

## Report to Council

<b>Report Title:</b>	Municipal Mileage Allowance Policy		
<b>Prepared By:</b>	Jessica Pinkse, Tax Collector/Deputy Treasurer and Trish Serratore, Chief Financial Officer		
<b>Department:</b>	Finance		
<b>Date:</b>	August 29, 2023		
<b>Report Number:</b>	FIN2023-23	<b>File Number:</b>	C11FIN, F09, A09
<b>Attachments:</b>	Draft Mileage Allowance Policy		

### Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2023-23 – Municipal Mileage Allowance Policy, prepared by Jessica Pinkse, Tax Collector/Deputy Treasurer and Trish Serratore, Chief Financial Officer, and in doing so approves a By-Law coming forward to adopt the Mileage Allowance Policy as presented.

### Report:

#### Background:

Since 2012, the Municipality of Brockton has been reimbursing staff, council, and volunteer firefighters for their mileage at the set rate of \$0.50 per kilometer as per resolution 12-09-126. Previous reports were presented in an effort to establish a set policy for the calculation of employee, council, and volunteer firefighter mileage reimbursement but a set Policy has not been approved by Council to date.

#### Analysis:

The Municipality of Brockton has been reimbursing staff and Council for their out-of-town mileage at the set rate of \$0.50 per kilometre as per resolution 12-09-126. The Canada Revenue Agency (CRA) set requirement for reimbursing employees of an organization for mileage at a rate other than that set by CRA as a “reasonable rate” is considered a taxable benefit to the employees. Please see attachment from CRA website outlining the requirements. Currently, the CRA reasonable rate of reimbursement for mileage is:

- 68¢ per kilometre for the first 5,000 kilometres driven
- 62¢ per kilometre driven after that

The per-kilometer rates that the CRA usually considers reasonable are the amounts prescribed in section 7306 of the Income Tax Regulations.

Since the Municipality of Brockton is still reimbursing staff at rate that was set in 2012 which is much lower than that set by CRA, staff and Council has all reimbursement for mileage added as a taxable benefit to their payroll earnings.

In 2022, by keeping the per kilometre rate set at \$0.50, The Municipality of Brockton saved \$427.14 as the CRA reasonable rate was \$0.61 per kilometer. However, employees, council, and volunteer firefighters had reduced reimbursement value of \$3,236.87 due to additional CPP, EI, Income Tax Deductions, and opportunity costs for expenses they incurred. In an effort to save taxpayers 0.004% of the tax rate, municipal employees were made to incur an additional \$0.28 per kilometer on average in additional taxes. This does not include market impacts on staff such as the increased price of gas, insurance and general maintenance expenses of personal vehicles that staff are using to perform business on behalf of the Municipality.

The chart below illustrates, the after-tax actual earnings an employee receives under the current policy if they have driven 130 kilometers performing duties for the Municipality of Brockton:

Number of annual kms driven [A]	Current per-km rate [B]	Pre-tax reimbursement [C] = [A] x [B]	CPP Deducted [D]	EI Deducted [E]	Provincial Taxes Deducted [F]	Federal Taxes Deducted [G]	Total After-Tax Earnings [H] = [C] – [D] – [E] – [F] – [G]
130	\$0.50	<b>\$65.00</b>	\$3.71	\$1.03	\$5.94	\$13.33	<b>\$40.99</b>

There are currently not enough municipal vehicles to use for various municipal matters, to attend to projects or attend meetings and certain staff must use their own vehicles to attend to municipal business in and around or outside the community.

As noted in prior reports to Council, the County and neighbouring municipalities all follow the CRA annually established reimbursement rate.

Staff are recommending that Council approve the changes to the policy with the per kilometer rate be set by Canada Revenue Agency to ensure staff are following the proper protocols required based on the CRA requirements and applying the mileage reimbursement in a consistent manner.

### Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- |   |     |
|---|-----|
| • Recommendations help move the Municipality closer to its Vision                       | Yes |
| • Recommendations contribute to achieving Heritage, Culture, and Community              | N/A |
| • Recommendations contribute to achieving Quality of Life                               | Yes |
| • Recommendations contribute to achieving Land Use Planning and the Natural Environment | N/A |
| • Recommendations contribute to achieving Economic Development                          | N/A |
| • Recommendations contribute to achieving Municipal Governance                          | Yes |

### Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

The financial impact on the Municipality is minimal and would relieve the cost burden on staff should council adopt the policy.

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**Respectfully Submitted by:**

A handwritten signature in blue ink, appearing to read 'J. Pinkse'.

Jessica Pinkse, Tax Collector/Deputy Treasurer

A handwritten signature in black ink, appearing to read 'Trish Serratore'.

Trish Serratore, Chief Financial Officer

**Reviewed By:**

A handwritten signature in black ink, appearing to read 'Sonya Watson'.

Sonya Watson, Chief Administrative Officer