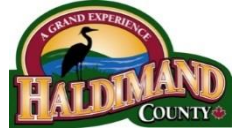

HALDIMAND COUNTY

Report CS-GM-05-2018 Council Remuneration Review, Including Boards and Committees and Removal of One-third Tax Exemption

For Consideration by Council in Committee on June 19, 2018



OBJECTIVE:

To provide information associated with Haldimand County Council remuneration, including Boards and Committees, as well as highlight the legislative removal of the one-third tax exemption for elected officials on January 1, 2019.

RECOMMENDATIONS:

1. THAT Report CS-GM-05-2018 Council Remuneration Review, Including Boards and Committees and Removal of One-third Tax Exemption, be received;
2. AND THAT the remuneration issues, as identified in Report CS-GM-05-2018, be referred to the newly elected Municipal Council for consideration at the December 11, 2018 Council in Committee meeting.

Respectfully submitted: Karen General, CPA, CGA, General Manager of Corporate Services

Approved: Donald G. Boyle, Chief Administrative Officer

EXECUTIVE SUMMARY:

In 2016, Council appointed a subcommittee to review remuneration paid to appointees to Boards and Committees given concerns over inequity in workload, time commitments and compensation, if applicable. The Subcommittee reported back in late 2016 with several recommendations, all of which were deferred for consideration during the Municipal Election year 2018, except for the increases to the citizen comprised Committee of Adjustment which took effect in 2017.

Subsequently, the Federal government announced that the deemed expense allowance for elected officials, making one-third of their remuneration tax exempt, would be removed effective January 1, 2019. This legislative change has a significant impact on Council member remuneration, causing the Subcommittee to revisit the Board/Committee compensation issues identified previously. The removal of the one-third of income exemption not only affects the individual member of Council's net pay, but also impacts benefits (OMERS, CPP, Life Insurance), expense reimbursement policies and associated by-laws. Given the implications, the Subcommittee determined that the information should be presented publicly prior to the close of nominations for the fall municipal election, but the decision on which option to implement should be left to the newly elected Council. Any changes in remuneration will take effect on January 1, 2019.

BACKGROUND:

A formal Council Compensation Study was last prepared by a consultant, Morehouse Associates, in 2002. At that time, seventeen municipalities of similar size and characteristics to Haldimand County were surveyed to determine their compensation levels. Over the subsequent years, periodic surveys have been undertaken by various municipalities in search of comparative information. Haldimand County Council compensation has been adjusted annually, to account for inflationary impacts, by the economic adjustment factor applied to non-union salaries.

Although Haldimand Council's base compensation levels have been viewed as reasonable, given the above foundation, throughout the current and prior term of Council, concerns regarding remuneration for Council appointed positions on committees and boards have been received. On March 1, 2016 at their regular Council in Committee meeting, Haldimand County Council passed the following recommendation:

"THAT a subcommittee of Council be established to review the remuneration paid to Council and citizen appointees to Boards and Committees;

AND THAT this subcommittee consist of the following Members of Council, with staff support from the Human Resources division / Corporate Services department:

- 1. Ken Hewitt*
- 2. Councillor Bartlett*
- 3. Councillor Corbett*

AND THAT the subcommittee report back to Council with any recommended changes to remuneration for appointees to Board and Committees by October, 2016."

Report Mayor-01-2016 re: Remuneration Review for Council and Citizen Appointees to Boards and Committees was presented at the November 15, 2016 Council in Committee meeting in order to coincide with the 2017 Council Appointments report (CS-CL-10-2016). At the subsequent Council meeting, the following recommendation was approved:

"THAT Report MAYOR-01-2016 Re: Remuneration Review for Council and Citizen Appointees to Boards and Committees, dated November 02, 2016, be received;

AND THAT, effective January 1, 2017, the per diem rate for each person appointed to the Committee of Adjustment be increased from \$100 to \$200 for each full meeting attended, inclusive of any ad hoc matters associated with Property Standards, Sign Variance or Animal Control Muzzle Appeals, with any applicable by-laws amended and presented for enactment accordingly;

AND THAT the remuneration adjustment for members of the Committee of Adjustment be reflected as a Council approved initiative in the 2017 Tax Supported Operating Budget;

AND THAT the remaining recommendations outlined in Option #2 of Report MAYOR-01-2016 be referred to the Council Remuneration Subcommittee for further consideration, with a report back to Council prior to May 1, 2018."

The deferred Option #2 recommendations, included in the above report, were as follows:

- Effective January 1, 2019, provide an annual stipend of \$5,000 to each member of Council, in addition to their base remuneration, to recognize the additional workload associated with their Council approved appointment to various boards/committees.
- In conjunction with the above, Council members appointed to a particular board or committee that is directly administered by Haldimand County are not eligible for the remuneration that is provided to citizen members. In other words, Council members appointed to one of Haldimand's

directly administered boards/committees (for example, Police Services Board) would not receive the associated honorarium/per diem that is paid to citizen appointees;

- no change to the current remuneration for citizen members appointed to the Police Services Board; in other words, the annual stipend of \$4,000 (plus \$1,200 for the Chair) would remain due to ease of administration since not tracked to attendance;
- beginning in the year 2020, the per diem of \$200 for Committee of Adjustment citizen members be adjusted annually at the same percentage as is approved for increases to Council members' base remuneration, rounded to the nearest dollar; and
- remuneration for members of the Haldimand Norfolk Housing Corporation Board of Directors be referred to the development of the Shareholders' Agreement, with both Haldimand and Norfolk Council's subsequent approval.

In March 2017, the Federal government announced their intention to eliminate the one-third tax free exemption for municipal elected officials, effective January 1, 2019. Given the impact of this legislative change, the broader issue of Council remuneration needed to be examined, including revisiting many of the above recommendations. Accordingly, this report has been delayed while further information on the impacts/options could be gathered.

As the issue of council compensation is politically sensitive and given that most Ontario municipalities will be required to consider changes in light of the Federal change noted above, the Association of Municipalities Clerks and Treasurers of Ontario produced a report in March 2018 (refer to Attachment #1). This resource guide is intended to help elected officials and the public as council compensation is reviewed in order to ensure it meets the needs of the municipality. In addition, Haldimand staff surveyed our comparator municipalities to obtain updated information on their council compensation levels, including: annual remuneration level, handling of the one-third tax free issue, OMERS, other benefits, annual inflationary adjustments, expense reimbursement, etc. (refer to Attachment #2).

ANALYSIS:

The purpose of this report is to provide the results of the Subcommittee's recent review of the updated municipal comparator survey results and impacts of the pending legislative change to taxation of elected official compensation.

Income Tax Exemption on One-third of Municipal Elected Officials Compensation

Prior to 2003, the *Municipal Act* (the Act) stipulated that one-third of the Mayor and Councillor remuneration was deemed to be an allowance for expenses incurred in the discharge of a Council member's duties, thereby making one third of the remuneration tax-free. This is referred to as the "deemed expense allowance". The Act was amended in 2003 to allow for Council members to be compensated via the payment of remuneration and the reimbursement of actual expenses, rather than the deemed expense allowance allowed for under the old Act. It should be noted that, unless a Council passed a By-law to maintain this provision at that time, it no longer applied as of January 1, 2003 and all remuneration paid to members of Council became taxable in accordance with federal and provincial income tax rules.

To maintain the deemed expense allowance, Haldimand County Council passed By-law No. 250/02 on August 12, 2002 which deemed "one-third of the remuneration paid to elected members of Council to be for expenses incidental to the discharge of their duties on and after January 1, 2003". The deemed expense allowance by-law has been reaffirmed for each subsequent term of Council since 2003. By-law No. 1169/11 incorporated a small amendment to clarify that any remuneration paid to a Member of Council sitting on the Police Services Board was not eligible for the one-third tax free allowance.

In 2017, the Federal Budget announced a legislative change to eliminate the deemed expense tax exemption, effective January 1, 2019. Removal of this one-third tax free allowance will render all of a Council member's remuneration as taxable. For the individual Council member, this also means that 100% of earnings, rather than just 2/3's, are pensionable (OMERS and Canada Pension Plan), as well as eligible for higher County paid life insurance coverage. As a result, the individual Council member's net pay, after the increased deductions for the above, will be significantly less, however, they will have greater pension and life insurance coverage. The impact on each individual Council member, both in the short and long term, will vary depending on other sources of personal income as well as the overall length of pensionable service. It should also be noted that elimination of the deemed expense allowance will result in an increase in the County's share of higher OMERS, life insurance, Canada Pension Plan (CPP) and Employer Health Tax (EHT) expenses, regardless of whether the base remuneration is increased or not.

Removal of the one-third tax free allowance also raises the issue of how Council expenses will be treated on a go forward basis. The intent of the deemed expense allowance, equating to one-third of the annual remuneration, was to compensate elected officials for the expenses of carrying out their duties without the requirement to present individualized receipts for reimbursement. Essentially, it was not intended to generate a higher net "take home" pay (through avoidance of income tax) but was to streamline the administration of constituency expenses that elected officials incur on a regular basis. In reality, this method of compensating for expenses did not meet senior governments' expectation of transparency, accountability and taxation equity, plus is not well understood by the electorate.

Most municipalities in Ontario have maintained the optional deemed expense allowance since 2003. As a result, all such Councils will be required to consider the impacts of its elimination by January 1st of next year. This issue is further complicated by the fact that Municipal Elections occur in October 2018, meaning that decisions made now will not impact the current Council. Accordingly, staff have recommended that any changes to Council member remuneration be referred to the first meeting of the newly elected Council on December 11, 2018. The information is being presented at this time, however, so that those individuals considering whether to seek elected office have knowledge of the compensation issues prior to the close of nominations at the end of July 2018.

To assist the newly elected Council in addressing the impacts of this legislative change, the following options have been developed:

Option 1 – Make no adjustment to Council member compensation but reimburse constituency expenses)

Given that the deemed expense allowance wasn't intended as compensation, this option is closest to the intent of the legislative change but brings with it considerable administrative issues related to the recordkeeping, approval and processing of individual Member's constituency expenses. The Council budget will need to increase to cover the reimbursement of such expenses (i.e. meetings, events, etc.) Even with no change to the compensation level, Haldimand County will also incur increased payroll expenses for OMERS and CPP (since the employer matches the member's contributions) as well as EHT and life insurance premiums. Although this option would provide the greatest transparency, it is also administratively burdensome.

Option 2 – Hybrid - increase the base compensation via taxable expense allowance, as well as reimburse certain direct expenses

This option would increase the base compensation for Council members to provide a taxable expense allowance to offset some of the impact of the higher taxable earnings, as well as provide for reimbursement of certain direct expenses. Council would need to determine a reasonable taxable expense allowance to include in the base remuneration, recognizing that this standard amount will not vary by Member nor require support through receipts. In addition, the current Expense Reimbursement

Policy will need to be expanded to identify other direct expenses that Council members can be directly reimbursed for upon presentation of individual receipts. As in Option 1, the budget will need to increase to cover the increased compensation costs and expense reimbursements.

Option 3 – Increase the base compensation to offset the income tax impact

This option would see the annual remuneration for the Mayor and Councillors increased to offset the estimated income tax impact only. The reduction in Members' net pay due to increased pensionable earnings will not be offset since they will receive the benefit of those higher pension contributions upon retirement. Assumptions are needed to generate a standardized remuneration increase as each individual Member would have a different net tax impact depending on OMERS/CPP eligibility, other personal sources of income, other personal tax deductions, etc. As the current remuneration for the Mayor's position falls within the 2nd tax bracket, the offsetting annual increase will be proportionately higher for this position than for a Councillor. Given the increased compensation to offset the tax implications, Council will need to determine if there is also to be a changed approach with regard to direct expense reimbursement. The annual Council compensation budget will need to increase to cover the higher compensation and benefit implications, with the potential for higher expense reimbursements as well.

Option 4 – Increase the base compensation to offset the full impact

This option would increase Council member remuneration so that the net "take-home" pay would be relatively equal to what members are receiving now. This means offsetting not only the income tax impact but also the higher OMERS and CPP contributions, even though the Member will receive the benefit of that higher amount of pensionable earnings in the future. The issue of direct expense reimbursement will also need to be addressed. This option will have the greatest dollar impact on the Council compensation budget.

Given the assumptions needed to generate the financial impact of any of the above options, dollar figures have not been calculated at this time. As shown in Attachment #2, two of our comparator municipalities have dealt with this issue resulting in a 31% to 35% increase to their Mayor's annual remuneration, and a 17% to 22% increase to their Councillor's annual remuneration. This excludes each municipality's share of increased contributions for Council member's OMERS, CPP, EHT, Life Insurance and any adjustment to reimbursed expenses, if applicable. So, the impact of the options will need to be carefully considered by the future Council of Haldimand County.

Regardless of which option is selected, [Policy No. 2001-05 Expense Reimbursement Policy – Members of Council, Members of Staff, Volunteers and Appointees](#) will need to be amended due to the elimination of the deemed expense allowance. An excerpt of the relevant section from the current Policy is provided below:

Expense Remuneration for Council Members

Normal day-to-day expenses incurred by Council members conducting municipal business are covered through the one-third tax free portion of their remuneration, with the exception of mileage directly related to the conducting of municipal business.

