



AMB | ASM

Association des municipalités de banlieue
Association of Suburban Municipalities

PRESS RELEASE

BILL 3:

QUEBEC MUNICIPAL EMPLOYEES EARN 38% MORE THAN QUEBEC CIVIL SERVICE EMPLOYEES

Montreal, 18 August 2014 – The public hearings on Bill 3 are soon to be underway. The Association of Suburban Municipalities on the Island of Montreal (ASM) is of the opinion that it is time to establish the facts regarding the remuneration of municipal employees. The ASM, based on a study conducted by the *Institut de la statistique du Québec (ISQ)*, concludes that municipal employees receive an overall remuneration¹ that is head-and-shoulders above that of the Quebec civil service. The *ISQ* study is based on an analysis of 77 comparable jobs – which necessarily excludes certain positions unique to the municipal world such as bus drivers, firefighters, and police officers.

“The municipal unions are right about one thing in their attitude to municipal pension reform: their members have stolen absolutely nothing. But that does not change the fact that, ‘all in’, Quebec municipal employees² are paid 38% more than Quebec civil service employees, according to the *ISQ*,” said the Mayor of Westmount and spokesperson for the ASM, Peter F. Trent.

Trent added: “If the overall remuneration of municipal employees is 38% higher, it is not, as the unions would have us believe, because their members accepted low salary increases in the past in exchange for more generous pension benefits. Even their base salaries are 18% higher than those of Quebec civil servants.”

How did this 38% spread come about?

Over many years, municipal officials have been hamstrung by very weak legal powers whenever it came to establishing their employees’ remuneration. First, there was a 20% legislated cut in Quebec civil servants’ salaries – a cut that did *not* affect municipal employees – which started the ball rolling in 1982. Next, between 1991 and 2001, this spread widened thanks to government-appointed arbitrators who settled disputes regarding certain collective agreements by being overly generous to municipal employees. Then, over ten years ago, municipal mergers resulted in a standardization of salaries and benefits that inevitably and predictably brought them level with the highest common denominator.

¹ The “overall remuneration” includes fringe benefits (such as pension plans, health insurance, etc.) and also factors in the actual number of hours worked.

² In municipalities with a population of over 25,000, these municipalities represent 68% of the total Quebec population.

All these factors, which were just amplified by increasing pension fund deficits, explain why Quebec municipal employees make today, on average, 38% more than their provincial counterparts.

Pension fund deficits were made worse by government decisions

The cost of pension plans in 2011, according to the *ISQ*, was the equivalent of 22.9% of the average salary of municipal employees, yet only 6.6% of those of the Quebec civil service – nearly four times as much. Aside from the 2008 stock market meltdown, at least two reasons were behind this difference. First there were the municipal pension fund contribution holidays *permitted and even encouraged* by the Quebec government from 1998 to 2001. These holidays were a way for municipalities to find the cash to pay the 6% of payroll legislated by the same government to help reduce *provincial* budgetary deficits. To make things worse, a federal law required that reserves could not be more than 10% of pension fund assets. Since most of the funds were, at the time, in surplus, the solution was to take further pension fund contribution holidays for the employers, and to increase employee pension benefits for the employees.

Future remuneration negotiations have to be framed by Bill 3

The ASM's position is that it is essential to conduct good-faith negotiations with municipal employees. However, without the additional pressure created by Bill 3, the ASM is concerned that the result of negotiations will be similar to those in the past; that is, the 38% difference will remain and nothing will be solved.

About ASM

The Association of Suburban Municipalities represents 15 municipalities on the Island of Montreal, with an approximate population of 242 600 citizens. The municipalities represented by this brief include Dollard-Des-Ormeaux, Côte-Saint-Luc, Pointe-Claire, Kirkland, Westmount, Beaconsfield, Town of Mount Royal, Dorval, Hampstead, Montreal West, Baie-d'Urfe, Senneville and Dorval Island.

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The ASM press release and a fact sheet are available at www.westmount.org.



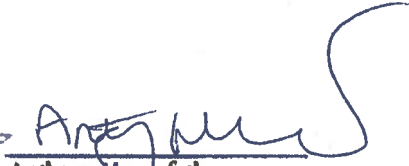
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Maire de la Ville de Westmount
Président de l'AMB



Maria Tutiro
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Georges Bourelle
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William Steinberg
Maire de la Ville de Hampstead



Michel Gibson
Maire de la Ville de Kirkland



Robert Courtois
Maire de la Ville de Montréal-Est



Benny Masella
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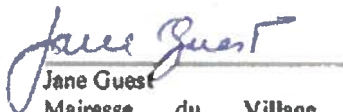
Philippe Roy
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Morris Trudeau
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Claire



Paula L. Hava
Mairesse de la Ville de Sainte-
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Jane Guest
Mairesse du Village de
Senneville

FACT SHEET FOR ASM'S PRESS RELEASE ON THE COMPENSATION OF MUNICIPAL EMPLOYEES (August 18, 2014)

Element no. 1 – “Municipal employees are paid 38% more than other Quebec public service workers, according to the ISQ,” “Even their base salaries are 18% higher than the salaries of other Quebec public service workers.”

