

Clause embodied in Report No. 14 of the Administration Committee, as adopted by the Council of the City of Toronto at its regular meeting held on November 26, 27 and 28, 2002.

**2****New Municipal Act 2003  
Adjustment to Elected Officials  
Salary, Pension and Benefits**

*(City Council, at its regular meeting held on November 26, 27 and 28, 2002, amended this Clause by adding thereto the following:*

*“It is further recommended that:*

- (1) *Council adopt the report dated November 25, 2002, from the Chief Financial Officer and Treasurer, embodying the following recommendation:*

*‘It is recommended that staff be authorized to continue discussions with the Province related to the transition rules per the recent amendments to the Municipal Act.’; and*

- (2) *Council adopt the confidential report dated November 25, 2002, from the City Solicitor, such report to remain confidential, in accordance with the provisions of the Municipal Act, having regard that it contains information which is subject to solicitor-client privilege, save and except the following recommendations embodied therein:*

*‘It is recommended that:*

- (1) *Council authorize appropriate City staff to approach staff of the Ministry of Municipal Affairs and Housing, and, if necessary, the Minister, to request amendments to the Municipal Act, 2001, to rectify the shortcomings/omissions in the wording of that Act, and the existing Municipal Act, as described in this report; and*
- (2) *Council receive, for information, the part of this report describing the age-69 pension issues.’ ”)*

**The Administration Committee recommends:**

- (1) **the adoption of the report (October 17, 2002) from the Chief Financial Officer and Treasurer;**

- (2) **that Council protest to the Minister of Municipal Affairs and Housing, the elimination of the Type 6 pension which since 1985 has allowed Members of Council, at their own expense, to pay an additional 1.5 percent in order to achieve full retirement after 20 years of service;**
- (3) **that Council indicate to the Minister of Municipal Affairs and Housing that with the elimination of Type 6 pension, a Member of Council must serve 35 years in order to reach a full pension, a feat that is all but impossible to attain; and**
- (4) **that Council request an urgent meeting with the Minister of Municipal Affairs and Housing, with the assistance of the Association of Municipalities of Ontario, prior to the new Municipal Act coming into effect on January 1, 2003, to discuss the development of an alternative option to the Type 6 pension which will recognize a compressed career service level for all Municipal politicians.**

The Administration Committee reports, for the information of Council, having requested the City Solicitor to submit a report directly to Council for its meeting scheduled to be held on November 26, 2002, on the legislative issues related to retiree benefits for Members of Council; and pension issues for Members of Council over the age of 69.

**The Administration Committee submits the following report (October 17, 2002) from the Chief Financial Officer and Treasurer:**

Purpose:

This report provides recommendations on adjustments to Elected Officials salaries, as a result of the elimination of the one-third tax-free portion of an Elected Official's salary, effective January 1, 2003. This report reviews the effect of this adjustment from Elected Official's pensions and also outlines the effect of the deletion of the City's authority to provide for a Supplementary, Type 6 pension for members of Council. This report also provides recommendations on harmonizing the level of retiree benefit plans for Elected Officials.

Financial Implications and Impact Statement:

It should be noted that the net income from each Councillor and the Mayor will not increase following the recommended salary adjustments. A Councillors' annual salary is currently \$67,807.50, the Mayor's \$107,240.12, one-third of which is tax-free. The adoption of Recommendation No. (1) will maintain the normal net pay with a Councillor's taxable salary adjusted to \$82,097.64 and the Mayor's salary to \$139,197.90. The total increase to the 2003 budget will be \$660,724.00 ((\$14,290.14 x 44 - Councillors) + \$31,957.78 - Mayor).

The present value of the current liability of providing retiree benefit plans to all City employees is \$430 million of which the current liability of providing retiree benefit plans to the Mayor and Councillors ("Elected Officials") is \$1 million (or 0.23 percent of the total liability). The liability of the proposed retiree benefit plan for Elected Officials is \$1,100,000, an increase of \$100,000. This is a future cost that will be funded from the Employee Benefit Reserve.