An exception to this policy is expenses that directly relate to the Head of Council's stated Municipal Act role "to represent the municipality at official functions". For the purpose of this policy, "official functions" are events that are unique in nature, provide the opportunity to profile and promote the community at large, and are community based. Examples are: special business promotions, open houses or workshops; local festivals, special service club celebrations, annual community association dinners, and major public fundraising events.

Such expenses will be eligible for reimbursement through the County provided:

- 1) – A formal personal written invitation is extended to the Head of Council to attend the event and is included with any expense claim.*
- 2) – That no discrimination will be applied regarding preference to a specific political party if the invitations are for attendance at political fund raisers.*
- 3) – Where possible, the Head of Council will endeavour at such events to actively promote and profile the County in a positive way.*
- 4) – When the Head of Council is expected to take a major active role in the event, such as keynote speaker, the expectation is that the event sponsors or organizers will defray event costs (other than mileage) of the Head of Council.*
- 5) – Where registration or other types of event costs include a tax deductible portion, only the expenses net of the tax deductible portion will be eligible for reimbursement.*

The policy regarding additional expenses that may be claimed by the Head of Council also apply to the Deputy Mayor when fulfilling the role of Head of Council.

Additional Remuneration for Council Members Appointed to Boards/Committees:

There are nineteen (19) active boards and committees to which members of Council are appointed (refer to Attachment #3). Currently, there is no additional remuneration for any of these boards and committees with the exception of the Police Services Board, Conservation Authorities (3) and the Source Water Protection Committee. In some cases, the treatment of remuneration is historical; in others, it is based on the related legislation. It should be noted that all appointees to any board or committee are also reimbursed for approved expenses (for example mileage and conferences) over and above any additional form of remuneration (honorarium, stipend, per diem.)

In its initial review in 2016, the Subcommittee determined that a more systematic approach to determining board member remuneration was warranted. Accordingly, a rating scale was developed based on function, responsibility, accountability and impact to determine the relative scope and workload of the appointee's involvement on each board/committee. Such a review determined that only the Police Services Board, Conservation Authorities (3) and Health and Social Services Advisory Committee had a significant enough impact to warrant compensation. Of these, Haldimand Council only controls the compensation for the Police Services Board. This realization led to the recommendation in the previous report to provide all Council members with an annual stipend of \$5,000 to account for all additional workload caused by their appointment to any Board/Committee.

Given the bigger implications of the legislative change affecting the tax-free expense allowance, staff suggest that the issue of any additional remuneration for a Council member appointed to any Haldimand County Board/Committee, can be addressed when the newly elected Council considers their Board appointments in December 2018. Saying that, specific consideration to the Haldimand Police Services Board will be needed given that it is the only Board/Committee, other than the citizen-only Committee of Adjustment, whereby Council members are provided with annual remuneration by Haldimand County. The Committee of Adjustment remuneration was increased in 2017, with only annual economic adjustments left to be considered. Below is information pertaining to the Police Services Board given that the current remuneration practices are impacted by consideration of any changes to Council compensation.

Police Services Board

Haldimand's PSB is made up of two provincial appointees (citizen) and three Council appointees (currently 1 citizen, Mayor and 1 Councillor). Remuneration for the PSB is set by Haldimand County

By-law, with governing requirements through the Police Services Act and Ontario Regulation 268/10. Specifically, legislation requires that provincial appointees receive, at a minimum, a \$300 annual stipend based on the municipality's population. Currently, both Council and Citizen members of the Haldimand PSB are provided with a \$4,000 annual stipend for their service, plus an additional \$1,200 stipend for the Chair. These rates have been in effect for citizen-only appointees since the former Region of Haldimand-Norfolk entered into a contract with the OPP back in 1998. In 2011, Council members appointed to the PSB were given the same annual remuneration.

Comparing Haldimand County's remuneration is limited to other Section 10 PSBs with similar populations as shown on Attachment #4. Although it appears that Haldimand PSB is consistent with others in total remuneration, there have been concerns expressed in that the annual stipend is not tied to attendance at the PSB meetings. If compensation is revised to be based on a per diem, there will need to be administrative processes put in place to track PSB attendance and make retroactive payments. It is also recognized, however, that PSB members regularly address policing matters outside of the monthly meetings, thus justifying a base stipend. These other policing matters relate to: detachment commander contact; responding to business, citizen or Council concerns; community policing; recognition events; contract issues; etc. In addition, recent amendments to the Police Services Act will put significantly more demands on the PSB related to development of community action plans, determining local policing objectives and priorities and monitoring the performance of policing services in Haldimand County. Accordingly, there may not be a need to change the compensation practices for the PSB, other than to reconsider whether Council members appointed to this body will continue to receive the annual stipend in addition to their base remuneration.

Summary:

The issues outlined in this report are overlapping, somewhat complex and definitely politically sensitive. Saying that, the level of compensation provided to elected officials is of key consideration to individuals who are considering running for elected office, particularly in an Election year, in addition to the taxpaying public. Given that most municipalities in Ontario are grappling with the same topic, caused by the elimination of the one-third tax free expense allowance in 2019, staff will continue to gather information that can assist the newly elected Council in making decisions. A report will be prepared for the December 11, 2018 Council in Committee meeting, in order for any changes to be effective on January 1, 2019. It should be noted that several by-laws and the Expense Reimbursement Policy will need amendment at that time as well.

FINANCIAL/LEGAL IMPLICATIONS:

The current approved Council compensation budget, including benefits, is \$378,400. This excludes any additional remuneration paid to Council appointees to Boards and Commissions (such as Police Services Board, conservation authorities and the Source Water Protection Committee.) Also, there are additional expenses currently reimbursed to Council members associated with municipal business, such as travel, conferences, etc.

Effective January 1, 2019, the Council compensation budget will increase due to the elimination of the deemed expense allowance, meaning that the County's contribution towards Council members' OMERS and CPP pensions, as well as life insurance premiums, will be higher. Any further adjustments to Council remuneration, to offset some or all of the impact of the higher taxable earnings, will require additional budgeted funds. Reimbursed expenses for constituency business may also need adjustment.

If changes are made to the remuneration paid to Council or citizen members of the County's boards and committees, the annual operating budget will also be impacted.

STAKEHOLDER IMPACTS:

For good governance, it is imperative that Haldimand County is in a position to attract interested and qualified individuals to serve on Council as well as on all boards and committees. The remuneration level could be a factor when citizens consider running for Municipal Council or applying to the various Boards and Committees.

There is a requirement under the Municipal Act for the Treasurer to publicly report, by March 31st of each year, the details of all remuneration and expenses paid to any Council member as well as any appointee to a board/committee in the previous calendar year, including that paid by bodies not under our direct control, such as the Conservation Authorities. Accordingly, the remuneration reported will be affected by Council's decisions in setting the compensation and expense reimbursement policies.

Divisions responsible for administering meetings and/or remuneration of certain Haldimand County Boards/Committees could be impacted if changes are made to the compensation plan, specifically, the Police Services Board Administrator and Committee of Adjustment Secretary/Treasurer. If PSB member remuneration is changed to a per diem approach, an administrative process to track attendance and pay retroactively will be required. The citizen appointees to the Committee of Adjustment had their per diem increased to \$200 in 2017, however, the issue of economic adjustments going forward still needs to be addressed. Staff recommend that the newly elected Council consider approving a recommendation that, starting in 2020, the per diem for Committee of Adjustment members be adjusted annually at the same percentage as is approved for increases to the Council remuneration, rounded to the nearest dollar.

The only other Boards/Committees whereby Haldimand Council appointees currently receive remuneration are the three conservation authorities, namely Grand River Conservation Authority (GRCA), Long Point Region Conservation Authority (LPRCA) and Niagara Peninsula Conservation Authority (NPCA). There are five Haldimand County appointees to these boards as follows: 2 appointees to the GRCA; 2 appointees to the NPCA; 1 appointee to the LPRCA. While all Haldimand County appointees are currently Council Members, legislation allows for the appointees to be citizens. Duties and workload also vary by Conservation Authority, but generally the purpose of each Board is to represent the interests of the municipalities that fall within the respective watershed in consideration of the underlying Conservation Authorities Act (the Act) and regulations. Remuneration for members on a conservation authority board is governed by the Act and administered directly by each individual conservation authority. Specifically, the Act requires that changes to any Board member's salary/allowance of any kind be approved by the Ontario Municipal Board. Logistically, each conservation authority is responsible for setting a remuneration structure and overseeing the administration of it, including budgeting, reporting and payment. Currently, all three boards affecting Haldimand County provide a per diem to members for each meeting attended, as follows (2018 proposed rates pending approval by Ontario Municipal Board (OMB)):

- GRCA \$146.93/regular meeting, and \$88.42/special meeting
- NPCA \$76.10/meeting
- LPRCA \$100.00/meeting

The above comparison shows some discrepancy in the conservation authority (CA) remuneration, however no workload analysis of the three Boards has been done. Presumably, that type of comparison is done by the respective CA and the OMB when setting their rates. In the 2016 remuneration report, there was mention of a Haldimand County "top up" to equalize the Conservation Authority per diems. Staff advised that it is not administratively practical, nor the intent of the legislation, to provide remuneration above what is already provided directly by the local conservation authority. Further, staff's opinion is that providing a top-up, even though paid directly through the member municipality's Council budget, does not comply with the accountability and transparency intentions of this legislation.

There is one other stakeholder board/committee, the Health and Social Services Advisory Committee, which is proving difficult to fill with Council appointees. This Committee is made up of three appointed Haldimand County Council Members and three Norfolk County Council Members, along with staff support from each municipality. The Committee's role is to oversee the delivery of shared services such as public health, social housing, childcare and social assistance and make recommendations to Norfolk County, as the designated Consolidated Municipal Services Manager or as the Board of Health, depending on the subject matter. Although additional remuneration may be warranted for this committee based on the workload and subject matters, it would not be prudent to provide remuneration for Haldimand County members only. As a result, consideration of any future remuneration to be provided to members of this Committee should be a joint decision with Norfolk County Council. Alternatively, Haldimand Council members can be appointed on a rotating basis or perhaps even consider citizen members if the Terms of Reference are amended.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

ATTACHMENTS:

1. AMCTO Report Municipal Council Compensation in Ontario, March 2018
2. Municipal Council Compensation - Comparisons to Haldimand County
3. Council Representation on Haldimand County Boards and Committees
4. Police Services Board Comparators

AMCTO REPORT

MUNICIPAL COUNCIL COMPENSATION IN ONTARIO

MARCH 2018



AMCTO
THE MUNICIPAL EXPERTS

About AMCTO:

AMCTO represents excellence in local government management and leadership. AMCTO has provided education, accreditation, leadership and implementation expertise for Ontario's municipal professionals for over 75 years.

With approximately 2,200 members working in 98 per cent of municipalities across Ontario, AMCTO is Canada's largest voluntary association of local government professionals, and the leading professional development organization for municipal administrative staff.

Our mission is to provide management and leadership service to municipal professionals through continuous learning opportunities, member support, and legislative advocacy.

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CONTENTS

3

EXECUTIVE SUMMARY

6

BACKGROUND

12

METHODOLOGY

14

FINDINGS

31

CONCLUSION

32

APPENDICES

38

SOURCES

1 EXECUTIVE SUMMARY

In August of 2017 AMCTO conducted a survey of municipalities in Ontario. Our goal was to gain a better understanding of how municipalities compensate their councils, create a resource for municipalities who are reviewing their council remuneration packages, and to add to the body of research about how local politicians are paid. While there has been a lot written about private sector compensation, there has been considerably less study of compensation for politicians at the local level.

Key findings from the survey, include:

- Most municipalities in Ontario classify their councils as part-time, however, municipalities are slightly more likely to have full-time heads of council than members of council.
- Only 14% of municipalities have a full-time head of council, while only 6% of municipalities have full-time councillors.
- Population clearly impacts whether or not a municipality's council is full- or part-time. Larger municipalities are more likely to have full-time councils.
- Though the majority of councils in Ontario are part-time, all councillors or heads of council are compensated for their work, either through a salary, honorarium or stipend.
- Larger municipalities are more likely to pay their councils a salary, and smaller municipalities are more likely to pay an honorarium or stipend.
- While levels of pay vary widely across the province, the majority of councillors and heads of council in Ontario are paid less than \$40,000 per year.
- Across the province heads of council are consistently paid at a higher rate than members of council.
- In terms of real dollar compensation, there is an evident but not always significant difference between municipalities that pay their councillors honorariums versus those that pay their councillors salaries. Salaries are generally higher, but not significantly so.
- The level of compensation that a municipality offers is closely

correlated to its size. Smaller municipalities are more likely to pay their members of council at a lower rate than larger municipalities.

- In addition to salaries, honorariums, and stipends, municipalities also provide a range of other benefits to their councils.

- Larger municipalities are more likely than smaller municipalities to provide optional benefits like cellphone reimbursement, newsletter printing or a pension contribution.
- Municipalities use a range of factors to help set their compensation levels. The most common practice is to survey the compensation paid by neighbouring municipalities.

