital Budget and regulatory approvals	8
<b>TOTAL</b>	<b>10</b>

#### WATER - SEWER

Utility Rate Applications	1
Construction Permits	11
<b>TOTAL</b>	<b>12</b>

#### AUTO INSURANCE

Rate applications	69
<b>TOTAL</b>	<b>69</b>

#### MUNICIPAL GOVERNMENT ACT

Proposals to Establish, Restructure, or Dissolve	
<b>TOTAL</b>	<b>1</b>

#### PLANNING ACT

Appeals	40
Orders Issued	3
Resolved by Mediation	3
Withdrawn by Appellant	8
Ongoing	26
<b>TOTAL</b>	<b>40</b>

#### ENVIRONMENTAL PROTECTION ACT

Appeals	2
Withdrawn	1
Ongoing	1
<b>TOTAL</b>	<b>2</b>

#### REAL PROPERTY ASSESSMENT ACT

Appeals	32
Orders Issued	1
Ongoing	31
<b>TOTAL</b>	<b>32</b>

#### RENTAL OF RESIDENTIAL PROPERTY ACT

Appeals	71
Withdrawn by appellant	9
Orders issued	60
Orders to be issued -	
Carried Over to 2023-24	1
<b>TOTAL</b>	<b>71</b>

## APPELLATE ACTIVITIES

While most appeals to the Commission arise out of decisions under the *Planning Act* and the *Rental of Residential Property Act*, the Commission has appellate responsibilities under several Acts:

#### *Rental of Residential Property Act*

#### *Residential Tenancy Act*

#### *Planning Act*

#### *Island Regulatory and Appeals Commission Act*

#### *Lands Protection Act*

#### *Real Property Assessment Act*

#### *Roads Act*

#### *Unsightly Premises Act*

#### *Heritage Places Protection Act*

#### *Environmental Protection Act*

### PLANNING ACT

Under the *Planning Act*, parties dissatisfied with decisions made by municipal councils or by the minister responsible for the *Planning Act* may appeal to the Commission.

In 2022-23, the Commission had 38 planning appeals in process. Three appeals were successfully mediated and withdrawn without a formal hearing. Eight appeals were withdrawn by the appellant after receiving assistance from the Commission and the remaining 26 appeals are in various stages, including ongoing mediation, on hold at the request of the parties, awaiting information from the parties, in the hearing scheduling process, or a final decision was issued after the end of the reporting period. The Commission issued a final decision on three appeals.

The Commission uses active adjudication on all planning appeal matters. When filed, appeals are triaged by Commission staff and legal counsel. When a municipality files its record, it is thoroughly reviewed by the Commission. Staff and legal counsel contact the parties and discuss the grounds of the appeal and record to determine the issues in dispute and see if any settlement is possible.

To further assist, the Commission offers mediation services to the parties on appeal at no cost to the parties. This resolves a number of appeals without the appeal having to go to a full hearing. Most parties to planning appeals choose to have the Commission try to mediate their issues.

Below is a summary of the appeals filed with the Commission for the past three fiscal years:

	2020-21	2021-22	2022-23
Total appeals	28	30	40
Appeal heard - allowed	0	1	0
Appeal heard - denied	2	1	3
Withdrawn by appellant	9	5	8
No jurisdiction	0	3	0
Resolved by mediation	3	8	3
Ongoing	10	12	26

Below is a summary of ongoing appeals at the Commission for the year 2022-23:

Ongoing mediation	5
On hold at the request of the parties	4
Awaiting information from the parties	11
Final decision issued after reporting period	6
<b>Total Ongoing</b>	<b>26</b>

### ENVIRONMENTAL PROTECTION ACT

The *Environmental Protection Act*, along with the *Environmental Protection Act – Watercourse and Wetland Protection Regulations*, provides a limited right of appeal of certain decisions of the Minister responsible for the *Environmental Protection Act*.

In 2022-23, the Commission had two environmental appeals in process. One was withdrawn and the remaining appeal is ongoing.

Appeals	2
Withdrawn	1
Ongoing	1



RENTAL OF RESIDENTIAL PROPERTY APPEALS

Under the *Rental of Residential Property Act*, parties dissatisfied with decisions from the Office of the Director of Residential Rental Property may appeal to the Commission. Of the 541 Orders issued on rental matters during 2022-23, the Commission received 71 appeals, compared with 78 appeals the previous year.

Below is a summary of appeals filed under the *Rental of Residential Property Act* for 2022-23:

	2021-22	2022-23
Total Appeals	78	71
Appeals withdrawn by applicant	5	9
Appeals denied - No jurisdiction	0	0
Orders issued	64	60
Orders to be issued	9	1

REAL PROPERTY ASSESSMENT ACT

The Commission hears appeals on property tax assessments under the *Real Property Assessment Act*. In 2022-23, 31 appeals were filed with the Commission, with one ongoing appeal from the previous year. One Order was issued denying the appeal and the remaining 31 appeals were held in abeyance at the request of the parties at the end of the reporting period.

Appeals	31
Ongoing - Held in Abeyance	31



REGULATORY ACTIVITIES

The Commission has regulatory responsibilities under the following Acts:

- Petroleum Products Act*
- Electric Power Act*
- Water and Sewerage Act*
- Insurance Act*
- Environmental Protection Act*

Under the Acts listed above, the Commission has regulatory responsibilities in the following areas: the distribution and sale of petroleum products; regulatory authority over Maritime Electric; regulatory authority over municipal and private water and sewer utilities, excluding the larger municipalities of Charlottetown, Summerside, Stratford and Cornwall; regulatory authority over rate changes for the Island Waste Management Corporation, and automobile insurance rates offered on Prince Edward Island.

PETROLEUM

Under the *Petroleum Products Act*, the Commission has responsibility for all matters related to petroleum including:

- Setting minimum and maximum prices for petroleum products;*
- Determining the minimum and maximum markups for retailers; and*
- Issuing annual retail and wholesale petroleum product licenses.*

