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**Subject:** 2019 Council Member Remuneration – Impacts following changes to the non-taxable '*Municipal Officers' Expense Allowance*' under the *Income Tax Act*

**Report to:** Corporate Services Committee

**Report date:** Wednesday, June 12, 2019

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## Recommendations

1. That this report respecting '*2019 Municipal Officers' Expense Allowance*' taxation changes, effective January 1, 2019, and its impact on Council Member Remuneration **BE RECEIVED**;
2. That the Region's existing methodology for Councillor and Chair remuneration, as confirmed by the analysis and review provided in the *Niagara Region Independent External Governance Auditor Final Report, April 5, 2019 (Appendix A)*, **BE APPROVED**, with retroactive implementation to December 1, 2018.
3. That the increase in the 2019 base remuneration for Council members, including the Chair, required to offset the impact from the Income Tax Act changes, **BE APPROVED** effective January 1, 2019.

## Key Facts

- Council remuneration methodology is brought to council for consideration and approval with each new term of council. For 2019, council approved adjustments to the 2019 budget for council remuneration amendments, however deferred decisions that would increase council remuneration based on current methodology, and deferred any adjustments required to offset impacts from the Income Tax Act, until the receipt and consideration of recommendations from the Independent External Audit requested by council.
- In 2017, the Government of Canada enacted changes to the *Income Tax Act*, which eliminated the tax-exempt Municipal Officer's expense allowance across Canada as of January 1, 2019. Niagara Region complied with the removal of the one-third tax exemption on earnings effective January 1, 2019, and at the same time deferred any offset to the loss of council earnings pending the Independent External Auditor Report, as per council direction (GM 15-2018).
- Methodology established by a Council Remuneration Citizens Review Committee, CL 2.2004, was approved in 2004 and reaffirmed in 2012, directing an annual salary increase for Regional Council and Regional Chair effective each December 1. The methodology is '*an adjustment based on a twelve month average of core consumer price index (CPI) as reported by Bank of Canada, plus an increment equal to the*

*Conference Board of Canada's annual policy line change for non-unionized employees for Ontario'.*

## **Options & Financial Considerations**

### Existing methodology for annual adjustments:

Based on the formula, the annual remuneration for Regional Council members and Regional Chair would increase by **2.9%** effective retroactive to December 1, 2018. This number is comprised of a 1.4% increase related to core CPI plus a 1.5% increase based on the annual policy line change for non-unionized employees for Ontario.

As a result, retroactive to December 1, 2018, the annual remuneration of a council member would increase by \$928.38 to \$32,941.37. The annual remuneration of regional chair would increase by \$3,841.83 to \$136,318.84.

This increase to total annual council remuneration as a result of the annual adjustment is \$32,621.61 (31 councilors x \$928.38 + 1 Regional Chair x \$3,841.83) and can be accommodated within the 2019 Council approved budget.

### Adjustment to offset the impact from the Income Tax Act changes:

*Note: the adjustment effective January 1, 2019 calculation assumes the current annual methodology (as noted above) is completed PRIOR to this adjustment, and the new annual rates are already applied. This does not include considerations for individual items such as committee stipends, other taxable earnings and benefits, etc.*

An increase to council remuneration rates to offset increased income tax arising from the removal of the municipal officers allowance, would be a total increase of \$248,864 annually (inclusive of the annual adjustment noted above). If the current methodology is approved and applied effective December 1, 2018, in addition to the Income Tax Act adjustment, the new annual remuneration of a council member would increase by \$5,538 from \$32,941.37 to \$38,479.37. The annual remuneration of regional chair would increase by \$44,564 from \$136,318.84 to \$180,882.84.

The annualized compensation including the adjustment to offset the impact from the Income Tax Act changes (\$38,479 per councilor, \$180,883 for regional chair) differs from the anticipated annualized compensation noted in GM 15-2018 (\$35,786 per councilor, \$173,400 for regional chair). This is a result of the 2019 compensation being calculated based on the composition of current Council members, change in estimate used for the annual increase, as well as changes in taxes and statutory deductions rates in 2019.

