



# Operating in an Age of Restraint: Implications for the Health Sector

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# Agenda

1. Where we were – *Compensation Restraint Act (2010)*
2. Where we are – *Broader Public Sector Accountability Act (2012)*
3. Where we are going
4. Conclusion and Q&A

# Compensation Restraint Act

- No increase in compensation (including benefits, perquisites) for all non-union employees between March 24, 2010 and March 31, 2012
- Status quo re salary grids and other terms

# Compensation Restraint Act

- Increases to or new benefits, perquisites or payments permissible only if part of an existing comp plan and stated criteria satisfied
- No retroactive payment for period between March 24, 2010 and March 31, 2012 after expiry of Act

# Broader Public Sector - Restraints

- Applies to “designated executive” or “designated office holder” of a “designated employer” and members, officers and directors of a designated employer if they earn or will earn \$100,000 or more in 2012, 2013, 2014
- “other executive position”

# Broader Public Sector - Restraints

- Effective date – March 31, 2012 for hospitals
- Cannot expire before provincial deficit is eliminated
- No change to compensation plan “in effect” on the effective date – no increase to salary, salary range, benefit, perquisite or payment (whether discretionary or not)

# Broader Public Sector - Exceptions

- Performance increases: increase in a payment, new or additional payment if:
  - A) In recognition of a) successful implementation of measures to reduce costs while protecting front-line service; b) meet government priorities; c) achieve performance targets in QIP;

## AND

- B) Is authorized under the compensation plan that is in effect for the position or office on the effective date

# Broader Public Sector - Exceptions

- Performance payment cannot exceed global “performance pay envelope”
- Bona Fide Restructuring: but not to defeat the application of the restraint measures
- Across the board changes to benefit plans



# Broader Public Sector - Restraints

- Impact on existing executives
  - No increases on renewal
  - No increases on promotion or job change if still a designated executive
  - No deferral of payment
- Impact for “new” executives
  - In line with others in same or similar position with the employer and no more
  - No deferral of payment

# “Policy” for Unionized Employees

- No direct legislation applicable but clear direction from government to “...hit the pause button for two years”
- “no funding for incremental compensation increases for new collective agreements”

# “Policy” for Unionized Employees

- No increases in compensation (wages, performance pay and benefits) for 2 years
- Movement through existing grids “fully offset” from total compensation package
- No terms that “impose longer-term costs or restrictions on service delivery”

# “Policy” for Unionized Employees

- Province prepared to implement “...necessary administrative and legislative measures...” across the public sector
  - Eg., *Putting Students First Act, 2012*
- Finance Minister reported that some recently negotiated collective agreements are “unacceptable” (*McGuinty calls on Ontario public-service workers to accept wage freeze, The Globe and Mail, September 12, 2012*)

# “Policy” for Non-Executives/Non-Union

- “...live within fiscal targets”

# Practical Considerations

- Impact on selection, recruitment and retention
- Impact on bargaining
- Uncertainty for the foreseeable future