

Human Resources Legislative Update

Ontario Government to Consult on Public Sector Compensation

Date: April 5, 2019

On April 4, 2019, the President of the Treasury Board, Peter Bethlenfalvy, delivered a speech entitled [The Path to Balance: Protecting What Matters Most](#) in which he announced that the Ontario government will engage in consultations with public sector employers and bargaining agents on how to best manage compensation growth in the public sector.

In a [News Release](#) issued contemporaneously with the speech, the government has indicated that the purpose of the consultations is “to explore how compensation growth can be managed in a way that results in wage settlements that are modest, reasonable and sustainable.” The News Release states that feedback from these consultations could result in potential measures such as:

- 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.

A Backgrounder to the News Release, [Ontario Public Sector Consultations](#), sets out details of the consultation process.

Stakeholders will be invited by letter to participate in the consultation sessions and asked to confirm their attendance by **April 12, 2019** (at a location to be determined). The letter will include four “guiding questions” for stakeholders to consider in preparing for the sessions. Stakeholders may also ask questions and provide feedback in writing by **May 24, 2019**. As noted in the Backgrounder, confirmation of attendance, and any written responses, may be sent to PSconsultations@ontario.ca.

As set out in the Backgrounder, the four guiding questions are:

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?**

Should you decide to participate in the consultation process and require any assistance, please contact your [Hicks Morley lawyer](#).