2 BACKGROUND

In August of 2017 AMCTO conducted a survey of municipalities in Ontario. Our goal was threefold: (1) to gain a better understanding of how municipalities compensate their councils; (2) to create a dataset and resource for municipalities to use when reviewing their council compensation practices in the future¹; and (3) to add to the broader body of research about how politicians are compensated, especially at the local level.

While considerable attention has been given to compensation in the private sector, especially as it relates to senior executives, less has been written about compensation for politicians. What research has been done on this topic in Canada, has predominantly focused on the federal and provincial levels, where elected representatives are more likely to be full-time employees. Little has been written about how and why municipal politicians are compensated (Schobel, 2014, 150).

In 2014 an article published in *Canadian Public Administration*² argued that the process that most municipalities use—quantitative analysis and comparative studies of other municipalities—to determine their levels of compensation is inherently flawed (Schobel, 139, 2014). It further argued that municipalities face a significant challenge when setting council remuneration, as there is an inherent conflict of interest when councillors vote on their own compensation. The reaction to remuneration reviews amongst the media and citizens living in the municipality is at best mixed. When large increases are recommended the reaction is often hostile and negative (Schobel, 139, 2014).

In 2016 the Rural Ontario Institute (ROI) created a profile of municipal councillors in Ontario. It identified a number of the barriers to running for local office, including toxic work culture, lack of self-confidence, time pressures, and the incumbency advantage. Notably, the profile also argued that limited remuneration and the level of commitment required to serve on council are both barriers to attracting younger and more diverse candidates to run for seats on municipal

¹ Full results of the survey are available in the appendix, and the complete data set is available for AMCTO members on the association's website.

² Schobel, Kurt. (2014). "How much is enough? A study of municipal councillor remuneration." *Canadian Public Administration*, Volume 57, No. 1.

councils. The ROI's research found that these individuals have more demanding responsibilities outside of council, such as young families, additional financial burdens, and full-time jobs with less workplace flexibility. It also noted that younger members of council place a higher priority on maximizing their income, as they are in the prime earning years of their careers, often with dependents, and that the level of compensation offered by municipalities does not effectively compensate them for the financial and family sacrifices that they make (Deska, 2016, 3).

Historically serving on a local council has been a volunteer commitment. But, over time municipalities have come to recognize the more permanent nature of municipal public office and expanded the range of compensation and benefits that they provide. In addition to remuneration, many local governments also now provide employment benefits, office space, telecommunications equipment and reimbursement of other relevant business expenses (Schobel, 2014, 141). A growing number of municipalities are also debating whether or not to make their councils full-time positions (See: Richmond, 2016).

The role of local councillor is undeniably expanding. Councillors now sit on more working groups and task forces than ever before. They are also more accessible and expected to be more responsive than in the past. The growth of technology and expansion of social media allows members of the public to contact their representatives through a variety of channels at whatever time is most convenient to them. For many councillors the job has become 24/7, even if they are only compensated as a part-time employee or volunteer.

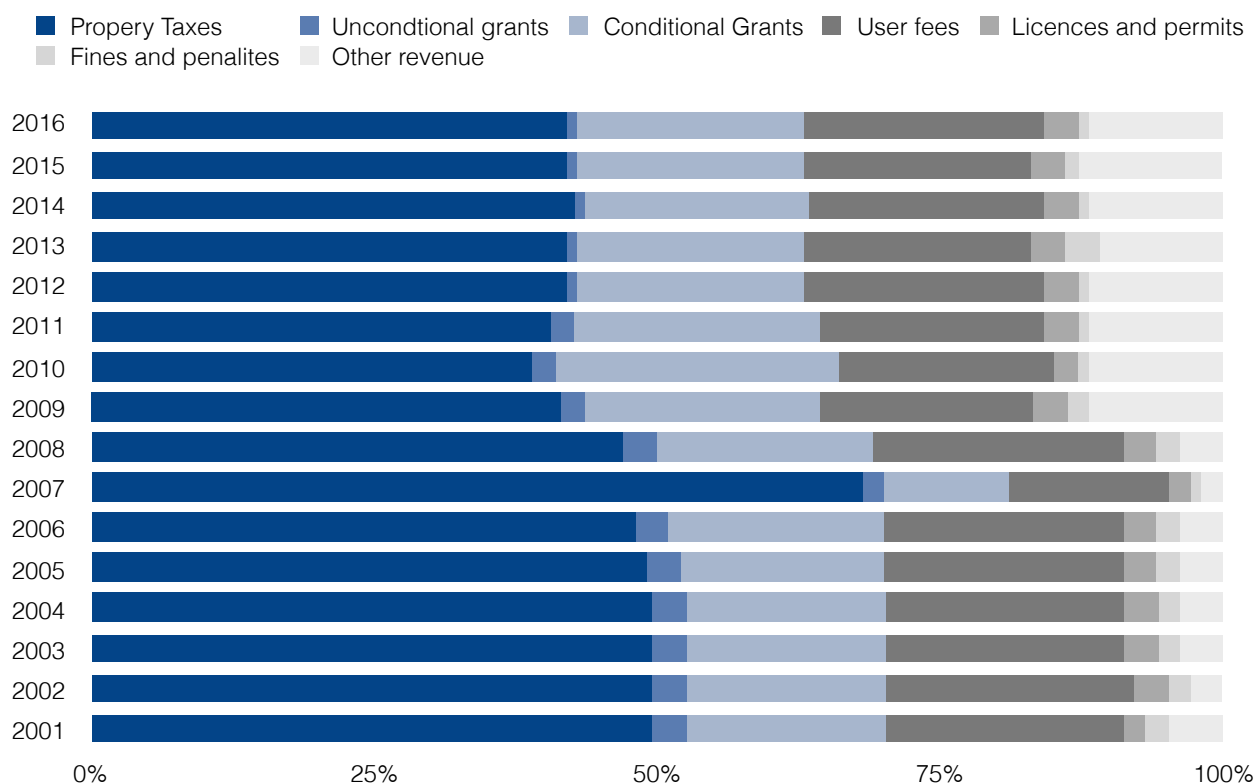
ROI's councillor profile noted that across the province serving representatives and prospective candidates said that balancing personal responsibilities and professional commitments is a challenge. In some cases potential candidates choose not to run for local office because the sacrifices are simply too great. The result is a body of councillors that is less diverse than the provincial average. According to ROI, Ontario municipal councillors are on average older, more predominantly male, less racially diverse, more likely to be retired, with higher incomes and more education than the communities that they represent (Deska, 2016).

While the primary motivation for most politicians who seek positions on council is to serve the community, it cannot be denied that the ability of a municipality to attract good candidates to serve on council is directly influenced by the fairness of compensation that they offer. The ability for municipalities to do this became harder in 2017 when the federal government

announced its intention to eliminate the one-third tax exemption that municipalities use for council salaries, starting in 2019. According to the Association of Municipalities of Ontario (AMO), this change would cost an eastern Ontario county government with a council of seventeen and a population of 77,000, at least \$74,00 per year (AMO, 2017). While this may not seem like a significant impact, given the current fiscal challenges confronting most municipalities, it could be larger than expected.

While smaller municipalities may feel a sharper impact from the end of the one-third tax exemption, local governments of all sizes in Ontario are facing a challenging fiscal situation. Though services are expanding and becoming more complex, the sources of municipal revenue have not changed significantly (see Chart 1). There is a growing consensus that the current fiscal situation for municipalities is unsustainable. According to AMO in order to maintain current service levels municipalities will have to increase property taxes by 4.51% every year for the next ten years just to preserve the status quo (AMO, 2015).

Chart 1: Sources of Municipal Revenue, 2001 - 2016



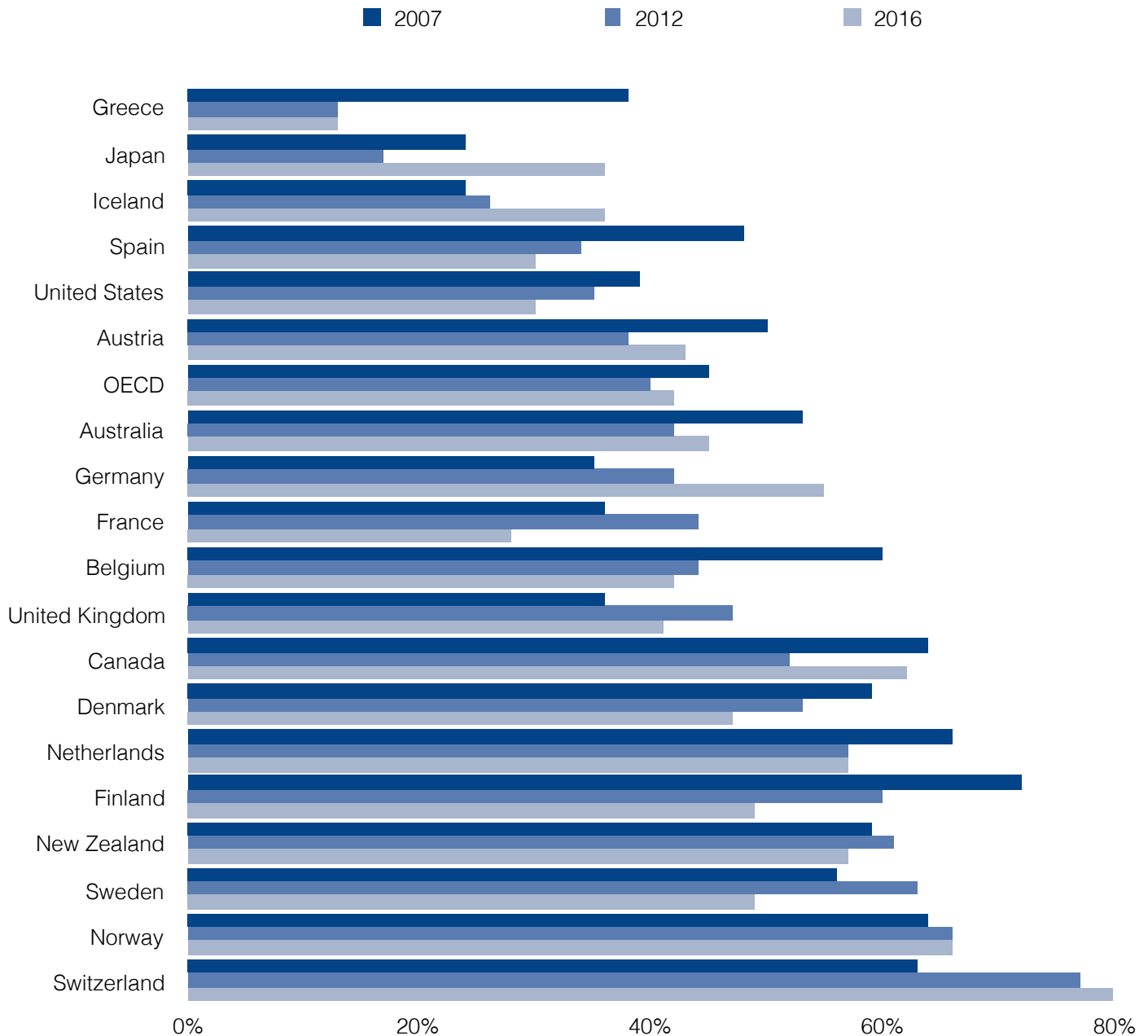
Source: Ministry of Municipal Affairs, Financial Information Returns

Under these circumstances it's not easy for municipal councils to discuss increasing their own compensation. Determining appropriate levels of compensation is difficult in any field or industry, but especially so in politics, where the debate is complicated by fraught political conditions, and often openly-hostile public opinion. While the staff working in municipalities provide objective recommendations, these debates are more often driven by voter outrage, citizen backlash, and politicians who want to avoid the perception that they are giving themselves a raise (see: Criscione, 2015; Shreve, 2017; Porter, 214; Strader, 2012)

These debates have become even more charged in recent years as trust in government has declined and skepticism of institutions and “elites” increased. It is tempting to assume that Canada is in some way sheltered from the populist, anti-establishment currents running through politics in most western countries. In 2016 the Economist declared that in the “depressing company of wall-builders, door-slamers and drawbridge-raisers, Canada stands out as a heartening exception” (Economist, 2016). As seen in Chart 2, Canada does fare relatively well compared to other OECD countries in levels of trust in government.

However, even Canada's relative strength in the face of others weakness, does not mask the vulnerability that still exists. Canada still suffers from many of the stresses that energize populist movements in other industrialized countries, such as the decline of manufacturing jobs, stagnant incomes, and rising inequality (Economist, 2016). Moreover, the events of the past decade, from a deep economic recession to the emergence of overtly nativist political discourses in other countries, can be expected to impact Canadian public opinion (Parkin, 2017, 3). In 2017, the Edelman Trust Barometer found that only 47% of Canadians maintain trust in the country's institutions, and 61% don't believe that the country's leadership can solve the country's biggest problems. Canada continues to suffer from low membership in political parties, poor voter turnout, and generally weak political engagement (Economist Intelligence Unit, 2018, 21). Many Canadians are animated by concerns about what they see as wasteful spending, poor decision-making and a lack of government responsiveness to citizen priorities and needs (Neuman, 2016, 3). Most respondents to the Edelman survey agreed that “a person like yourself” is now as credible as an academic or technical expert, and far more credible than a government official (Edelman, 2017).