Recommendations:

It is recommended that:

- (1) in accordance with the new Municipal Act which eliminates the one-third tax free portion of an elected officials salary and, in order for all Councillors and the Mayor to maintain their normal net pay, their gross salary be increased to \$82,097.64 for Councillors and \$139,197.90 for the Mayor effective January 1, 2003;
- (2) the level of retiree benefit plans be the same as those available to MPPs in the Province of Ontario as presented in this report and that the Proposed Elected Officials retiree benefit plan, be approved for all Elected Officials who meet the qualifications outlined in this report;
- (3) any changes resulting from changes to the Retiree Benefit Plan for Elected Officials at the Province of Ontario will be reviewed by the Director, Pension, Payroll and Employee Benefits Division and automatically applied to the Retiree Benefit Plan for Elected Officials at the City of Toronto; and
- (4) authority be granted to introduce the necessary bills and the appropriate City officials be authorized to take the necessary action to give effect thereto.

Background:

Effective January 1, 2003, a Member of Council's right to remuneration is being changed. Under section 283 of the *Municipal Act, 2001*, the one-third tax free portion of an Elected Official's salary will be eliminated unless Council has passed a prior resolution under subsection 255(2) of the *Municipal Act, R.S.O. 1990*, (the "Old Municipal Act") to continue the exemption. This change has implications on not only an Elected Official's salary but also their pension. The Supplementary Type 6 Pension Plan will cease on December 31, 2002. This report provides recommendation on implementing new salaries in order to maintain an Elected Official's normal net pay effective January 1, 2003, when the one-third tax free portion is eliminated.

In addition, on February 14, 2002, Council adopted a report which harmonized the level of active and retiree benefit plans provided to management and non-union employees. Council deferred the recommendation in that report that dealt with the establishment of a harmonized retiree benefit plan for Elected Officials. Staff were to report back on a recommended retiree benefit plan in conjunction with the recommendations on the issues of the Elected Officials salary and pension. This report provides a recommendation for a retiree benefit plan for current and future Elected Officials.

Comments:

Salary:

The Toronto Transition Team made a number of recommendations regarding the amalgamation of the City of Toronto, one of which was establishing the salaries for Members of Council. The Transition Team recommended that the Mayor should be paid \$140,000 and Councillors should be paid \$79,500. These calculations were based approximately on current salaries, with an adjustment for loss of the existing tax-free allowance.

At the City of Toronto Council meeting of January 2, 6, 8 and 9, 1998, Council adopted the following motion:

“That Recommendation 11 of the final report of the Toronto Transition Team be amended to provide that, until the matter of salaries for Members of Council and tax-free portions has been resolved, the salaries for Councillors be set at \$64,503.13, one-third tax free, as it was for the previous Metropolitan Councillors; and, further, that the Mayor’s salary also remain the same as the previous Metropolitan Chair.”

At the City of Toronto Council meeting of February 4, 1998, Council adopted the following motion:

“NOW THEREFORE BE IT RESOLVED THAT in accordance with Section 46 of the Council Procedural By-law, the issue of salaries for the Mayor and Members of City Council be reopened for further consideration;

AND BE IT FURTHER RESOLVED THAT the interim salary for Councillors be established at \$61,300.00, and that the Mayor’s salary be set at \$101,083.50;

AND BE IT FURTHER RESOLVED THAT upon passage of Provincial legislation eliminating the tax-exempt provisions for municipal representatives, City of Toronto Councillor Salaries be set at \$79,500.00; that the Mayor’s salary be set at \$140,000.00, as recommended by the Transition Team’s Final Report;

AND BE IT FURTHER RESOLVED THAT the Council of the City of Toronto request that the Minister of Municipal Affairs of the Province of Ontario introduce legislation at the earliest possible time to amend tax-exempt provisions for salaries.”

