

## Rising Salary costs in HH: cause for concern?

A while back I wrote about a disturbing long term trend in HH, the fact that salaries were rising twice as fast as overall expenses over the last 4 years. Of all expense categories, salaries are especially troublesome to moderate if they start to escalate.

For a while in HH we tried working collaboratively on both our Library and Fire Management programs. No longer. We now have a Fire Chief with a spanking new vehicle and as of last month a Deputy Fire Chief. New hires tend to beget many other costs: benefits and pensions, offices, additional salaried staff, technology, etc. My view has been that particularly for our management positions we should be looking hard at sharing costs with our neighbours, not adding more levels or working independently. The other key advantage of working collaboratively with other municipalities on issues is the very good chance that we will learn more effective ways to operate. And it saves the taxpayer a lot of extra cost.

Now when you ask Council why they don't work harder to look for ways to share management of some functions, the typical answer is "we much prefer to work on our own". I get that, but it isn't what is called for when our municipal tax rate is within 2% of its highest rate ever (2010)

Another issue.

Salary costs tend to rise inexorably over time and a current proposal in HH will accelerate this problem. We have about 35 employees, 2/3 of which are covered by a union contract and the remaining group is Professional and Management positions. Now HH is planning to institute a new pay structure which includes a step progression program for the non-union positions. While this is used in many municipalities it is not common in the private sector for these types of positions. What does it mean? Well all employees below "job rate" will get a 5% increase plus the overall change in the pay scale, typically around the inflation rate, every year. So a guaranteed 5-8%.

And naturally with step progression, it puts a lot of pressure on determining the appropriate "job rate" since the higher you can push this for your job, the longer you will see automatic 5%+ increases. Now I support the notion that our non-unionized staff should have clear pay policies. But initial proposals (this council has been looking at this issue for about two years) suggest they a need to move more cautiously into this area and with adequate research for similar positions in Eastern Ontario, particularly those with a performance component instead of an automatic increase

More on this story as it unfolds.

Bill Cheshire    Baptiste Lake