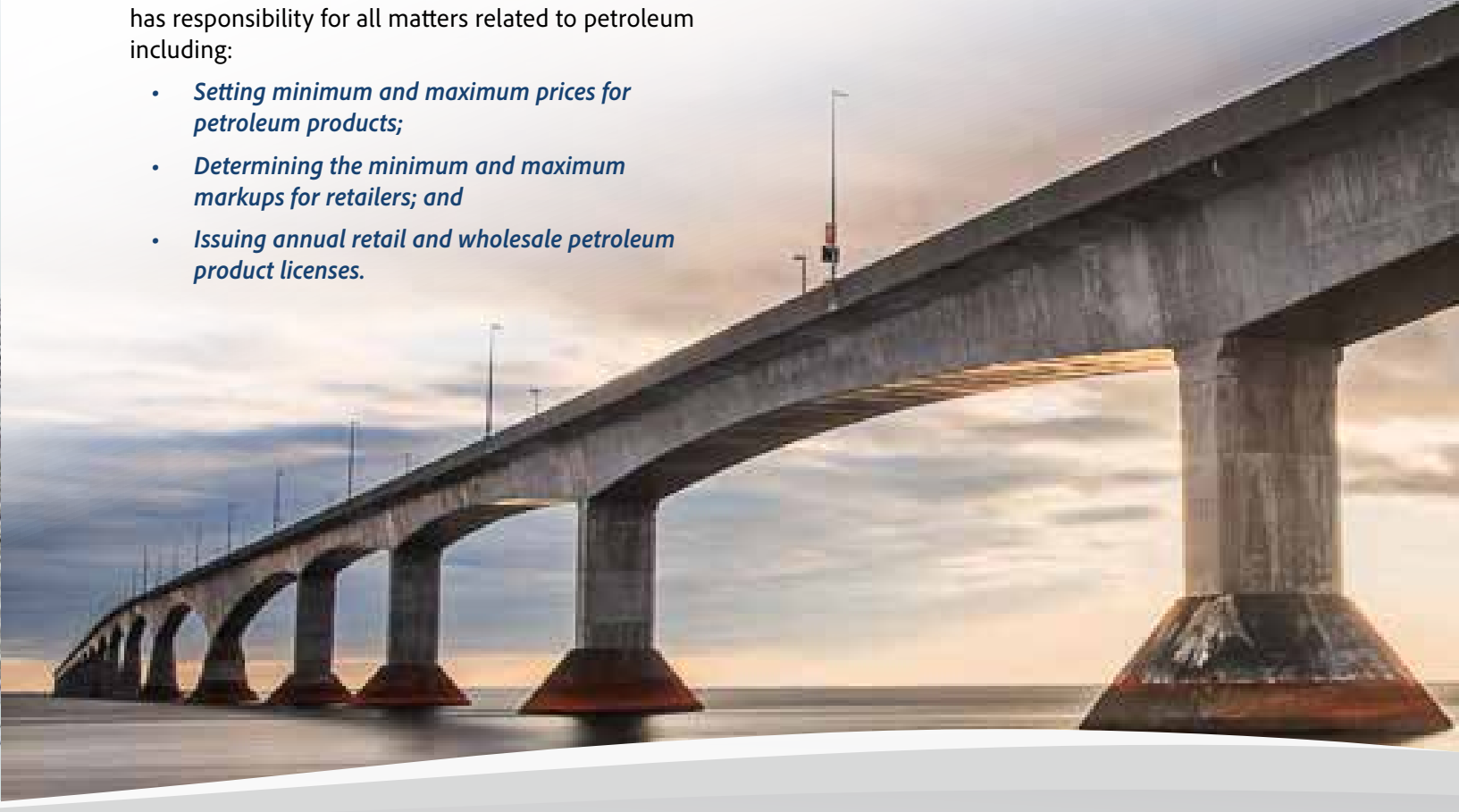
PETROLEUM PRICING

Under the Act, the Commission's role is to "ensure at all times a just and reasonable price for heating fuel and motor fuel to consumers and licensees within the province."

In 2022-2023, the Petroleum Panel met for 53 regularly scheduled price adjustments and 22 unscheduled price adjustments, for a total of 75 price adjustments. The methodology used for petroleum pricing can be found on the Commission's website at: [irac.pe.ca/petrol/methodology](https://irac.pe.ca/petrol/methodology)

The Commission determines the minimum and maximum markup for retailers. The current minimum retail margin for self-serve gasoline and diesel fuel is 7.0 cpl, and the maximum retail margin for self-serve gasoline and diesel fuel 8.0 cpl. Retail outlets may price anywhere within the minimum and maximum prices.

Current and archived pricing information on all products is available on the Commission's website at: [irac.pe.ca/petrol/current-petroleum-prices](https://irac.pe.ca/petrol/current-petroleum-prices)





The following table shows the volume of each petroleum product sold:

PRODUCTS SOLD (IN LITRES)			
Product	2020	2021	2022
Propane	33,172,321	33,857,795	34,028,177
Diesel	85,459,253	90,668,815	91,385,968
Furnace Oils	128,789,258	117,935,629	112,684,437
Gasoline	214,171,916	229,315,877	226,909,699

PETROLEUM LICENSING

The jurisdiction of the Commission extends to all types of outlets involved in the distribution and sale of petroleum products. The Commission regulates licensees and the operation of their outlets. This includes wholesalers, retailers, and wholesaler-retailer operated outlets such as retail gasoline stations, tank trucks, retail propane outlets, and furnace oil delivery.

In 2022-23, the Commission issued 309 petroleum licenses.

	2020-21	2021-22	2022-23
Total Licenses	314	318	309
Retail Distributors	18	17	16
Wholesalers	22	22	22
Tank Trucks	90	91	88
Retail Outlets	184	188	183

The number of petroleum retail outlets in the province decreased by five in 2022-23:

	2020-21	2021-22	2022-23
Total Licenses	184	188	183
Garages	4	4	4
Stations	11	11	11
Propane Only	49	55	52
Marine	47	46	46
Merchants	73	72	70

The average gasoline volume sold per outlet increased to 2,677,252 litres. This is an increase of approximately 166,731 litres from the previous year.

ELECTRICITY

REGULATION OF ELECTRIC UTILITIES

The *Electric Power Act* gives the Commission the authority to regulate public utilities, including Maritime Electric Company, Limited and PEI Energy Corporation's Efficiency PEI. The Commission's role with Maritime Electric is to ensure that its customers receive safe and reliable service, and that the rates for electric service are reasonable, publicly justifiable and non-discriminatory. The Commission's role with Efficiency PEI is to review and approve expenditures on demand-side management programs that are charged to customers through Maritime Electric and Summerside Electric.

Public utility regulation in Canada originated in 1938 in Alberta. Boards were established based on an independent commission administrative model established in Texas and Oklahoma where decisions are made by a "respected arms-length regulator free from undo political interference".

The foundation of the economic regulation of electrical and other public utilities was confirmed by the Supreme Court of Canada in 2006:

*"Regulated utilities are given the exclusive rights to sell their services within a specific area at rates that will provide companies with the opportunity to earn a fair return for their investors. In return for this right of exclusivity, utilities assume a duty to adequately and reliably serve all customers in their determined territories, and are required to have their rates and certain operations regulated."*

In setting electric rates, the Commission must balance the interests of Maritime Electric and the interests of its customers. This means that the rates for electric service must be fair to customers on the one hand, and also allow Maritime Electric the opportunity to earn a fair return on its investment.

