

**Draft – Citizen Committee on Council Remuneration****October 2019****Executive Summary**

The Citizen Committee on Council Remuneration (CCCR) recognizes the importance of considering both the unique circumstance of public office within the Niagara Region, and the review of compensation as it relates to municipal public office in a manner that reflects the duties, responsibilities, skill, effort, authority and decision-making.

Considering the principles considered carefully by the CCCR and the broader general principles' as laid in this report, the Recommendations strike a balance between providing a total rewards package that attracts suitable candidates and acts in the interest of accountability and transparency.

Due to the perceived conflict of interest in the process for councillor remuneration adjustments, the annual base salary increases for members of Regional Council should be adjusted by an arm's length process. Tying remuneration to the salary structure increases for non union regional staff keeps up with economic factors and removes the need for council to frequently revisit this issue.

While it is reasonable to consider basing increases to council remuneration to increases of unionized workers in the Region, especially considering the various unions represent a large portion of the workforce, though because of logistics and the nature of the bargaining process, such a process is deemed unfeasible at this time.

The CCCR doesn't believe that CPI (as it is redundant) should be a part of the formula for determining remuneration (directly) and that the Conference Board of Canada percentage is not an ideal metric and should not be considered as a part of the formula for future increases. The process of determining increases for non-union employees by the total rewards staff already considers inflation through benchmarking the cost of labour.

**Background**

Regional Council, at its meeting on June 20, 2019, determined that a Citizen Committee be established to look at Councillor remuneration (excluding the Regional Chair) and provide a report back to Council in November 2019.

**Scope of Committee (as per the Terms of Reference approved by Regional Council)**

Goals/Purpose:

- Review the current council approved methodology used for annual council remuneration increases
- Review the current external comparator group of municipalities and make recommendation on whether to maintain existing comparator group or to make amendments to existing group

- Review external comparator regional and local municipal council remuneration methodology and rates, and make recommendation for future methodology on base compensation for Regional Councillors
- Prepare final report with recommendations to CSC and Regional Council for approval

## **Approach**

### **Roles and Responsibilities: Chair & Vice Chair**

The Chair and Vice Chair were elected from Committee members

Margo Pinder serves in the role of the Chair to preside over Committee meetings so that its business can be carried out efficiently and effectively, and to act as a liaison between the Committee, the Corporate Services Committee and Regional Council.

Bob Haig serves in the role of the Vice Chair to preside over Committee meetings in the absence of the Chair and to perform any other duties delegated by the Chair or as assigned by the Committee through a majority vote.

### **Specific Deliverables:**

1. Recommendations to maintain or alter the comparator group
2. Recommendations on the annual increase methodology for Regional Councillors

### **Principles for the Recommendation**

These principles are intended as an overall preference and not absolute rules to be adhered to.

- Any recommendations would be guided by evidence-based information and conducive to *transparency, simplicity, and fairness*.
- The policy recommendations attempt to strike a balance between *the work that is required of a public official* and *the call to serve one's community*.
- Members of Regional Municipality of Niagara Council will be provided with *fair and reasonable remuneration* for performing the duties of their office.
- The CCCR should recognize the importance of considering both the unique circumstance of public office within the region of Niagara, and the review of compensation as it relates to municipal public office in a manner that reflects the duties, responsibilities, skill, effort, authority and decision-making.

### **Broader Principles Considered by the CCCR**

1. Remuneration must be *transparent, fiscally responsible, and easily understood by the electorate*;
2. Fair relativity with comparable positions;
3. The need to be fair to the individuals whose pay is being set, and to the taxpayer and other related individuals;
4. The requirements of the job;
5. The need to attract and retain competent individuals as councilors;

6. The economic conditions.

#### **Data Analysis for Assessing Current State of Remuneration –**

1. Niagara Region Union and Non-Union wage increases over the period of 2008 to 2019
2. Councilors wage increase history, including both elements of the current methodology:
  - a. Core consumer price index (CPI)
  - b. Annual policy line change for non-unionized employees for Ontario, as per the Conference Board of Canada
3. Current Regional Council Comparator group
  - a. The Regional Municipalities of Waterloo, Halton, York, Durham, and Peel and the Municipalities of Hamilton, Ottawa, Windsor and Chatham-Kent
    - i. Current base pay across jurisdictions
    - ii. Council Size across jurisdictions
    - iii. Budget size across jurisdictions
    - iv. Population size across jurisdictions
    - v. Population Growth across jurisdictions
    - vi. Income Growth
    - vii. Residents per Councilor
4. Local Municipalities within the Niagara Region
5. Other municipal methodologies and citizen committee reports, outside of the current Regional comparator group and the Niagara local municipalities
6. Landscape brief of feedback collected by Sabrina Hill
7. While input from councilors through a survey was considered by the CCCR, due to several factors including the time to prepare a survey and gather responses, time constraints for the CCCR to make recommendations and the previous CCCR survey low response rates, it was determined that a survey of councilors was not feasible.

