



Hospitality Policy Request for Direction

Corporate and Residential Services Committee

May 17, 2022



EAST HANTS



Background

- The Province amended the *Municipal Government Act* (the ‘MGA’) in 2017, requiring all municipalities to create a ‘Hospitality Policy’ to define hospitality expenses.
- The Municipality meets these requirements in practice, but does not have a ratified policy.
- A majority of the ‘Hospitality Policy’ is set in stone through the MGA, with the ‘Gifts’ and ‘Alcohol’ sections open for Council’s decision.
- Staff are seeking Council’s direction on these two (2) sections before returning with a draft policy.
- A review of the MGA, its regulations, discussions with an AMANS representative, and a jurisdictional scan were completed to better understand the requirements of a ‘Hospitality Policy’.



What is Hospitality

- The MGA's regulations define hospitality as:
‘expenditures incurred while hosting individuals from outside of the municipality for conducting business activities which would include receptions, ceremonies, conferences, and other group events.’
- Examples of hospitality events include:
 - Hosting foreign dignitaries;
 - Engaging in official public matters with representatives of government, business, industry, or community leaders;
 - Sponsoring or hosting conferences; and
 - Hosting ceremonies/events.

MGA Requirements

Hospitality Policy Content	Required or Optional	Council Decision Needed
Apply to Every Reportable Individual	Required	No
Establish Hospitality Expense Approval Process	Required	No
Prohibit Authorizing Own Claims	Required	No
Require Hospitality Expenses to be Preauthorized	Required	No
Establish Scope and Applicability of Hospitality Expenses	Required	No
Establish what Expenditures Count as Hospitality, Including Alcohol	Required	No
Required Information for a Hospitality Claim	Required	No
Require Detailed, Itemized Receipts	Required	No
Require re-ratification or amendment by January 31 st after a regular election	Required	No
Alcohol as an Eligible Expense	Required	Yes
Giving and Receiving Gifts	Optional	Yes



Decision Point: Alcohol

- The MGA requires the Municipality to decide if alcohol is an eligible expense for reimbursement.
- Council is not able to claim alcohol expenses for themselves, however, this Policy would determine if the Councilors could purchase alcohol for event attendees or business development purposes.
- Example: The Warden and CAO take a visiting dignitary out for dinner. Are they able to claim the glass of wine ordered by the dignitary for reimbursement?
- A majority of municipalities with Hospitality Policies have chosen to list alcohol as an eligible expense. A sample of the Alcohol section from the Cape Breton Regional Municipality follows:

Serving of Alcohol

14. While the standard for hospitality is the provision of non-alcoholic beverages, the provision of alcohol in the context of hospitality for reasons of diplomacy, protocol, business development or promotional advocacy is deemed an acceptable expense in limited circumstances. Any request for approval to serve alcohol at a hospitality event must have prior approval by either the CAO or their designate.



Decision Point: Giving Gifts

- Giving and receiving gifts is not a required section within either the MGA or its regulations.
- Roughly half of the municipalities with Hospitality Policies have included a section outlining giving gifts. An example of this from the District of Clare follows:

GIFTS

18. For reasons of diplomacy, protocol, business development or promotional advocacy, the giving of token gifts to individuals outside of government (value not to exceed \$200) is sometimes appropriate. Any giving of gifts requires prior approval by either the CAO or their designate, or Council. The value of gifts to individuals may be reasonably increased by consent of Council.

- Receiving gifts is another potential section to include within this policy and would align with the values of Responsibility, Transparency, and Accountability as well as Fiscal Responsibility.
- No other municipality has chosen to include a receiving gifts section in their policy.



Decision Point: Receiving Gifts

- Receiving gifts is another potential section to include within this policy and would align with the values of Responsibility, Transparency, and Accountability as well as Fiscal Responsibility.
- Sample language for a receiving gifts section follows: No other municipality has chosen to include a receiving gifts section in their policy.

Receiving Gifts

11. In all situations, Reportable Individuals are expected to avoid receiving gifts, hospitality, or other benefits when conducting Municipal business. In some cases, the acceptance of gifts is in Municipal interests and can be justified. Reportable Individuals will use good judgement and the items of this policy to determine appropriate situations.
12. Residents, businesses, volunteer organizations, and other governments may show their appreciation to Municipal representatives through the giving of gifts and hospitality. Reportable Individuals are permitted to accept modest gifts that do not have any expectation of return or special consideration, including but not limited to:
 - 12.1. Promotional items, token gifts, souvenirs, or mementos;
 - 12.2. Food and beverages at meetings, banquets, receptions, ceremonies, or other similar events;
 - 12.3. Open industry invited to events such as open houses, barbecues, etc.;
 - 12.4. Holiday appropriate greetings, receptions by vendors or multiple clients;
 - 12.5. Samples of appropriate products;
 - 12.6. Food, lodging, transportation, or appropriate entertainment provided by the host of a meeting where the representative is representing the Municipality;
 - 12.7. Any gift of a nominal value that is received as an incident of protocol or social obligation that normally and reasonably accompanies the responsibility of the representative;
 - 12.8. Activities that are to the Municipality's benefit rather than to the individual representative that are unlikely to be perceived to influence or garner of future favor, under \$100.00 estimated value.



Conclusion

- The Municipality already meets a majority of the requirements of a Hospitality Policy, but lacks a formal policy required by the MGA.
- Staff are seeking direction on the following items;
 - Is alcohol an eligible expense for reimbursement;
 - Should the gifts section be included; if so
 - Should the giving gifts section be included; and
 - Should the receiving gifts section be included.
- Following Committee’s direction, Staff will bring a draft version of the ‘Hospitality Policy’ for consideration at the June meeting of Executive Committee.