City Council in August of 2000 approved recommendations to deal with future remuneration for Members of Council as follows:

“(1) the report dated August 3, 2000, from Mayor Lastman, embodying the following recommendations, be adopted:

It is recommended that:

- (1) the remuneration for Members of Toronto City Council include a three percent annual salary increase to be effective January 1<sup>st</sup> of 2001, 2002 and 2003;
  - (2) for each of the following years the annual salary increase be based on the Consumer Price Index, as determined by Statistics Canada; and
  - (3) the appropriate City officials be authorized and directed to take the necessary action to implement the decision of Council; and
- (2) Council reaffirm its previous requests of the Province of Ontario to eliminate the one-third tax free allowance for elected officials.”

The interim salary as set out in their February 4, 1998 meeting, along with the increases, were established in By-law No. 872-2000, now codified in Municipal Code Chapter 223, Remuneration for Council Members, as Article I, Remuneration of Mayor and Members of Council.

In 2001, the Old Municipal Act was amended by adding subsection 255(2). This amendment removes the 1/3 tax free expense allowance effective January 1, 2003, unless the municipality passes a resolution before January 1, 2003, stating its intention that one-third of the remuneration paid to the elected Members of the Council and its local boards shall continue as expenses incident to the discharge of their duties as members of the council or local board.

The *Municipal Act, 2001* comes into force on January 1, 2003. The stipulation that no part of the remuneration of Members of Council shall be deemed to be for expenses is continued in section 283 of this Act. However section 283 also provides an exception to the stipulation. If a resolution passed under subsection 255(2) of the Old Municipal Act is not revoked before January 1, 2003, the resolution is deemed to be a by-law of the municipality and one-third of the remuneration is still deemed to be expenses. Under section 283, this by-law must be reviewed at least once during the three-year period corresponding to the term of office of its members after a regular election.

A Councillor's gross salary is currently \$67,807.50 with an annual net pay of \$52,571.19. These amounts will increase as a result of the Council approved salary increases noted above on January 1, 2003, to \$69,841.73 gross and \$54,071.82 net, while maintaining one-third tax-free.

With the implementation of the change in the *Municipal Act, 2001* and no change to the gross salary, a Councillor's net pay will decrease to \$46,395.79. In order to maintain the same level of net pay, a Councillor's gross salary must be increased to \$82,097.64. This recommendation serves to maintain the level of net pay currently being paid to Elected Officials.

These amounts, as well as those that apply to the Mayor's salary are illustrated below:

	Councillor's Salary			Mayor's Salary		
	2002 1/3 tax free	2003 1/3 tax free	2003 fully taxable	2002 1/3 tax free	2003 1/3 tax free	2003 fully taxable
Gross Pay	67,807.50	69,841.73	82,097.64	107,240.12	110,457.32	139,197.90
Deductions						
Canada Pension Plan	1,673.20	1,673.20	1,673.20	1,673.20	1,673.20	1,673.20
OMERS Basic Plan	3,286.80	3,368.17	5,500.36	4,864.13	4,992.81	8,926.37
OMERS Supplementary Plan	2,260.25	2,328.06		3,574.69	3,681.93	
Income Tax	8,016.06	8,400.48	20,852.26	15,748.74	16,534.16	45,023.11
Net Pay	52,571.19	54,071.82	54,071.82	81,379.36	83,575.22	83,575.22

All calculations are done using the 2002 Canada Pension Plan and Income Tax Rates. It is also assumed that full contributions are being made to the OMERS pension plan.

In addition to the analysis provided, staff also surveyed other local municipalities as well as regional levels of government including the province to compare the recommended salary levels. The results of this survey are attached as Appendix A.

A summary of this information is listed below. This chart compares the proposed salaries for the City of Toronto to those of provincial MPPs and Councillors or Chairs for the Regional Municipalities of Peel and York in 2002.

