



## Budget 2014: Compensation & Benefits

Compensation and benefits represents the largest component of the City's operating budget – representing approximately 50% of total budget expenditures. This is not surprising given that the majority of City services that are delivered to the residents are labour intensive. Police officers, fire fighters, paramedics, lifeguards in recreational facilities, public health nurses, library staff, social services staff, road crews and other service employees – all play a critical role in delivering vital services directly to the residents of the City.

Approximately 95% of our employees are covered by collective agreements. With the exception of a limited number of employees, primarily represented by Amalgamated Transit Union Local 279, annual economic increases and benefit changes are settled through binding arbitration in the event that a negotiated settlement cannot be reached between the City and the bargaining unit.

The following table summarizes the annual economic increases for the period 2009 to 2014 to employees who are represented by the three bargaining units that represent the majority of employees. In addition, the increases given to the Management, Professional and Exempt group of employees are shown.

	2009	2010	2011	2012	2013	2014*
Canadian Union of Public Employees - Local 503 (Inside/Outside) (5,573 FTE's in 2013) (Subject to arbitration)	2.50% - 01 Jan	2.50% - 01 Jan	2.75% - 01-Jan	1.91% - 01-Jan	1.91% - 01-Jan	Not yet settled
Amalgamated Transit Union Local 279 (2,332 FTE's in 2013)	2.50% - 01 Apr	2.50% - 01 Apr	2.00% - 01 Apr	2.00% - 01 Apr	2.00% - 01 Apr	2.00% - 01 Apr
Police and Ottawa Professional Firefighters Association (2,919 FTE's in 2013) (Subject to arbitration)	2.20% - 01 Jan + 1.00% - 01 Aug	2.25% - 01 Jan + 1.00% - 01 Aug	2.99% - 01 Jan	2.95% - 01 Jan (Police only)	Not yet settled	Not yet settled
Management, Professional, Exempt (697 FTE's in 2013)	1.50% - 01 Jan	1.60% - 01 Jan	2.00% - 01 Jan	1.50% - 01 Jan	1.93% - 01 Jan	Not yet settled

\* The 2014 budget includes a provision for contracts still to be settled.

Benefits costs paid by the City can be broken down into 3 main categories:

1) Statutory - This includes the cost for Canada Pension Plan (CPP), Employment Insurance (EI) and Employer Health Tax (EHT). The rates for these benefits are established by the Federal (CPP and EI) and the Provincial (EHT) governments. Over the period 2009 to 2014, CPP premiums have increased from a maximum of \$2,118.60 to \$2,413.80 (13.9% increase) and Employment Insurance from \$1,024.51 to \$1,279.15 (24.9% increase). The Ontario Employer Health Tax rate has remained at 1.95% of earnings (rate applicable to companies with remuneration greater than \$400,000).

2) Pension Plan – Municipal employees are members of Ontario Municipal Employee Retirement System (OMERS) plan with the premiums set by an independent board. The City and its employees make contributions to that pension plan on a 50/50 basis.

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In July of 2010, OMERS announced a series of increases to both employee and employee contributions for the budget years 2011 to 2013. This increase had the effect of adding approximately \$10 million to each of the 2011, 2012 and 2013 budgets. City Council has no discretion over these expenditures.

3) Group Insurance Coverage - This category includes the coverage provided to employees for health and dental plans, life insurance and long term disability. Changes to these benefit plans are subject to negotiations with the respective bargaining units. Actual premiums for the coverage provided are negotiated between the City and the insurance provider. The premiums paid for this coverage is shared between the City and its employees.

The following chart presents a 6 year picture of the compensation and benefit costs included in the Tax supported budget. The compensation and benefit costs for the City's Rate supported budget (water and sewer services) are not included in the chart.

<b>Tax Supported Budget (\$000)</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Compensation *</b>	954,488	1,003,934	1,043,356	1,077,231	1,109,002	1,134,481
<b>Benefits</b>						
Statutory	62,026	63,904	67,493	68,801	71,435	72,864
OMERS	64,293	67,523	79,819	90,215	99,789	100,934
Group Insurance	59,396	63,619	71,395	72,874	76,383	79,062
	185,716	195,046	218,708	231,890	247,607	252,860
<b>Total</b>	<b>1,140,204</b>	<b>1,198,980</b>	<b>1,262,064</b>	<b>1,309,121</b>	<b>1,356,609</b>	<b>1,387,341</b>

\* Compensation includes salary, overtime, shift premiums, on-call payments, clothing allowances, WSIB

In the 6 year period, compensation payments (including overtime and other allowances) have grown by 18.9% reflective of the annual economic increases as summarized in the previous chart. Over the same time period, growth in staffing (Full Time Equivalents – FTE's) was 1.6%.