Typically, Maritime Electric determines when a change in electric rates is necessary. Maritime Electric then files a General Rate Application with the Commission, requesting a change in the electric rates and explaining why the change in rates is required.

In recent years, Maritime Electric has filed General Rate Applications seeking approval for rates for more than one year. This is called multi-year rate setting. In multi-year rate setting, electric rates are set for a period of two or three years. This benefits customers by ensuring that electric rates remain stable and predictable.

The Commission considers many factors in setting electric rates. As part of its General Rate Application, Maritime Electric files its forecast annual revenue requirement. The annual revenue requirement is the amount required for Maritime Electric to recover its forecast annual costs of providing electric service, and to earn a fair rate of return.

The annual revenue requirement is determined by looking at a number of forecasts, including Maritime Electric's forecast energy sales for the year, the forecast cost of generating or purchasing the energy, and the forecast cost of delivering that energy to customers.

The Commission analyzes each element of the revenue requirement to determine whether Maritime Electric's forecasts are reasonable. This is called cost of service regulation as the electric rates are intended to allow Maritime Electric to recover its cost of providing service to customers, plus a reasonable rate of return. The Commission will often engage the services of expert consultants to assist with its analysis.

Each year, Maritime Electric is required to submit its annual capital budget to the Commission for review and approval. The capital budget includes any proposed expenditures for capital improvements or additions that are anticipated for the next year. On a monthly basis, the Commission reviews Maritime Electric's monthly financial statements.

The Commission invites public input throughout the rate setting process. The public has the opportunity to submit questions to Maritime Electric, make comments to the Commission, and participate in the public hearing as an intervener.



FISCAL YEAR 2022-23

In 2022-2023, the Commission issued 10 Orders in response to filings by Maritime Electric and the Prince Edward Island Energy Corporation (Efficiency PEI). Maritime Electric applications included the 2023 Capital Budget, 2021 Capital Budget Variance Report, Open Access Transmission Tariff Schedules Update, and Approval of Interim approval for Hurricane Fiona Deferral.

In August 2021, Maritime Electric applied for an Open Access Transmission Tariff Schedule Update. Two intervenors were approved on this file. The Commission approved the Open Access Transmission Tariff Schedule updates in August 2022.

The Commission engaged Synapse Energy to review the Rate Design application submitted by Maritime Electric in June 2021. The rate design application is ongoing and there have been two intervenors approved on this file.

On June 20, 2022 Maritime Electric filed their 2023 General Rate Application with the Commission. The Commission engaged London Economics International Inc. to review the rate of return requested in Maritime Electric's General Rate Application. London Economics filed their report with the Commission on February 10, 2023. The application was ongoing and concluded after the reporting period covered by this report.

The Commission approved Maritime Electric's 2021 Capital Budget Variance report during the year and Maritime Electric filed their 2023 Capital Budget in August 2022. The 2022 Capital Budget application was ongoing as of March 31, 2023.

Efficiency PEI requested a number of extensions during the year on filing its Demand Side Management (DSM) Application. Efficiency PEI filed their DSM plan during December of 2021. As of March 31, 2023, the application was ongoing.

WATER AND SEWER

Under the *Water and Sewerage Act*, the Commission regulates all water and wastewater utilities in Prince Edward Island, excluding municipal utilities operating in Charlottetown, Summerside, Stratford, and Cornwall. For more information, visit [irac.pe.ca/utilities](http://irac.pe.ca/utilities).

In 2022-23, the Commission's Water and Sewer Panel issued 11 permits for utility construction projects in several municipalities. The projects included water and sewer line extensions in Alberton, Borden-Carleton, and Georgetown; extension of watermain in Granville, Georgetown, and Kensington; extension of sewer main in Kensington, North Rustico, and Borden-Carleton; and a plant upgrade in North Rustico and Miscouche.

Funding through various federal-provincial development initiatives offset overall project costs, which substantially reduces the impact on utility rates.

There was one rate-related application reviewed by the Commission's Water and Sewer Panel in 2022-23, resulting in the approval of new Water and Sewer rates for Victoria.



AUTOMOBILE INSURANCE

The *Insurance Act* provides for the supervision of automobile insurance rates by the Commission. All insurers providing automobile insurance in Prince Edward Island must file their rates annually for approval with the Commission.

Insurance premiums for private passenger vehicles on Prince Edward Island average approximately \$905.98 per year and remain the lowest in Canada, with the exception of Quebec which operates a public program.

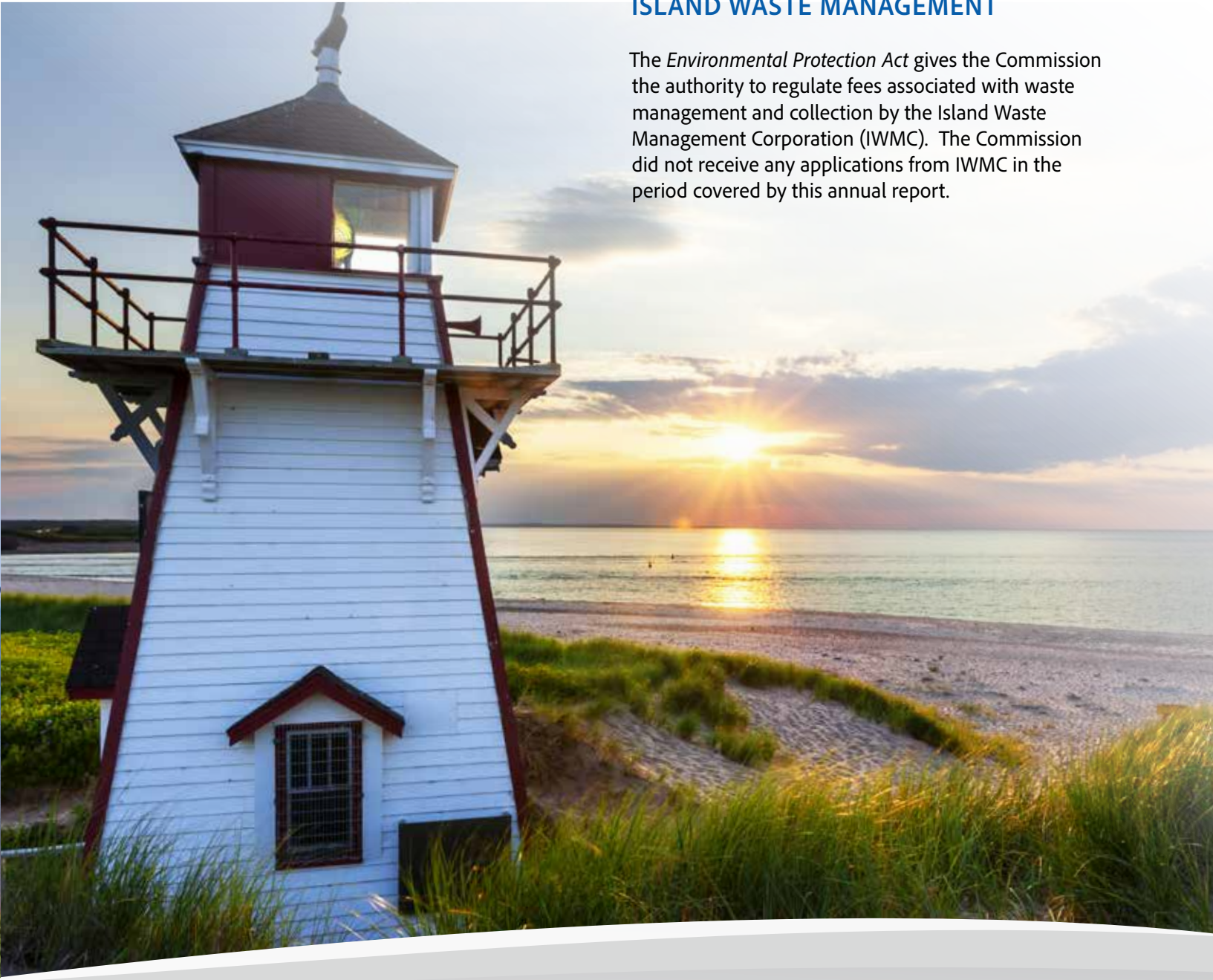
2022 Average Annual Premiums for Private Passenger Vehicles