Chart 2: Trust in Government, OECD Countries 2007 - 2016



Source: OECD

One of the cures to the rising populist wave is better government. Municipalities, as the level of government that citizens most frequently interact with, are on the front lines of this effort. An important element of fostering good government is to ensure that municipalities can attract visionary and competent politicians and public servants to their communities. AMCTO hopes

that this report will serve as a resource for municipalities as they review their council compensation and ensure that it meets the needs of their community. However, in a broader sense, we also hope that it will help in some small way to make the decisions every local government makes about compensating their councillors more easily grounded in evidence, and facts and less on frustration and fear. Going forward AMCTO plans to conduct this survey again as a way to help equip municipalities with tools to make better evidence-based decisions.

3 METHODOLOGY

The findings in this report are drawn from a survey of 257 municipalities completed by AMCTO in August of 2017. The survey asked empirical questions about the level of pay that municipalities provide to their councillors, head of council, and deputy head of council (where applicable); whether or not they consider their councils full- or part-time; any other benefits they may provide; and, the factors they use to set compensation levels.

Table 1.
Survey Respondents vs. Ontario Municipalities

	SURVEY RESPONDENTS	MUNICIPALITIES IN ONTARIO (based on FIR Data)
POULATION		
Fewer than 10,000	60%	61%
10,000 – 50,000	27%	25%
50,000 – 100,000	6%	7%
100,000 – 250,000	4%	4%
More than 250,000	2%	3%
TIER		
Upper Tier	6%	7%
Lower Tier	58%	54%
Single Tier	35%	39%
Region		
Central Ontario	16%	18%
Eastern Ontario	22%	26%
Northern Ontario	32%	32%
Southwestern Ontario	30%	24%

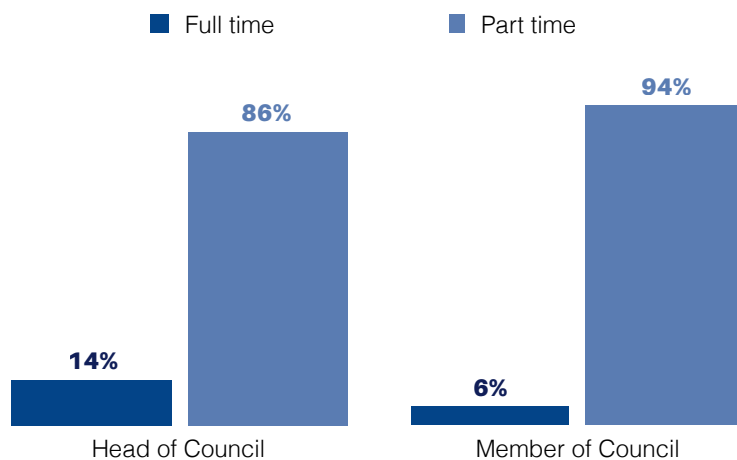
The data presented in this report is not weighted and reflects the responses of all municipalities who participated in the survey. The majority of respondents (60%) were municipalities with a population of less than 10,000. Just over 25% of respondents were municipalities with a population between 10,000 and 50,000, and the remainder were municipalities with a population over 50,000 (12%). The respondents included a range of upper, lower, and single tier municipalities. 35% of municipalities that responded to the survey were single tier, while 58% were lower tier and 6% were upper tier. The highest number of responses came from municipalities in Northern and Southwestern Ontario (32% and 30% respectively), while 22% of municipalities were from Eastern Ontario and 16% from Central Ontario. While the sample was not chosen to be statistically representative of the province, as seen in Table 1 the municipalities included in AMCTO's survey are a relatively good representation of the province.

4 FINDINGS

Full-time versus Part-time Councils

Most municipalities in the province classify their councils as part-time. However, municipalities are slightly more likely to have full-time heads of council than members of council. Only 14% of municipalities have a full-time head of council, while only 6% of municipalities have full-time councillors.

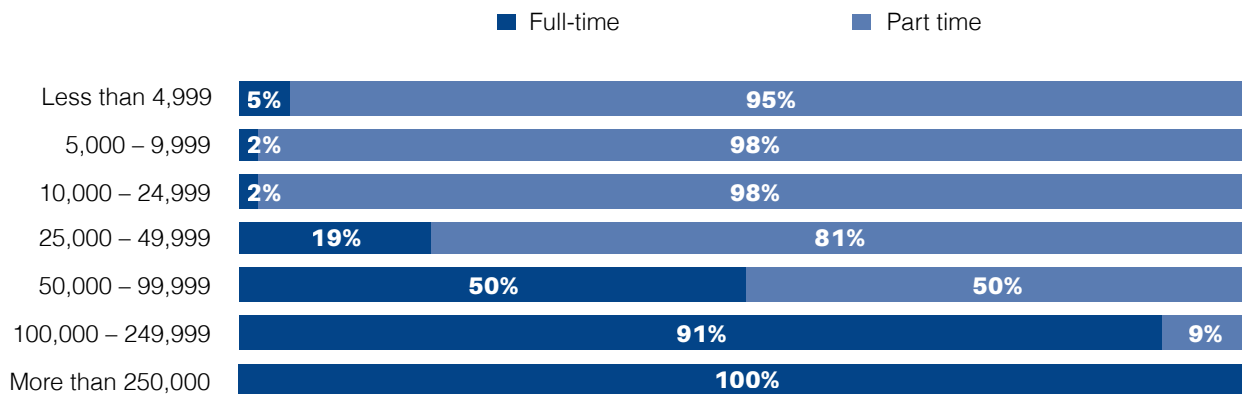
Chart 3.
Full-time vs. Part-time Councils



Population clearly impacts whether or not a municipality's council is full- or part-time. Municipalities with a full-time head of council are more likely to have a population over 50,000. For instance, 100% of municipalities with a population over 250,000, 91% of municipalities with a population over 100,000, and 50% of municipalities with a population over 50,000 have full-time heads of council. Comparatively, fewer than 5% of municipalities with a population below 50,000 have a full-time head of council.

Chart 4.

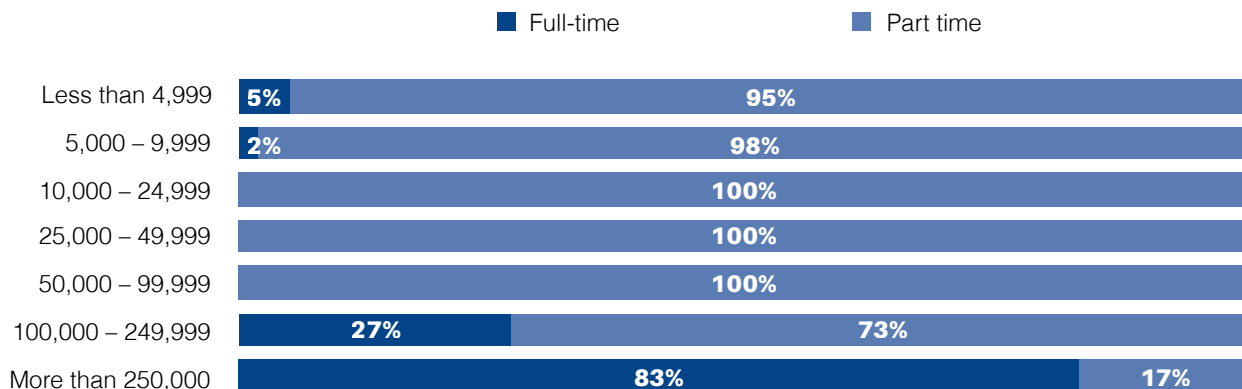
Full-time vs. Part-time *Heads of Council*, by population



Similarly, while municipalities are slightly less likely to have full-time members of council, the same population-effect can be observed. For instance, 83% of municipalities with a population over 250,000 and 27% of municipalities with a population over 100,000 have full-time councillors. The only municipalities with a population above 250,000 that have part-time councillors are upper-tier municipalities whose councillors also serve on lower-tier councils. By contrast, the majority of municipalities with a population below 100,000 have only part-time councillors.

Chart 5.

Full-time vs. Part-time *Members of Council*, by population

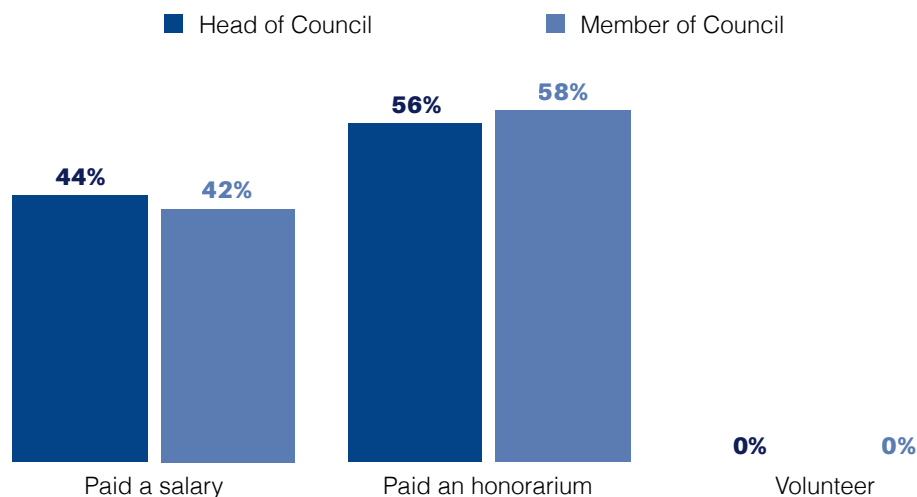


Paid versus Volunteer Councils

Though the majority of councils are part-time, all councillors and heads of council are compensated for their work, either through a salary, honorarium or stipend. Heads of council are slightly more likely to be paid a salary versus an honorarium, with 44% of heads of council paid a salary and 56% paid an honorarium or stipend. By contrast 42% of members of council are paid a salary and 58% are paid an honorarium/stipend. None of the municipalities that responded to this survey have councils that are completely volunteer.

Chart 6.

Paid vs. Volunteer Council



Whether a municipality labels the compensation that it pays a salary or honorarium is also closely tied to the size of the municipality. 64% of municipalities with a population over 10,000 pay their head of council a salary, while municipalities with a population below 10,000 are more likely to pay their head of council an honorarium (Chart 7). Similarly, for members of council the majority of municipalities with a population over 10,000 pay their councillors a salary, while the majority of those with a population below 10,000 pay their councillors an honorarium or stipend (Chart 8).

Chart 7.
Salary vs. Stipend, Heads of Council, by population

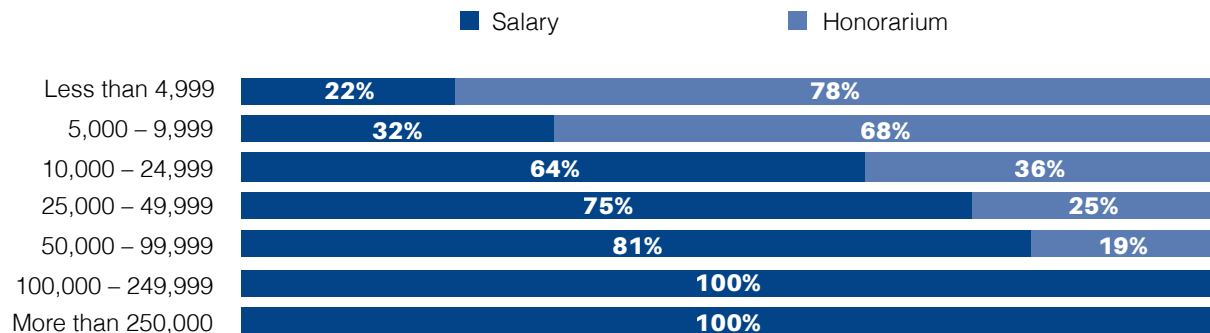
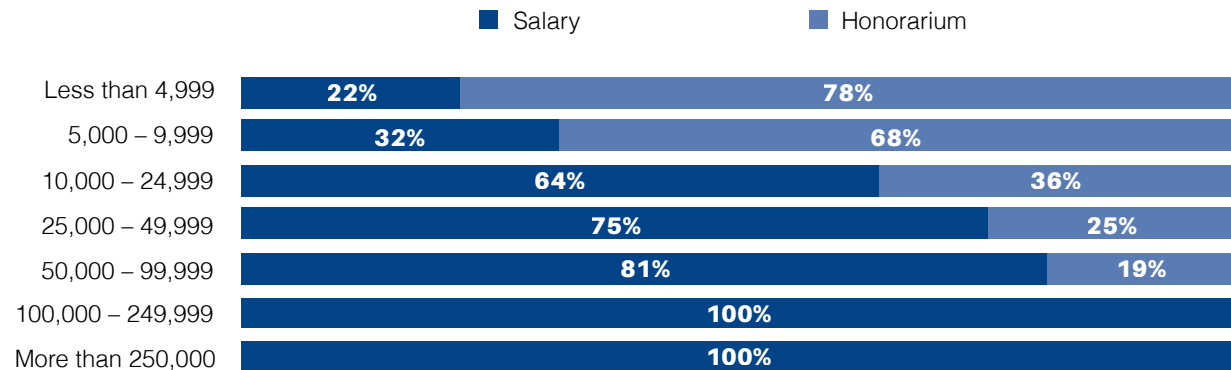


Chart 8.
Salary vs. Stipend, Members of Council, by population



There is also a regional impact to whether or not a municipality refers to its compensation as a salary or honorarium (Charts 9 and 10). For instance, municipalities in Central and Southwestern Ontario are more likely to offer a salary, while municipalities in Eastern and Northern Ontario are more likely to offer an honorarium or stipend, rather than a salary. Municipalities in Northern Ontario far more likely to give their councillors a stipend than any other region in the province.

