

Lynn Long

From: Helen Kauffman
Sent: Monday, March 13, 2006 8:14 AM
To: Lynn Long
Subject: FW: Council Salaries

Lynn, this looks like the first of responses to the survey.

Helen

-----Original Message-----

From: [mailto:Traci.Bednard@edmontonairports.com]
Sent: Sunday, March 12, 2006 10:22 AM
To: CMO OCC Internet Email
Subject: Council Salaries

I support higher salaries for councillors. Although I do not think monetary incentive should be what attracts Edmontonians to be a councillor, nor do I think that the salary should be a barrier for people who need to earn a competitive salary in order to make a reasonable living.

Edmonton has unique opportunities, and with that challenges over the short-term; it is critical that we are able to 'recruit' competitively in order to secure excellent leaders to steer our city.

This is my personal opinion; [not that of Edmonton Airports](#)
Traci Bednard

Land your flight at Edmonton International Airport - visit www.edmontonairports.com/etcam

Tara West

From: Lynn Long
Sent: Friday, March 24, 2006 8:25 AM
To: Tara West
Subject: FW: Compensation for City Councillors

-----Original Message-----

From: Helen Kauffman
Sent: Friday, March 24, 2006 8:01 AM
To: Lynn Long
Subject: FW: Compensation for City Councillors

-----Original Message-----

From: Brock Debenham
Sent: Thursday, March 23, 2006 6:54 PM
To: CMO OCC Internet Email
Subject: Compensation for City Councillors

I think that councilors are adequately paid right now, especially when one third of their salary is tax-free. I certainly think that there is enough interest in these jobs – there are many people running for these positions every election. If they weren't adequately paid, then you wouldn't have so many people running for these positions. If current councilors don't feel they are being paid enough, then they should not run for re-election and allow other people to take their jobs who feel that they are being paid fairly for the work that they do.

Regards,
 Brock Debenham

Edmonton, Alberta



CANADIAN
Taxpayers
FEDERATION

Fighting for taxpayers

Fair & Transparent

Council Compensation

A submission to the City of Edmonton Independent
Council Compensation Committee
March 27, 2006

Scott Hennig

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ABOUT THE CANADIAN TAXPAYERS FEDERATION

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit and non-partisan, advocacy organization dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national taxpayers organization. Today, the CTF has over 72,000 supporters nationwide.

The CTF maintains a federal office in Ottawa and offices in the five provincial capitals of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. In addition, the CTF has a Centre for Aboriginal Policy Change in Calgary dedicated to monitor, research and provide alternatives to current aboriginal policy and court decisions. Provincial offices and the Centre conduct research and advocacy activities specific to their provinces or issues in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. The CTF's flagship publication, *The Taxpayer* magazine, is published six times a year. An issues and action update called *TaxAction* is produced each month. CTF offices also send out weekly *Let's Talk Taxes* commentaries to more than 800 media outlets and personalities nationally.

CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to effect public policy change.

All CTF staff and board directors are prohibited from holding a membership in any political party. The CTF is independent of any institutional affiliations. Contributions to the CTF are not tax deductible.

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TABLE OF CONTENTS

Summary of Recommendations	4
Introduction	5
Principles for a system of council compensation	6
Transparent compensation & allowances	7
Fair compensation level	10
Annual compensation adjustment	14
Transition allowance	16
References	17

SUMMARY OF RECOMMENDATIONS

Recommendation #1:

The ICCC should base all their recommendations on council compensation on the following principles:

- Council compensation in Edmonton must become transparent. Council compensation must be presented to Edmontonians in a clear and easily understandable manner.
- Council compensation should be fair and not contain any double standards or provisions not normally available or permitted for other working Edmontonians.
- A clear distinction must be made between pay that is provided to the council member as compensation for the responsibilities of the job (ie. salary) and accountable allowances that are provided in support of the council member to allow them to perform the job (ie. expenses).
- Where an expense allowance is required for a council member to fulfil their responsibilities, complete public disclosure must be instituted to allow the member to be held accountable for the expenditure of public monies. Expense allowances should be paid on the basis of expenditures incurred, and fully receiptable.

Recommendation #2:

Create compensation transparency by abolishing the tax-free expense allowance, the one-third tax-free vehicle allowance, the one-third tax-free RRSP contribution, and the one-third tax-free deputy mayor allowance, and replace them with a fully taxable and transparent salary, equivalent to current true-value of \$85,110 for city councillors and \$167,870 for the mayor.

Recommendation #3:

After comparing current Edmonton council salaries with similar-sized cities in Canada, it supports the argument that the current level of council compensation not be increased.

Recommendation #4:

The City of Edmonton continue to use the annual change in *Average Weekly Earnings* of Albertans to annually adjust council salaries. If at such time, Statscan begins to calculate the *Average Weekly Earnings* of private sector working Edmontonians, that number should be used instead.

Recommendation #5:

The council transition allowance be terminated immediately.

INTRODUCTION

The Canadian Taxpayers Federation (CTF) welcomes the opportunity to provide input with regard to compensation for elected officials in the City of Edmonton.