Prince Edward Island	\$905.98
New Brunswick	\$1,064.18
Nova Scotia	\$1,111.21
Newfoundland and Labrador	\$1,272.99
Ontario	\$1,658.72
Alberta	\$1,556.33

Premium information on public insurance provinces (BC, SK, MB, QC) is not provided by the General Insurance Statistical Agency.

ISLAND WASTE MANAGEMENT

The *Environmental Protection Act* gives the Commission the authority to regulate fees associated with waste management and collection by the Island Waste Management Corporation (IWMC). The Commission did not receive any applications from IWMC in the period covered by this annual report.





# ADMINISTRATIVE ACTIVITIES

The Commission has administrative responsibilities under the following Acts:

- Lands Protection Act*
- Municipal Government Act*
- Rental of Residential Property Act*
- Residential Tenancy Act*

## LANDS PROTECTION ACT

The Commission is responsible for the administration of the *Lands Protection Act*. The Commission does not make decisions on land applications; it is a recommending body for Executive Council which holds the authority to approve or deny applications for land purchases or leases. The Commission’s Lands Protection Panel meets bi-weekly to review land applications.

The Commission is also responsible for monitoring the land holdings of large land owners and carrying out investigations to enforce the Act. To learn more about the Lands Protection Act, visit our website.

The Lands Protection Act was amended effective April 1, 2022. These amendments strengthened the Commission’s enforcement powers under the Act. The changes also introduced a new requirement for individual resident persons. With the introduction of subsection 5(2), the Act now requires a corporation to apply for an amended permit when it seeks to make certain changes to its shareholder structure if the change would result in the aggregate land holding of any of its resident shareholders to exceed 400 acres. These changes were introduced to assist the Commission in having a more accurate picture of land ownership in Prince Edward Island.

## APPLICATIONS

The following charts summarize the land applications reviewed by the Commission over the past three years:

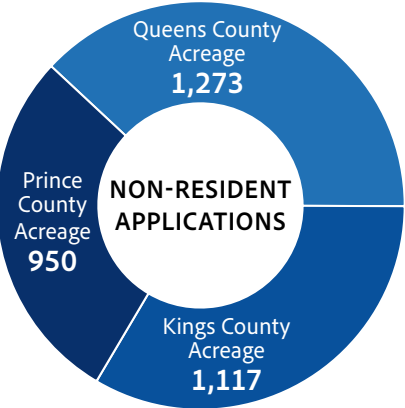
*In 2022-23, the Commission processed 544 applications under the Lands Protection Act. Of these, 518 applications were for the acquisition of land involving 29,633 acres.*

## LANDS PROTECTION ACT APPLICATIONS PROCESSED

	2020-21	2021-22	2022-23
Corporate Non-Resident	42	49	59
Non-Resident	95	107	118
Corporate	227	340	322
Global Lease	18	21	19
Amended Permits	n/a	n/a	6
Amendments	18	23	20
Totals	400	540	544

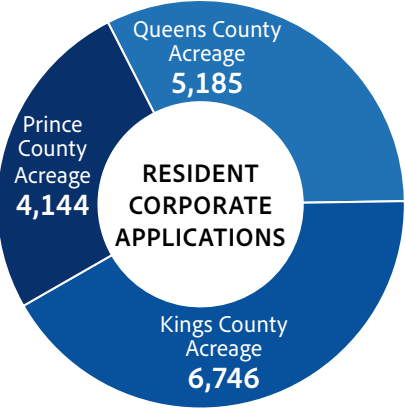
## NON-RESIDENT APPLICATIONS

The Commission considered 118 applications from non-residents totaling approximately 3,340 acres. This includes 59 applications with shore frontage, totaling approximately 38,699 feet of shore frontage.



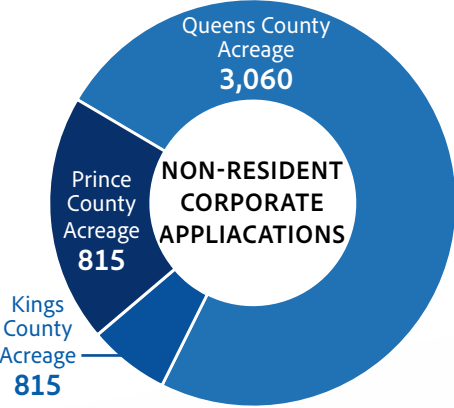
## RESIDENT CORPORATE APPLICATIONS

The Commission considered 322 applications totaling approximately 16,075 acres of land from resident corporations. Seventy-one applications with shore frontage, totaling approximately 99,852 feet, were included in the resident corporate applications.



## NON-RESIDENT CORPORATE APPLICATIONS

The Commission considered 59 applications totaling approximately 4,142 acres of land from non-resident corporations. Sixteen applications with shore frontage, totaling approximately 9,584 feet, were included in the non-resident corporate applications.



## GLOBAL LEASING APPLICATIONS

A Global Lease Permit enables a corporation or non-resident person to apply for permission to acquire land by way of lease and to continue to hold a permitted number of acres of land as part of their aggregate land holdings. This permit is especially useful for farm corporations that use different parcels of land each year in their crop rotations. Nineteen applications, totaling 6,076 acres of land, were considered under section 5.3 of the Act.



