MEMORANDUM TO: Presidents of Colleges of Applied Arts and Technology, Executive Heads of Ontario Universities, Hearst, NOSM and Dominican College

CC: Colleges Ontario Council of Ontario Universities

FROM: Deborah Newman Deputy Minister

SUBJECT: Public Sector Compensation Restraint

Many employers in the broader public sector (BPS) have received questions regarding the government’s public sector compensation restraint measures announced in the 2010 Budget and the impact of these measures on BPS employers and employees.

As you know, Ontario has felt the effects of the global recession and is running a deficit in order to create jobs and protect public services. While the contributions of those who deliver public services are valued and appreciated, the public also expects those who are paid with public dollars to do their part to help sustain public services.

For non-bargaining employees, the government has passed the Public Sector Compensation Restraint to Protect Public Services Act, 2010. It covers all public sector employers as defined in the Act who have employees that do not collectively bargain compensation. The Act prohibits increases to compensation, including rates of pay, pay ranges, benefits, perquisites and other payments, before the beginning of April 2012, except in specified circumstances.

For employees who bargain collectively, the 2010 Ontario Budget policy statement makes the government’s direction clear. The government will respect all current collective agreements. However, when these agreements expire and new contracts are negotiated, the government expects transfer payment partners and bargaining agents to seek agreements of at least two years’ duration that provide no net increase in compensation. The fiscal plan provides no funding for compensation increases for any future collective agreements.
It doesn’t matter whether contracts expire next month, next year or the year after that – all employers and employee groups will still be expected to do their part.

Any increase in funding provided by the province to transfer payment partners and agencies is for the purpose of providing and protecting public services and is not to be diverted to fund increases in employee compensation.

In order to support the common understanding of all parties about the compensation restraint measures, further Qs and As have now been posted on the Ministry of Finance website at www.ontario.ca/compensation.

These Qs and As provide additional information about the fiscal necessity to restrain public sector compensation and answer questions about the application of the policy statement.

The government expects its transfer payment partners and agencies to comply with the government’s direction on public sector compensation. To ensure your organization and any bargaining agents are fully informed, I ask you to share this letter as appropriate so that its contents are communicated to all concerned parties.

The government is continuously assessing how best to support transfer payment partners, agencies and bargaining agents in complying with the Policy Statement and will be communicating additional information as appropriate.

Sincerely,

[Signature]

Deborah Newman
Deputy Minister