In this submission, we will make recommendations on the appropriate compensation level for both mayor and council as well as selected other benefits. Further, we will discuss the appropriate mechanism for providing future compensation adjustments.

Importantly, the mechanism and transparency of compensation are of even more significance to the CTF than the level of compensation.

We trust the Independent Council Compensation Committee (ICCC) will be conducting a comprehensive review, looking at all mechanisms as well as the level of compensation.

PRINCIPLES FOR A SYSTEM OF COUNCIL COMPENSATION

Upon election, members of city council are provided with numerous indemnities and allowances designed to compensate them for their public service or to reimburse their expenses. These indemnities and allowances include: an annual indemnity, a tax-free expense allowance (one-third of annual salary), car allowance, out of capital region travel reimbursement, deputy mayor allowance, retirement allowance, transition allowance, individual councillor fund, research and assistant fund, and limited board and committee allowance.

In addition, city council members have access to certain benefit plans including partial coverage of their Alberta health care premiums, extended health plan, and dental plan. The city also provides 100 per cent coverage for council members' short-term disability, and employee family assistance plans.

This plethora of salaries, funds, benefits and allowances make it difficult for the public to understand the actual degree to which city council members are compensated for their service. This system has arisen in large part because politicians want to increase their compensation while avoiding the political backlash associated with more visible salary increases. Nonetheless, the public has the right to comprehend in a simple, straightforward manner the level of pay and allowances received by their elected representatives.

Recommendation #1:

The ICCC should base all their recommendations on council compensation on the following principles:

- Council compensation in Edmonton must become transparent. Council compensation must be presented to Edmontonians in a clear and easily understandable manner.
- Council compensation should be fair and not contain any double standards or provisions not normally available or permitted for other working Edmontonians.
- A clear distinction must be made between pay that is provided to the council member as compensation for the responsibilities of the job (ie. salary) and accountable allowances that are provided in support of the council member to allow them to perform the job (ie. expenses).
- Where an expense allowance is required for a council member to fulfil their responsibilities, complete public disclosure must be instituted to allow the member to be held accountable for the expenditure of public monies. Expense allowances should be paid on the basis of expenditures incurred, and fully receiptable.

TRANSPARENT COMPENSATION & ALLOWANCES

As mentioned, the lack of transparency in the current compensation system for Edmonton city council makes it very difficult for Edmontonians to understand how their city council members are being compensated.

There are four basic non-accountable allowances provided to city council.

1. The first is the one-third tax-free expense allowance portion of their salary. According to the federal *Income Tax Act*, the purpose of this one-third tax-free expense allowance is to provide "*an allowance for expenses incidental to the discharge of the person's duties as an elected officer.*" According to the provincial *Municipal Government Act* the purpose is "*deemed to be an allowance for expenses that are incidental to the discharge of the councillor's duties.*"

Introduced in 1947, the expense allowance was intended to help defray the expenses incurred by legislators in the performance of their duties. However, as the role of the legislator evolved from a part-time to full-time occupation, other allowances were gradually established to offset these additional costs.

No elected official receiving this allowance is required to account for these so-called expenses. No receipts are produced, no bills are turned in – the tax-free allowance is simply added to the council members' paycheque.

For Edmonton city councillors this amount is \$21,213 annually, for the mayor it is \$40,607 annually.

2. The second is the one-third tax-free deputy mayor allowance. This allowance is intended to help discharge any additional costs associated with a city councillor acting as deputy mayor for a month. Each councillor acts as deputy mayor for one month per year.

The allowance is \$300, with one-third of that being tax-free.

3. The third is the one-third tax-free car allowance. This allowance is intended to reimburse city council members for use of their private vehicles in accordance with their council duties. Again, no receipts or mileage reports have to be produced to receive this allowance.

For Edmonton city councillors, this amount is \$4,800 annually, for the mayor it is \$9,600 annually. In addition, any travel occurring outside of the capital region is also reimbursed to council members at a rate of \$0.45 per kilometre.

4. The fourth is the one-third tax-free RRSP contribution. This contribution is intended to provide council members with retirement benefits. The annual contribution is 6 per cent of the council members' total salary.

The contribution is paid out on a bi-weekly basis on regular paycheques, and does not necessarily have to be put into an RRSP, although members have the option of joining a City of Edmonton group RRSP.

The RRSP contribution is approximately equivalent to \$4,124 for city councillors and \$7,885 for the mayor, with one-third of that being tax-free.

These four compensation allowances distort the remuneration level of city council. Furthermore, the tax-free status of the separate allowances for a vehicle, RRSP, and deputy mayor call into question the necessity of the general tax-free expense allowance added to the salary. In fact, by making these other allowances one-third tax-free it clearly indicates that they are ultimately part of the general salary for council members rather than a true expense allowance.

Moreover, the tax-free status of these allowances is unacceptable. No working Edmontonian has the ability to receive a portion of their salary tax-free. Elected officials should be subject to the same tax laws as the people they govern.

If tax-free benefits were eliminated, Edmontonians would finally get a clear picture as to the actual level of compensation they provide to their elected officials.