### APPLICATIONS FOR AMENDED PERMIT

A requirement for amended permits was introduced effective April 1, 2022 where a corporation proposes to make a material change in its shareholder structure that would result in the aggregate land holdings of its resident shareholders to exceed 400 acres. In 2022-23, six applications were processed by the Commission.

### APPLICATIONS TO CANCEL, SUSPEND OR AMEND CONDITIONS

The Commission is responsible for receiving applications to cancel, suspend, or amend any condition imposed on land, including the condition that land be identified for non-development use. The Commission does not make recommendations on these applications. Its role is to review the applications to ensure they are complete before being submitted to the Minister of Agriculture and Land for consideration. Upon receipt, the Minister makes recommendations to Executive Council.

In 2022-23, 20 applications, totaling 94.55 acres, were processed by the Commission.

### ANNUAL DECLARATION STATEMENT

Under the LPA, a person having an aggregate land holding in excess of 750 acres, or a corporation having an aggregate land holding in excess of 2,250 acres, must file an annual land holding declaration statement with the Commission.

For the year ending December 31, 2022, the Commission received and processed 127 land holding declaration statements. Of these, 102 were filed by persons, and 25 were filed by corporations.

### MUNICIPAL GOVERNMENT ACT

Under the *Municipal Government Act*, the Commission receives applications and provides a report and recommendations to the Minister of Housing, Land, and Communities on proposals to establish, restructure or dissolve municipalities. In 2022-23, the Commission issued one report and recommendation to the Minister with respect to the dissolution of the Rural Municipality of Hampshire.





## OFFICE OF THE DIRECTOR OF RESIDENTIAL RENTAL PROPERTY

I am pleased to present the 2022-23 Annual Report from the PEI Rental Office which will be the last report under the *Rental of Residential Property Act*, now referred to as the former "Act".

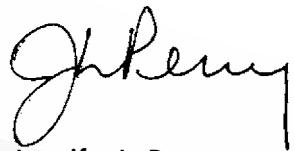
The Rental Office began the fiscal year with the office fully open to the public, with all staff working in the office. We continue to hold telephone hearings, a hearing format we pursued in response to the pandemic, in order to increase access to justice to all parties and provide a level of safety for hearing participants and rental staff.

There were some notable changes this past year as it relates to rental law in Prince Edward Island. The *Residential Tenancy Act* was passed in the provincial legislature in December 2022. While this legislation was passed, it still required proclamation in order to come into effect. Additionally, the passage of legislation on December 1, 2022 that limited the maximum allowable rent increase to 0% for 2023 marked a change in the rental landscape in PEI. This meant that any Notice of Increase previously provided to tenants for 2023 was no longer valid. However, landlords were still able to apply for a greater than allowable rent increase by following the normal application process. This caused greater than allowable applications to spike and for the period December 1, 2022 to March 31, 2023, the rental office received 140 applications under the Rental of Residential Property Act.

Inquiries from both tenants and landlords remained high during 2022-23 with 14,309 inquiries over the fiscal year from tenants, landlords and the public. Three full time intake officers responded to approximately 1,200 inquiries per month. Applications from both tenants and landlords were at a new record high with 921 applications filed. Three full time rental officers issued 541 Orders issued, including 88 Orders issued for rent increases beyond the allowable amount.

The Rental Office is a group of hardworking staff dedicated to serving tenants, landlords, and the public of Prince Edward Island. I am grateful to be a part of this professional team and none of this could be achieved without them.

Thank you,



Jennifer L. Perry  
Office of the Director of Residential Rental Property



## BUREAU DU DIRECTEUR DES PROPRIÉTÉS RÉSIDENTIELLES À LOUER

J'ai le plaisir de présenter le rapport annuel 2022-2023 du Bureau des locations de l'Î.-P.-É., qui sera le dernier rapport établi en vertu de la *Rental of Residential Property Act* (loi sur la location de propriétés résidentielles), désormais appelée l'ancienne loi.

Le Bureau des locations a commencé l'exercice avec le bureau entièrement ouvert au public, avec tout le personnel travaillant dans le bureau. Nous continuons de tenir des audiences par téléphone, un format d'audience que nous avons utilisé en réponse à la pandémie, afin d'améliorer l'accès à la justice pour toutes les parties et d'assurer un certain niveau de sécurité pour les participants à l'audience et le personnel de location.

L'année dernière, des changements importants ont été apportés au droit de la location à l'Île-du-Prince-Édouard. La *Residential Tenancy Act* (loi sur la location de locaux d'habitation) a été adoptée par l'Assemblée législative provinciale en décembre 2022. Bien que ce texte législatif ait été adopté, il doit encore être promulgué pour entrer en vigueur. En outre, l'adoption, le 1er décembre 2022, de dispositions législatives limitant l'augmentation maximale permise des loyers à 0 % pour 2023 a marqué un changement dans le paysage locatif de l'Île-du-Prince-Édouard. Cela signifie que tout avis d'augmentation précédemment envoyé aux locataires pour 2023 n'était plus valide. Toutefois, les propriétaires pouvaient toujours demander une augmentation de loyer supérieure à celle autorisée en suivant la procédure normale de demande. Cela a entraîné une hausse des demandes d'augmentation de loyer supérieure à celle autorisée. Pour la période du 1er décembre 2022 au 31 mars 2023, le Bureau des locations a reçu 140 demandes en vertu de la *Rental of Residential Property Act*.

Les demandes de renseignements de la part des locataires et des propriétaires sont restées nombreuses au cours de l'année 2022-2023, avec 14 309 demandes de renseignements au cours de l'exercice de la part des locataires, des propriétaires et du public. Trois agents d'accueil à temps plein ont répondu à environ 1 200 demandes par mois. Les demandes émanant de locataires et de propriétaires ont atteint un nouveau record avec 921 demandes déposées. Trois agents des locations à temps plein ont émis 541 ordonnances, dont 88 pour des augmentations de loyer supérieures à celle autorisée.

Le Bureau des locations est composé d'un groupe d'employés dévoués au service des locataires, des propriétaires et du public de l'Île-du-Prince-Édouard. Je suis reconnaissante de faire partie de cette équipe professionnelle et rien de tout cela ne serait possible sans eux.

Merci,



Jennifer L. Perry  
Bureau du directeur des propriétés résidentielles à louer



## OVERVIEW- RENTAL OFFICE

The Office of the Director of Residential Rental Property is responsible for the administration of the *Rental of Residential Property Act*.

