



**Subject:** *Council Hospitality Policy - Direction*  
**To:** Corporate and Residential Services Committee  
**Date Prepared:** 4/28/22  
**Related Motions:** n/a  
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**Approved by:** Sheralee Mitchell-MacEwan, Assistant Municipal Clerk

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### Summary

The *Municipal Government Act* (the 'MGA') requires all municipalities to create a 'Hospitality Policy' to define hospitality expenses. The Municipality of East Hants (the Municipality) meets the hospitality requirements of the MGA through its operations, but does not yet satisfy the requirement to pass a 'Hospitality Policy'. All the required sections of a 'Hospitality Policy' are outlined within the MGA and associated regulations. Two (2) sections of a 'Hospitality Policy', provision of alcohol and gifts, require Council's decision. Staff are seeking Council's direction on these two (2) sections before returning to Council with a draft policy for consideration.

### Financial Impact Statement

There are no Financial Impacts associated with this report.

### Recommendation

That Council give staff direction on their desired content of an East Hants 'Hospitality Policy'.

### Recommended Motion

There is no Recommended Motion associated with this report.

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### Background

In April 2017, the Provincial Government passed amendments to the MGA prohibiting municipalities for compensating elected officials and staff for alcohol purchases. This amendment also requires the Municipality to report all hospitality expenses for the Warden, Councilors, and the Chief Administrative Officer (CAO). The MGA requires these changes to be codified in a Council policy. The Municipality of East Hants (the 'Municipality') complies with the MGA requirements in practice, but is missing the ratification of a formal policy.

#### Hospitality

The definition of hospitality provided through the MGA and associated regulations covers expenses incurred while hosting events as a Municipal representative. The expenses include purchases made by a Reportable Individual for themselves or for an attendee of the hospitality events. The MGA defines Reportable Individuals as a member of Council, the Warden, and the CAO. Hospitality expenses are intended to forward Municipal strategic or business goals. All hospitality expenses must be claimed and the claim must include a detailed, itemized receipt. Hospitality events must be preapproved and eligible events for these expenses include:

- Hosting foreign dignitaries;
- Engaging in official public matters with representatives from other governments, business, industry or labour leaders, or other community leaders;
- Sponsoring or hosting conferences;
- Hosting ceremonies / recognition events; and
- Other approved, official functions.

## Jurisdictional Scan

The Policy Analyst conducted a jurisdictional scan throughout Nova Scotia to inform how various jurisdictions have implemented the hospitality requirements of the MGA. Slightly over-half of municipalities in the province have passed and made Hospitality Policies publicly available since 2017. The content of these policies is fairly similar due to MGA requirements. Some municipalities have opted to prohibit alcohol purchases for non-municipal representatives.

## Research

The Policy Analyst met with the Senior Policy Analyst for the Association of Municipal Administrators of Nova Scotia (AMANS) to further discuss the context and content of a Hospitality Policy. These discussions provided greater clarity on the requirements of the Policy and on Municipal responsibilities. The Policy Analyst also met with the Director of Corporate Services and the CAO to author this Policy.

## Current Activities

The Municipality is in compliance with a majority of the MGA requirements already through its practices and procedures. Section 65A of the MGA requires the Municipality to post a quarterly report describing all hospitality expenses on the Municipal website. This section also requires the Municipality to submit an annual expense report, including hospitality expenses, to the Department of Municipal affairs by September 30. The Municipality already satisfies both of these requirements. Other requirements, such as the prohibiting of alcohol purchases by reportable individuals, are covered within other policies. Additionally, this Policy does not supersede or cover the eligible expenses, such as mileage, listed within the 'Council Remuneration & Travel Reimbursement Policy'.

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## Discussion

### Legislative Authority

The Municipality is currently not meeting the entirety of MGA requirements outlined in Sections 23.3 through 23.6 of the MGA. The potential content for an East Hants Hospitality Policy is outlined in Table 1.

Table 1 Potential Sections of the Hospitality Policy

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 <sup>st</sup> After a Regular Election	Required	No
Alcohol as an Eligible Expense	Required	Yes
Giving and Receiving Gifts	Optional	Yes

Any proposed Hospitality Policy must satisfy all required aspects of the MGA and its related regulations. There are two (2) areas Council has more control over in the creation of an East Hants ‘Hospitality Policy’, the provision of alcohol and giving and receiving gifts. The provision of alcohol is a required section of the Policy, whereas the gifts section is not a required section.

### Alcohol

The ‘Council Remuneration & Travel Reimbursement Policy’ and the MGA prohibit reimbursing Reportable Individuals for personal alcohol purchase. MGA regulations require the Municipality to decide if purchases for alcohol for event attendees excluding Councilors, the Warden, and the CAO are eligible for reimbursement. A minority of municipalities have chosen to make alcohol a non-eligible expense. Sample language from the Cape Breton Regional Municipality’s ‘Hospitality Policy’ is included in Figure 1.

Figure 1 Sample Section of the Alcohol section of a Hospitality Policy.

### **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.

### Gifts

A ‘Gifts’ section is an optional component of a Hospitality Policy. This section would outline the circumstances in which it is appropriate to give and receive gifts in addition to an eligible value for gifts. Council may choose to omit this section entirely from the Policy. The ‘Gifts’ section of a Hospitality Policy generally outlines the circumstances in which it is appropriate to give gifts and sets a maximum dollar value for a gift. Roughly half of the municipalities with a published Hospitality Policy include a giving gifts section within the policy content. No other municipality covers the circumstances in which it is appropriate to receive gifts within their policy. Figure 2 and Figure 3 (on the following page) outline potential contents of the giving and receiving gifts subsections of a ‘Hospitality Policy’ respectively.

Figure 2 Sample Giving Gifts Section for a Hospitality Policy.

### **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.

Figure 3 Sample Receiving Gifts Section for a Hospitality 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, barbeques, 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.

Should Committee decide to include the 'Receiving Gifts' section, it must align with the section of the 'Council Procedural Policy' that prohibits Councilors from receiving gifts that may influence, or have the appearance of influencing, their decisions.

### Strategic Alignment

Although the 'Gifts' section is not required by the MGA, it aligns closely with the Municipal values of Responsibility, Transparency, and Accountability as well as Fiscal Responsibility.

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## Attachments

*Municipal Government Act*

*Financial Reporting and Accounting Manual*