Chart A provides a breakdown as to what the after-tax income currently is for city councillors and the mayor as well as what the estimated true-value would be if made 100 per cent taxable like that of non-elected Edmontonians.

Chart A – After-tax income and true-value salary level for Edmonton city council¹

City of Edmonton Council Position	Councillor	Mayor
Salary	\$63,638	\$121,821
Taxable Base Salary	\$42,425	\$81,214
Tax-free Expense Allowance	\$21,213	\$40,607
Deputy Mayor Allowance	\$300	N/A
Taxable Deputy Mayor Allowance	\$200	N/A
Tax-free Deputy Mayor Allowance	\$100	N/A
Vehicle Allowance	\$4,800	\$9,600
Taxable Vehicle Allowance	\$3,200	\$6,400
Tax-free Vehicle Allowance	\$1,600	\$3,200
RRSP Allowance*	\$4,124	\$7,885
Taxable RRSP Allowance	\$2,749	\$5,257
Tax-Free RRSP Allowance	\$1,375	\$2,628
Total		
Total Taxable income	\$48,574	\$92,871
Total Tax-free income	\$24,288	\$46,435
Total after-tax income	\$62,210	\$113,612
True-value of total income if made 100% taxable	\$85,110	\$167,870

* 6% RRSP allowance calculated on non-converted value of salary plus allowances

Most Edmontonians are under the impression that their council members earn \$63,638 per year and their mayor earns \$121,821. Chart A shows that the true compensation level is considerably higher. In fact, city councillors earn \$21,472 more than advertised, and the mayor earns \$46,049 more than advertised.

The intent of the full-breakdown true-value calculation of Chart A is not to make any judgement as to whether current annual council compensation levels of \$85,110 for city councillors and \$167,870 for the mayor are adequate, (handled in next section) but rather to show that current compensation is not transparent.

Recommendation #2:

Create compensation transparency by abolishing the tax-free expense allowance, the one-third tax-free vehicle allowance, the one-third tax-free RRSP contribution, and the one-third tax-free deputy mayor allowance, and replace them with a fully taxable and transparent salary, equivalent to current true-value of \$85,110 for city councillors and \$167,870 for the mayor.

¹ All calculations for true-value (100 per cent taxable) income based on 2005 tax year (pre-federal economic update tax changes – as current federal government has indicated they will be rolling-back those tax cuts) using Ernst & Young 2005 tax calculator: [http://www.ey.com/GLOBAL/content.nsf/Canada/Tax - Calculators - 2005 Personal Tax](http://www.ey.com/GLOBAL/content.nsf/Canada/Tax_-_Calculators_-_2005_Personal_Tax). Also assumes no income from other sources, no allowable deductions, no CPP or EI contributions and only entitled to basic personal exemption tax credit. These assumptions hold true for Charts B & C as well.

FAIR COMPENSATION LEVEL

Now that we have established what the actual true-value compensation level is, the next question to be answered is whether that compensation level is fair and/or adequate.

Striking the appropriate balance between appropriate use of taxpayers dollars verses being able to attract high quality candidates is often cited during these compensation reviews. It is suggested if taxpayers pay too little they will only attract those candidates who desire only to hold power, or worse, willing to compensate their compensation through graft. It is also suggested if taxpayers pay too much they will only attract those candidates looking to increase their own personal wealth and not the overall wellbeing of the taxpaying public.

Realistically, taxpayers cannot afford to offer candidates a compensation level that would replace the current compensation level for those candidates who earn significantly more than the majority of the population. However, an ingrained civic duty has still brought many of those candidates into public life. A couple examples are Newfoundland and Labrador Premier Danny Williams, and former Prime Minister Paul Martin – both of whom are multi-millionaires. Compensation levels would have to be over a million dollars annually to attract these type of candidates if their desire was financial compensation alone.

In turn, suggesting that current compensation levels for elected officials is so low that very few “quality” candidates are willing to run, insultingly suggests that our current crop of elected officials are not of a desired “quality”, or are worse, hoping to better their own finances through graft. This is a slap in the face to the many dedicated elected officials and unsuccessful candidates who have put forward their name for the betterment of their communities.

However, when considering compensation, various factors need to be examined.

Comparison to the private sector is problematic as it does not necessarily compare apples to apples. Granted, the mayor of Edmonton is in essence the CEO of a billion dollar organization. However, comparing his compensation to that of a corporate CEO running a billion dollar organization does not take into account various other benefits. Intangible, soft benefits like influence, power, recognition and celebrity do not necessarily come with being the CEO of a large waste management company, or widget manufacturer. They do however come with being the mayor of Edmonton.

Further, CEO compensation levels are determined primarily by the financial well-being of the organization. If shareholders receive a generous dividend and are financially better off than they were the year before, the CEO would have deservedly earned his salary and bonus. If the mayor’s salary was determined the same way, asking taxpayers for a 5.4 per cent tax increase in 2005 and a 3.5 per cent tax increase in 2006 might lend itself to the argument that the mayor and councillors compensation level should not be increased, as the financial well being of Edmonton’s shareholders has not increased.

In addition, just as it is difficult to compare public compensation levels with those in the private sector, factors like non-taxable allowances, and benefit packages also make it difficult to compare public sector compensation levels across the country.