The Act creates a forum, outside of the traditional court system, for the adjudication of disputes between tenants and landlords. It also establishes the rights and responsibilities of tenants and landlords and defines the procedures to deal with violations and the enforcement of obligations related to rental agreements.

Under the Rental of Residential Property Act, the Director is responsible for:

- *Providing information to the public to promote understanding of rights and responsibilities under the Act;*
- *Advising landlords and tenants with respect to matters relating to rental agreements;*
- *Receiving and investigating allegations of violations of rental agreements, the Rental of Residential Property Act and its Regulations;*
- *Holding hearings, making decisions, and issuing orders on matters relating to the rights of tenants and landlords; and*
- *Entering and inspecting residential premises, after serving an inspection order, for the purpose of carrying out the powers or duties under the Rental of Residential Property Act and its Regulations.*

The statutory conditions defined in the Rental of *Residential Property Act* governing the rental of residential premises include:

- *Condition of Premises*
- *Services*
- *Good Behaviour*
- *Obligation of the Lessee (tenant)*
- *Subletting Premises*
- *Entry of Premises*
- *Entry Doors*
- *Late Payment Penalty*
- *Quiet Enjoyment*
- *Delivery of Possession*



In 2022-23, the Rental Office issued 541 Orders and received 921 applications for dispute resolution from tenants and landlords.

Additional statutory conditions related to mobile homes are defined in the Act. The Act also creates other rights and obligations for tenants and landlords. These include:

- *Security Deposits*
- *Termination of Rental Agreement*
- *Rent Increases*

The Rental Office is comprised of a director, three rental adjudicators, and three intake officers. Rental Officers hear disputes and issue decisions. Intake Officers handle inquiries from the public and receive applications for hearings. More information is available at [peirentaloffice.ca](https://peirentaloffice.ca).

## YEAR IN REVIEW

### INQUIRIES

In 2022-23, the Rental Office responded to 14,309 inquiries, an 18% increase from 12,140 inquiries that were received in the previous fiscal year. The intake officers responded to approximately 1,200 inquiries a month and provided information mainly by telephone, email, letter, and in-person meetings with clients.

### APPLICATIONS FILED

In 2022-23, the Rental Office received 921 applications for adjudication of rental disputes, a 30% increase from 711 applications that were received in the previous fiscal year. Of those applications, 114 were withdrawn by the applicant prior to any action being taken by staff and 148 were resolved by the parties, with the assistance of rental staff prior to a hearing.

### NATURE OF APPLICATIONS RECEIVED

Abandonment or Recovery of Personal Property – 33

Breach of Statutory Conditions – 385

Security Deposit – 56

Termination – 216

Rent Increase by Landlords – 188

Contesting the Allowable Rent Increase by Tenants - 43

### ENFORCEMENT OF STATUTORY OR OTHER CONDITIONS OF RENTAL AGREEMENT

In 2022-23, the Rental Office received 385 applications related to breach of statutory conditions, compared to 308 applications the previous year. Fifty-eight applications were withdrawn and 65 were resolved without a formal hearing.

### SECURITY DEPOSITS

The Act sets out the requirements for security deposits taken as a condition of the rental agreement. In 2022-23, the Rental Office received 56 applications for a determination of entitlement to the security deposit, compared to 61 applications the previous year. Three applications were withdrawn and three were resolved without a formal hearing.

### TERMINATION OF RENTAL AGREEMENT

Under the Act, termination of the rental agreement requires proper notice and is allowed only for the reasons defined in the Act. A tenant may challenge a notice of termination and a landlord may apply to terminate a rental agreement. In either case, when an application regarding termination is received, the Rental Office holds a hearing and issues a decision. In 2022-23, the Rental Office received 216 applications for termination, compared to 202 applications the previous year. Twenty-six applications were withdrawn and 15 were resolved without a formal hearing.

*In 2022-23, the Rental Office received 216 applications for termination, compared to 202 applications the previous year.*



RENT INCREASES

Each year, the Director invites written comments from tenants, landlords, and the general public to provide input to the Commission in determining the annual maximum allowable rent increase. A total of 375 submissions were received from 65 landlords, 201 tenants, and 109 from other sources not identifying as either a landlord or tenant. The Commission set the 2023 maximum allowable rent increase at 5.2% for unheated premises, premises heated by sources other than furnace oil, and mobile home sites and 10.8% for premises heated with furnace oil. Tenants filed 43 applications to contest the 2023 allowable rent increase however, these applications were deemed withdrawn/ resolved when the Government of Prince Edward Island proclaimed legislation on December 1, 2022 resetting the 2023 allowable rent increase to 0%.

Despite the rent freeze, Landlords seeking a rent increase greater than the allowable of 0% could still apply to the Rental Office for approval. In fiscal 2022-23, the Rental Office received 188 applications for a rent increase greater than the allowable amount, a record number, compared with 116 the previous year.

PERSONAL PROPERTY

The Act provides a process for landlords to deal with the abandonment or recovery of personal property. In 2022-23, the Rental Office received 33 applications regarding personal property compared with 24 the previous year.

RENTAL ORDERS ISSUED

The Rental Office strives to deliver well-reasoned decisions in a timely manner. The number of orders issued depends upon the number and complexity of the applications received by the Rental Office. In 2022-23, the Rental Office issued 541 Orders, an 11% increase compared with 487 the previous year. The Office averaged 45 Orders a month, and 88 Orders were for greater than allowable rent increases, the most complex applications to adjudicate.

The following table shows the number of Rental Orders issued for the past four years:

	2019-20	2020-21	2021-22	2022-23
Total	531	399	487	541
Security Deposits	82	57	46	52
Termination	123	103	152	136
Breach of Statutory Conditions	280	212	202	265
Rent Increases	46	27	87	88

FINANCIAL STATEMENTS  
FISCAL YEAR 2022-2023

Section 17 of the *Island Regulatory and Appeals Commission Act* states:

“The Executive Committee shall appoint an auditor to audit the accounts and financial transactions of the Commission.”

The Commission has appointed Fitzpatrick & Company, an independent company, to audit its financial statements for the year ended March 31, 2023.







