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Faculty Association of
the University of Waterloo

Karen Hughes
Deputy Minister, Treasury Board Secretariat
Secretary of Treasury Board and Management Board of Cabinet
PSconsultations@ontario.ca

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Subject: Ontario Public Sector Consultations

Dear Deputy Minister Hughes,

We are responding to the call for written responses on the Treasury Board Secretariat (TBS) consultations on collective bargaining in the public sector.

We first would like to caution you against interfering in the autonomy of our Universities. Universities have a unique legislative and societal mandate, and operate best when they are free of government intervention, and when government respects autonomy and academic freedom in postsecondary institutions. Any government intervention in our pay structure affects the ability of the institution to attract and retain excellent people.

Over the last five years at the University of Waterloo, our Faculty of Mathematics has had 15 professors leave our institution: two to industry, two to academic positions within Canada (one in Ontario) and 12 to academic positions outside of Canada. And this is just one of our six faculties. Retention is not the only problem; we also have had difficulty hiring. Last year, 22 out of the 102 offers for a faculty position made by the University were declined. We have also lost a number of potential new hires to industry, where pay is much higher. And even within academia, our competition is international, not restricted to the province. Ontario universities must be able to offer competitive compensation or risk post-secondary education and the economy falling behind both nationally and globally. We can manage this compensation growth responsibly without government intervention.

Let us now turn to your specific questions.

Managing overall compensation cost through collective agreements vs government intervention

Question 1: *Are there any aspects of the collective agreement(s) in your organization(s) that affect the ability to manage overall compensation costs?*

Question 2: *Are there any tools to manage compensation costs that you believe the government should consider?*

Our Memorandum of Agreement has many aspects that affect the ability to manage overall compensation cost:

- Our institution has the ability to offer incentives for our highest salary earners to retire early. It has chosen to exercise that option in the past.

- We do not have any mechanism that allows the university to reduce the salary of our members without dismissing them.
- At the University of Waterloo, a group of faculty members meet with the administration to negotiate our compensation increases. During these negotiations, we are bound by our Memorandum of Agreement to consider four factors:
 - CPI & past settlements,
 - economic factors,
 - the University of Waterloo's financial position, and
 - salary trends.

The University of Waterloo got to its current advantageous financial position through a combination of good management and concessions by our faculty members. For instance, in view of a possible government freeze to the public sector, we voluntarily agreed in 2010 to 0% "increases" two years in a row.

So yes, there are means to manage overall cost within our Waterloo system. We have discussions and consider all these factors, including the Ontario economic situation. FAUW has confidence that, together with our employer, we can decide on increases that are, in your words, "modest, reasonable, and sustainable" without government intervention. Government intrusion in our bargaining process is neither necessary nor welcome.

Legislated caps on compensation increases

Question 3: While no decisions have been yet made, the government is considering legislated caps on allowable compensation increases that can be negotiated in collective bargaining or imposed in binding arbitration. We wish to engage with you in good faith consultations on this option and invite your feedback. What are your thoughts on this approach?

The Government of Ontario currently funds less than 30% of the University's operating budget. Since this consultation is about the need for a growth in salary mass that is "**modest, reasonable, and sustainable**," we ask: "is it **reasonable** that the government control 100% of our salary when it pays less than 30% of it?"

There is a very mature collective bargaining culture in Ontario universities. This has helped achieve **modest** increases. The average base salary increase in 2019 is 1.89% to 1.96% (depending on how one averages). At the same time, the provincial cost of living increased from 2018 to 2019 by 2.4%. Given this comparison, it would **unreasonable** to consider our increases to be **immodest**. At our own institution, our salary increase for 2019 is 2.15%, and our members are therefore losing purchasing power this year. Any cap on compensation increases should certainly be not lower than inflation.

Some institutions have had higher increases to correct salary inequities. Our colleagues at Brescia have historically had salaries much lower than anyone else in the industry. Brescia is mostly composed of female faculty members, and there was an obvious need to fix this gender inequity. After a four-year run of 3% increases, they are starting to catch up but still lagging behind. Our own institution had a comprehensive salary anomaly review a few years ago and found that female faculty members were paid around \$3,000 less than their male colleagues. We corrected



that. Many other institutions have corrected similar inequities, but many more still have to do so. Any cap on compensation increases should not prevent institutions from fixing such problems.

Sustainability is of paramount importance in the University sector. We remind you that most of our faculty members are tenured and will work at this institution for the rest of their career. It is not in their interest to see wage increases that would not be **sustainable**. (We refer you to our answer to Question 1.)

The Treasury Board issued a press release dated March 27, 2019, titled “2018 Ontario Public Sector Salary Disclosure Reveals Unsustainable Trend Across the Public Sector.” Yet, the sunshine list does not reveal any trend at all, let alone an unsustainable one. The press release goes on to say “the total number of employees disclosed under the Act continued to grow in 2018, increasing by 19,131 employees, or 14.5%.” This is not significant, nor unique to the public sector. Salaries across all sectors increase over time. As time passes, of course more and more people will pass the threshold of \$100,000 annual salary. In fact, in 100 years probably most people will have passed that threshold, even people working part time at a local coffee shop. This is not a problem, and this failure to properly interpret the math behind salary inflation has us worried about the Treasury Board’s claims that Ontario finances are unsustainable.

Further thoughts on this consultation process

In your April 4 letter inviting us to participate in these consultations, you wrote (emphasis ours):

“Through these consultations, the government is seeking your feedback on how to manage compensation growth in a way that results in wage settlements that are modest, reasonable and sustainable. Feedback received through these **discussions** will directly inform any next steps taken to manage growth in compensation costs. To assist in engaging in a **constructive dialogue**, I have attached four guiding questions that will be used to facilitate those **discussions**.”

Yet, the process so far has been neither constructive nor a dialogue. At the face-to-face meeting on May 3, the external legal counsel retained by the Treasury Board Secretariat (TBS) was unable to answer a single substantive question. You, the TBS Deputy Minister calling this session, were absent. In a subsequent communication with FAUW, you later confirmed to us that the Ministry of Training, Colleges and Universities (MTCU) and TBS representatives present at your session were Nancy Mudrinic, Assistant Deputy Minister (MTCU); Ivonne Mellozzi, Director (MTCU), Jay Porter, Director, Broader Public Sector Labour Relations Initiatives (TBS); Pal Mhaisalkar, Corporate Staff Relations Officer (TBS); Shenouka Dissanayake, Corporate Staff Relations Officer (TBS). None of them introduced themselves, and none seemed to have any authorization to speak. This is absolutely ridiculous: a discussion is impossible under such circumstances. You cannot have a dialogue if only one side is speaking.

We and our colleagues raised many questions on May 3, and while answers to 17 questions were circulated later, many of those “answers” were: “All the information necessary for these consultations is available in the 2019 Ontario Budget which can be found at <http://budget.ontario.ca/2019/index.html>.” This is the equivalent of us professors answering a student not understanding a critical concept in the class with “go read the whole manual for this class, the answer is somewhere in there.” With no further hints as to where to look, this is just



sending the student away with no care as to their success. This makes your claim to want constructive dialogue appear disingenuous.

Yet, we will continue to participate in these consultations and provide our educated opinion because we care about the future of post-secondary education in Ontario. Our faculty association fully endorses OCUFA's submission. We share OCUFA's principled and legal objection to the government undermining the right of university faculty to free and fair collective bargaining and will continue to protect our members' right to negotiate terms and conditions of employment in good faith.

Sincerely,

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