Approval of an increase in the 2019 base remuneration for Council members, including the Chair, to offset the impact from the Income Tax Act changes, effective January 1,

2019, will result in a 2019 budget pressure of approximately \$58,000. Staff are recommending that the budget pressure of \$58,000 can be accommodated within the council approved 2019 budget through reprioritization of existing budget.

## Analysis

### Existing methodology for annual adjustments:

The existing methodology was first determined by a Citizens Committee authorized by council in 2003. The annual formula methodology was approved by Council (Citizens Committee on Council Remuneration: CL2 – 2004), and effective December 1, 2006, council authorized annually adjusting the regional chair remuneration on the same basis (CL3 – 2007). In 2012, a Citizens Committee report was also requested and received for information.

Over recent years, council has made some annual decisions to enact a remuneration increase that differs from the current formula methodology. The following chart outlines the wage increases that have been approved over the past several years.

Regional Council & Regional Chair	
Annual Remuneration Increase	
2008	4.68%
2009	4.11%
2010	3.23%
2011	0.00%
2012	0.00%
2013	0.00%
2014	3.00%
2015	2.93%
2016	3.50%
2017	3.30%
2018	2.60%

For the 2019 annual remuneration increase (effective December 1, 2018), based on the current formula, the annual remuneration for Regional Council members and Regional Chair would increase by **2.9%**. This number is comprised of a 1.4% increase related to core CPI plus a 1.5% increase based on the annual policy line change for non-unionized employees for Ontario.

As stated in the Niagara Region Independent External Governance Auditor Final Report and Fact Book, April 5, 2019 *“the salaries of the members of the Niagara Regional Council (including the Chair) are the lowest among Ontario’s regional governments, but*

*its council is also the largest and its population and annual operating budget the smallest...not because we think compensation for elected officials should be strictly tied to the scale of the operations they oversee, or to size of the populations they serve, but because some may find it helpful to keep such factors in mind when comparing compensation across Ontario's regional councils....There is not much that can be said with any certainty about determining appropriate levels of compensation for municipal councilors, other than that remuneration should be periodically reviewed and, at a minimum, adjusted for inflation."*

Adjustment to offset the impact from the Income Tax Act changes:

Municipalities across Canada made provisions for the income tax change for 2019 federal compliance purposes by January 1, 2019. The change will most noticeably result in an increase in income tax payable by each municipal Councillor and Chair at rates established under the *Income Tax Act*. Other impacts to the Niagara Region include a reduction to the HST tax rebate and an increase to total income subject to the Employer Health Tax.

Comparable Ontario municipal council member remuneration data was previously provided in report GM 15-2018 to assist Council in considering the ongoing competitiveness of council remuneration. The comparative data showed Niagara council remuneration to be lower than other regional governments.

As stated in the Niagara Region Independent External Governance Auditor Final Report and Fact Book, April 5, 2019, "*...it is important that the compensation be sufficient enough so that the position of regional councilor remains accessible to individuals from a variety of socio-economic backgrounds...appropriate statistical measure for Niagara Region, therefore, might be median total income, a figure which includes those who work part-time as well as those who are fully employed...this amounts to \$33,894 in 2019...Because the selection of the appropriate statistic is arbitrary, and because the connection between regional councilors and local economic performance is a tenuous one at best, we prefer adopting a simpler approach. Our recommendation is that:*

*Remuneration of the Regional Chair and councilors be increased to sufficiently offset the loss in after-tax income due to the removal of 1/3<sup>rd</sup> federal income tax exemption. "*

The adjustment to offset the impact of Income Tax Act changes as recommended to increase annual councilor remuneration to \$38,479 and Regional Chair remuneration to \$180,883 is in line with the recommendation.

## **Alternatives Reviewed**

Implementing changes to the taxation for Municipal Officers is a matter of regulatory compliance.

The alternative of maintaining current salary with no increase to offset the removal of the 1/3 tax exemption is an option however does not address the need to maintain an equitable remuneration to attract citizens from all socio-economic backgrounds to public office, is below most remuneration in other municipalities as shown in GM 15-2018 Appendix A, and not consistent with most municipalities in the transition to address the changes to the Income Tax Act.

