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**TO:** Mayor Kogon and Members of Council

**SUBMITTED BY:** Greg Herrett, CPA, CA – CAO

**DATE:** February 25, 2019

**SUBJECT:** CRA Council Remuneration Adjustment

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**ORIGIN:** Federal Government

**LEGISLATIVE AUTHORITY:** Income Tax Act; MGA Section 23

**RECOMMENDATION:** That Council approve 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:

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](http://www.nsfm.ca)."*



Without a change in the remuneration, Council will take home less pay than they received in 2018, making it potentially unaffordable for some to continue to serve in a public capacity.

The majority of 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 (based on numbers in January).

Some of the jurisdictions deferring until budget deliberations are also requesting the ability to make the raises retroactive if the decision is to increase the compensation.

At the Council meeting on January 28th, 2019, Council directed staff to do a report on what other municipalities have independent committees setting remuneration for Council, and what the salaries of other comparable municipal Councillors are.

The report was presented to Council at the Committee of the Whole meeting on February 15, 2019. Staff were able to find a report completed for HRM in 2004 which used a Citizen's Commission for the Remuneration of Council a copy was provided at the Feb 15 Committee of the Whole meeting. Staff were not able to find evidence of the use of independent committees for the setting Council Remuneration elsewhere in Nova Scotia. There were various examples of by-laws for setting Council Remuneration in N.S. Some of the highlights included the use of annual CPI indexes and a four-year review of Council Remuneration in the Budget year prior to an election so that Council votes on the in-coming Council's salary rather than their own.

In Summerside Prince Edward Island, a new by-law was passed in October of 2018 which requires any changes to the bylaw relating to compensation or benefits to first go through an independent commission that will be appointed by council. It must consist of one to three members who are not on council or not municipal staff.

Council requested the salaries of comparable towns in Nova Scotia. These are the amounts based on last year's salary survey prior to any increase:

Council Remuneration Based on Last Year Salary Survey							
Municipality, Town, or Village	Mayor/Warden Salary Range	The Deputy Mayor Salary Range	The Councillor Salary Range	Population (2016)	Per Capita - Mayor	Per Capita Deputy	Per Capita Councillor
Town of Amherst	36,447	24,375	21,542	9,413	3.87	2.59	2.29
Town of Antigonish	34,293	21,839	19,660	4,364	7.86	5.00	4.51
Town of Bridgewater	30,870	20,930	17,640	8,532	3.62	2.45	2.07
Town of Kentville	38,600	24,300	21,700	6,271	6.16	3.87	3.46
Town of Stellarton	20,343	15,915	14,359	4,208	4.83	3.78	3.41
Town of Truro	41,029	26,648	23,684	12,261	3.35	2.17	1.93
Town of Wolfville	30,134	20,488	18,148	4,195	7.18	4.88	4.33
Town of Yarmouth	39,372	27,791	23,160	6,518	6.04	4.26	3.55

Note: except for Amherst these are based on the salary review by AMA; note Antigonish and Wolfville have Universities and additional student population

These are the amounts after adjustments for the Federal Tax changes:

Council Remuneration Adjusted for Changes in Federal Taxes Including What Amherst Amounts Would Be If Approved							
Municipality, Town, or Village	The Mayor/Warden Salary Range	The Deputy Mayor Salary Range	The Councillor Salary Range	Population (2016)	Per Capita - Mayor	Per Capita Deputy	Per Capita Councillor
Town of Amherst	41,178	27,723	25,050	9,413	4.37	2.95	2.66
Town of Antigonish	39,039	24,952	22,462	4,364	8.95	5.72	5.15
Town of Bridgewater	36,525	23,560	20,230	8,532	4.28	2.76	2.37
Town of Kentville	44,564	26,468	24,180	6,271	7.11	4.22	3.86
Town of Stellarton	No adjustment			4,208	0.00	0.00	0.00
Town of Truro	48,100	30,160	26,780	12,261	3.92	2.46	2.18
Town of Wolfville	33,883	22,673	20,274	4,195	8.08	5.40	4.83
Town of Yarmouth *	43,742	30,876	25,731	6,518	6.71	4.74	3.95
* This has not yet been approved as they decided to make it part of the budget process.							

### **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. If no surplus exists at year end, it is expected that the funds will be taken out of the Operating Reserve.

### **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 for a lesser amount.

### **ATTACHMENTS:**

Presentation

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Report prepared by: Shelley Rector  
 Report and Financial approved by: Shelley Rector