

November 6, 2002

To: Policy & Finance Committee

From: Chief Administrative Officer
Chief Financial Officer & Treasurer

Subject: 2002 Labour Disruption Costs

Purpose:

To submit a report on the costs related to the 2002 labour disruption.

Financial Implications:

There was a net tax supported cost of approximately \$3.3 million incurred as a result of the 2002 labour disruption. This cost will be funded from the projected surplus as identified in the 2002 Operating Budget Variance Report.

Recommendation:

It is recommended that this report be received for information.

Background:

Council at its meeting of June 18, 19 & 20, 2002, during its consideration of a confidential report from the Chief Financial Officer & Treasurer titled "Financial and Purchasing Arrangements for Possible Labour Disruption", requested the Chief Administrative Officer and The Chief Financial Officer & Treasurer to submit a joint report outlining the overall expenditure impact of the strike. The Chief Administrative Officer and The Chief Financial Officer & Treasurer were directed to submit the report to the Labour Advisory Panel and then to the Policy & Finance Committee. A preliminary report on the labour disruption costs was submitted to the Labour Advisory Panel at its meeting of September 19, 2002. The preliminary report indicated that a final report would be submitted to the Policy & Finance Committee for its October meeting. Because of the timeframe required to finalize the costs related to the labour disruption, we were not able to complete this report in time to meet the agenda for the October meeting of the Policy & Finance Committee. Therefore we are submitting this report on the costs of the labour disruption at this time.

The report considered by Council in June established the procedures for recording strike-related expenditures. The Finance Department created a set of sub-accounts to allow departments to record their actual direct labour disruption related expenditures. This set of sub-accounts was created in the other corporate expenses account. Payroll savings were tracked and offsetting reductions in each department will be used to fund

labour disruption costs. To ensure that only those costs directly related to the labour disruption were charged to these sub-accounts, departments established procedures to ensure that all expenses to be charged to these accounts were thoroughly reviewed and signed off by designated staff within the departments. The Finance Department instituted a further review and sign off by Accounting Services before any payment or other charges were made to these sub-accounts.

Discussion:

At the September 19, 2002 Labour Advisory Panel meeting noted above, a draft “preliminary” net financial impact of \$648,300 was tabled for information purposes only. As indicated to the Labour Advisory Panel, invoices were being reviewed with suppliers, with accounting of the departmental/program labour disruption costs to be finalized in October.

The Chief Financial Officer & Treasurer has consulted with departments to ensure that all costs charged to the labour disruption accounts related to the labour disruption and are in accordance with the approved policies. Any additional expenditures should not materially impact these costs.

The net tax impact (after revenue loss) is approximately \$3.3 million as outlined below:

Description	\$000's
Total costs before arbitration costs	12,991.1
Cost of Provincial Arbitrator/Mediator	125.0
Less: Water/wastewater(rate supported)	(3,140.7)
Total tax supported costs	9,975.4
Less: Subsidies (cost share programs)	(180.9)
Cost savings	(15,221.6)
Net savings before revenue loss	(5,427.1)
Revenue loss	8,734.0
Net tax impact	3,306.9.9

The net tax impact is a result of significant revenue losses that total \$8.7 million. The majority of revenue loss is related to reduced revenue of \$5.8 million in Economic Development Culture & Tourism and \$2.7 million of reduced Solid Waste tipping fees.

Expenditures for the cleanup of the temporary landfill sites were less than projected but these savings were offset by higher than expected costs for overtime paid to employees who performed essential services during the labour disruption.

Toronto Outdoor Art Exhibition

City Council at its meeting of July 30,31 and August 1, 2002 approved a one time grant of up to \$54,531 to cover the costs related to the cancellation of the scheduled exhibition in July and the re-scheduling of the event to the Labour Day weekend. The costs amounted to \$35,636 following negotiations between staff and the event organisers.

Conclusion:

The Economic Development Culture & Tourism Department and the Solid Waste Division of the Works & Emergency Services Department experienced significant revenue losses during the labour disruption. These revenue losses were the primary reason that the City incurred the \$3.3 million net tax expenditure during the labour disruption. Funds from the surplus projected in the 2002 Operating Budget Variance Report will be used to fund this net tax expenditure.

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