	City of Toronto Proposed 2003		Province of Ontario 2002		Peel Region <sup>(1)</sup> 2002		York Region <sup>(2)</sup> 2002	
	Councillors	Mayor	MPPs	Premier	Councillors	Chair	Councillors	Chair
Taxable	82,097.64	139,197.90	82,757.00	148,383.00	72,027.67	129,224.00	62,636.00	140,466.00
Non-Taxable	-	-	-	-	16,105.33	-	13,310.00	-
Gross Pay	82,097.64	139,197.90	82,757.00	148,383.00	88,133.00	129,224.00	75,946.00	140,466.00
Deductions								
Canada Pension Plan	1,673.20	1,673.20	1,673.20	1,673.20	1,673.20	1,673.20	1,673.20	1,673.20
OMERS Basic Plan	5,500.36	8,926.37	-	-	4,896.16	8,327.94	4,332.66	9,002.46
OMERS Supplementary Plan								
Income Tax	20,863.11	45,284.23	23,540.03	53,734.31	16,586.43	40,884.65	13,391.07	45,843.60
Net Pay	54,060.97	83,314.10	57,543.77	92,975.49	64,977.21	78,338.21	56,549.07	83,946.74

- (1) Includes remuneration as a Councillor from City of Mississauga - Fully taxable for Regional Salary, 2/3 taxable for municipal salary.
- (2) Includes remuneration as a Councillor from City of Markham - Fully taxable for Regional Salary, 2/3 taxable for municipal salary.

Pension:

Currently Councillors and the Mayor participate in the OMERS Basic Plan and the OMERS Supplementary Type 6 Plan. The OMERS Basic Plan is based on a two percent accrual for years of credited service and integrated with the Canada Pension Plan and was made available to Elected Officials in 1972.

There was concern that the OMERS basic plan did not meet the pension needs of Elected Officials who generally had shorter careers than municipal employees did. In 1986 the Province, with urging of OMERS and the municipalities in the Metropolitan Toronto area, amended the *Municipality of Metropolitan Toronto Act* to allow municipalities to supply a further accrual of 1.5 percent per year of credited service for Elected Officials in addition to the two percent. The maximum benefit accrual under the Basic Plan and the Supplementary Type 6 is 3.5 percent per year to a maximum of 70 percent. For municipal employees, the maximum benefit accrual is two percent per year to a maximum of 70 percent. The earnings that the pension was based on were the taxable portion of the remuneration. The effect was that a Councillor could reach the maximum accrual for pension after 20 years of service, and employees after 35 years.

Another concern was that the pension was based on the taxable portion of salary only and thus the pension benefit bore little relationship to an Elected Official's compensation. When the salary becomes fully taxable, effective January 1, 2003, this concern will be rectified and the pension benefit will be based upon full salary.

Effective January 1, 2003, section 13 of the *City of Toronto Act, 1997 (No. 2)* will be repealed. This is the section under which the City of Toronto currently provides the supplementary benefit. OMERS has confirmed that the Type 6 supplementary pension benefit will cease on December 31, 2002 to coincide with the changes made by the *Municipal Act, 2001* that will remove the 1/3 tax free portion of an Elected Official's salary. A Councillor's or Mayor's full salary would then become taxable and pensionable. The Supplementary Type 6 pension benefit will cease as at December 31, 2002, regardless of the decision of Council on the treatment of salary.

Elected Officials will continue to accrue service under the OMERS Basic Plan and the pension will be based upon their full salary. Because the OMERS plan uses a five-year average earnings formula, the full benefit of this change will not be effective for five years.

The issue of how to unwind the Supplementary Type 6 benefit and the transition to the Basic benefit is being addressed between OMERS and the Province.

#### Benefits:

On February 14, 2002, Council approved a report, *Harmonization of Management Benefit Plan*, regarding active and retiree benefit plans for all management and non-union employees. Staff are currently in the process of implementing these changes, with the new active and retiree benefit plans being implemented on April 1, 2003, after a 12 month notice period.

In addition to approving a new active benefit plan for management and non-union employees, this new active benefit plan was also approved for Elected Officials. Council deferred Recommendation No. (2) of that report which dealt with the establishment of a harmonized retiree benefit plan for Elected Officials.