Explanation: The differences of 37.9% in total compensation and 18.3% in salary show how the Quebec government is lagging behind in comparison with municipal governments in a range of comparable benchmark jobs. This explains why bus drivers, police officers, and firefighters are excluded from this comparison¹ (they have no equivalent in the Quebec public service), but does include, at the municipal level, clerks and office workers, labourers, skilled workers, professionals, etc.

This difference is measured every year by the Institut de la Statistique du Québec (ISQ) in a report which contains detailed results of the comparison of salaries, benefits, and total compensation of Quebec government employees (public service, health and social services, and education) with those of other Quebec employees working in companies of 200 or more employees.

The comparison is also made between various sectors of the labour market: the private sector and the “other public” sector and its sub-sectors (municipal and federal governments, “government business enterprises,” and universities).

Reference: Report available on the ISQ Web site:

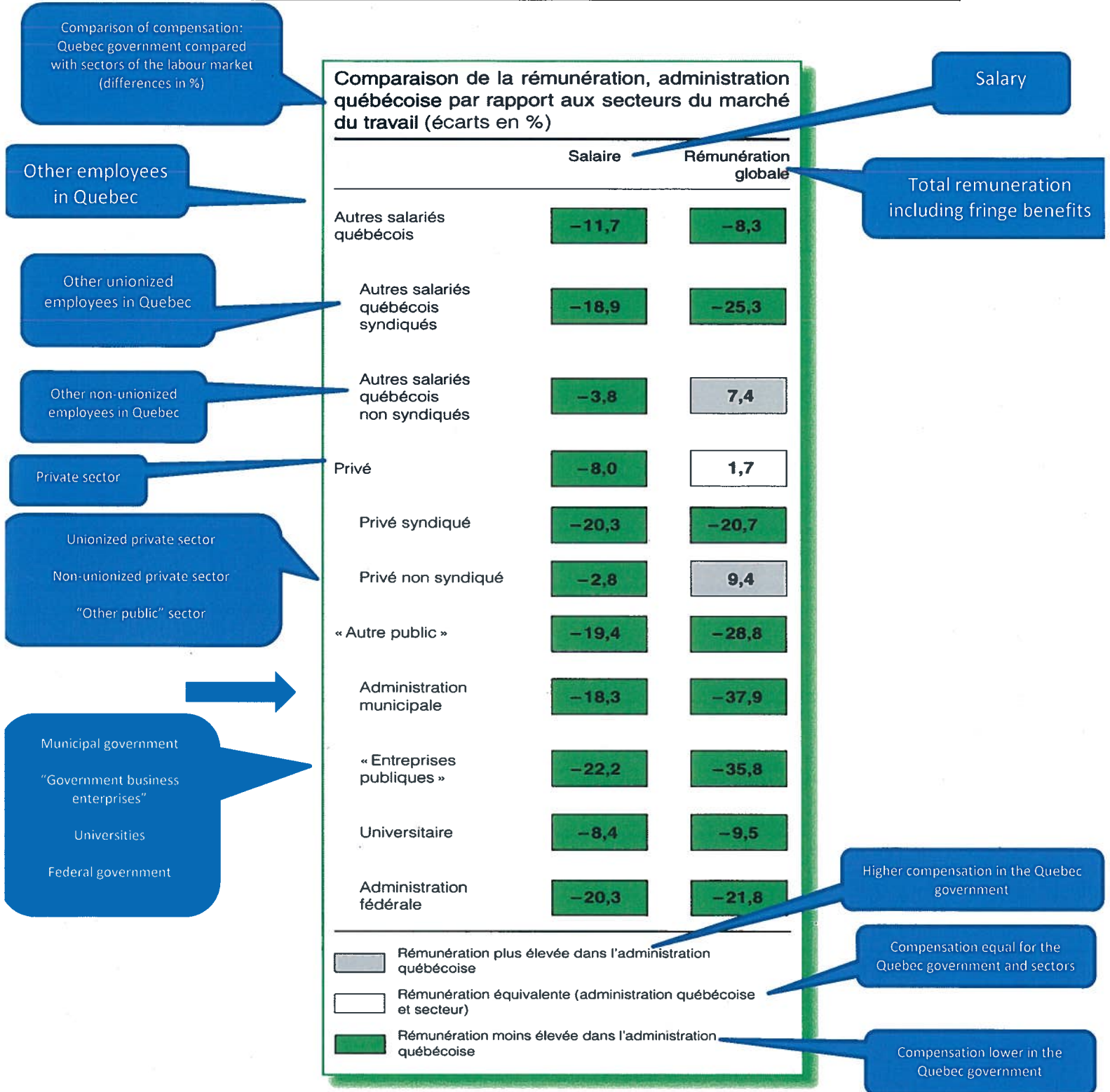
<http://www.stat.gouv.qc.ca/statistiques/travail-remuneration/remuneration-salaries.html>

The table on the next page presents the overall results of the survey for both salaries (first column) and total compensation (the second column which includes, in addition to salaries, benefits, and hours worked).