### **Other Pertinent Reports**

- GM 15-2018: 2019 Council Member Remuneration – Impacts due to elimination of the non-taxable ‘Municipal Officers’ Expense Allowance’ under the Income Tax Act, October 4, 2018
- HR 02-2015 Revised: Council Remuneration Effective December 1, 2014 to November 30, 2015
- HR 03-2015 Council Remuneration: Annual Process
- GM 10-2017 Change to Composition of Regional Council – Additional Representative for West Lincoln
- CL 2.2004 Council Remuneration Citizens Review Committee

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### **Appendices**

Appendix A - Niagara Region Independent External Governance Auditor Final Report,  
April 5, 2019

# **FINAL REPORT**

Prepared by Andrew Sancton Consulting:  
Dr. Andrew Sancton  
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April 5, 2019

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## 1. INTRODUCTION

We are pleased to submit our second and final report as Independent External Governance Auditor for Niagara Region. This *Final Report* follows our *First Report* (dated 6 December 2018 and presented to Regional Council on 13 December 2018), and our *Fact Book* (dated 30 September and presented to Regional Council on 4 October 2018). It presents the findings from the second and third phases of our *Work Plan*, and addresses the following subjects:

- Councillor remuneration
- Councillor expenses
- Non-financial resources for councillors
- Code of Conduct
- A “review framework” for representation on Regional Council.

## 2. COUNCILLOR REMUNERATION

The second phase of our Work Plan, approved by Regional Council at its meeting on 26 July 2018, required that we provide our analysis and recommendations concerning the remuneration members of Niagara Region Council. Compensation for members of Niagara Regional Council has become an issue in large part because of recent changes to the *Income Tax Act*, which no longer allow municipalities—such as Niagara Region—to declare one-third of politicians’ salaries as expenses and thus tax-exempt. As we explained in our *Fact Book*, many—perhaps most—municipalities have responded to the elimination of the tax exemption by adjusting councillors’ salaries upwards to offset the income lost to the additional taxation, while at least some municipalities have chosen to leave their salaries unchanged. As we also document in our *Fact Book*, the salaries of the members of Niagara Regional Council (including the Chair) are the lowest among Ontario’s regional governments, but its council is also the largest and its population and annual operating budget the smallest.

During our consultations, (see the Introduction to our *First Report*), about one-third of respondents indicated that they thought the salary for regional councillors was too probably too low, given the demands on their time to attend community functions, prepare for and attend council and committee meetings, and to meet with and serve citizens. About one-half of respondents thought that the salary was probably fair, though some thought that councillors’ salaries should be “topped-up” in response to income tax changes. At the public meeting, there appeared to be little support for increasing council remuneration.

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As we wrote in our *Fact Book*, there is little that can be said with any certainty about determining appropriate levels of compensation for elected officials. In Niagara Region, our consultations revealed that nearly everyone thought that the position of a regional councillor was a part-time position, and should be compensated as such. We agree. Many of those we interviewed also explained that financial compensation was not a main motivation in their decision to run for regional council. This was especially true for those that had retired from their professions with healthy pensions, or had other significant sources of income or wealth. No one—including us—wants politicians that are primarily seeking to enrich themselves through elected office. But it is important that the compensation be sufficient enough so that the position of regional councillor remains accessible to individuals from a variety of socio-economic backgrounds.

At least one respondent raised the possibility of tying council remuneration more directly to local economic conditions. In the City of London, where we both reside, a citizen task force reviewing council compensation recommended exactly this in 2017, and councillors' salaries were set to equal median employment income for full-time, full-year workers.<sup>1</sup> As we previously stated, we do not believe the role of regional councillor in Niagara should be viewed as a full-time position. A more appropriate statistical measure for Niagara Region, therefore, might be median total income, a figure which includes those who work part-time as well as those who are fully employed. As reported in the 2016 Census, this figure is \$31,601 for Niagara Region.<sup>2</sup> Adjusted for inflation using monthly consumer price index data, this amounts to \$33,894 in 2019. However, as this exercise has just demonstrated, the selection of this particular statistic over the alternatives is somewhat arbitrary. Median total income probably *is* a better choice than median full-time income because the former includes part-time workers while the latter excludes them, but the main reason to prefer it is that the dollar amount (\$33,894) is much closer to the current salary for regional councillors than the one calculated using median full-time income (\$53,382). Because the selection of the appropriate statistic is arbitrary, and because the connection between regional councillors and local economic performance is a tenuous one at best, we prefer adopting a simpler approach. Our recommendation is that:

