

September 17, 2014

The Honourable Deb Matthews
Deputy Premier, President of Treasury Board
Rm 4320, 4th Floor, Whitney Block
99 Wellesley St. West
Toronto, ON M7A 1W3

OPEN LETTER

Dear Minister:

Over the past few months, the Ontario Government has acknowledged that the budget deficits and debt need to be addressed, and appointed you to oversee deficit reduction. With this, Ontario taxpayers assumed that real change was in order to tackle the deficit and ultimately the province's debt. Your government then announced that it has implemented a public sector wage freeze, most recently with the settlement with the AMAPCEO. As the AMAPCEO settlement will likely act as a precedent for other public sector wage settlements, it is worth clarifying its terms.

Upon closer examination, this settlement appears to be not a wage freeze at all but rather a back-door means of giving these government workers significant annual raises. It appears that the chosen approach increases compensation by up to 5% a year, in the form of merit pay. This has been offered over the past two years as well, during which time you have claimed the government has enforced a wage freeze.

The collective agreement wording is as follows:

"Effective April 1, 2013, a merit increase for a twelve (12) month work cycle coinciding with the employee's anniversary date shall be processed in an amount of 0-5% of his or her salary at the discretion of the Employer. An employee's merit increase for satisfactory performance shall be three percent (3%) of his or her salary."

It seems that while operating under the guise of salary freezes, the provincial government has granted public sector employees this merit pay increase which generously compensates them for "satisfactory performance". It appears that satisfactory performance in the workplace gets a government employee a wage increase of 3%, more than double the average rate of inflation. And this is the bonus for satisfactory results. Presumably many employees will receive up to 5% in "merit increases" each year.

The official statement of the Government on the wage freeze explains that "The agreement includes a wage freeze in the first two years and a 1.4 per cent wage increase in each of the third and fourth years. This new agreement follows a two-year deal that included no wage increases in both 2012 and 2013 -- totalling four consecutive years without an increase."

The government claims that there have been no wage increases yet it appears merit pay is increasing the income of public sector workers significantly. Is it true that taxpayers are being told that their tax dollars are not being used to further expand public sector



compensation, when they clearly are? In addition to merit pay, many employees will also move up the salary grid into new, higher paying positions. The union also claims that sick pay has been increased, and job security further improved. In other words, public sector employees seem to be getting their salary, plus merit pay, plus promotion raises, plus benefits and pensions, with job security that is second to none, while the government claims wages are frozen.

At Working Canadians, a not-for-profit, non-partisan group focusing on the negative impact excessive union influence has on our economy and society, we are concerned that the provincial government is engaging in fiscal double talk when it comes to tackling the deficit and debt that is dragging down Ontario's economy. Increasing already-generous government wages through merit pay and other means is extremely troubling when we realize that Ontario is already spending over \$10 billion a year just covering the interest charges on the growing debt. This apparent approach of ongoing public sector wage hikes, at the expense of the private sector workers who earn much less on average and have many fewer benefits and pensions, cannot continue.

Could you please clarify if the foregoing is an accurate interpretation of this recent wage settlement? Thank you, and I look forward to your response.

Sincerely,

Catherine Swift
Working Canadians

David Clement
Working Canadians

Cc: The Honourable Charles Sousa, Minister of Finance