

Ontario government launches public sector compensation consultations – wages to be “modest, reasonable and sustainable”

Date : April 9, 2019

On April 4th, the [Ontario government announced](#) that it would be consulting with public sector employers and collective bargaining agents “on how to manage compensation growth in a way that results in wage settlements that are modest, reasonable and sustainable.” The government further stated that the feedback received would directly inform the next steps taken to manage growth in public sector compensation costs.

The announcement came roughly one week following the release of the 2018 Public Sector Salary Disclosure, more commonly known as the “sunshine list”. As most people are aware, the sunshine list sets out the names and salaries of public sector employees who earn over \$100,000 per year. According to the government’s news release, the total number of such employees increased by over 20,000 people in 2018 to a grand total of over 150,000 individuals. The government also stated that public sector compensation represents roughly half of all expenditures and totals \$72 billion annually. These statements were coupled with remarks by Minister Bethlenfalvy, the President of the Treasury Board Secretariat, in his speech: [The Path to Balance: Protecting What Matters Most](#), where he noted that in 2018 Ontario’s deficit was \$15 billion, while its overall debt was \$338 billion. Managing public sector compensation appears therefore to be a key aspect of the government’s plan to address Ontario’s deficit.

In order to inform the upcoming consultations, the government has provided four focus questions:

1. Elements of collective agreements could help or hinder our overall ability to achieve sustainable levels of compensation growth; and collective agreement provisions that work well in one sector may have unintended consequences in another. **Are there any aspects of the collective agreement(s) in your organization(s) that affect the ability to manage overall compensation costs?**
2. Potential opportunities to manage compensation growth could take different forms, for example, growth-sharing or gains-sharing, as identified in the September 2018 line-by-line review of government spending. **Are there any tools to manage compensation costs that you believe the government should consider?**
3. While no decisions have been yet made, the government is considering legislated caps on allowable compensation increases that can be negotiated in collective bargaining or imposed in binding arbitration. We wish to engage with you in good faith consultations on this option and invite your feedback. **What are your thoughts on this approach?**
4. Many different approaches to managing compensation growth and overseeing collective bargaining are in place in other jurisdictions, including other Canadian provinces. **Are there**

any tools applied in other jurisdictions which you think would work in Ontario? If so, what is the proposal and how would it work?

As noted above, the feedback obtained from the consultations will inform the government's next steps as it attempts to manage compensation growth in the public sector. Although the government states that no decisions have been made, examples of such next steps were stated to include:

- Voluntary agreement to wage outcomes lower than the current trend;
- Trade-offs that will lead to reductions in compensation costs; and
- Consideration of legislative measures.

The consultations are slated to commence this spring. Public sector employers and bargaining agents will likely receive a letter from the Treasury Board Secretariat setting out the time and location for an in-person consultation session and confirmation of attendance by April 12, 2019. The letter will likely also provide a deadline for questions or written submissions which is currently stated to be May 24, 2019.

In our view

The April 4th announcement precedes the release of the 2019/2020 budget by exactly one week. It will be interesting to see whether the budget includes provisions relating to public sector compensation notwithstanding that the consultations are just beginning. Feedback can be provided in person during the scheduled consultation session and any written submissions can be sent to the following address: PSconsultations@ontario.ca

For further information please contact [Jennifer Birrell](#) at 613-940-2740 or [Mélissa Lacroix](#) at 613-940-2741.