Chart 9.
Salary vs. Stipend, *Head of Council*, by region

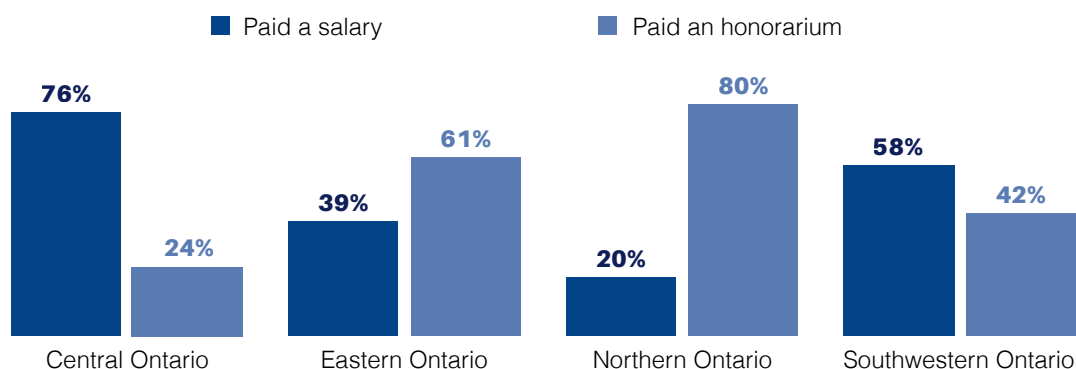
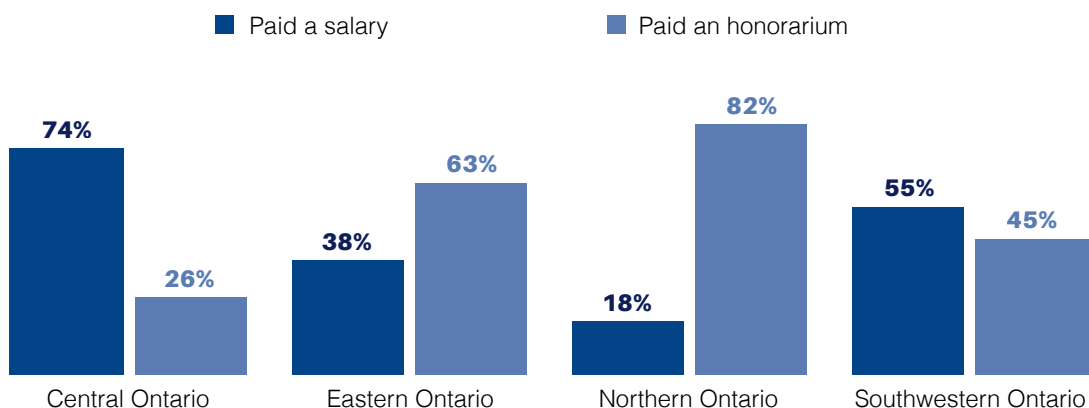


Chart 10.
Salary vs. Stipend, *Members of Council*, by region



However, if the regional disparities are broken down by population size as in Chart 11 and Chart 12, it becomes clear that while there is a regional effect, population size is the dominant factor. For instance, municipalities in Northern Ontario are more likely to pay their councils honorariums, however, while some of this can be attributed to regional disparities, the more powerful explanatory factor is population size. There are more small municipalities in Northern Ontario, which helps to explain why councillors in the north are more likely to be paid honorariums than councillors in the rest of the province. Similarly, most of the provinces largest municipalities are concentrated in central Ontario, so it follows that they would be more likely to be paid a salary than an honorarium.

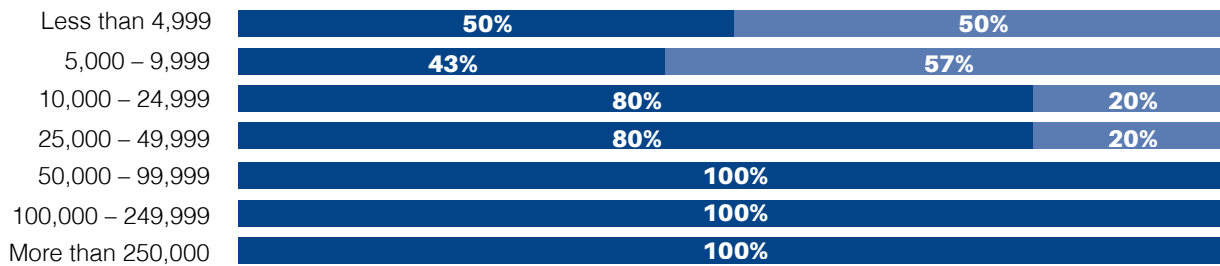
Chart 11.

Salary vs. Stipend, Heads of Council, by region/population

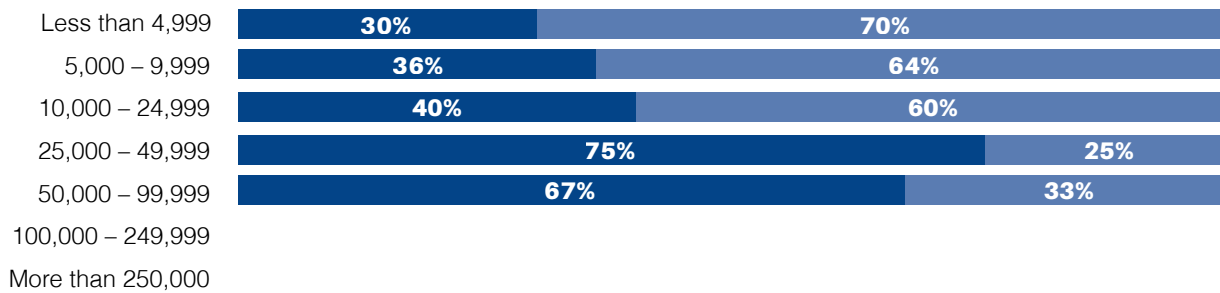
■ Salary

■ Honorarium

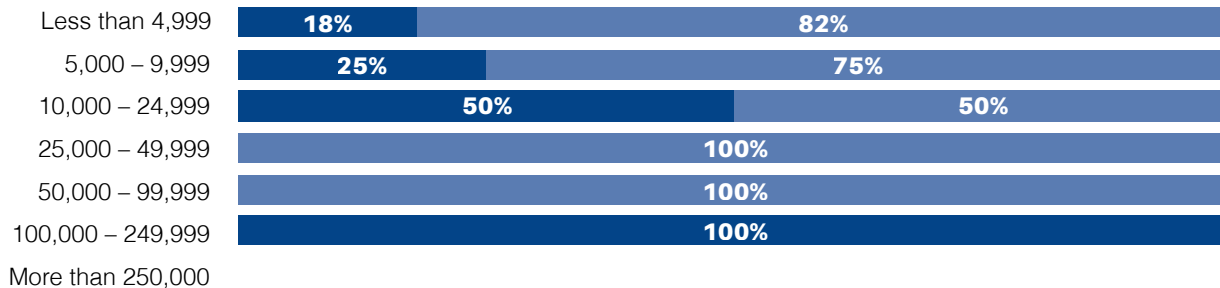
Central Ontario



Eastern Ontario



Northern Ontario



Southwestern Ontario

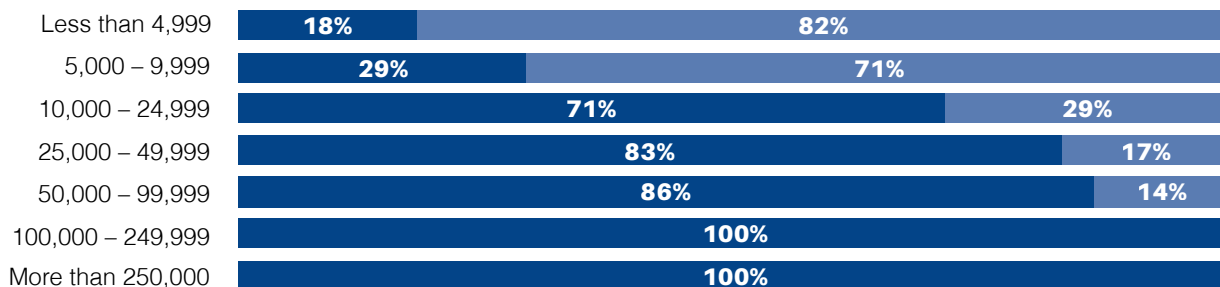
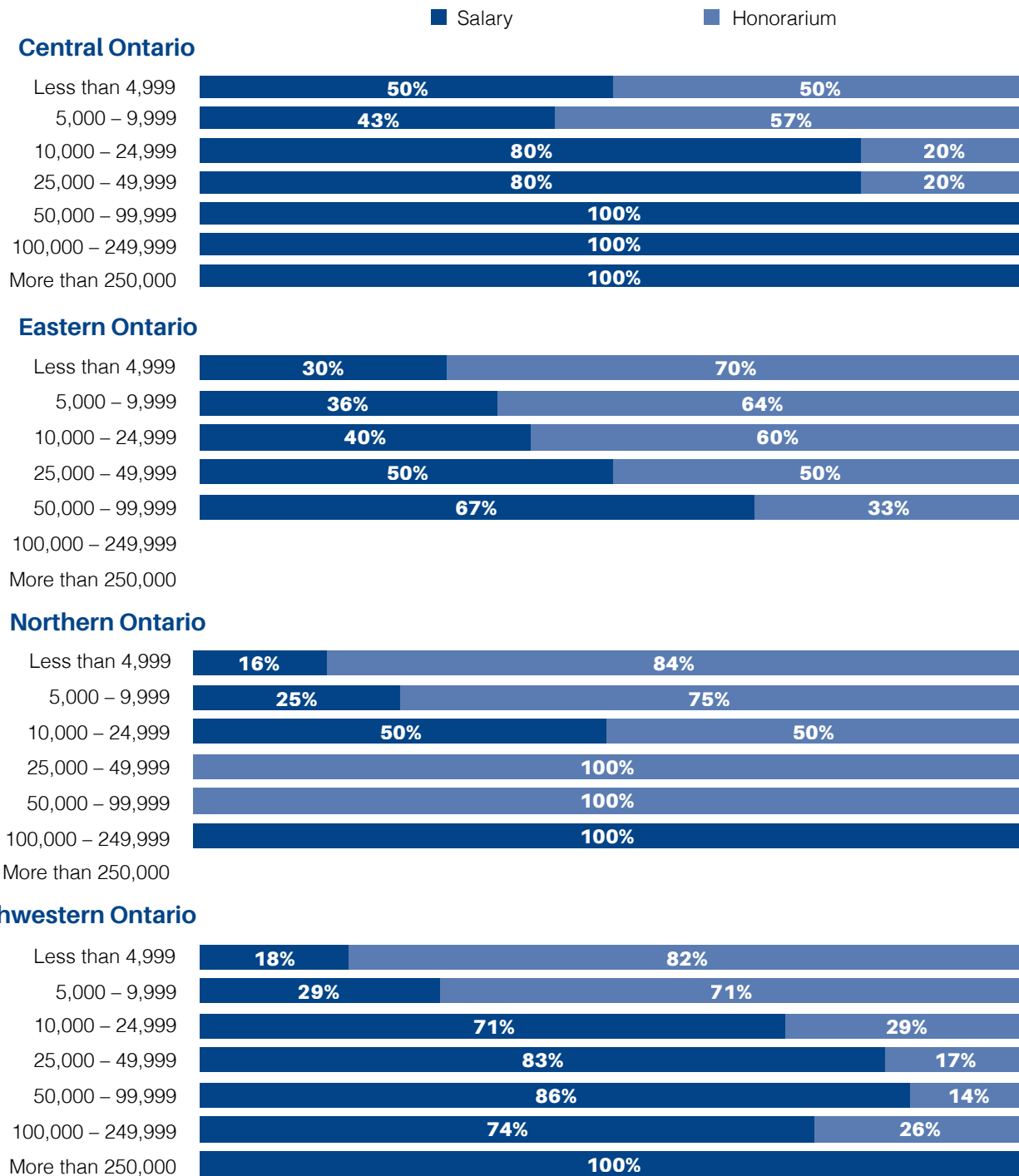


Chart 12.