Currently Elected Officials receive retiree benefit plans in accordance with the terms and conditions outlined in their former municipalities. Elected Officials from the former City of Etobicoke and the former Municipality of Metropolitan Toronto, do not have entitlement to

retiree benefit plans. Attached as Appendix B is a comparison of retiree benefit plans for Elected Officials based on former municipality. The proposed Retiree Benefit Plan for Elected Officials would allow Elected Officials eligibility to receive retiree benefit plans if they meet the requirements to retire and do so on an immediate pension. Retiring on an immediate pension entails meeting the OMERS criteria for retirement and electing to receive a pension effective the first day following the end of office at the City.

The current OMERS regulation provides the following criteria for all employees (including Elected Officials) except firefighters:

- (i) age 50; or
- (ii) age 50 and 80 points (age plus credited service plus eligible service); or
- (iii) age 50 and 30 years of credited service and eligible service.

These provisions are temporary and are currently in place only to the end of December 2003. The earliest retirement age is age 55 (age 50 for firefighters).

The criteria for an Elected Official to be eligible to receive retiree benefit plans as outlined in this report are as follows:

- (i) the Elected Official must retire on an immediate pension (the age at which an Elected Official can do so may change based on external factors, for example, OMERS); and
- (ii) the Elected Official has served nine years as a Member of Council of the City of Toronto (and/or former municipalities), as established under the *City of Toronto Act, 1997 (No. 1)*. If on December 31, 1997, a member was a member of the Council of the former Municipality of Metropolitan Toronto, the former Borough of East York or the former Cities of Etobicoke, North York, Scarborough, Toronto or York, the member's prior years of continuous consecutive service as a Member of the Council of one or more of the former municipalities shall be counted for the purposes of calculating the member's years of consecutive service.

In developing a retiree benefit plan for Elected Officials, staff have recognized the difference in career span and turnover rate for Elected Officials in comparison to Management Staff who have a more traditional employment relationship with the City of Toronto. In particular, it was recognized that Elected Officials, in general, join the City of Toronto at a later time in their careers. In contrast, the probability of re-election factors, and therefore, the probability that an Elected Official will retire through the City of Toronto, are much lower and must be recognized.

Due to the difference in turnover rate and employment relationship for Elected Officials, the Retiree Benefit Plan for Elected Officials was developed utilizing an outside comparator rather than Senior Management Staff of the City of Toronto. A survey of various public sector organizations was conducted (attached as Appendix C) and the Province of Ontario was chosen as an equitable comparator.



The proposed Retiree Benefit Plan for Elected Officials will provide a harmonized level of benefit for Life Insurance, Health Insurance and Dental Insurance. The proposed Retiree Benefit Plan will be effective from the first day of retirement and provides lifetime coverage to Elected Officials and their eligible dependents, as long as the above noted criteria have been met.

The schedule that follows provides a summary of the level of retiree benefit plans being proposed. This is the current level of retiree benefit plans made available to retiring MPPs who meet similar eligibility criteria outlined in this report. The province requires that an MPP have 10 years of credited service in the Public Service Pension Fund; this report recommends an elected official serve nine years with the City of Toronto.

Retiree Benefit Plan – Lifetime Coverage

Benefit	Details
Life Insurance	\$2000
Optional Life	Yes, up to 3x salary to age 65, employee paid
Health	
Reimbursement	90 percent
Deductible	\$10 Single/\$20 Family
Drug Coverage	90 percent, Generic Drug Plan
Hospital	Semi-Private/Private – Maximum \$75 per day over ward coverage
Vision Care	\$200/24 months
Out of Country	Yes- Emergency Only
Paramedical	Yes
Massage	\$12/visit after OHIP
Psychologist	\$16/1 <sup>st</sup> visit, \$12/subsequent visits after OHIP
Chiropractor	\$12/visit after OHIP
Osteopath	\$12/visit after OHIP
Speech Therapist	\$12/visit after OHIP
Physiotherapist	\$12/visit after OHIP
Podiatrist/Chiropodist	\$12/visit after OHIP
Naturopath	\$12/visit after OHIP
Dental	Current ODA Fee Schedule
Basic Coverage	85 percent, Unlimited
Major Restorative Coverage	40 percent, \$1000 year maximum and 50 percent dentures, \$3000 year maximum (combined \$4000 year maximum)
Orthodontic Coverage	50 percent, \$3000 lifetime maximum for children (6-18). Nil coverage over 18

