



CITY OF CHARLOTTETOWN
COUNCIL REMUNERATION & ALLOWANCES
COMMISSION REPORT

DECEMBER 2019

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ALLOWANCES COMMISSION REPORT

December 10, 2019

This Remuneration and Allowances Commission was established by a resolution of Charlottetown's City Council on June 17, 2019 pursuant to s. 82(3) of the *Municipal Government Act* R.S.P.E.I. 1988 Cap. M-12.1. The members appointed to the Commission were Gerard Mitchell, George MacDonald and Stan MacPherson.

The Commission is an independent body which is to review the compensation and allowances to be paid to Members of Charlottetown City Council and to make recommendations to Council concerning the same.

A major impetus for the present review is the Federal Government's decision to eliminate the long-standing one-third of salary income tax exemption for elected officials. This exemption was eliminated as of January 1, 2019. The exemption had subsidized Canadian municipalities for nearly 70 years.

The result of the removal of the exemption is a large decrease in take-home, or after-tax, pay for all members of Council. The after-tax losses for 2019 amounts to approximately \$10,000 for the Mayor, \$4,400 for the Deputy Mayor and \$3,900 for Councillors.

Many cities across Canada, including several in the Maritimes, have decided to fully or partially compensate their Councils for the loss in take-home resulting from the removal of the exemption.

A city cannot fully compensate its Mayor and Council members by simply paying them the same amounts as they lost due to the elimination of the tax exemption. It would take much more because the additional payments would be fully taxable too.

In the course of its review the Commission met on a regular basis, and has;

- 1.** examined the compensation report that was done for the City in 2015;
- 2.** conducted interviews with each member of Council, former Mayor Clifford Lee and former Executive Assistant Karen Lavers;
- 3.** had discussions with Charlottetown's present Chief Administrative Officer Peter Kelly;
- 4.** obtained financial information from the City's Payroll Services Officer;
- 5.** placed an advertisement in The Guardian newspaper calling for written submissions from residents and giving them plenty of time to respond. However, only three people sent submissions;
- 6.** reviewed the compensation paid to their Council by several other comparable municipalities across Canada including other Maritime municipalities;
- 7.** examined in-depth independent, compensation studies prepared for various comparable Canadian municipalities (e.g. Fredericton, N.B. and Banff, AB);
- 8.** considered the City's capacity to pay.

Charlottetown is an important and busy city. It is the Capital of Prince Edward Island and the Birthplace of Confederation. Daily it provides services to upwards to 100,000 people and yearly welcomes over a million visitors. Furthermore, Charlottetown is rapidly becoming very diverse due to increasing immigration and a large influx of foreign students.

Charlottetown's ten-member city council has a heavy workload. They have many public events to attend. They have many meetings to prepare for and attend. Each member is a chair or member of several Council committees. Councillors are also very accessible to their constituents.

A factor that has added to the workload of Council is the new *Municipal Government Act*. This legislation made the Mayor a voting member of every committee. This had the effect of raising the number of members on committees from 3 to 5. This in turn means that Councillors are members of more committees than previously was the case. The additional time it takes to prepare for and attend all these meetings takes a great toll on personal and family life.

The Commission believes the Council deserves compensation for their loss of take-home pay. However, to provide Council with the same take-home pay as it received in 2018 would require very substantial before-tax adjustments of the following order:

1. Mayor	\$18,343.14
2. Deputy Mayor	\$ 6,617.88
3. Councillors	\$ 5,902.20

The Commission believes adjustments by these amounts would take salaries beyond what could be considered appropriate.

As a result of its research and deliberations the Commission has decided to recommend only **partially compensating Council members** for the take-home pay reduction they have suffered as a result of the removal of the tax exemption. **The Commission recommends that effective January 1, 2019 the base salaries for the Mayor, Deputy Mayor, and Councillors be adjusted upward as follows:**

1. Mayor	\$ 4,000.00 (to be fully taxed)
2. Deputy Mayor	\$ 3,300.00 (to be fully taxed)
3. Councillors	\$ 3,000.00 (to be fully taxed)

The Commission acknowledges the adjustments will not make Council members whole in terms of lost take-home pay resulting from the removal of the tax exemption. However, the Commission is satisfied the adjustments will leave the Mayor and Council with pay that is both fair and reasonable and that will not deter anyone from seeking to serve on Council in the future.

The Commission recommends there be no changes to the following:

1. expense allowances;
2. pensions (City contributes 12.25% of base salary to RRSPs for the Mayor and Councillors);
3. annual salary increments (being at the lowest percentage given any City employee bargaining Unit);
4. severance payments (two weeks pay for each year served to a maximum of 26 weeks. This the same as for City staff.);
5. health and dental benefits

In the course of its work the Commission has noted several areas of concern that are beyond its authority but which it believes should be brought to the attention of Council for their further study. These matters include:

- 1. making the role of Mayor officially a fulltime job;**
- 2. limiting Mayors to two terms;**
- 3. reducing the number of Council Committees;**
- 4. revising the *Municipal Government Act* so that the Mayor of Charlottetown is not a voting member of Council Committees. The Mayor's vote should be reserved for breaking ties at Council meetings;**
- 5. revising the *Municipal Government Act* so as to make separate provisions appropriate for larger municipalities like Charlottetown and Summerside.**

Resolution of many of the forgoing matters would require consultation with and action by the Provincial Government.

The Commission thanks Mayor Brown and all the Councillors for their participation in the review process.

Sincere thanks also to:

Former Mayor Lee

Karen Lavers, Executive Assistant to Mayor's Office (retired)

CAO Peter Kelly

Cindy MacMillan

Chantal Matheson

S. Burke

as well as those who submitted written comments and responses.

Gerard Mitchell, BA., LL.B (Chair)

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