Salary vs. Stipend, *Members of Council*, by region/population



Levels of Pay

While levels of pay vary widely across the province, the majority of councillors and heads of council in Ontario are paid less than \$40,000 per year. Most municipalities pay their members of council either an annual salary or an annual honorarium or stipend. Fewer than 10% of municipalities only pay their members of council a set rate per meeting. All of the municipalities that pay per meeting have a population below 5,000.

Chart 13.
Average Head of Council Compensation

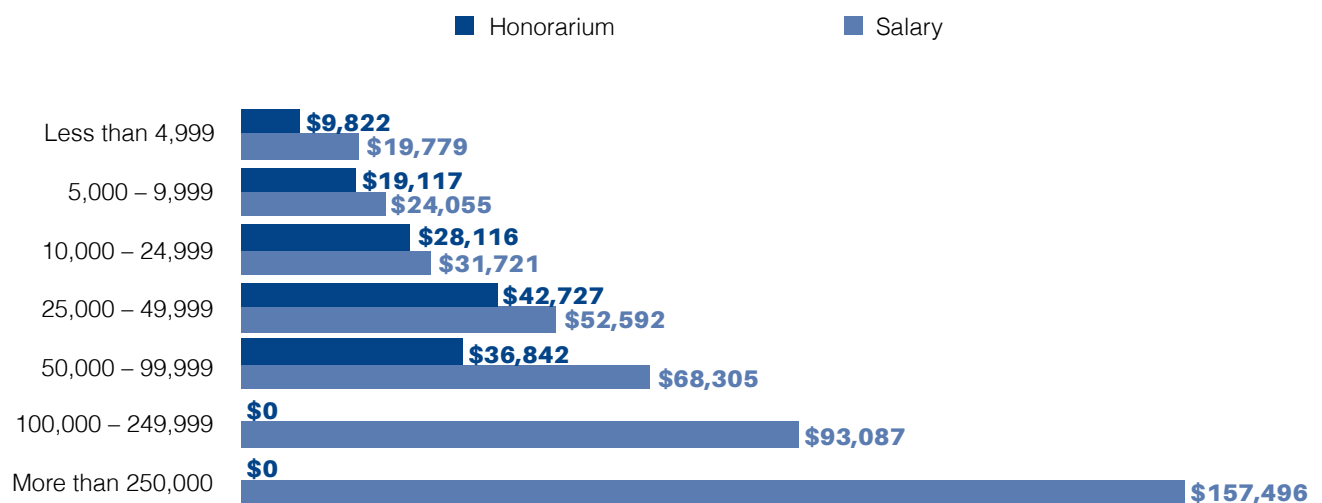


Chart 14.
Average Member of Council Compensation

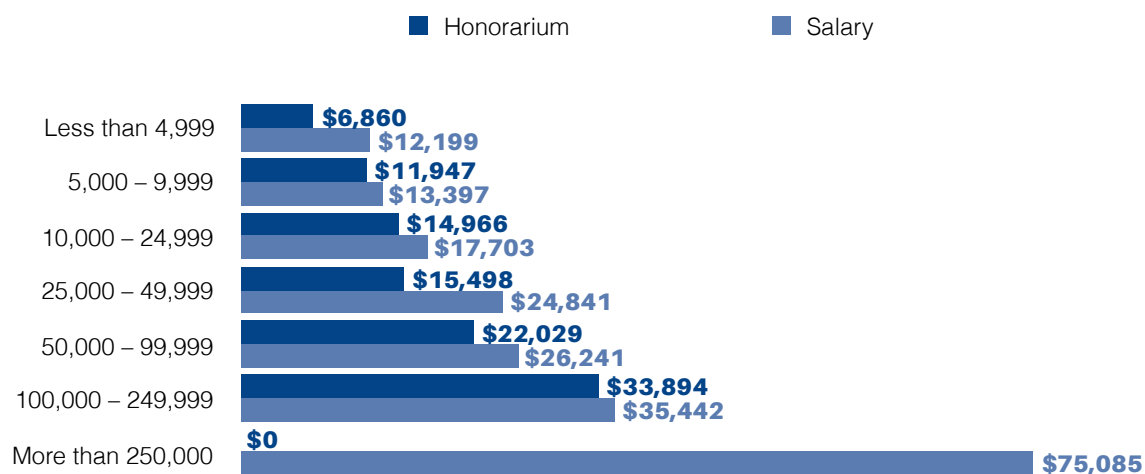


Table 2.**Average Head and Member of Council Honorarium or Salary by Population Size, Region**

REGION	POPULATION						
	Less than 4,999	5,000 – 9,999	10,000 – 24,999	25,000 – 49,999	50,000 – 99,999	100,000 – 249,000	More than 250,000
Head of Council Honorarium							
Province-wide	\$9,822	\$19,117	\$28,116	\$42,727	\$36,842.95	-	-
Eastern Ontario	\$13,901	\$14,075	\$30,129	\$22,584	\$23,434	-	-
Central Ontario	\$15,366	\$25,311	\$26,276	\$47,484	\$95,630	-	-
South-western Ontario	\$9,873	\$16,196	\$26,772	\$30,554	\$29,750	-	-
Northern Ontario	\$9,713	\$15,578	\$28,987	-	-	-	-
Member of Council Honorarium							
Province-wide	\$6,860	\$11,947	\$14,966	\$15,498	\$22,029.22	\$33,894	-
Eastern Ontario	\$10,020	\$10,089	\$16,090	\$7,362	\$13,278	-	-
Central Ontario	\$11,292	\$17,721	\$15,273	\$25,551	\$32,693	-	-
South-western Ontario	\$6,330	\$9,528	\$13,155	\$17,924	\$17,500	\$33,894	-
Northern Ontario	\$6,361	\$9,237	\$14,499	\$19,292	\$22,735	-	-
Head of Council Salary							
Province-wide	\$18,779	\$24,055	\$31,721	\$52,592	\$68,305	\$93,087	\$157,496
Eastern Ontario	\$34,962	\$43,054	\$34,429	\$45,396	\$54,964	-	-
Central Ontario	\$20,129	\$25,341	\$33,344	\$62,826	\$81,550	\$107,290	\$159,777
South-western Ontario	\$19,203	\$19,499	\$29,245	\$48,724	\$61,716	\$86,079	\$154,075
Northern Ontario	\$17,159	\$23,769	\$32,926	-	-	-	-
Member of Council Salary							
Province-wide	\$12,199	\$13,397	\$17,703	\$24,841	\$26,241	\$35,442	\$75,085
Eastern Ontario	\$18,632	\$20,689	\$18,309	\$16,006	\$22,416	-	-
Central Ontario	\$17,764	\$15,240	\$19,670	\$29,321	\$37,884	\$43,438	\$91,037
South-western Ontario	\$11,208	\$12,357	\$15,945	\$24,791	\$19,755	\$32,175	\$43,182
Northern Ontario	\$10,266	\$11,323	\$16,463	-	-	\$35,788	-

Heads of council are generally paid at a higher rate than members of council. For instance, 15% of heads of council who are paid a salary earn more than \$80,000 per year, while only 3% of councillors who are paid a salary earn the same amount. Similarly, approximately 32% of heads of council who are paid an honorarium earn above \$20,000, compared to just 5% of members of council. The highest salary paid to a head of council is \$228,453, while the lowest is \$7,344. In contrast, the highest salary paid to a councillor is \$137,878, while the lowest is \$5,388.

Chart 15.

Council Compensation—Honorariums/Stipends (per year)

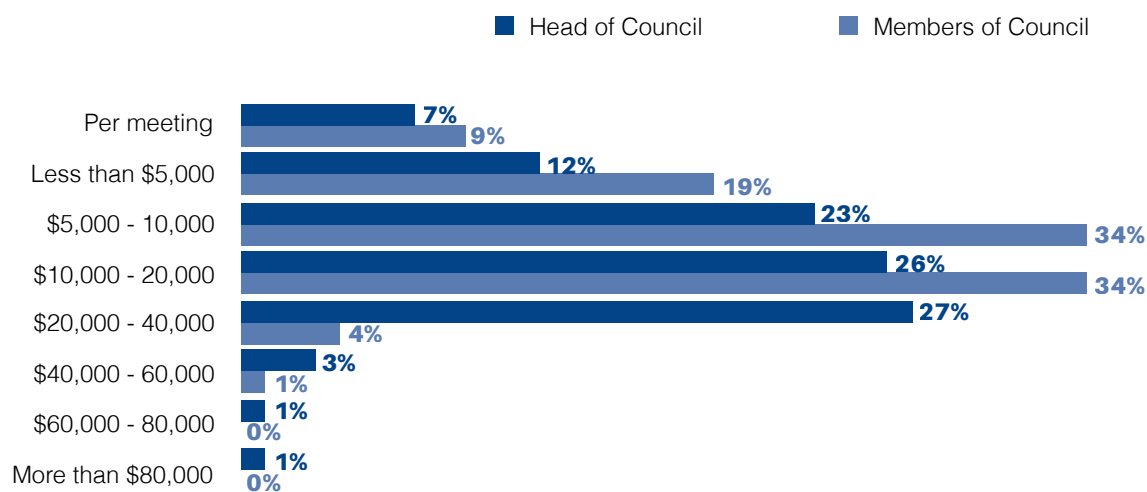
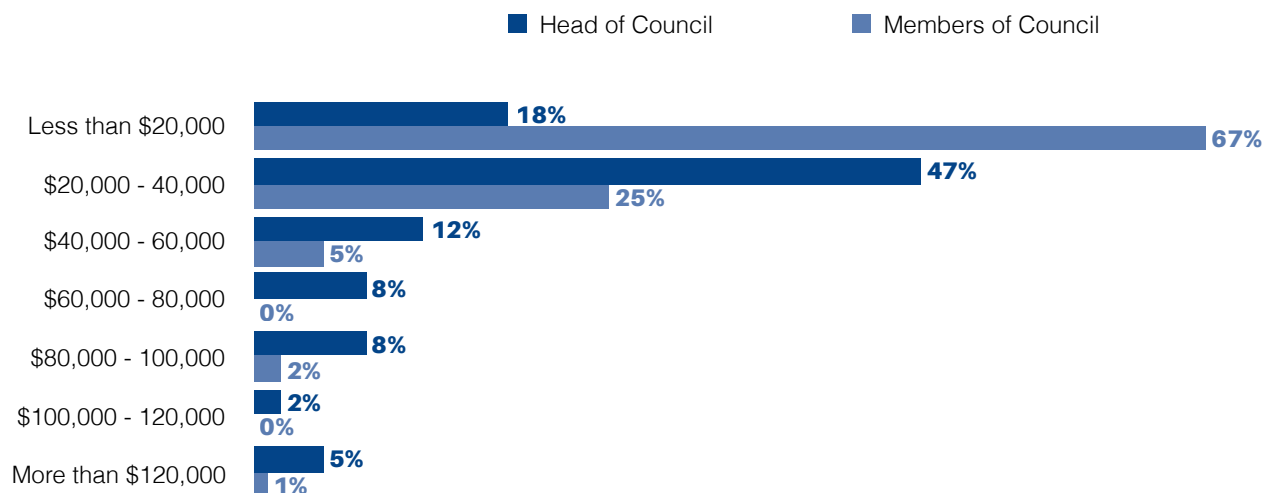


Chart 16.

Council Compensation—Salaries(per year)



Population Differences

The level of compensation that a municipality offers is closely correlated to its size. As seen in Tables 3 and 4, smaller municipalities are more likely to pay their members of council at a lower rate than larger municipalities. For example, the average salary for a head of a council with a population between 5,000 – 10,000 is \$24,055 per year, compared to an average of \$68,305 for the head of council of a municipality with a population between 50,000 – 100,000. Similarly, the average salary for a councillor in a municipality with a population of 5,000 – 10,000 is \$13,397 compared to \$26,241 for a municipality with a population of 50,000 – 100,000. No municipalities with a population over 100,000 offer an honorarium instead of a salary for their head of council and all the municipalities that pay their members of council exclusively by a per meeting rate have a population below 5,000.