## Independent Auditor's Report

To the Commissioners of Prince Edward Island Regulatory and Appeals Commission

### Opinion

We have audited the accompanying financial statements of Prince Edward Island Regulatory and Appeals Commission ("the Commission") which comprise the statement of financial position as at March 31, 2023 and the statements of operations, net debt and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2023 and its financial performance for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Charlottetown, PE  
June 23, 2023



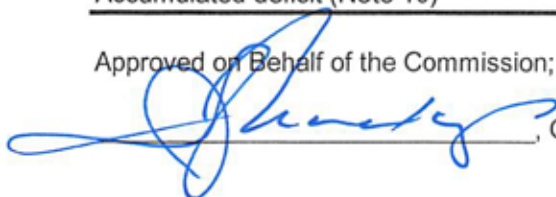
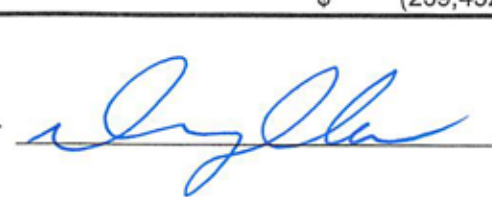
## Prince Edward Island Regulatory and Appeals Commission

Statement of Financial Position

As at March 31, 2023, with comparative figures for 2022

	2023	2022
<b>Financial Assets</b>		
Cash (Note 2)	\$ 361,494	\$ 651,171
Accounts receivable (Note 3)	413,132	207,958
Investments (Note 4)	748,874	517,339
	1,523,500	1,376,468
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	1,644,247	1,532,257
Employee future benefits (Note 6)	277,422	292,848
	1,921,669	1,825,105
<b>Net debt</b>	<b>(398,169)</b>	<b>(448,637)</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	2,026	876
Tangible capital assets (Note 7)	136,711	150,925
	138,737	151,801
Commitments (Note 8)		
Pension costs and obligations (Note 9)		
Accumulated deficit (Note 10)	\$ (259,432)	\$ (296,836)

Approved on Behalf of the Commission;

 Commissioner  Commissioner

## Prince Edward Island Regulatory and Appeals Commission

Statement of Operations and Accumulated Deficit

For the Year Ended March 31, 2023, with comparative figures for 2022

	Budget (Note 12)	2023	2022
<b>Revenue:</b>			
Assessment - Province of PEI	\$ 1,650,000	\$ 1,650,300	\$ 1,600,000
Assessments - Public utilities	672,000	801,736	724,537
Assessments - Petroleum products	454,900	484,725	451,265
Assessments - Land and property	600,000	946,567	1,024,618
Assessments - Auto Insurance	225,000	225,670	225,428
Investment and other income (Note 13)	7,000	31,518	4,840
	3,608,900	4,140,516	4,030,688
<b>Direct Expenses:</b>			
Public utilities	627,854	807,203	736,224
Petroleum products	441,095	489,078	402,796
Land and property	776,365	780,430	699,566
Auto insurance	176,640	162,668	155,290
Rental	1,052,227	901,328	851,311
Appeals	554,372	604,405	624,054
	3,628,553	3,745,112	3,469,241
<b>Net revenue before operating expenses</b>	<b>(19,653)</b>	<b>395,404</b>	<b>561,447</b>
<b>Operating Expenses:</b>			
Wages	205,450	200,780	200,178
General and administrative	165,122	3,805	28,043
Amortization	131,700	153,414	172,002
	502,272	357,999	400,223
<b>Annual surplus</b>	<b>(521,925)</b>	<b>37,405</b>	<b>161,224</b>
<b>Accumulated deficit, beginning of year</b>	<b>(296,836)</b>	<b>(296,836)</b>	<b>(458,060)</b>
<b>Accumulated deficit, end of year</b>	<b>\$ (818,761)</b>	<b>\$ (259,431)</b>	<b>\$ (296,836)</b>



Prince Edward Island Regulatory and Appeals Commission

Statement of Change in Net Debt  
As at March 31, 2023, with comparative figures for 2022

	Budget (Note 12)	2023	2022
Annual surplus	\$ (521,925)	\$ 37,405	\$ 161,224
Acquisition of tangible capital assets	108,000	(137,502)	(113,580)
Amortization of tangible capital assets	131,700	153,414	172,002
Increase of prepaid expenses	-	(1,149)	306
	(282,225)	52,168	219,952
Net debt, beginning of year	(448,637)	(448,637)	(668,589)
Net debt, end of year	\$ (730,862)	\$ (396,469)	\$ (448,637)

Prince Edward Island Regulatory and Appeals Commission

Statement of Cash Flows  
For the Year Ended March 31, 2023, with comparative figures for 2022

	2023	2022
Cash flows from operating activities:		
Cash receipts from assessments	\$ 3,904,107	\$ 4,136,441
Cash paid to suppliers and employees	(3,855,982)	(3,609,854)
Interest received	31,235	4,840
	79,360	531,427
Cash flows from capital activities:		
Purchase of tangible capital assets	(137,502)	(113,582)
Cash flows from investing activities:		
Increase in investments	(231,535)	(202,683)
Net (decrease) increase in cash	(289,677)	215,162
Cash, beginning of year	651,171	436,009
Cash, end of year	\$ 361,494	\$ 651,171

Prince Edward Island Regulatory and Appeals Commission

Notes to the Financial Statements  
For the Year Ended March 31, 2023, with comparative figures for 2022

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, Office of the Director of Residential Rental Property, auto insurance rate regulation and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act. The Commission is a non-taxable entity under the provisions of the Income Tax Act.

1. Significant accounting policies:

a) Basis of accounting:

The financial statements of the Commission are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards.

b) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts directly attributable to acquisition or construction of the tangible capital assets. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Rate
Computer equipment	3 years
Furnishings and equipment	5 years
Leasehold improvements	5 years

c) Vacation pay, retirement allowance, and sick time:

Vacation pay is recorded as a liability when earned.

The Commission records an annual expense based on the change in the actuarially determined obligation for retirement allowance benefits, net of payments during the year.

The Commission records an annual expense based on the change in the actuarially determined obligation for sick time, net of sick time taken in excess of sick time earned during the year.

d) Government transfers:

Government transfers are transfers of monetary assets or tangible capital assets from a government for which the government making the transfer does not receive any goods or services directly; in return expect to be repaid in the future; or expect a direct financial return. Government transfers are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue when stipulations are met.



## Prince Edward Island Regulatory and Appeals Commission

Notes to the Financial Statements

For the Year Ended March 31, 2023, with comparative figures for 2022

### 1. Significant accounting policies: (continued)

#### e) Pension costs:

Employees of the Commission belong to the Civil Service Superannuation Plan which is a multi-employer contributory defined benefit pension plan and is accounted for as a defined contribution plan. Employees' contributions and matching employer's contributions are transferred to the Civil Service Superannuation Fund. These contributions are expensed as incurred. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

#### f) Investments:

Investments consist of Guaranteed Investment Certificates and are recorded at cost plus accrued interest.

#### g) Leasehold improvements and inducements:

Costs incurred or paid by landlords to renovate the Commission's premises are recorded as leasehold improvements and amortized over the life of the lease.

#### h) Revenue recognition:

All revenues other than investment income are recorded in the period in which the transactions or events that give rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Commission discharges the obligations that led to the collection of funds. Investment income is recorded in the period in which the interest is earned.

