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