Table 3.
Council Honorariums, by population size

	Per meeting	Less than 5,000	\$5,000 - 10,000	\$10,000 - 20,000	\$20,000 - 40,000	\$40,000 - 60,000	\$60,000 - 80,000	More than 80,000
Heads of Council								
Less than 4,999	11%	19%	34%	30%	6%	-	-	-
5,000 – 9,999	-	3%	7%	33%	57%	-	-	-
10,000 – 24,999	-	-	5%	10%	75%	10%	-	-
25,000 – 49,999	-	-	-	-	50%	25%	25%	-
50,000 – 99,999	-	-	-	-	20%	20%	20%	20%
100,000 – 249,000	-	-	-	-	-	-	-	-
More than 250,000	-	-	-	-	-	-	-	-
Members of Council								
Less than 4,999	15%	25%	48%	11%	1%	-	-	-
5,000 – 9,999	-	13%	17%	67%	3%	-	-	-
10,000 – 24,999	-	5%	10%	80%	5%	-	-	-
25,000 – 49,999	-	-	40%	40%	20%	-	-	-
50,000 – 99,999	-	17%	-	33%	33%	17%	-	-
100,000 – 249,999	-	-	-	50%	-	50%	-	-
More than 250,000	-	-	-	-	-	-	-	-

Table 4.
Council Salaries, by population size

	Less than \$20,000	\$20,000 - 40,000	\$40,000 - 60,000	\$60,000 - 80,000	\$80,000 - 100,000	\$100,000 - 120,000	More than \$120,000
Heads of Council							
Less than 4,999	56%	41%	4%	-	-	-	-
5,000 – 9,999	31%	69%	-	-	-	-	-
10,000 – 24,999	6%	81%	14%	-	-	-	-
25,000 – 49,999	-	33%	42%	17%	8%	-	-
50,000 – 99,999	-	8%	23%	38%	31%	-	-
100,000 – 249,999	-	-	-	27%	45%	9%	18%
More than 250,000	-	-	-	-	-	20%	80%
Members of Council							
Less than 4,999	96%	4%	-	-	-	-	-
5,000 – 9,999	100%	-	-	-	-	-	-
10,000 – 24,999	77%	23%	-	-	-	-	-
25,000 – 49,999	36%	55%	9%	-	-	-	-
50,000 – 99,999	33%	58%	8%	-	-	-	-
100,000 – 249,999	-	75%	25%	-	-	-	-
More than 250,000	-	17%	33%	-	33%	-	17%

Regional Differences

While population is the key difference when it comes to councillor compensation, there are also some regional differences. Part of the explanation for these regional disparities is the distribution of population size in each region, as discussed earlier. However, as seen in Table 2, even when controlling for population size the average salaries for councillors vary region by region.

Municipalities in Central Ontario consistently pay their councils at rates that are above the provincial average. Municipalities in Northern and Southwestern Ontario tend to pay their councils at rates that fall below the provincial average. Municipalities in Eastern Ontario fall into no clearly discernible pattern, sometimes paying above the provincial average, with others paying below.

Table 5.
Council Honorariums, by region

	Per meeting	Less than 5,000	\$5,000 - 10,000	\$10,000 - 20,000	\$20,000 - 40,000	\$40,000 - 60,000	\$60,000 - 80,000	More than 80,000
Heads of Council								
Central Ontario	-	-	-	27%	55%	9%	-	9%
Eastern Ontario	6%	-	31%	17%	39%	8%	-	-
Northern Ontario	10%	24%	27%	25%	10%	-	3%	-
Southwestern Ontario	3%	6%	16%	38%	38%	-	-	-
Members of Council								
Central Ontario	-	-	8%	69%	15%	8%	-	-
Eastern Ontario	6%	8%	31%	47%	8%	-	-	-
Northern Ontario	15%	28%	42%	13%	1%	-	-	-
Southwestern Ontario	3%	18%	32%	44%	-	3%	-	-

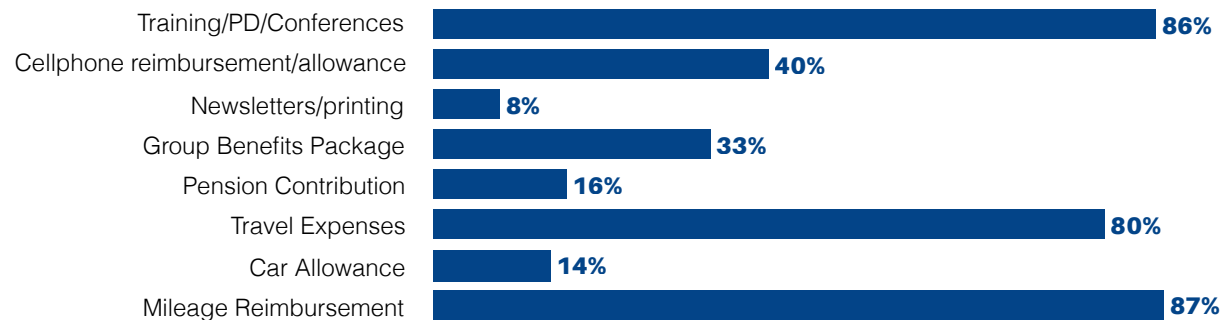
Table 6.
Council Salaries, by region

	Less than \$20,000	\$20,000 - 40,000	\$40,000 - 60,000	\$60,000 - 80,000	\$80,000 - 100,000	\$100,000 - 120,000	More than \$120,000
Head of Council							
Central Ontario	6%	41%	16%	9%	16%	3%	9%
Eastern Ontario	16%	68%	12%	4%		-	-
Northern Ontario	53%	41%	-	-	-	-	6%
Southwestern Ontario	15%	41%	13%	13%	11%	2%	4%
Members of Council							
Central Ontario	39%	39%	13%	-	6%	-	3%
Eastern Ontario	88%	13%	-	-	-	-	-
Northern Ontario	94%	6%	-	-	-	-	-
Southwestern Ontario	64%	31%	5%	-	-	-	-

Other Benefits

In addition to salaries, honorariums, and stipends, municipalities also provide a range of other benefits to their councils. For instance, a strong majority of municipalities provide mileage reimbursement, travel expenses, and dedicated funding for attending conferences, training and professional development. A smaller number of municipalities (40% and 33% respectively) provide an allowance or reimbursement for cellphones, and access to a group benefits package. Approximately 16% of municipalities provide a pension contribution, while 14% provide a car allowance, and 8% provide a budget for printing newsletters and other materials.

Chart 17.
Council Compensation—Salaries(per year)



As seen in Table 7, larger municipalities are more likely to provide optional benefits like cellphone reimbursement, newsletter printing or a pension contribution. For instance, most municipalities (83%) with a population over 250,000 provide reimbursement or an allowance for a cell phone, while less than a third of municipalities with a population below 10,000 do the same. Similarly, a majority of municipalities with a population above 100,000 provide pension contributions and a group benefits package while fewer than a third of municipalities with a population below 10,000 provide a group benefits package, and fewer than 7% provide a pension contribution.

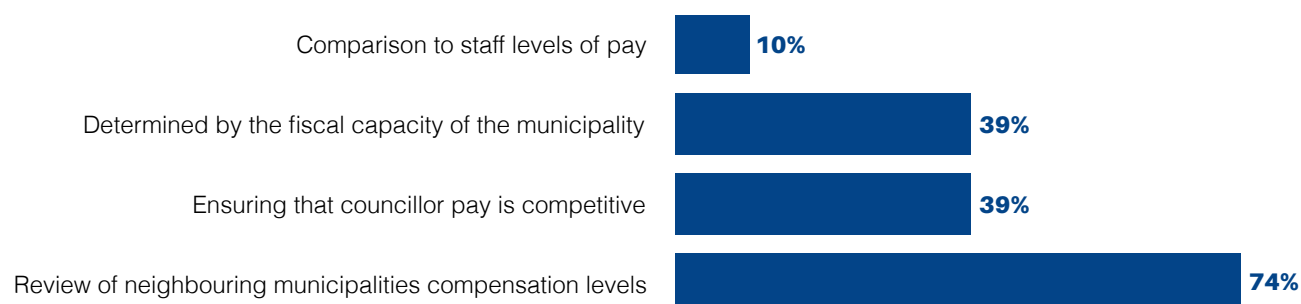
Table 7.
Non-salary benefits provided by municipalities, by population size

	Cell phone reimbursement/ allowance	Newsletters / Printing	Group benefits package	Pension Contribution	Car Allowance
Less than 4,999	29%	1%	14%	7%	5%
5,000 – 9,999	32%	5%	32%	0%	5%
10,000 – 24,999	49%	8%	45%	21%	17%
25,000 – 49,999	69%	13%	63%	25%	44%
50,000 – 99,999	56%	25%	44%	44%	44%
100,000 – 249,999	64%	36%	73%	64%	36%
More than 250,000	83%	67%	83%	83%	33%

Reviewing Compensation

Approximately half of municipalities surveyed have reviewed their council compensation within the last four years, while 38% have done so within the last year (see Appendix A). There is no clear differentiation, based on either geography or population size for how often a municipality reviews council compensation (Appendix B). Municipalities use a range of factors to help them set their compensation levels. The most common practice that municipalities follow is to survey the compensation paid by neighbouring municipalities (74%). A smaller number (just under 40%) of municipalities work to ensure that councillor compensation is competitive. A similar number report that their ability to compensate councillors is determined by the fiscal capacity of the municipality. Relatively few municipalities (10%) use a comparison to the levels of pay that staff receive.

Chart 18.
Factors considered in council compensation reviews



There are some notable population-based differences, as seen in Table 8. Larger municipalities are far more likely to cite ensuring that councillor pay is competitive as a factor they use to set compensation levels. Very large municipalities, those with a population above 250,000, are far less likely to cite reviewing neighbouring municipalities compensation levels as a factor, while this is a common factor for most other municipalities.

Table 8.**Factors considered in council compensation reviews, by population size**

	Ensuring councillor pay is competitive	Review of neighbouring municipalities compensation levels	Determined by fiscal capacity of the municipality	Comparison to staff levels of pay
Less than 4,999	28%	67%	42%	6%
5,000 – 9,999	41%	86%	39%	9%
10,000 – 24,999	43%	75%	32%	11%
25,000 – 49,999	50%	88%	38%	6%
50,000 – 99,999	50%	63%	44%	19%
100,000 – 249,999	64%	91%	45%	27%
More than 250,000	67%	50%	33%	17%

5 CONCLUSION

While compensation is not the only factor when considering representation on local councils, it is an important one. We hope that this report will serve as a valuable resource for municipalities as they review their council compensation. Going forward to hope to continue to conduct this survey and continue to equip municipalities with tools to make better evidence-based decisions.

6 APPENDICES

Appendix A. Full survey results

What is the population of your municipality?	
Fewer than 10,000	60%
10,000 – 50,000	27%
50,000 – 100,000	6%
100,000 – 250,000	4%
More than 250,000	2%

What type is your municipality?	
Upper Tier	6%
Lower Tier	58%
Single Tier	35%

Where is your municipality located?	
Central Ontario	16%
Eastern Ontario	22%
Northern Ontario	32%
Southwestern Ontario	30%

How many members of council does your municipality have (including heads of council)?

5 Members	42.80%
6 Members	1.17%
7 Members	30.74%
8 Members	3.50%
9 Members	9.73%
10 Members	1.95%
11 Members	2.72%
12 Members	1.17%
13 Members	2.33%
16 Members	0.78%
17 Members	0.78%
18 Members	0.39%
21 Members	0.39%
23 Members	0.39%
25 Members	0.39%
31 Members	0.39%
45 Members	0.39%

Is the head of council in your municipality full-time or part-time?

Full time	14%
Part time	86%

Are the members of council in your municipality full-time or part-time?

Full time	6%
Part time	94%

Is the head of council in your municipality paid or volunteer?

Paid a salary	44%
Paid an honorarium/stipend	56%

Are the members of council in your municipality paid or volunteer?

Paid a salary	42%
Paid an honorarium/stipend	58%

If the head of council in your municipality is paid an honorarium, how much is it?

Per meeting	7%
Less than 5,000	12%
\$5,000 - 10,000	23%
\$10,000 - 20,000	26%
\$20,000 - 40,000	27%
\$40,000 - 60,000	3%
\$60,000 - 80,000	1%
More than 80,000	1%

If the head of council in your municipality is paid a salary how much is it?

Less than \$20,000	18%
\$20,000 - 40,000	47%
\$40,000 - 60,000	12%
\$60,000 - 80,000	8%
\$80,000 - 100,000	8%
\$100,000 - 120,000	2%
More than \$120,000	5%

If members of council in your municipality are paid an honorarium how much is it?

Per meeting	9%
Less than \$5,000	19%
\$5,000 - 10,000	34%
\$10,000 - 20,000	34%
\$20,000 - 40,000	4%
\$40,000 - 60,000	1%
\$60,000 - 80,000	0%
More than \$80,000	0%

If the members of council in your municipality are paid a salary how much is it?

Less than \$20,000	67%
\$20,000 - 40,000	25%
\$40,000 - 60,000	5%
\$60,000 - 80,000	0%
\$80,000 - 100,000	2%
\$100,000 - 120,000	0%
More than \$120,000	1%

Do you provide any other remuneration or benefits for your councillors?

Mileage Reimbursement	87%
Car Allowance	14%
Travel Expenses	80%
Pension Contribution	16%
Group Benefits Package	33%
Newsletters/Printing	8%
Cellphone Reimbursement	40%
Training/Professional Development/Conference Attendance	86%

When was the last time that you reviewed council compensation in your municipality?

Not sure	13%
Within the last year	33%
Within the last four years	43%
Within the last ten years	11%

What factors did you use to determine compensation for your councillors/head of council?

Comparison to staff levels of pay	10%
Determined by fiscal capacity of the municipality	39%
Ensuring that councillor pay is competitive	39%
Review of neighbouring municipalities compensation levels	74%

Appendix B.

When was the last time that you review council compensation in your municipality?