#### **Current and Historical Relevant Information**

##### **1. Niagara Region Council Annual Salary Formula Details 2008-2019**

Year	Core CPI	Conference Board of Canada Policy Line %	Total Wage Increase %
2008	2.28	2.40	4.68
2009	1.61	2.50	4.11
2010	1.93	1.30	3.23
2011			0.00
2012			0.00
2013			0.00
2014	1.20	1.80	3.00

2015	1.53	1.40	2.93
2016	2.20	1.30	3.50
2017	2.00	1.30	3.30
2018	1.30	1.30	2.60

## 2. Niagara Region Non Union Salary Increase History 2008-2019

Year	Non Union Wage Increase %
2007	2.75
2008	3.00
2009	2.75
2010	2.00
2011	0.00
2012	0.00
2013	1.40
2014	0.00
2015	1.00
2016	1.00
2017	0.75
2018	0.75
2019	1.50

### Options Considered and Analysis

1. Consider no longer including the Conference Board of Canada non union policy line percentages as part of the methodology – While this measure is currently included in the increase methodology, the CCCR determined that the policy line percentages reported by the Conference Board of Canada was not the most appropriate measure ....need more explanation here.
2. Consider tying the increase to the core consumer price index (CPI) - While this measure is currently included in the increase methodology, the CCCR determined that the increase in the price of goods or **cost of living** increase, is not the most appropriate measure, rather a measure that follows the **cost of labour** is preferred.
3. Ensure any methodology includes consideration of both CPI and economic indicators in the Niagara Region – it was determined that a measure that reflects these is reasonable and determined that the CCCR recommendation indeed ensures consideration of local economic indicators.
4. Consider a cap on the amount, xxxx Need details here.

5. Consider use of a rolling weighted average of union staff increases – While a large portion of the Niagara Region’s workforce salary increases are determined through collective bargaining; it was determined that due to a variety of factors: including the timing of collective bargaining and interest arbitration awards; and that council directs the labour relations financial mandate directly, that this was not the best sole indicator for council increases.

OR because of logistics and the nature of the bargaining process. It was agreed that a measure that reflects internal factors was preferred.

6. Consider a methodology that includes alignment with non-union increases blended with the Conference Board of Canada non union policy line percentages – It was determined that a measure that reflects these 2 factors is reasonable and determined that indeed the CCCR recommendation ensures consideration of both.
7. Consider tying the increase to non-union staff increases – It was determined that the work of council is most similar to non union work in general, although not the same. And that several of the local municipal and regional comparators tie councilor annual increases to that of non union and/or management and professional staff increases. And as directed by the council approved non union compensation policy which states:

*It is Niagara Region’s policy to compensate its employees for their services in a way that attracts, retains and motivates top talent required to achieve Niagara Region’s mission. Based on Council’s strategic priorities, external market conditions, legislation and internal factors, Niagara Region strives to pay salaries which will compare competitively with similar occupations in the municipal public sector and the broader public and private sector comparator market. It is not intended for Niagara Region to be a market leader; but rather ensure pay structures are responsive to prevailing market conditions.*

- *External competitiveness is maintained by regular reviews of the Council approved comparator group.*
- *Niagara Region’s salary structure has been created and is maintained based on market best practices and in a manner that supports Niagara Region’s organizational design and people strategy.*
- *Niagara Region strives to maintain salaries for benchmarked positions at the 50th percentile of the comparator group.*

That, through the work performed by Human Resources to carry out the directives of the Non Union Compensation Policy, analyzing external market conditions measuring economic conditions of the cost of labour; the CCCR determined that the most appropriate method to adjust council remuneration on a regular and recurring basis is to follow the increases of the non union salary structure of the same calendar year.

## **Recommendations**

1. That the current external comparator group of municipalities including The Regional Municipalities of Waterloo, Halton, York, Durham, and Peel and the Municipalities of Hamilton, Ottawa, Windsor and Chatham-Kent **be maintained**.
2. That that current methodology approved in 2004, (Citizens Committee on Council Remuneration: CL2 - 2004) as follows:

*That councillor's pay continue to be adjusted by inflation annually. This adjustment should be based on a twelve month average of core consumer price index (CPI) as reported by the Bank of Canada, plus an increment equal to the Conference Board of Canada's annual policy line change for non-unionized employees for Ontario."*

**Not be maintained.**

3. That that currently methodology **be replaced with** the new methodology, effective December 1, 2019 and not retroactive to December 1, 2018 as follows:

*That councillor remuneration be adjusted annually on December 1<sup>st</sup>, based on the salary structure increase granted to non union employees on April 1<sup>st</sup> of the same calendar year.*

For clarity, when warranted, non union salary structure increases occur in the pay period containing April 1<sup>st</sup>. As such, the increase granted to non union staff on April 1<sup>st</sup> will be applied to councillor annual remuneration (base salary) on December 1<sup>st</sup> of the same calendar year. Where non union salary structure increases vary based on salary grade, the average increase to the 14 non union salary grades will be calculated by Human Resources staff and applied to the Regional Councillor base salary.

4. That the new methodology **remain in place** and be applied annually on December 1<sup>st</sup> until such time as Regional Council directs a change to the methodology.
5. The Regional Chair remuneration remains out of scope of the 2019 Citizen Committee on Council Remuneration (CCCR) and **remains unchanged**.