All of the benefits listed in the schedule above (Retiree benefit plans – Lifetime Coverage) will be paid for by the City of Toronto.

In order to ensure that the Retiree Benefit Plan for Elected Officials remains competitive and equitable, the plan will be reviewed by staff in accordance with changes being implemented by the Province of Ontario. Any changes to the Retiree Benefit Plan for MPPs at the Province of Ontario will be reviewed and automatically applied to the Retiree Benefit Plan for Elected Officials, at the City of Toronto.

Conclusion:

The transition on January 1, 2003, of Elected Officials remuneration from 2/3 taxable to 100 percent taxable will cause a loss of disposable income for City Councillors and the Mayor unless the level of remuneration is revised. In order to ensure no loss or gain to Elected Officials as a result of this change, it is recommended that the remuneration level be set at a level that would generate an equivalent net pay based on their current remuneration.

The harmonization of benefit plans for union, management and non-union staff has been ongoing since 1998. At this time, consolidated benefit plans for all groups have been addressed and in most cases implemented. However, current retiree benefit plans for Elected Officials are still based on former municipality. This report provides a recommended retiree benefit plan that recognizes the generally short career spans of Elected Officials and therefore has been developed utilizing an outside comparator. The proposed retiree benefit plan has been designed to ensure fairness and equity among Elected Officials, while providing comprehensive benefits that are fiscally responsible.

Staff of the City Clerk, the City Solicitor and the Chief Administrator's office were consulted in the preparation of this report.

Contact:

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Appendix A: Mayor/Councillor 2002 Remuneration Survey  
Appendix B: City of Toronto Benefit Plans – Retired Elected Officials  
Appendix C: Public Sector Benchmarking Retired Benefits for Elected Officials

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Councillor Howard Moscoe, Eglinton-Lawrence, appeared before the Administration Committee in connection with the foregoing matter.

Insert Table/Map No. 1  
Appendices A, B and C

Insert Table/Map No. 2  
Appendices A, B and C

Insert Table/Map No. 3  
Appendices A, B and C

Insert Table/Map No. 4  
Appendices A, B and C

Insert Table/Map No. 5  
Appendices A, B and C

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Recommendations:

*It is recommended that:*

- (1) Council authorize appropriate City staff to approach staff of the Ministry of Municipal Affairs and Housing and, if necessary, the Minister, to request amendments to the Municipal Act, 2001 to rectify the shortcomings/omissions in the wording of that Act, and the existing Municipal Act, as described in this report; and*
- (2) Council receive for information the part of this report describing the age-69 pension issues.)*

*(City Council also had before it, during consideration of the foregoing Clause, the following report (November 25, 2002) from the Chief Financial Officer and Treasurer:*

Purpose:

*This report provides comments on the recent changes to the Municipal Act related to the OMERS Type 6 Supplementary Pension Plan.*

Financial Implications and Impact Statement:

*There are no financial implications arising from this report.*

Recommendation:

*It is recommended that staff be authorized to continue discussions with the Province related to the transition rules per the recent amendments to the Municipal Act.*

Background:

*On November 5, 2002, Administration Committee made the following recommendation to Council regarding the report from Chief Financial Officer & Treasurer “New Municipal Act 2003 – Adjustment to Elected Officials Salary, Pension and Benefits”:*

- (1) the adoption of the following report (October 17, 2002) from the Chief Financial Officer and Treasurer;*



