



Meeting Date: September 7, 2022

Submitted by: Michael Di Lullo, CAO

Report No: CAO-25-2022

Subject: Cost of Living Adjustment for 2023

Recommendation:

THAT Report CAO-25-2022 re: Cost of Living Adjustment for 2023 be received;

AND THAT the cost of living adjustment of two and half percent receives pre-budget approval for 2023 and applied to employee wages effective January 1 for the calendar year.

Purpose:

To update Council on planning ahead with respect to the Cost of Living Adjustment to municipal staff / council wages for 2023 as we commence the 2023 Budget process.

Background:

This report sets out the reasoning and justification and forecast approval of a two and half percent adjustment to the employee wage grid for next year, being 2023.

Since the onset of the COVID-19 pandemic, there has been price escalation in all sectors of the marketplace. This has impacted the municipality and on how we live with rising expenses.

To prepare for the upcoming budget, a report is brought forward to the budget committee however with the upcoming municipal election, the report is submitted to council directly for consideration so that there can be confirmation to help prepare and forecast when preparing the 2023 Budget.

Analysis:

The Consumer Price Index (CPI) represents changes in prices as experienced by Canadian consumers. It measures price change by comparing, through time, the cost of a fixed basket of goods and services.

According to Statistics Canada, the Consumer Price Index (CPI) rose to 7.6% on a year-over-year basis in July.

Source: https://www.statcan.gc.ca/en/subjects-start/prices_and_price_indexes/consumer_price_indexes

On June 29, 2022, the Government also announced that the rent increase guidelines would be capped at 2.5% even with inflation well above this threshold, providing another measure.

Source: <https://news.ontario.ca/en/release/1002167/ontario-caps-2023-rent-increase-guideline-below-inflation-at-25-per-cent>

Due to the annual change, it is proposed that a 2.5% cost of living adjustment be forecasted in the budget for 2023 which would apply to full-time, part-time, contract positions, including paid on call firefighters and council members, with the exception of employees who receive minimum wage, this is increased by the Province.

If council is amenable to this suggestion, the proposed 2023 Budget will have two and half percent earmarked as per the recommendation.

Salary Grid Review

The Municipality is in the midst of completing a service level review and it has been approximately four years since the last time the overall salary grid has been reviewed. Using the comparator data from our service level review, the Municipality will proceed to undertake a review to the grid for the upcoming year so that it remains current and takes into consideration all positions in the organization.

Financial Implications:

The financial impact of 2.5% on the wage grid equates to approximately \$184,000 which will be included in the draft budget.

Strategic Plan:

This matter aligns with following strategic priorities:

- Balanced Growth

This change enables the municipality to plan ahead for the upcoming year remaining competitive and offering an equal remuneration in accordance with the rising prices taking effect.

Attachments:

N/A