	Within the last year	Within the last four years	Within the last ten years
By Population			
Less than 4,999	41%	46%	13%
5,000 – 9,999	36%	56%	8%
10,000 – 24,999	33%	52%	14%
25,000 – 49,999	21%	57%	21%
50,000 – 99,999	54%	38%	8%
100,000 – 249,999	30%	40%	30%
More than 250,000	50%	50%	0%
By Region			
Central Ontario	46%	38%	16%
Eastern Ontario	35%	54%	10%
Northern Ontario	37%	51%	12%
Southwestern Ontario	36%	50%	14%

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	Haldimand	Norfolk	Orillia	Brant	Belleville	Kawartha Lakes		City of Peterborough	City of Brantford	Chatham-Kent	City of Kingston		Hamilton	Niagara			Oxford		
Tier	Single	Single	Single	Single	Single	Single		Single	Single	Single	Single		Single	Upper	Lower	Combined	Upper	Lower	Combined
															West Lincoln			Norwich	
Year	2018	2018	2018	2018	2018	2018	2019	2018	2018	2018	2018	2019	2018	2018	2018		2018	2018	
Population (2016)	45,608	64,044	32,000	36,707	50,716	75,423		83,500	97,496	101,647	123,798		536,917	447,888	14,500	447,888	110,862	11,001	110,862
Council Size (# of Members)	7	9	5	11	9	17		11	11	18	13		16	31	7	31	10	5	
Mayor / Warden / Chair Salary	\$79,756	\$69,083	\$82,843	\$63,385	\$81,537	\$82,809	\$111,790	\$69,612	\$89,366	\$93,605	\$89,414	\$116,856	\$184,663	\$132,477	\$30,078	The Mayor of West Lincoln represents the Lower Tier at the Upper Tier level, and receives the Mayor salary for West Lincoln (\$30,078) plus the Councillor Salary for the Region of Niagara (\$32,013) for a total of \$62,091	\$88,416	\$23,695	The Mayor of the Township of Norwich represents the Lower Tier at the Upper Tier level, and receives the Mayor salary for Norwich (\$23,695) plus the Councillor Salary for the County of Oxford (\$26,517) for a total of \$50,212
Deputy Mayor Salary	\$42,537	\$33,998				\$43,565	\$50,970	\$28,503				\$250/month					\$20,767		
Councillor Salary	\$39,879	\$31,998	\$38,621	\$23,192	\$30,320	\$41,065	\$48,050	\$28,503	\$28,614	\$28,170	\$32,868	\$40,000	\$97,357	\$32,013	\$17,854		\$26,517	\$17,568	
Currently 1/3 Tax Exempt?	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes		No	Yes	Yes		Yes	Yes	
2019 Approach (if available)		Report to be presented to Norfolk Council in June	Undetermined approach for elimination in 2019	Compensation review currently underway.	No information at this time.	Council salaries will be adjusted to gap the loss in total remuneration due to elimination of tax exemption		Increased expense account by \$10,000 in total instead of remuneration. Compensation review to be presented with the 2019 budget.	Undetermined approach for elimination in 2019	Citizen Review Committee to review Council compensation and to report back to the new Council in December 2018	Citizen Committee formed to review Council remuneration. Remuneration rates were increased.		No change required since fully taxable.	Undetermined approach for elimination in 2019	Undetermined		Undetermined approach for elimination in 2019	Undetermined	
Benefits / OMERS	All council is eligible for FT benefit package. No LTD or ADD. Eligible for OMERS	Option to pay into non-union EHC and Dental, they are responsible for full cost. No LTD. Separate life \$30k and AD&D \$200K	Eligible to purchase drugs, dental, and vision benefits. No EHC, LTD, or ADD. No OMERS	Optional health benefits (paid by elected official); No pension	Life insurance, Extended Health, Travel, Semi-private, Dental; No OMERS	Eligible for OMERS.		N/A	All council is eligible for FT/Council benefit package. No LTD. Eligible for OMERS	Mayor - full benefits as FT employee. Councillors have the option of benefits but they pay the premiums	Unchanged - same benefits as non-union employees (Life, AD&D, Extended Health, Dental OMERS)		Same benefits as non-union employees	All council is eligible for FT benefit package. No LTD or ADD. Eligible for OMERS	Group Benefits (recent addition)		Can purchase benefits and the premiums are deducted off each pay.		
Process for automatic adjustments to annual compensation for elected officials	Annual Non-Union inflationary increase applies to Council	Not commented on.	CPI adjustments annually.	Standard practice - extended non-union increases to council	Standard practice - extended non-union increases to council	CPI adjustments annually		% increase is based on lower of CPI*** or the CUPE collective agreement increase in the current year (i.e.. Nov 1, 2017 increase would use 2017 L126 rate) **CPI: Consumer Price Index. All items - Ontario as at October 31, 2018	Standard practice - extended non-union increases to council	Not automatic. In the past has been budgeted for but council refused	CPI adjustments annually			12 month average of core consumer price index (CPI) plus Conference Board of Canada's annual policy line change for non-unionized employees.	Increases are the same as union employees.		Rates tied to director pay band, therefore receive annual non-union rate increase	Extended non-union increases to council	
Annual Car Allowance Or Mileage	Mileage	No allowances, Eligible to submit mileage claims	Mileage - \$0.50/km	Mayor receives car allowance, all receive mileage	Mayor - \$4800 per year; Councillors - get mileage		Removed car allowance for 2019, still receive mileage	Mayor - car allowance	Mileage	Mayor - \$9,937 Councillor - \$3,500 mileage is \$0.49/km	Car allowance unchanged Mayor - \$5,845 Councillor - \$3,117		No allowance, however have a budget for mileage, supplies, etc.	Chair Car Allowance - \$20,266 Mileage - \$0.52/km	Mileage		Mileage		

Council Member Appointments to Boards and Committees							
Appointment	Brief Description	# of Council Members to be Appointed	Term	Approximate # meetings /year	Total # persons on Committee/ Board	Mandatory/ Discretionary	Related Division
Deputy Mayor	Assumes the duties of Mayor in his/her absence including legislative functions, presiding over meetings, dealing with media, attending public functions and executing legal documentation.	1	1 year	Unknown (as needed)	N/A	Mandatory (Procedural By-law)	Mayor's Office
Chair & Vice Chair of Council Business Divisions	Committees for the five business divisions that comprise the Council in Committee (Planning & Economic Development; Corporate Services; Public Works; Community Services; Joint Services)	1 Chair and 1 Vice-Chair for each of the 5 committees	1 year	15 (based on CIC/Council meeting schedule)	N/A	Mandatory (Procedural By-law)	All
Public Library Board	Responsible for operation of six libraries in County and annual operating budget of approximately \$1.9 million	1	4 years (concurrent with Council but continues until their successors are appointed) Term is legislated through the Libraries Act	10	7 (including 6 citizen members)	Mandatory (By-law 425-03)	Libraries
Police Services Board	Meets with OPP Detachment Commander to determine objectives and priorities for policing of the community	Mayor (or alternate) and 1 Councillor	1 year Term is not legislated but cannot exceed term of council	10 (4th Wednesday, Monthly, 9:30 am)	5 (including 1 citizen and 2 Provincial appointees)	Mandatory (Police Services Act, Sect. 10)	Corporate Services Admin.
Agricultural Advisory Committee	Ensure ongoing dialogue between County and the agricultural community; advises Council on matters, issues and policies pertaining to agriculture and agribusiness in Haldimand	1	1 year	12 (3rd Wednesday, Monthly, 6 pm)	9 (including 8 citizen members)	Discretionary	Economic Development

Appointment	Brief Description	# of Council Members to be Appointed	Term	Approximate # meetings /year	Total # persons on Committee/ Board	Mandatory/ Discretionary	Related Division
Business Improvement Area Boards of Management	Mandated to oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the designated area to a level beyond that provided at the expense of the municipality; and to promote the area as a business or shopping area. <i>3 areas (Caledonia, Dunnville, Hagersville)</i>	1 for each of the 3 designated BIA's	4 years (concurrent with Council but continue until their successors are appointed) as legislated by the Municipal Act	12 (Monthly, as scheduled by individual Boards)	Other Directors must be Members of the BIA area, voted on by members of BIA and ratified by Council	Mandatory (Municipal Act and BIA Incorporation Bylaws)	Economic Development
Court of Revision	Responsible for addressing issues with respect to assessment complaints on newly constructed municipal drains and on maintenance or upgrades to existing drains	3 + 1 alternate	4 years maximum	As Required	3 or 5	Mandatory (Drainage Act)	Engineering
Accessibility Advisory Committee	Assist Council in facilitating and improving opportunities for persons with disabilities by promoting the implementation of the legislative requirements	1	4 years (concurrent with Council) as per the approved Terms of Reference	Quarterly (schedule of meetings to be determined)	7 (including 6 citizen members)	Mandatory (Accessibility for Ontarians with Disabilities Act)	Community Services
Trails Advisory Committee	Represent and oversee trail interests on behalf of the residents and trail interest groups across Haldimand County	1	Maximum of four years, not to exceed the term of Council.	Quarterly	up to 12	Discretionary	Community Development and Partnerships
Business Development and Planning Advisory Committee	Assist business development within Haldimand County and the implementation of Haldimand County's Economic Development and Tourism strategies	2	4 years (concurrent with Council)	Quarterly	5 - 7	Discretionary	Economic Development

Appointment	Brief Description	# of Council Members to be Appointed	Term	Approximate # meetings /year	Total # persons on Committee/ Board	Mandatory/ Discretionary	Related Division
Committees Adminstered by Outside Authorities							
Tom Howe Citizen Liaison Committee	Monitors and reviews issues of concern surrounding Tom Howe Landfill Site	1	4 years maximum	4 (As scheduled by Committee)	9	Mandatory (per Certificate of Approval)	Environmental Services
Grand River Conservation Authority	Board consists of representatives of municipalities falling within the Grand River watershed	2 (also represent Norfolk's Interests upon their concurrence)	Max 3 years (as per Conservation Act, subject to change)	12 (4th Friday, Monthly, 9:30 am)	26	Mandatory (Conservation Authorities Act)	Corporate Services Admin
Long Point Region Conservation Authority	Board consists of representatives of municipalities falling within the LPRCA watershed	2	Max 3 years (as per Conservation Act, subject to change)	12 (1st Wednesday, Monthly, 6:30 pm)	25	Mandatory (Conservation Authorities Act)	Corporate Services Admin
Niagara Peninsula Conservation Authority	Board consists of representatives of municipalities falling within the NPCA watershed	1	Max 3 years (as per Conservation Act, subject to change)	12 (3rd Wednesday, Monthly, 7:00 pm)	11	Mandatory (Conservation Authorities Act)	Corporate Services Admin
Health and Social Services Advisory Committee	Responsible for reviewing reports and discussing matters related to the delivery of services such as social housing, public health, childcare and social assistance and making recommendations to Norfolk County as the designated CMSM & Board of Health	3	4 years maximum	12 (3rd Thursday Monthly, 7pm)	6 (including 3 members of Norfolk Council)	Discretionary	Corporate Services Admin
Hamilton Airport Noise Management Advisory Committee	Representatives of government, First Nations, residents, industry and airport meet to address noise control issues and concerns	1	4 years maximum	1	29	Discretionary	Planning
Source Water Protection Committees	Multi-stakeholder Steering Committee which leads the development of source protection plans within a watershed area. Haldimand falls under 2 source protection areas - Niagara Peninsula and Lake Erie	Niagara = 1; Lake Erie = 1 shared with Norfolk (member may not be a Conservation Authority appointee)	Individually determined through the respective Source Water Protection Plan	Niagara = currently, 1 to 2 per year; Lake Erie = quarterly	Niagara = 10; Lake Erie = 22	Mandatory (Clean Water Act)	Public Works
Haldimand Norfolk Housing Corporation	Manages public housing stock for Haldimand and Norfolk	1 from each Haldimand and Norfolk	2 years	9	Up to 13	Mandatory	Corporate Services Admin
Poverty Action Partnership	Raises awareness and helps to find solutions related to poverty in Haldimand and Norfolk	1	Unknown	Monthly	Unknown	Discretionary	Corporate Services Admin

POLICE SERVICE BOARDS COMPARATORS - SINGLE TIER

Municipality	Municipal Force or OPP	# of Committee Members	# of Meetings Per Year (Typically)	Size of Agenda per meeting (# hours)	Mileage Rate	Expenses Reimbursed	Annual Remuneration Per Chair	Annual Remuneration Per Member
Haldimand	OPP	5	10	2.5	0.51	yes	\$5,200	\$4,000
Norfolk	OPP	5	12	1			\$5,200	\$4,000
Barrie	OPP	5	10	4	0.54	yes	\$4,275	\$4,275
Brant County	OPP	3	10	1.25	0.51	no	\$2,618	\$2,618
Chatham-Kent	OPP	6	11	2.5	0.49	yes	\$7,200	\$4,800
Grey Highlands	OPP	5	5	2	0.45	Sometimes	\$425	\$425
Kenora	OPP	3	9	1	no	yes	\$2,040	\$2,040
Kirkland Lake	OPP	5	4	1	no	no	\$750	\$500

*Rates are presumed to be 2017/18 however have not been confirmed.