In Canada, two cities whose populations are very close in number to Edmonton's are Winnipeg and Ottawa, with Winnipeg's population slightly less than Edmonton's and Ottawa's slightly more. But for the purpose of this comparison, it is also interesting to look at two other Canadian cities – Calgary and Toronto.

A cursory look at mayor and council salary levels would have the average Edmontonian believing that their city councillors earn \$63,638 a year, and their mayor earns \$121,821. If comparing that to Ottawa where their city councillors earn \$70,000 and their mayor earns \$140,000 most Edmontonians might believe their city council members are being under-compensated in comparison. However, unlike Edmonton, Ottawa does not exempt councillors and the mayor's salaries from any portion of federal and provincial income taxes.

Therefore, these comparisons are inaccurate and do not reflect the true-value compensation level. This was explicitly shown in Chart A that in fact, Edmonton city councillors earn the equivalent of \$85,110 not \$63,638, and the Edmonton mayor earns the equivalent of \$167,870 not \$121,821.

Even more problematic for comparison is the fact that, while in Edmonton every city councillor receives an annual (one-third tax-free) \$300 deputy mayor allowance, Winnipeg appoints only one full-time deputy mayor, and Ottawa does not provide any additional allowance. Also, both Edmonton and Ottawa provide a set monthly vehicle allowance, \$400 for Edmonton (one-third tax-free), \$500 for Ottawa (fully taxable), but Winnipeg instead reimburses at \$0.36 per kilometre (compared to Edmonton's out of capital reimbursement of \$0.45 per kilometre). Lastly, pension/RRSP allowances are not similar in each city and not easily comparable.

In order to provide a true "apples to apples" comparison between city councillor and mayoral salaries in Edmonton, Winnipeg, Ottawa, Calgary and Toronto, we can only look at the base advertised salary converted into after-tax income and the estimated (100 per cent taxable) comparable salary.

Chart B – City councillor advertised salary and comparable salary

Municipality	Similar-sized cities			Larger cities	
	Edmonton	Winnipeg	Ottawa	Calgary	Toronto
Total advertised salary	\$63,638	\$56,467	\$70,000	\$66,564	\$87,214
Base salary					
Taxable portion of salary	\$42,425	\$37,645	\$70,000	\$44,376	\$87,214
Tax-free portion of salary	\$21,213	\$18,822	N/A	\$22,188	N/A
After-tax income	\$54,954	\$48,133	\$52,952	\$57,255	\$62,763
Total comparable salary (100% taxable)	\$73,773	\$67,170	\$70,000	\$77,368	\$87,214

As you can see from Chart B, while the advertised salaries for city councillors in similar-sized cities range in difference by \$13,533, the comparable salaries between these city councillors really only range in difference by \$6,603 once tax laws are applied.

Moreover, while it would at first glance appear that Edmonton city councillors receive a salary \$6,362 less than that of the Ottawa city councillors, the comparable salary for Edmonton city councillors are \$3,773 *more* than Ottawa city councillors and their after-tax income is \$2,002 *more* than Ottawa city councillors.

When comparing Edmonton city councillor salaries to the larger cities, you can see that while the advertised salaries range in difference by \$23,576, the comparable salaries actually only range in difference by \$13,441 and the after-tax difference is only \$7,809. Ultimately, Edmonton city councillors only take home \$7,809 less than Toronto city councillors and only \$2,301 less than Calgary's aldermen.

Chart C – Mayor advertised salary and comparable salary

Municipality	Similar-sized cities			Larger cities	
	Edmonton	Winnipeg	Ottawa	Calgary	Toronto
Total advertised salary	\$121,821	\$105,866	\$140,000	\$133,226	\$147,857
Base salary					
Taxable portion of salary	\$81,214	\$70,577	\$140,000	\$88,817	\$147,857
Tax-free portion of salary	\$40,607	\$35,289	N/A	\$44,409	N/A
After-tax income	\$100,324	\$85,487	\$91,908	\$108,992	\$96,119
Total comparable Salary (100% taxable)	\$146,086	\$133,841	\$140,000	\$160,296	\$147,857

Again, as you can see in Chart C, while the advertised mayoral salaries for similar-sized cities range in difference by \$34,134, the comparable salaries between these mayors really only range in difference by \$12,245. Moreover, while it would at first glance appear that the mayor of Edmonton receives a salary \$18,197 less than that of the mayor of Ottawa, the comparable salary for the mayor of Edmonton is \$6,086 *more* than the mayor of Ottawa, and his after-tax income is \$8,416 *more* than the mayor of Ottawa.

When comparing Edmonton's mayor salary to the larger cities, you can see that while the advertised salaries range in difference by \$26,036, the comparable salaries actually only range in difference by \$14,210. In fact, when looking at after-tax income, the mayor of Calgary earns \$8,668 more than the mayor of Edmonton and \$12,873 more than the mayor of Toronto. Interestingly, Edmonton's mayor also takes home \$4,205 more than the mayor of Toronto.

