
TO: Mayor Kogon and Members of Council

SUBMITTED BY: Greg Herrett, CPA, CA – CAO

DATE: January 21, 2019

SUBJECT: CAR Council Remuneration Adjustment

ORIGIN: Federal Government decision to discontinue the practice of exempting 1/3 of the honorarium of the members of Council from income tax.

LEGISLATIVE AUTHORITY: Income Tax Act; MGA Section 23

RECOMMENDATION: That Council refer the request to have staff adjust the Salary Administration Policy, Policy number 04530-01, to reflect an increase in Council Remuneration with salaries reflecting the increases outlined below to the January 28, 2019 regular Council meeting.

Salary Increase	Current	Future
Councillor	\$ 21,542	\$ 25,050
Deputy Mayor	\$ 24,375	\$ 27,723
Mayor	\$ 36,447	\$ 41,178

BACKGROUND:

Historically, the compensation for elected officials was not considered a salary and a portion (one third) has been exempt from income taxes. Some rationale provided for the tax-free exemption was to recognize elected officials were contributing to their communities, attending events at their costs, travelling within their communities without reimbursement. The Federal Government announced in their budget the exemption would be removed effective for the 2019 tax year. Information was provided to council in June and October and staff were directed to provide information on what is being done in other municipalities.

DISCUSSION:

The NSFM has indicated its support for changes to the remuneration of elected officials:

"The NSFM Board passed a motion at its meeting in June 2018 recognizing the need to support elected officials in avoiding abrupt changes to remuneration. The NSFM is recommending that pre-tax compensation for elected officials be adjusted to allow them to maintain the same levels of post-tax compensation after the 2019 laws take effect. For further information visit www.nsfm.ca."



Without a change in the remuneration, Council will take home significantly less pay than they received in 2018.

Many municipalities in Nova Scotia are increasing the compensation effective January 1, 2019 (16) with some not increasing it at all (3), some deferring until budget discussions (7) and one (in addition to Amherst) expected to decide in January 2019.

Some of the jurisdictions deferring until budget deliberations with the intention of making any adjustment to remuneration retroactive to January 1, 2019.

FINANCIAL IMPLICATIONS:

There will be an impact to the budget of \$25,619 annually. For the 2018-19 budget it would require Council to approve an additional \$6,317.01 for Council salaries. It is expected this will be funded from any surplus this fiscal year.

COMMUNITY ENGAGEMENT:

No community engagement is anticipated at this stage.

ENVIRONMENTAL IMPLICATIONS:

None

SOCIAL JUSTICE IMPLICATIONS:

None

ALTERNATIVES:

1. Make no change to council compensation – take home dollars will decrease;
2. Defer the decision until budget 2019/2020 deliberations;
3. Increase council compensation by a lesser amount.

ATTACHMENTS:

Presentation