It shows how the Quebec government is lagging compared to all other sectors of the labour market in 2013. The arrow indicates the difference compared with municipal governments (employers of more than 200 employees, usually municipalities with a population of 25 000 or more, which represent 68% of Quebec’s population).

¹ Together, these three groups represent a work force of approximately 23 000 full-time employees, which corresponds to about 25% of the municipal work force.

Fact sheet for ASM's press release on the compensation of municipal employees



Reference: "Rémunération des salariés 2013 – Faits saillants" (ISQ), p. 3

Please note:

- **CONCERNING SALARIES ONLY:** the average shortfall by the Quebec government compared to all other sectors is 14%. Comparison with the municipal sector indicates a higher difference (18.3%), which disproves the argument by municipal unions that employees had accepted lower wage increases in the past, preferring benefits related to pension plans.
 - Moreover, in 2013, of all sectors, the municipal sector is the one with the highest wage increases (actual increases of 1.9% vs. 1.2% for all Quebec workers). (Reference: *ibid*, table p. 10).
 - Concerning salary projections for 2014, the municipal sector is in the lead once again with an expected growth that is 2.3% higher than all other sectors included in the study. (Reference: *ibid*, table p. 11).
- **CONCERNING TOTAL COMPENSATION:** The Quebec government has the greatest shortfall compared to all sectors studied when compared with municipal governments (37.9%).
 - In fact, according to the ISQ, municipal employees in Quebec earn an average of \$75 851 in total compensation, while provincial employees earn an average of \$55 791. When taking into account the hours worked, this means an hourly rate of \$49.99 vs. \$36.25 (+37.9%).

Element no. 2 – History of the difference in total remuneration in favour of municipal employees

Explanation: As indicated briefly in the press release, the evolution of the difference of 38% in total remuneration in favour of municipal employees can be divided into three main stages.

- 1) The 1982 cutbacks in collective agreements for Quebec government employees (Bill 70), which excluded municipal employees. This 20% wage decrease for the highest paid employees (a provision protected employees with lower incomes) was intended to last only three months (during the Quebec government's 1982-1983 fiscal year). The compensation level was subsequently set lower than it should have been according to the collective agreements in effect at the time. The context that justified this government action was based on an analysis of the Treasury Board, which demonstrated that Quebec government employees earned 16% more than employees of the private sector.²
- 2) In the following period, a number of collective agreement arbitrations resulted in favourable working conditions for municipal employees covered by various mechanisms specific to them (police officers and firefighters governed by the

² Documented in G. Tremblay-Boily, *Front commun contre le gouvernement : portrait des relations entre le PLQ, le PQ et les syndicats du secteur public lors des négociations de 1972 à 1983*, published by the Fondation Jean-Charles Bonenfant, Quebec National Assembly, April 2011, pp. 22 to 24.

dispute resolution arbitration plan, which is more or less well outlined; employees covered by the essential services plan (special plan included in the Quebec Labour Code in 1982)). The difference in earnings gradually increased during the 1980s and 1990s to reach 27.9% in 1996:

(reference: http://www.pum.umontreal.ca/apqc/97_98/blais/tbl03.gif)

- 3) The various laws³ passed to create municipal amalgamations, the most significant of which were implemented on January 1, 2002, specified that no employee could lose their job because of these amalgamations. This context, combined with the obligations of municipalities as employers (including the implementation of the Pay Equity Act, which aimed to achieve internal equity), has bolstered compensation levels in merged municipalities. These represent over half of Quebec's population (4.3 million inhabitants out of 7.5 million) and especially the majority of large municipalities, which created a group large enough to "contaminate" results in the entire municipal sector (for municipalities with over 25 000 inhabitants).

Element no. 3 – Pension plan deficits

Explanation: In the same report, the ISQ shows that the cost of pension plans in the municipal sector represents 22.9% of wages, compared to only 6.6% for the Quebec government. Not only is this proportion considerably higher (almost four times), but the percentage is also calculated on wages that are 18% higher. In fact, the municipal sector once again has the highest value in all categories (reference: *ibid*, table p. 6).

The ASM recalls that in 1998, in the *Act respecting the negotiation of agreements concerning the reduction of labour costs in the municipal sector* (Bill 414), the measures adopted by the Quebec government to allow municipalities to reduce their labour costs (by a maximum of 6%) were very restrictive and encouraged pension plan holidays, which were in a generalized surplus situation. These measures focused on "(...) *amendment of the working conditions stipulated in a collective agreement, but will not affect salary ranges and pay scales. Concerning pension plans, the proposal may focus on the use of a surplus for the payment of contributions or on the amendment to the provisions relating to contributions.*" [translation]

(Reference: excerpt from the explanatory notes of the Act (L.Q. 1998, chapter 2), as passed on March 12, 1998)

³ Bill 124, Bill 170 et al.