When comparable salaries are calculated, Edmonton city councillors and mayor are higher than similar sized cities like Winnipeg and Ottawa. They are also higher than other cities like Hamilton and Vancouver, but slightly lower than a larger city Calgary. However, city councillors earn less in Edmonton than their counterparts in Toronto, the mayor of Edmonton takes home more than his counterpart in Toronto.

This comparison also doesn't take into account cost-of-living differences, which is generally considered to be much lower than cities like Toronto, Ottawa and Vancouver.

These comparisons would indicate that the current level of compensation is more than adequate, albeit far from transparent.

When considering the argument that the level of compensation must be adequate to attract quality candidates, it also appears the current compensation level is appropriate. Especially considering five current council members hold their Masters Degree, one with two Masters Degrees, three are former provincial Members of the Legislative Assembly, one is a former school board trustee, many ran successful businesses, and others include a former nurse, newspaper editor, and teacher.

Recommendation #3:

After comparing current Edmonton council salaries with similar-sized cities in Canada, it supports the argument that the current level of council compensation not be increased.

ANNUAL COMPENSATION ADJUSTMENT

Now that we have established true current compensation levels, and that the current levels are comparable if not greater than those offered in similar Canadian municipalities, the next question to answer is how best to adjust these levels of compensation?

City councils in the past have often opted to adjust their own salaries. This has led to significant pushback from taxpayers and the media:

"The Aldermanic salaries saw large increases in the '70's and '80's. Immediately after the 1977 election aldermen increased their salaries by 60% and the Edmonton Journal took them to court over this increase. The case was thrown out of court in 1978 and the judge ordered a plebiscite. City Council avoided the plebiscite and a citizen's committee that recommended a small increase finally settled the issue. In 1989 the aldermen approved a 51% salary increase over a three-year period²."

The current system in Edmonton annually adjusts council salaries by the January to January change in *Average Weekly Earnings (AWE)* of Albertans (as calculated by Statscan).

The Canadian Taxpayers Federation has been supportive in the past of the current system of annual compensation adjustment, thanks to its transparency, hands-off approach and reflection of the economic reality of council's constituents.

Allowing so-called expert, or non-partisan committees to occasionally adjust council salaries opens the door to the possibility of political meddling. The CTF will continue to support a system that is truly non-partisan, completely transparent, and fair.

We also believe using a number calculated by an impartial third-party to be a necessity.

Across Canada, various models of compensation adjustment exist. Edmonton and Calgary both use the annual change in the *AWE* of Albertans. Winnipeg uses the lesser of 7 per cent or the change in the *AWE*. Vancouver also uses the change in *AWE*. Strathcona County, Toronto, and Hamilton use the annual change in the *Consumer Price Index (CPI)*. Ottawa does not annually adjust council salaries.

Using the *CPI* is transparent and is calculated by an impartial third-party (Statscan). Using the *AWE* is also transparent, as well as being calculated by an impartial third party (Statscan).

Which calculation is fairer? That is a tough question to answer as they both have their downfalls. The *CPI* is a good measure of the inflation rate on an extensive basket of

² Council Remuneration:

http://www.edmonton.ca/portal/server.pt/gateway/PTARGS_0_2_265_210_0_43/http%3B/CMSServer/NR/rdonlyres/16DC9228-0DBF-4EAB-B6FD-CBA06650D9DD/0/CouncilRemuneration.doc

goods, plus it is calculated on a city-by-city basis. But if the inflation rate is lower or higher than what the majority of Edmontonians have received in wage adjustments, hard feelings can occur (either on the public or council members' part).

The *AWE* represents what the entire province is receiving in terms of average compensation, but it unfortunately is only calculated by Statscan on a province-by-province basis. If for example, Edmontonians received a much lower wage increase than residents in Calgary or Fort McMurray – Edmonton council could receive a much higher wage increase than most Edmontonians.

However, the benefit of using the *AWE* is that if Albertan's weekly earnings drop, so would council salaries, thereby truly reflecting the economic realities of Albertans, both when they prosper and when they do not.

Furthermore, the *AWE* as calculated by Statscan includes both public and private employees. This could mean that if city council decides to give a raise to public workers greater what the private sector has given their employees, it could boost up the *AWE* and thereby council salaries.

The ideal number for annual council compensation adjustments would be the annual change in *AWE* for private sector working Edmontonians only.

Recommendation #4:

The City of Edmonton continue to use the annual change in *Average Weekly Earnings* of Albertans to annually adjust council salaries. If at such time, Statscan begins to calculate the *Average Weekly Earnings* of private sector working Edmontonians, that number should be used instead.

TRANSITION ALLOWANCE

The council transition allowance provides two weeks salary for each year of service (after October 2001), to a maximum of six months for all council members at the time that they leave office.

Annually it would be approximately equivalent to an additional \$2,802 for city council members and \$5,358 for the mayor³.

Members are currently entitled to their transition allowance even when the decision to leave public office is entirely their own. No distinction is made between the individual who is defeated in an election and the individual who chooses not to run for re-election.

However, the CTF is of the opinion that the ICCC should recommend the transition allowance be eliminated altogether. The principle that governs severance in the private sector suggests that those terminated with just cause should not be eligible for compensation. It is our view that when voters choose to defeat an incumbent they do so with just cause, and therefore have no obligation to pay severance to the council member in whom they no longer have confidence.