**Remuneration of the Regional Chair and councillors be increased to sufficiently offset the loss in after-tax income due to the removal of 1/3<sup>rd</sup> federal income tax exemption.**

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<sup>1</sup> <https://pub-london.escrimetings.com/filestream.ashx?DocumentId=32906>

<sup>2</sup> <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CD&Code1=3526&Geo2=PR&Code2=35&Data=Count&SearchText=Niagara&SearchType=Begin&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=3526&TABID=1>

### 3. COUNCILLOR EXPENSES

#### 3.1 *Limits*

From our investigations and consultative process, it is clear to us that the current council expense policy needs improvement. Almost everyone we spoke to was in favour of imposing limits on councillor expenses. As we note in our *Fact Book*, this can be accomplished in different ways. One approach is to establish an overall budget limit for expenses for each member of council, either annually or per four-year council term. The difficulty with such an approach for Niagara Region is that it may not be possible to set a budget limit that is fair and appropriate for all councillors, enables them to perform their various functions and duties, and still acts as an effective constraint on spending. An expense limit designed to cover the cost of producing and mailing a modest annual newsletter for regional councillors elected at-large in St. Catharines, for example, would not be very relevant to a councillor undertaking the same activity in Wainfleet. A similar example can be made using mileage; obviously councillors in Grimsby have farther to travel to attend council meetings than do those in Thorold. We do not oppose creating an overall budget limit for individual councillor expenses. But, for the reasons we identify above, we think it will be more effective if the existing council expense policy is amended to include the following changes:

##### 3.11 *Conference attendance*

There is currently no limit on the number of conferences councillors can attend in a given year, or on the number of councillors that can attend any particular conference. We recommend:

**That councillors may attend up to 3 conferences per year of two or more days in duration requiring overnight accommodations. Conferences must be related to their duties as a Regional Councillor, and they must register as a Regional Councillor (i.e., not as a Mayor). Conferences must be located within continental North America. No more than 4 council members may attend any one particular conference. Exceptions to these stipulations require approval of Council.**

##### 3.12 *Annual newsletter*

We understand that newsletters are an important means through which municipal councillors communicate with their constituents. We recommend:

**That councillors be reimbursed for the expenses of producing and distributing 1 newsletter annually.**

##### 3.13 *Mileage*

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It was made clear to us during our consultations that there has been controversy surrounding when mileage should be claimed for regional councillors. In our view, it is perfectly appropriate for regional councillors to be reimbursed for the cost of travelling to and from official regional business functions, such as council meetings, committee meetings (provided they are a member), training sessions, etc.. We do not think it is necessary, however, for regional councillors to be reimbursed for travel costs related to other activities that, while they may relate to their duties and responsibilities as regional councillors, do not constitute official regional business (e.g., attending community events, meeting with constituents). We recommend:

**That councillors be reimbursed for mileage for attending official regional functions only.**

### ***3.2 Legal Costs***

In addition to these changes, we also believe that legal costs arising from or in any way related to complaints under the Code of Conduct should be deemed ineligible expenses. As we document in our *Fact Book*, Niagara Region is alone among regional governments in reimbursing such expenses. While some other Ontario municipalities do reimburse legal expenses related to Code of Conduct complaints, most do so *only if* the council member is found not to have been in violation of the Code of Conduct. We do not support such a policy for two reasons. First, as a practical matter, it does not offer much guidance to councillors in their decision on whether or not to retain legal counsel in the event of a complaint, since they cannot know in advance the outcome. Second, even in the unfortunate case of a wholly vexatious or unfounded complaint, where a councillor feels highly confident of a decision in their favour, there ought to be little reason to seek legal advice; the integrity commissioner process in Ontario is designed precisely to avoid making such expenses necessary. Finally, as we explain in greater detail below, we are optimistic that the culture of the current council will be significantly improved from that of 2014-2018, and that councillors need not be as concerned about protecting themselves from vexatious or politically motivated complaints. We therefore recommend:

**That legal expenses arising from or in any way related to complaints under the Code of Conduct be deemed ineligible expenses.**

### ***3.3 Role of Staff***

We were also asked to review the role of regional staff in administering the councillor expense policy. The current Councillors Expense Policy By-law specifies the following role for staff

#### **5.2. Regional Administrative Staff**

- a) Ensure consistent application of this policy;

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- b) Process expenses in accordance with this policy;
- c) Ensure the supporting documentation is in place and that expenditures conform to this policy;
- d) Advise Members if any submitted or proposed expenditure is an Ineligible Expense or a breach of this policy;
- e) Track actual expenses against approved budget; and
- f) Each year, incorporate budget dollars in the annual budget for Council to consider for funding or reimbursing Members' Eligible Expenses
- g) Complete the yearly Councillor Remuneration Report as required by the Act

Based on our consultations and investigations, there appears little reason to change or modify the role of staff in a significant way. We do think it is important, however, that staff not be placed in the difficult position of determining whether or not a particular expense claim is eligible. We therefore recommend:

**That staff be required to forward any expense claims that do not clearly conform to the expense policy to the Audit Committee.**

As per the terms of the current regional council expense policy, it would then be the responsibility of the Audit Committee to review the claim, and provide a recommendation to Council, who makes the final decision.

Finally, to enhance transparency and accountability, we also recommend:

**That staff publish the councillor expenses quarterly disclosures on the Niagara Regional Council webpage.**

## 4. NON-FINANCIAL RESOURCES FOR COUNCILLORS

Our investigations concerning non-financial resources for councillors centred on the suitability of the existing office and lounge space for regional councillors, and the adequacy of the administrative support provided to them. Through our consultative process, we learned that administrative support for councillors is provided largely through the Clerk's Office. There, staff provide administrative assistance to councillors as required and respond to their inquiries either directly, or by steering them to the appropriate department. As we outlined in our *Fact Book*, an alternative arrangement can be found in Waterloo Region, where councillors share one full-administrative assistant.

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Among the outgoing and returning councillors that we interviewed, the overwhelming consensus was that the existing administrative resources for regional councillors were more than adequate. Most saw little to no advantage in having a full-time administrative assistant dedicated to regional councillors over the current arrangement, and many wondered how such a person's time could be evenly (or fairly) divided among 31 councillors.

Similarly, our consultations revealed that the existing office and meeting space for councillors was generally considered to be adequate. While most councillors use the space to collect mail and occasionally meet with other councillors around council and committee meetings, some councillors—generally those living in closer proximity to regional headquarters—did use the space to meet with citizens.

Our recommendation is that:

**No changes should be made to the existing non-financial resources for regional councillors.**

### 5. CODE OF CONDUCT

Under Ontario's Municipal Act, each municipal integrity commissioner is responsible, among other things, for receiving complaints about violations of the municipality's Code of Conduct. In our *Fact Book* dated 30 September 2018, we wrote the following:

In his recent annual report, Niagara's Integrity Commissioner outlined his activities over the preceding year. Unfortunately, his annual report contains no links to his reports on individual incidents, nor does Integrity Commissioner's webpage on the Region's website. We discovered some of these individual reports in the Agendas of regional council meetings only with the help of reports in the *St. Catharine's Standard* that were found through Google.

In order for regional councillors and the general public to have a better idea of how Niagara's Code of Conduct has been interpreted, our first recommendation is that:

**The Region's website contain separate pages for the Integrity Commissioner which will contain links not only to the Code of Conduct and to complaints procedures but also to the various annual reports of the integrity commissioner and to his/her reports relating to particular complaints over a significant period of time, five years perhaps.**

A possible model for such webpages can be found on the website of the Regional Municipality of York at: [https://www.vaughan.ca/cityhall/integrity\\_commissioner/Pages/default.aspx](https://www.vaughan.ca/cityhall/integrity_commissioner/Pages/default.aspx)

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From our own investigations and from our consultative process we have determined that there are two related problems concerning Niagara Region's Code of Conduct.

