



Corporation of the Municipality of Temagami

Memo No.
2023-M-158

Memorandum to Council

Subject: Cost of Living Adjustment

Agenda Date: August 10, 2023

Attachments:

RECOMMENDATION

BE IT RESOLVED THAT the 2023 Cost of Living Adjustment be set at 4%, effective January 1, 2023 and reflected in pay rates following the annual review.

INFORMATION

At this time last year we had been experiencing a steady increase in the rate of inflation over the first part of 2022. This increase continued until near the start of 2023 when, with the increase in the Bank of Canada prime lending rate, the rate of inflation slowed and started to decrease.

When the Cost of Living Adjustment (COLA) was considered last year, the annualized rate of inflation was tracking at close to 8%. At that time, efforts of the Federal Government and the Provincial Government were just starting and while it was hoped these efforts would see a quick decline in the rate of inflation, in reality the decrease was slower than expected. In 2022, the COLA provided was 4% compared to the June rate of inflation of 4%.

In keeping with monitoring the rate of inflation for the month of June, in 2023, the annual rate of inflation was reported to be 2.8%. This is the lowest annualized rate for any month in the past year. The report from Statistics Canada goes on to say that the decline in the rate of inflation was mostly influenced by the drop in the price of gasoline. Without the decrease in fuel prices considered, annualized inflation would be 4%.

Although the increase in our tax rate for 2023 was 8%, the estimated COLA included in budget estimations was 4%. Given the shortfall between the 2022 COLA and the actual rate of inflation, and given that, according to Statistics Canada, base inflation is still tracking at about 4%, Staff is recommending the 2023 COLA be established at 4%.

Respectfully Submitted:
Craig Davidson
Treasurer/Administrator – Acting Clerk