The CTF is also of the opinion that those members, who chose to leave public office on their own, should not receive severance either. Again, employees in the private sector who opt to resign or retire do not generally receive severance payments, therefore neither should elected officials.

Those council members elected in 2001 or before would be eligible to receive approximately \$16,812 each if defeated or retired in 2007. Those elected in 2004 would be eligible to receive approximately \$8,406 each if defeated or retired in 2007. The mayor would be eligible to receive approximately \$24,280. If all council members are either defeated or resign in 2007, taxpayers would have to pay a total of approximately \$200,806 in transition allowance costs.

Recommendation #5:

The council transition allowance be terminated immediately.

³ Numbers calculated on total non-adjusted salary including any tax-free allowances and RRSP contributions.

REFERENCES

City of Edmonton:

Current Remuneration for Members of City Council:

<http://www.edmonton.ca/OcctopusDocs/Public/COMPLETE/REPORTS/IC/Elected-1995/2006-03-02/benefits06.doc>

Council Remuneration:

http://www.edmonton.ca/portal/server.pt/gateway/PTARGS_0_2_265_210_0_43/http%3B/CMSServer/NR/rdonlyres/16DC9228-0DBF-4EAB-B6FD-CBA06650D9DD/0/CouncilRemuneration.doc

Tax Exemption for Councillors:

<http://www.edmonton.ca/OcctopusDocs/Public/COMPLETE/REPORTS/IC/Elected-1995/2006-03-02/2006CMC013.doc>

Car Allowance:

<http://www.edmonton.ca/OcctopusDocs/Public/COMPLETE/REPORTS/IC/Elected-1995/2006-03-02/2006COH007.doc>

Municipality Council Compensation Survey:

<http://www.edmonton.ca/OcctopusDocs/Public/COMPLETE/REPORTS/IC/Elected-1995/2006-03-02/Municipal%20Compensation%20-%20Final.xls>

Canadian Taxpayers Federation:

Fair Wages – A Submission to the Citizens' Panel on MLA Remuneration, CTF – British Columbia Division, December 1996

Edmonton Journal article titled "Council pay 'Inadequate'", on March 17, 2006
city@thejournal.canwest.com

I believe that the existing Edmonton city council's salary compensation is adequate based on an analysis (Attachment 1) of the provided salary data of various large Canadian cities.

As shown in Attachment 1, this analysis involves two steps – i) normalization and ii) the calculation of salary equivalence to account for 1/3 tax exempt portion.

Normalization involves converting the salaries of the cities to the same point of reference or as if the cities were to have the same level of cost of livings. This step is necessary because of the inherent difference in the cost of living standards existed between the cities across Canada. For example, using the 2006 salary variance index provided by Robert Half Finance & Accounting Inc., the "cost of living" index measuring at 100 as the norm, for Edmonton is 95.5 and for Calgary is 103.9. The higher number in Calgary would indicate a higher salary requirement to account for the higher cost of living in that city.

Using this set of indices, the salaries of the cities can be normalized and a fair comparison can be established. The result shows that the salary compensation between Edmonton and Calgary's city council is generally very similar, is lower than those of Toronto and Ottawa, but is higher than that of Vancouver.

To complete this analysis, the second step which is to calculate the salary equivalence to account for the one-third tax free allowance is crucial in that not all the cities, except for Edmonton, may have this tax exempt allowance provision. Two assumptions are made in this calculation. First, Edmonton's city council is assumed to be the only one that has the 1/3 tax free allowance. Second, the tax rate at the highest tax bracket is assumed at 40% for ease of calculation. The result shows conclusively that the salary compensation for Edmonton's city council is the highest among the five cities used in the comparison.

Therefore, based on the provided salary data, it can be concluded that the existing Edmonton city council's salary compensation is adequate.

By John Wong

Attachment 1: City Council Salary Comparison

Year	City	Salary Variance Index	Unnormalized ¹		Normalized @index=100 ²		Salary Equiv. to 1/3 Tax Free ^{3,4}	
			Mayor	Councillor	Mayor	Councillor	Mayor	Councillor
2006	Calgary	103.9	133,200.00	66,600.00	128,200.19	64,100.10	128,200.19	64,100.10
2006	Edmonton	95.5	121,820.00	63,638.06	127,560.21	66,636.71	155,906.92	81,444.87
2006	Toronto	105.1	147,900.00	87,200.00	140,723.12	82,968.60	140,723.12	82,968.60
2006	Ottawa	99.5	140,000.00	70,000.00	140,703.52	70,351.76	140,703.52	70,351.76
2006	Vancouver	102.5	119,000.00	52,400.00	116,097.56	51,121.95	116,097.56	51,121.95

Notes:

1. Edmonton Journal's article titled "Council Pay Inadequate" as appeared on March 17, 2006 page A3
2. Salary variance index as per Robert Half Finance & Accounting's 2006 Salary Guide
3. Assume only Edmonton's City Council has 1/3 tax free allowance
4. Assume top tax bracket effective rate at 40%

Tara West

From: Lynn Long
Sent: Tuesday, March 28, 2006 10:23 AM
To: Tara West
Subject: FW: City Council Compensation Review

Just came in.