1. The content of the Code itself, especially the extent to which it purports to govern all aspects of regional councillors' lives or whether it relates only to their actions "in an official capacity".
2. The Code has been "weaponized" in the sense that citizens and councillors with different political views from particular councillors appear to complain too frequently to the Integrity Commissioner as a way of discrediting their political opponents.

It is our view that changing the content of the Code cannot prevent its weaponization. The Code can only be effective if it is used carefully and for the purposes for which it was intended. In our view this means that complaints by one councillor against another should be made only in the most egregious of circumstances (e.g., if a councillor received hateful personal insults or threats from a council colleague).

On the basis of our consultations, we are optimistic that the culture of the current council will be significantly improved from that of the 2014-18 council. We sensed a desire from newly-elected councillors not to continue old political battles involving the Code and its weaponization.

Regardless of future patterns of councillor behaviour, Niagara Region needs a Code of Conduct. The current one<sup>3</sup> is clearly outdated in that it makes no reference to the role of the Integrity Commissioner. It states instead that "Members of Council are encouraged to discuss any situations of concern or doubt regarding the code with the Regional Chair." The role of the Integrity Commissioner is, however, briefly referred to on the Region's webpage relating to "Complaint Process for Council Code of Conduct".<sup>4</sup>

In 2017 Regional Council hired a well-respected municipal lawyer, John Mascarin, to advise the Council's Procedural Bylaw Review Committee on the preparation of a new Code of Conduct. His advice and draft code can be found on pp.5-27 of the committee's agenda for 16 May 2017.<sup>5</sup> The Committee substantially amended the draft code before presenting it to council.<sup>6</sup> The most significant amendments related to insuring that the code only applied to members when they were acting "in their official capacities". After a long debate on 14 December 2017, Regional Council rejected the amended version, meaning that nothing resulted from the Mascarin draft.

On the basis of our consultations, we are convinced that many, perhaps most, of the current council would adopt Mr. Mascarin's proposed Code of Conduct. These councillors generally see

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<sup>3</sup> <https://www.niagararegion.ca/government/council/code-of-conduct/code-of-conduct.pdf>

<sup>4</sup> <https://www.niagararegion.ca/government/council/code-of-conduct/submit-complaint.aspx>

<sup>5</sup> [www.niagararegion.ca/council/Council%20Documents/2017/PBLRC-agenda-may-16-2017.pdf](http://www.niagararegion.ca/council/Council%20Documents/2017/PBLRC-agenda-may-16-2017.pdf)

<sup>6</sup> For the amended document, see: <https://www.niagararegion.ca/council/Council%20Documents/2017/COTW-agenda-dec-14-2017.pdf>

no reason to restrict the code's applicability to their actions "in their official capacities". Nobody seemed much interest in reviving old debates about exactly what may or may not be involved in their "official capacity. Like us, most of our interviewees had faith that no integrity commissioner would attempt to bring the Region's Code of Conduct into their private lives at home or into their activities as an entrepreneur or employee, unless their behaviour in these settings was so public and objectionable as to bring the Region into serious disrepute.

Having faith that the Region would engage reasonable and sensible integrity commissioners, we recommend that:

**Regional Council adopt the Code of Conduct proposed by Mr. John Mascarin in May 2017 that can be found on pp.20-27 of the document that is referenced in footnote 3 above.**

## 6. A "REVIEW FRAMEWORK" FOR REGIONAL COUNCIL

The final phase of our Work Plan required that we "analyze the options and make recommendations concerning a 'review framework' for Regional Council to consider concerning the determination of the number of members of its council that will represent each lower-tier municipality after the municipal election of 2022."

In our *Fact Book* we stated the following:

In 2017 Regional Council added an additional seat for West Lincoln in accordance Sections 218 and 219 of the Ontario Municipal Act. Although this action has helped equalize representation for the less populous area municipalities in Niagara, it has exacerbated the obvious under-representation of the more populous, especially Niagara Falls and St. Catharines. Because Niagara made a change to its council composition during the period 2014-18 and because of the provisions of Section 218 (11) of the Ontario Municipal Act, the Niagara Regional Council is not obliged to review its representation system until after the municipal election of 2026. If Regional Council does not affirm or amend its representation system between 2018 and 2028, the Minister of Municipal Affairs may make a regulation under subsection (7) to change the representation of one or more area municipalities. Subsection (10) states that "When considering whether to make a regulation under subsection (7), the Minister shall, in addition to anything else the Minister wishes to consider, have regard to the principle of representation by population." A lot can change between now and 2028. However, even if subsection (10) did not exist, there is much to be said for the argument that representation on regional councils, including Niagara's, should adhere more closely to

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the principle of representation by population. In this regard, Halton Region after 2018 can serve as a model.

