

**GOVERNANCE ADVISORY COMMITTEE**
**Review of Elected Officials' Remuneration Policy**
**Report Purpose**

To provide Council with recommendations for amending the Elected Officials' Remuneration Policy in order to ensure compliance with changes to the Income Tax Act.

**Recommendations**

1. THAT effective July 1, 2018, the annual salary for Members of Council be fully taxable and adjusted to the fully taxable equivalent rate as shown in Table A (below) of the March 27, 2018 Governance Advisory Committee report.
2. THAT effective July 1, 2018, the benefits and transition allowance, based on the annual salary, be calculated on the new annual rate as set out in Table A (below) of the March 27, 2018 Governance Advisory Committee report.
3. THAT the updated GOV-001-013 Elected Officials' Remuneration Policy, as set out in Enclosure 2 to the March 27, 2018 Governance Advisory Report, be approved.

**Rationale**

The 2017 federal budget announcement on March 22, 2017, indicated an intention to amend the federal Income Tax Act to require remuneration for certain elected office holders across Canada (which for Alberta includes MLAs, School Trustees, and municipal Mayors and Councillors) to be fully taxable. This change will take effect no later than **January 1, 2019**.

In light of the changes to the Income Tax Act, the Governance Advisory Committee reviewed the matter at their February meeting and approved putting forward the above recommendations for Council's consideration.

The following chart provides an overview of the salary for Elected Officials with both the 1/3 tax exempt rate and the full taxable rate:

**Table A**

	2018 Salary (1/3 tax exempt)	2018 Salary (fully taxable equivalent)
Mayor	\$129,247	\$154,782
Per Councillor	\$71,894	\$83,172
	Maximum Strathcona County contribution to 2018 Retirement Benefit 9.5% (1/3 tax exempt)	Maximum Strathcona County 2018 Retirement Benefit 9.5% (fully taxable equivalent)
Mayor	\$8,186	\$14,704
Per Councillor	\$4,553	\$7,901

**NB: The fully taxable equivalent salary was calculated by KPMG, auditors for Strathcona County.**

**NB: Actual benefit costs for the County may be lower if one or more Elected Official is not required to pay CPP premiums, or chooses not to participate in RRSP.**

This change to compensation will have the following implications:

- Additional cost in salaries of \$115,759 per year (\$25,535 for Mayor, plus \$11,278 x 8 = \$90,244 for Councillors).
- Additional potential cost to Strathcona County of approximately \$33,306.25 per year for RRSP contributions (\$6,517.93 for Mayor, plus \$3,348.54 x 8 = \$26,788 for Councillors).
- Additional cost to Strathcona County of approximately \$666.36 per year for Life Insurance premiums. Additional cost of approximately \$34.44 per year for AD&D premiums.
- Additional total cost of approximately \$149,766 per year.
- Elected Officials will also have increased costs for RRSP deductions and Life Insurance premiums.
- No impact to LTD premiums or the car allowances since both are fully taxed currently.

### **Updating the Elected Officials' Remuneration Policy**

Provided that Council approves the change to a fully taxable salary, the GOV-001-013 Elected Officials' Remuneration policy will need to be amended accordingly.

Further, there are also a few additional housekeeping updates that should be made to this policy:

- clarify administration's authority to update the schedule on an annual basis without bringing the schedule to Council for approval (revision made to guideline 2).
- remove Schedule B which has expired effective the swearing in of the current council.
- update the policy template to the current version.

### **Next Independent Review of Elected Officials' Remuneration**

In accordance with the Elected Officials' Remuneration policy, the next independent committee review of Elected Official compensation will take place early in the next Council term (i.e. 2021).

### **Enclosures**

- 1 GOV-001-013 Elected Officials' Remuneration Policy (current)
- 2 GOV-001-013 Elected Officials' Remuneration Policy (proposed with bolded changes)
- 3 2014 Report on Council Remuneration and Recommendations of the Public Task Force