Lynn Long
Administrative and Meeting Assistant
Office of the City Clerk
496-8178

-----Original Message-----

From: Helen Kauffman
Sent: Tuesday, March 28, 2006 10:21 AM
To: Lynn Long
Subject: FW: City Council Compensation Review

-----Original Message-----

From: Travisha Bell-Thompson (mailto:travisthompson@hotmail.com)
Sent: Tuesday, March 28, 2006 10:17 AM
To: CMO OCC Internet Email
Subject: City Council Compensation Review

No I do not believe raises are in order. There are too many homeless people, and the fire department, transit just went up, taxes are up. Until OUR house is in order, I find it insulting that they would ask. Where is your raise, look out the window at the debacle called Sir Winston Churchill Square, then go to the park and look at the fancy pyramid called City Hall. May I suggest they go to the homeless of Edmonton, they're easy to find, and ask them personally if they feel they deserve a raise. I'm sorry i'm not trying to be rude, but I have to be honest.

Daniel Kroshewsky

Edm City Center

Lynn Long

From: Helen Kauffman
Sent: Friday, March 24, 2006 4:07 PM
To: Lynn Long
Subject: FW: City Council compensation review

-----Original Message-----

From: [REDACTED]
Sent: Friday, March 24, 2006 1:24 PM
To: CMO OCC Internet Email
Subject: City Council compensation review

As my dad does not have an e-mail account of his own, this submission is being sent on mine. His contact numbers are at the bottom of the page.

Re: Edmonton City Council compensation.

An elected municipal official's compensation must be based upon the community that it serves. It is not appropriate to compare other geographic areas because individuals do not move from one community to another solely to become a candidate.

Organizations will compare compensation for those positions where compensation to attract and to retain appointed (non-elected) employees from other geographic areas exists. Such compensation does not exist for elected municipal officials; sometimes elected officials believe they should be compared ---more of an ego issue than reality. It is solely Edmonton that is the reality for our council. It is not appropriate to compare compensation to other Alberta centers, such as Lethbridge, Red Deer, Fort McMurray, etc.

One needs to consider and to establish 'benchmark' salaried positions that exist in Edmonton; survey them; determine an acceptable relationship, i.e., quartile level; consider any "tax-free" level to arrive at a 'net' compensation level per the income tax system.

The compensation level can be equated to an hourly rate which can be used to establish any meeting allowance(s).

Benefits per the City of Edmonton negotiated union contract levels; if appropriate, mileage allowances can be based upon estimated transportation levels and equated to a flat monthly car allowance; severance per union contracts. Travel/subsidy per city policy for all employees.

A flat dollar annual pension allowance allows the elected official to either direct the monies to a personal pension account or to be taken as an annual taxable benefit paid directly to the person. This flexible system would allow elected officials to consider their own financial needs. Once selected, the system would not be altered.

Yours,

R.K. (Rod) Larsen
Edmonton, Alberta

Edmonton, AB

March 27, 2006

Dear Mr. Mayor and esteemed councilors:

As per the issue of the current level of remuneration of our duly elected representatives, it is higher than need-be.

Remuneration at the rate of \$121,820/year for the position of mayor and \$63,638.06/year for the position of councilor plus additional pensions, perquisites and severance only creates a class of citizens so privileged at the expense of their non-elected fellow citizens.

Lucrative salaries and benefits of such nature would be understandable for those working in the field of professional management. But it is not so for those among us as citizens in general, whose sworn duty as elected lawmakers is to deliberate by proxy of their fellow citizens on those matters so facing our city and its purse strings.

In order to discharge their duties as such, our elected preventatives need to be held vulnerable on the same playing field as their non-elected peers among the general populace. To hold them on such a level field only adheres to the principals of responsible government and representative democracy upon which our province and our dominion are built.

Please find attached my personal proposals regarding this issue. Such are not drafted out of enmity for any current or formerly sitting mayor or councilor. Instead, they are furnished in the interests and hopes of furthering the quality of democratic representation and decision-making on Edmonton city council.

Sincerely yours,

Mr. (Joe) Mahoney,
Interested citizen and taxpayer

Encl.
JM/jm

City Council Compensation Recommendations

By Mr. J. Mahoney, private citizen

(1.) Abolish the current mayoral salary of \$121,820 per year and all additional allowances and perquisites as well. Replace this with a \$1,750.00 per-diem allowance paid for each of 45 days of city council Meetings. Additional to such, no other perquisites.

(2.) Abolish the current city councilor salary of \$63,638.06 per year and all other pension, severance pay and perquisites as well. Instead, pay a \$250.00 per diem allowance based on 45 days of city council meetings. Allow for no other perquisites.

(3.) Change the position of city councilor to that of part-time. I understand that presently, Councilors do work long hours at their posts with heart-felt dedication to such. However, limiting city council meetings to a set number of days during a certain season of the year and having councilors work in the private sector would enhance the caliber of Democratic representation in the enterprise of local government.