The paragraph quoted above was designed to show that, because the Niagara Regional Council *did* change its composition for the 2018 municipal elections, it was *not* obliged to review its representational system prior to 2026. Our conclusion on this matter seemed to differ from that of the Regional CAO at the time, with whom we had briefly discussed this matter as we developed our *Work Plan*. As indicated above, however, we still believe that Regional Council, as a matter of principle, should do all it can to ensure that all Niagara Region residents are represented equally on its council.

In our *Fact Book* we presented data about the representational system in Ontario's other regional municipalities and suggested that one way by which the size of Niagara's regional council could be reduced while simultaneously adhering more closely to the principle of representation by population would be to adopt a system of weighted voting for members of regional council, a mechanism provided for in Section 218 (3) of the Municipal Act. We described how this system works for the county council in Simcoe.

### **6.1 Consultations**

During our consultations, there were very few respondents who were interested in discussing the principle of representation by population in general and weighted voting in particular. Instead, many councillors told us they believed this part of our mandate was largely irrelevant because they expected the new provincial government to take more drastic action to change the nature of regional government in Niagara. This possibility will be addressed in the next section of this report.

A significant number of people we consulted proposed that members of Niagara regional Council be elected from the four federal and provincial electoral districts that currently cover the entirety of Niagara's territory. With two councillors from each district, this would create a regional council having at least eight members. The proposal was obviously inspired by recent provincial legislation for the City of Toronto that created a 25-member council, the wards of which corresponded to Toronto's 25 federal and provincial electoral districts. We carefully considered this proposal but do not recommend its adoption for two main reasons.

1. If mayors were also on the regional council, they would outnumber the other elected members of the council. This is not a problem in itself, but the fact that there is such a variation in the populations of the lower-tier municipalities *is* a problem. We should be able to assume that the electoral districts have roughly equal populations. But the mayors certainly do not represent municipalities of equal populations. The only way to fix this problem would be to introduce weighted voting for the mayors. It would be possible, of course, *not* to include mayors on the regional council. Such an arrangement existed for

the two-tier Corporation of Greater Winnipeg (1961-71) and the Regional Municipality of Ottawa-Carleton (1994-2000). In both cases, severe conflict broke out between the two tiers, leading to provincial legislation for complete amalgamation. We would never recommend the establishment of an upper-tier regional council without membership from the lower-tier mayors.

2. A more serious problem is that there will be another federal redistribution of electoral districts following the 2021 federal census and there is no guarantee that the federal Electoral Boundaries commission for Ontario will not create an electoral district in western Niagara that might also include Haldimand County and/or parts of the City of Hamilton. Many will remember that, prior to the 2013 federal redistribution, there was a federal and provincial electoral district called Niagara West—Glanbrook. A similar electoral district might have to be created again, depending on 2021 population figures for Niagara, the City of Hamilton, and Haldimand. Because the City of Toronto is about six times more populous than the Region of Niagara, the creation of a reconfigured electoral district crossing Niagara's borders is much more likely than the creation of an electoral district crossing the boundaries of the City of Toronto. The creation of such a cross-border electoral district in Niagara would mean that Niagara could not use the federal and provincial electoral districts in the 2026 municipal election and would therefore have to devise some other representational system following the 2022 municipal election.

### **6.2 *The Province's Regional Government Review***

On 15 January 2019 the provincial government announced that it had appointed two special advisors to assist in a "Regional Government Review". (For details, see <https://www.ontario.ca/page/regional-government-review#tor>.) The mandate of the advisors is to:

...is to provide expert advice to the Minister of Municipal Affairs and Housing and to make recommendations to the government on opportunities to improve regional governance and service delivery.

