

Remuneration (salaries) of Directors of a Chartered Community

Under Section 46 of the *Societies Act*, directors of a society in BC cannot be paid a salary unless permitted by the bylaws of the society.

If a director is to be issued a salary for their actions/duties as a director (salary/remuneration being an agreement where regularly scheduled payments are made to a director, or a sum paid to a director while they hold the office), this is also subject to any restrictions in the bylaws of the society.

(example – some Community bylaws require director salaries to be approved at an AGM).

A society may “reimburse a director for reasonable expenses necessarily incurred by the director in performing their duties as a director” without this qualifying as a salary.

Directors are only eligible for honorarium payments for their actions as a director if permitted by the bylaws of the society.

Societies Act – Section 46:

Remuneration and reimbursement of directors

46 (1) Unless permitted by the bylaws, a society must not pay to a director of the society remuneration for being a director.

(2) Subject to subsection (3), a society may reimburse a director for reasonable expenses necessarily incurred by the director in performing his or her duties as a director.

(3) The bylaws of a society may restrict the reimbursement of a director under subsection (2) by doing one or more of the following:

(a) imposing conditions on the payment of reimbursement;

(b) limiting the amount of reimbursement payable;

(c) prohibiting reimbursement.

(4) Despite subsections (1) to (3), payment to a director by a society of remuneration or reimbursement authorized by the bylaws or this section is subject to any condition, limitation or prohibition on the payment provided for in the regulations.

There is a difference between receiving a salary for being a director, and receiving a salary or payment for services provided to the society. Section 41 of the *Societies Act* allows for a director of a society to be contracted for employment or services, as long as a majority of directors are not under contract by the society. This only applies if the employment or service provided is in addition to their duties as a director.

For example, if a Community decides that an office administrator is required, and this office administrator would be an employee of the Community, a director of a Community can serve as the office administrator. Because the role of office administrator is beyond their duties as a director, they would be permitted to receive a salary for this role, without requiring this to be permitted or approved under a “director salary” in the Community bylaws.

Community directors should be reminded that they are to recuse themselves from any discussion and decision made at a Board meeting about a contract or employment opportunity that directly concerns them.

Societies Act – Section 41:

Employment of directors

- 41** Subject to the regulations, a majority of the directors of a society must not receive or be entitled to receive remuneration from the society under contracts of employment or contracts for services, other than remuneration for being a director.