- (2) *that Council protest to the Minister of Municipal Affairs and Housing, the elimination of the Type 6 pension which since 1985 has allowed Members of Council, at their own expense, to pay an additional 1.5 percent in order to achieve full retirement after 20 years of service;*
- (3) *that Council indicate to the Minister of Municipal Affairs and Housing that with the elimination of Type 6 pension, a Member of Council must serve 35 years in order to reach a full pension, a feat that is all but impossible to attain; and*
- (4) *that Council request an urgent meeting with the Minister of Municipal Affairs and Housing, with the assistance of the Association of Municipalities of Ontario, prior to the new Municipal Act coming into effect on January 1, 2003, to discuss the development of an alternative option to the Type 6 pension which will recognize a compressed career service level for all Municipal politicians.*

*The Administration Committee reports, for the information of Council, having requested the City Solicitor to submit a report directly to Council for its meeting scheduled to be held on November 26, 2002, on the legislative issues related to retiree benefits for Members of Council; and pension issues for Members of Council over the age of 69.*

Comments:

*Subsequent to the Administration Committee meeting held November 5, 2002, a meeting was held with staff from the Minister of Municipal Affairs and Housing's office, the Association of Municipalities of Ontario and Councillor Howard Moscoe as a representative of City Council.*

*On November 18, 2002, the Municipal Act was amended as follows:*

Schedule A, section 46 of the Bill (section 283 of the Municipal Act, 2001)

*(3) Section 283 of the Act is amended by adding the following subsections:*

*If by-law passed under subsection 255(2) of old Act*

*(8) If the City of Mississauga, the City of Toronto or the Town of Markham, as the case may be, pass a resolution under subsection 255(2) of the old Act and, as of January 1, 2003, are deemed to have passed a by-law under subsection (5), then, despite subsection (6), the by-law shall not be repealed by the City of Mississauga, the City of Toronto or the Town of Markham, as the case may be, unless the municipality proposing to repeal the by-law first ceases to provide any pension benefits under the City of Mississauga Act, 1988, section 13 of the City of Toronto Act, 1997 (No. 2) or the Town of Markham Act, 1989, respectively.*

*If by-law not passed under subsection 255(2) of old Act*

*(9) If the City of Mississauga, the City of Toronto or the Town of Markham, as the case may be, do not pass a resolution under subsection 255(2) of the old Act,*

- (a) *despite the City of Mississauga Act, 1988, section 13 of the City of Toronto Act, 1997 (No. 2) or the Town of Markham Act, 1989, the City of Mississauga, the City of Toronto or the Town of Markham, as the case may be, shall not provide a contribution for a pension under those provisions and no calculation of a pension or combination of a pension with another pension shall be made under those provisions in respect of service of a council member after that date; and*
- (b) *any pension benefit earned or accruing under those provisions with respect to service on or before December 31, 2002 shall continue.*

*Regulation*

(10) *The Minister may, by regulation, prescribe transition rules in respect of the matters set out in subsections (8) and (9).*

*Schedule A, section 87.1 of the Bill (section 465 of the Municipal Act, 2001)*

*87.1 Section 465 of the Act is repealed and shall be deemed to have never taken effect.*

*Schedule A, section 90.1 of the Bill (subsection 484(2) of the Municipal Act, 2001)*

*90.1 Paragraphs 1, 3 and 29 of subsection 484(2) of the Act are repealed and shall be deemed to have never taken effect.*

*The new legislation adds Subsection 10 of Section 283 (The Municipal Act 2002) which allows for the transition rules to be established by regulation. It is recommended that staff be given authority to continue discussions with the Province regarding the Type 6 benefit accrued to December 31, 2002 and any other transition issues that may arise under Subsection 8 of Section 283.*

*Conclusion:*

*Although the option of maintaining the current arrangement is now available, it is recommended that the staff report dated October 17, 2002 which recommends the elimination of the one-third tax free portion of an elected official's salary be adopted.*

*Contact:*

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