Recommendations from the advisory body will focus on the following questions:

Questions on municipal governance and decision-making;

- a. Is the decision-making (mechanisms and priorities) of upper- and lower-tier municipalities efficiently aligned?
- b. Does the existing model support the capacity of the municipalities to make decisions efficiently?
- c. Are two-tier structures appropriate for all of these municipalities?
- d. Does the distribution of councillors represent the residents well?

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- e. Do the ways that regional councillors/heads of council get elected/appointed to serve on regional council help to align lower- and upper-tier priorities?

Questions on municipal service delivery;

- f. Is there opportunity for more efficient allocation of various service responsibilities?
- g. Is there duplication of activities?
- h. Are there opportunities for cost savings?
- i. Are there barriers to making effective and responsive infrastructure and service delivery decisions?

This mandate clearly overlaps with the subject matter of this, our *Third Report*.

### 6.3 Recommendations

When our *Work Plan* was formulated, we were under the impression that recent amendments to the *Municipal Act* would require Niagara Region to review its representational system prior to the municipal election of 2022. As indicated in the introductory paragraphs of this section, we quickly realized that this was not the case, because the addition of one representative for West Lincoln in 2018 meant that Niagara would not need a representational review until prior to the 2026 election. Nevertheless, we believe that there are serious problems with current arrangements. As indicated in our *Fact Book*, Niagara Falls and, to a somewhat lesser extent, St. Catharines are grossly under-represented on regional council in relation to the principle of representation by population.

We have already noted that weighted voting on regional council attracted little support during our consultations. Nevertheless, we believe that, in the context of the provincial Regional Government Review, it should be revisited. In the Table below, we present a revised version of the weighted-voting plan we presented in our *Fact Book*. This revised plan adheres even more closely to the principle of representation by population. More importantly, in the context of the province's apparent desire to reduce the total number of municipal politicians, this plan reduces the size of the Niagara Regional Council (excluding the Chair) from 31 to 25. Some may see such a reduction as relatively insignificant in the overall scheme of things, but it is an action that can be taken in Niagara without any additional provincial legislation and without affecting any current municipal boundaries. It would also show that Niagara is willing to adopt innovative solutions not previously adopted by any other Ontario regional government.

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Lower-tier municipality	Population (2016 Census)	Share of regional population (%)	Number of regional councillors	Number of regional votes	Share of regional votes (%)	Number of residents per regional vote	Relationship to regional average
Fort Erie	30,710	6.9	2	2	5.6	15,355	+23.4
Grimsby	27,314	6.1	2	2	5.6	13,657	+9.8
Lincoln	23,787	5.3	2	2	5.6	11,894	-4.4
Niagara Falls	88,071	19.7	3	3x2=6	16.7	14,679	+18.0
Niagara-on-the-Lake	17,511	3.9	2	2	5.6	8,756	-29.6
Pelham	17,110	3.8	2	2	5.6	8,555	-31.2
Port Colborne	18,306	4.1	2	2	5.6	9,153	-26.4
St. Catharines	133,113	29.7	3	3x3=9	25	14,790	+18.9
Thorold	18,801	4.2	2	2	5.6	9,401	-24.4
Wainfleet	6,372	1.4	1	1	2.8	6,372	-48.8
Welland	52,293	11.7	2	2x2=4	11.1	13,073	+5.1
West Lincoln	14,500	3.2	2	2	5.6	7,250	-41.7
TOTALS	447,888	100	25	36	100.4	12,441	--

We recommend:

**That, in accordance with Sections 218 and 219 of the Ontario Municipal Act and with the approval of the majority of its constituent municipalities, representing a majority of the Region's electors, Niagara Regional Council reduce its membership (excluding the Regional Chair) from 31 to 25 and enact a system of weighted voting as illustrated in the Table above for the municipal election of 2022.**

We fully recognize that, as a result of the provincial Regional Government Review, municipal arrangements in Niagara might be so different in 2022 so as to make irrelevant the changes we are recommending. We believe, however, that regardless of the structural preferences of the Region's constituent municipalities and/or the provincial government, Regional Council should itself take action so as to indicate its openness to change and innovation. In the event that the Regional Government Review does not lead to structural changes in Niagara, we are convinced that the representational system we propose for 2022 is considerably superior to what is now in place.