



# What's New in HR Law

## Ontario Government Tables Public Sector Compensation Restraint Legislation

June 7, 2019

### **BOTTOM LINE**

On June 5, 2019 the Ontario Government tabled Bill 124, entitled *Protecting a Sustainable Public Sector for Future Generations Act, 2019*. The Bill was introduced as part of the Government's stated plan to address the debt burden and restore fiscal balance in the province.

### **Key Components**

As currently drafted, Bill 124 proposes establishing a three-year moderation period, the start and end of which would vary as between employee groups. Increases to public sector employees' compensation would be limited to one percent (1%) every twelve months during the prescribed moderation period. "Compensation" is broadly defined as including salary, benefits, perquisites, and all forms of discretionary and non-discretionary payments.

Bill 124 does not, however, propose to prohibit salary increases which are based on an employee's (i) length of service, (ii) performance, or (iii) completion of a program or course of professional or technical education, where such increases are authorized by a collective agreement or compensation plan.

These proposed wage restraint measures would apply to both unionized and non-unionized workers, employed by any of the following:

- Crown agencies, authorities, boards, commissions, corporations, offices or organizations of persons, a majority of whose directors, members or officers are appointed or elected by the Ontario Government;
- School boards;
- Universities and colleges;
- Hospitals;
- Long-term care homes;
- Ornge;
- Children’s aid societies; and
- Not for profit organizations that received at least \$1,000,000 in funding from the provincial government in 2018.

Bill 124 also outlines various anti-avoidance measures and oversight mechanisms to monitor and ensure compliance with the proposed Act. Included among these is a ministerial right to make an order declaring that a collective agreement or arbitration award is inconsistent with the Act.

### **Need More Information?**

Bill 124 was carried on division after its first reading on June 5, 2019. We will monitor the status of this Bill closely and will update readers as more information becomes available.

In the meantime, if you need more information, please contact Melanie McNaught at 416.408.5561, or any member of the Filion Wakely Thorup Angeletti LLP team.



**Toronto**  
 Bay Adelaide Centre  
 333 Bay Street, Suite 2500,  
 PO Box 44  
 Toronto, Ontario M5H 2R2  
 tel: 416.408.3221  
 fax: 416.408.4814  
 toronto@filion.on.ca

**London**  
 620A Richmond Street, 2<sup>nd</sup> Floor  
 London, Ontario N6A 5J9  
 tel: 519.433.7270  
 fax: 519.433.4453  
 london@filion.on.ca

**Hamilton**  
 1 King Street West, Suite 1201  
 Box 57030  
 Hamilton, Ontario L8P 4W9  
 tel: 905.526.8904  
 fax: 905.577.0805  
 hamilton@filion.on.ca