

Costs of running capital region's 13 bureaucracies add up

Local government executive salaries are out of control, say some critics, adding that the costs can't be sustained.

The combined salaries for the chief administrative officers of the 13 Greater Victoria municipalities totalled more than \$2.2 million in 2017, according to their statements of financial information. That's for a total population of 383,360.

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By comparison, Surrey, with a population of 517,887, paid its CAO \$391,058 last year.

“I don't think it's [the cost of] the CAOs that's the problem,” said Metchosin Mayor John Ranns. “I think it's the bureaucracies they bring that are the problem.”

In the capital region, those bureaucracies begin with the likes of 13 directors of finance (2017 salary cost \$1.44 million), 11 directors of planning (\$1.5 million) and 10 directors of engineering (\$1.36 million).

Then there's the Capital Regional District, where salaries for the six-member executive team totalled \$1.2 million in 2017.

For years, Ranns said, Metchosin contracted out its CAO position.

“That made a big difference in terms of what the CAO was trying to deliver, because there was no advantage to the CAO to expand bureaucracy,” he said.

“And it enabled us as a small municipality to bring in top-notch talent —

people who were semi-retired who had spent their lifetime in administration.”

Victoria Coun. Ben Isitt said it’s time for local politicians to exercise restraint when it comes to executive compensation — both within the CRD and their municipalities.

“Growth in executive compensation is totally unsustainable and also unfair to residents who, by and large, make only a fraction of these kinds of incomes,” he said.

Isitt and Ranns unsuccessfully argued this year against an average 2.67 per cent increase awarded to senior Capital Regional District staff. CRD directors did, however, decide to have the finance committee look at the compensation policy.

Former Victoria councillor Shellie Gudgeon, who chairs the grassroots Amalgamation Yes group, says the executive salaries reinforce the need for amalgamation.

“If we had just three municipalities, three municipalities would have three CAOs,” Gudgeon said. “Even if we paid those CAOs \$300,000 or \$350,000, we’re still well below what we’re currently at.”

A review by the Times Colonist of municipal executive team salaries from 2015 to 2017 found that, in many cases, they were holding relatively stable and in some cases even dropping slightly over the period. But there were notable exceptions.

Some senior staff at the CRD and the City of Victoria already making more than \$200,000 a year received percentage salary boosts in the double digits in just three years.

In the case of the CRD, those figures don’t include the increase approved this year. Those were recommended by staff in keeping with the CRD policy

of having senior staff pay levels at the “median” salary rate of 11 other local governments.

“It essentially becomes a pattern of keeping up with the Joneses,” Isitt said. “Because the market has been inflated by the increase next door, it keeps going up and up.”

Until the governing councils make a decision to break that cycle, it will continue, Isitt said, conceding that “there has not been adequate restraint imposed on executive compensation at the City of Victoria.”

In 2015, for example, Victoria paid about \$6.065 million in exempt staff salaries, excluding police. By 2017, that number had increased almost 25 per cent to \$7.533 million.

“Clearly, they are not sustainable,” said Stan Bartlett, chairman of the Grumpy Taxpayer\$ of Greater Victoria.

“Taxpayers appreciate that the population is going up and municipalities are very complex. It’s not easy to run a local government,” Bartlett said, noting that supply and demand and the marketplace dictate executive salaries to some extent.

“But holy smokes, executives in the region are certainly staying ahead of the game compared to everyone else.”

Bartlett said executive compensation is an issue that should be taken up by the Union of B.C. Municipalities.

Isitt said the growing differential between what senior executives make and what other employees and average citizens make “creates ill will that’s unnecessary and a lack of public confidence in their municipal government.”

According to the 2011 National Household survey, there are 160,635

households in the capital region. The before-tax median household income for the region is \$60,796. No one on either Victoria's or the CRD's executive teams makes less than \$100,000 and most gross much closer to \$200,000.

Isitt favours a "maximum differential" policy that would see the most senior employee of a city making no more than 2.5 times what the lowest paid employee makes.

Most municipal exempt employees receive increases in line with their unionized workers negotiated increases.

Ranns said not only do the increases compound, but a two per cent increase for a worker making \$50,000 is one fifth of what the increase is for those at the top.

"So every time, every year you go through an inflationary increase, the compounding nature of it just accelerates the gap between the lower pay and the higher pay," Ranns said.

Isitt said he favours giving workers lump sum increases instead of percentages because they benefit the lowest paid workers the most.

Ranns said taxpayers have to get involved if they want to rein in costs.

"The CRD is a classic example where so much of our governance is driven by the bureaucracy and not the political arm. In order to change that, if the taxpayers want to regain control over all of that, they have to look at who they elect," Ranns said.

"There's an election coming up and if they think their taxes are too much, then look at who you elect."

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— With files from Lindsay Kines

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