(4.) Submit any future alterations to the salary and benefits to a binding city-wide referendum.

Mr. Mayor and esteemed councilors, thank you for the opportunity to submit my opinion and proposals for consideration on this important issue.

Tara West

From: Lynn Long
Sent: Monday, March 27, 2006 8:36 AM
To: Tara West
Subject: FW: Edmonton Council Compensation Review

-----Original Message-----

From: Helen Kauffman
Sent: Monday, March 27, 2006 8:28 AM
To: Lynn Long
Subject: FW: Edmonton Council Compensation Review

-----Original Message-----

From: [redacted]
Sent: Saturday, March 25, 2006 2:12 PM
To: CMO OCC Internet Email
Subject: Edmonton Council Compensation Review

Please forward to Compensation Committee,

After reviewing much of the information provided on the Edmonton City website plus information gained from newspapers plus other sources, I honestly feel that current councillors are adequately compensated! I feel that compared to other professions/occupations with similar responsibilities and backgrounds, that they are compensated well! This compensation includes a travel allowance which is tax free I understand...how many other occupations receive a similar benefit, besides a traveling sales person or some priests? Furthermore, they do get applicable extra compensation for attending various commission or board meetings, in fact, double dipping! Some of the councillors are also receiving a pension from their previous employment, again double dipping...is this right?

Finally, if councillors are not happy with their current salaries and benefits, they could always resign and I'm certain that others perhaps more capable and willing individuals will gladly replace them for what I consider a fully adequate compensation package and annual reviews!
 Basically, status quo!

Mitch Makowsky
 Ward 5 Resident

Tara West

Subject: FW: Compensation of Councillors

-----Original Message-----

From: Helen Kauffman**Sent:** Monday, March 27, 2006 2:10 PM**To:** Lynn Long**Subject:** FW: Compensation of Councillors

-----Original Message-----

From: Paul Precht**Sent:** Monday, March 27, 2006 1:56 PM**To:** CMO OCC Internet Email**Cc:** Stephen Mandel**Subject:** Compensation of Councillors

I see that add in today's Examiner, and am rather appalled that you would be comparing earnings from jobs which are taxable with those that are 1/3 non-taxable. That is comparing apples and oranges, a disservice to citizens of Edmonton and does not lead to good decisions. The comparable rate for councilors should be \$73,620.43 (if you care to do the arithmetic, 1/3 salary is \$21,212.67 and the marginal tax rates are 22% federal and 10% provincial, for a tax-free equivalent of \$31,195.10 on that 1/3 of the salary).

That may or may not be the appropriate compensation for councillors. But, I would respectfully suggest that you withdraw the ads and any deadlines associated with this compensation review until you print appropriate apologies and corrections that allow people to respond based on proper information. Thanks for the prompt actions you are about to take to correct this unfortunate error.

Paul Precht

11726-48 Ave

Lynn Long

From: Helen Kauffman
Sent: Monday, March 20, 2006 2:15 PM
To: Lynn Long
Subject: FW: Independent Council Compensation Committee Information

Another one

Helen

-----Original Message-----

From: [REDACTED]
Sent: Monday, March 20, 2006 1:39 PM
To: CMO OCC Internet Email
Subject: Independent Council Compensation Committee Information

What do you think is adequate compensation to attract a full range of citizens from all walks of life to serve on City Council?

Good day,

According to Stats Canada, the average family income is in the neighborhood of \$65,000/year.
<http://www40.statcan.ca/l01/cst01/famil22a.htm>

Why should a single City Councilor make more than an average family living in Alberta?

City Councilors represent the community, they should be in their position because they want to make a difference and not to make money. I believe that City Councilors should make even less money. Councilors should not take more money away from the community, they should be giving back.

I would like to see a Councilor's salary being \$36,000/year. This number better reflects their choice to give back to the community while making a fair salary to live off of.

Thanks,

Keri Ann Reid

[REDACTED]

Edmonton, AB

[REDACTED]

[REDACTED]

03/20/2006

Lynn Long

From: Helen Kauffman
Sent: Tuesday, March 21, 2006 8:34 AM
To: Lynn Long
Subject: FW: City Councillors Payment

-----Original Message-----

From: Roger Ward
Sent: Tuesday, March 21, 2006 8:28 AM
To: CMO OCC Internet Email
Subject: City Councillors Payment

1. The salary for the position was known at the time of election
2. Only increase that could be expected at that time would be for inflation
3. The responsibilities and scope of activities have not changed since the election
4. The comparison with Calgary is not correct, as the Calgary Councilors are greater responsibilities for City services, which in Edmonton case have been contracted out to Epcor.
5. There is no justification that payment should match or be greater than other cities. (some one has to be low, why not Edmonton)
6. In the last 40 odd years the make up, careers and experience of City Councilors has not changed very much. There has not been any substantial increase in expertise between this council and others. (just average IQ)
7. Neither have business persons with experience of major organization shown any interest in running for council for the last 40 odd years.
8. Face it the City is run by the administration, and Councilors in general accept the advise given.

Roger Ward roger.ward@cityofedmonton.ca Cell # 717 1078