



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, 2nd 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