#### i) Use of estimates:

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

### 2. Cash:

	2023	2022
Cash	\$ 351,015	\$ 642,352
Cash held in trust for deposit guarantees	10,479	8,819
	<u>\$ 361,494</u>	<u>\$ 651,171</u>

## Prince Edward Island Regulatory and Appeals Commission

Notes to the Financial Statements

For the Year Ended March 31, 2023, with comparative figures for 2022

### 3. Accounts receivable:

	2023	2022
Trade receivables	\$ 368,307	\$ 170,762
HST receivables	42,689	37,196
Employee advances	2,136	-
	<u>\$ 413,132</u>	<u>\$ 207,958</u>

### 4. Investments:

Investments consist of Guaranteed Investment Certificates invested at the Bank of Nova Scotia with interest rate ranging from 1.50% to 4.70%, maturing between April 2023 and January 2024.

### 5. Accounts payable and accrued liabilities:

	2023	2022
Province of Prince Edward Island - accumulated surplus	\$ 1,072,630	\$ 1,072,630
Trade	276,192	154,801
Vacation pay	194,436	215,211
Accrued sick leave	90,510	80,796
Deposit guarantees - Director of Residential Rental Property (Note 2)	10,479	8,819
	<u>\$ 1,644,247</u>	<u>\$ 1,532,257</u>

#### Accumulated surplus:

On April 1, 2013, an agreement was signed with the Province of Prince Edward Island effective until March 31, 2016. Under this agreement, the Commission has agreed to refund the accumulated surplus to the Province, at the discretion of the Province, for any fiscal year by March 31 of the year following the end of the fiscal year for which the accumulated surplus is calculated. On January 26, 2015, the Commission received a legal opinion from independent counsel which raises concerns about the obligations of the Commission to the Province of Prince Edward Island regarding the transfer of accumulated surplus as recognized in these financial statements. In addition, legal counsel provided an opinion that it is not necessary for the Commission to have a new agreement with the Province. As a result, it is unknown at the time of this report whether the accumulated surplus will be paid to the Province.

### 6. Employee future benefits:

Certain employees are eligible for retiring pay as defined by the Collective Bargaining Agreement with the Government of Prince Edward Island. This plan provides retiring pay to employees who meet the eligibility requirements outlined in the Agreement. The retiring pay entitlement is equal to either one week or two weeks of pay for each year of service and the maximum will vary depending on the particular employee group. These benefits are unfunded. An analysis of the components of, and changes in, employee future benefits is as follows:



## Prince Edward Island Regulatory and Appeals Commission

Notes to the Financial Statements

For the Year Ended March 31, 2023, with comparative figures for 2022

### 6. Employee future benefits: (continued)

Retirement allowance	2023	2022
Balance, beginning of year	\$ 292,848	\$ 250,826
Current service cost	22,687	22,408
Accrued interest	11,988	9,302
Retirement pay	(52,111)	-
Loss on valuation	2,010	10,312
	<b>\$ 277,422</b>	<b>\$ 292,848</b>

The 2023 retirement allowance balances are based on an independent actuarial valuation estimate dated April 1, 2023. The Commission projects the total liability in the years between the tri-annual actuarial valuations.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to the expected long-term market conditions. Significant actuarial assumptions used in the valuations and projections on the actuarial report which was completed on April 1, 2021, are primarily the same with exception of the discount rate. The discount rate has been updated to reflect market rate changes which is consistent with the Province's cost of borrowing. The remaining assumptions are below:

	2023	2022
Discount rate	4.31%	3.55%
Expected inflation rate	2.05%	2.05%
Expected average remaining service life	9 years	9 years

Employees that become ineligible for retiring benefits may become entitled to severance benefits calculated under similar methods. During the 2023 fiscal period, three employees retired, resulting in a decrease in the obligation of \$ 52,111 (2022 - \$ Nil).

### 7. Tangible capital assets:

			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 1,309,432	\$ 1,201,133	\$ 108,299	\$ 142,826
Furnishings and equipment	147,203	118,791	28,412	8,099
	\$ 1,456,635	\$ 1,319,924	\$ 136,711	\$ 150,925

### 8. Commitments:

The Commission has an operating lease for its premises at \$ 16,469 per month plus common area charges, under a lease expiring March 31, 2027.

The minimum annual lease payment to the expiry date is \$ 197,628.

## Prince Edward Island Regulatory and Appeals Commission

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### 9. Pension costs and obligations:

The Commission participates in the multi-employer contributory defined benefit pension plan as defined by the Civil Service Superannuation Act. This plan provides a pension on retirement based on 2% of the average salary for the highest three years times the number of years of pensionable service for service to December 31, 2013, and 2% of the career average salary indexed with cost of living adjustments for service after 2013. Indexing is subject to the funded level of the plan after December 31, 2016. The plan is administered by the Province of Prince Edward Island and the responsibility for any unfunded liability is that of the Province.

During the year, the Commission contributed \$ 332,801 (2022 - \$ 326,595) to the defined benefit pension plan on behalf of employees. These amounts are included in salaries and employee benefits in the Statement of Operations.

### 10. Accumulated deficit:

The Commission segregates its accumulated surplus (deficit) in the following categories:

	2023	2022
Capital fund	\$ 136,711	\$ 150,925
Operating fund	(596,143)	(647,761)
Reserve	200,000	200,000
	<b>\$ (259,432)</b>	<b>\$ (296,836)</b>

Capital fund:

The capital fund represents amounts already spent and invested in tangible capital assets.

Reserve:

Under the agreement signed April 1, 2013 with the Province of Prince Edward Island, the Commission was allowed to retain a one time \$ 200,000 reserve of its accumulated surplus to cover net costs exceeding the annual assessments agreed to under this agreement. Although a new agreement is not in place, the reserve fund will be unchanged.

### 11. Financial instruments risk:

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission is exposed to credit risk arising from its accounts receivable.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission is exposed to interest rate risk arising from its pension and sick leave liability.



# Prince Edward Island Regulatory and Appeals Commission

Notes to the Financial Statements  
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12. Budget:

A reconciliation of the 2023 fiscal operating budget prepared by the Commission to the budget figures disclosed in the financial statements, is as follows:

	2023
Commission budgeted annual deficit	\$ 521,925
Add:	
Capital expenditures	108,000
	\$ 629,925

13. Investment and other income:

	2023	2022
Investment income	\$ 26,775	\$ 3,610
Other	4,743	1,230
	\$ 31,518	\$ 4,840

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Regulatory & Appeals Commission  
Commission de réglementation et d'appels  
ÎLE-DU-PRINCE-ÉDOUARD

# 2022-2023 ANNUAL REPORT