

Shed no tears for public servants

by Lee Harding

In November, the federal government announced in its Throne Speech that it was prepared to introduce legislation taking the right to strike away from the Public Service Alliance of Canada (PSAC). One week later, PSAC tentatively—and grudgingly—agreed to a contract offer of 6.8 percent over four years for its more than 100,000 public servants.

Opposition parties cried foul, saying the government’s approach was heavy-handed. In reality, restraining public wages to the rate of inflation is a move long overdue.

Recently, the Canadian Federation of Independent Business issued a report, “A Comparison of Public-Sector and Private-Sector Wages.” Using 2006 Census data, authors Ted Mallett and Queenie Wong showed that public servants of all stripes were higher paid, with federal employees being the highest.

Federal
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lic sector employees are paid 17.3 percent higher than those working similar jobs in the private sector. Add in benefits, and the gap widens to a sizeable 41.7 percent. In some cities, the gap was astounding. In Saskatoon, the wage advantage was 29.7 percent, and 52.2 percent if benefits were included.

All told, the public sector is paid more than \$160-billion in Canada each year. These 3.2-million employees represent 19 percent of the workforce, held up by the remaining four-fifths of the working population. However, the burden would be \$19-billion less if public sector wages and benefits were scaled back to private sector norms. Not surprisingly, 74 percent of government employees are

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unionized, compared to just 20 percent in the private sector.

Doubtless, this gap will widen. Recent drops in the stock market have increased the unfunded liabilities of public pensions. This is because most of these pensions have a defined benefit provision that guarantees a certain rate of return in relation to employees’ salaries and years of service. If the funds invested fail to make that mark, employer contributions pick up the slack. Given that the employer of public servants



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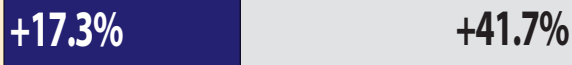


is the government, much of that gap will be picked up by taxpayers.

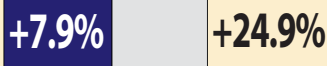
Unfortunately, most taxpayers don't have the benefits of such plans. Of the 4.6-million Canadians who have a defined benefit pension plan in Canada, a majority — 2.9-million — work for government. This means while many Canadians worry about their retirement income, most public servants have no such concerns. Their generous salaries and benefits are backstopped by taxpayers. Pension reform and scaled back wages are clearly in order.■

Wage disparity between government workers and equivalent private sector workers

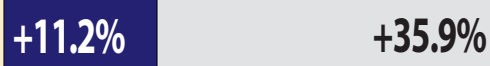
Federal government



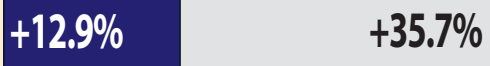
Provincial government



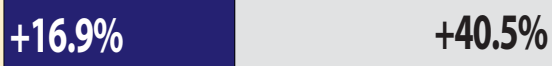
Municipal government



Urban transit



Postal workers



■ Salary difference ■ Salary plus benefits difference

Source: CFIB calculations based on 2006 Census results

Fattest Cats

By percentage, bureaucrats of the following types (boldface) have the highest advantages vs private sector equivalents in salaries and/or the combined value of salaries and benefits.

		Salaries	+Benefits
Federal	Average	17.3	41.7
	Worst City	Saskatoon	29.7
	Worst Province	P.E.I.	26.7
Provincial	Average	7.9	24.9
	Worst City	Thunder Bay	28.1
	Worst Province	PEI	18.3
Municipal	Average	11.2	35.9
	Worst City (s)	Montreal	16.7
	Worst City (s+b)	St. Catherine's/ Niagara	13.3
	Worst Province	New Brunswick	19.6
Education	Average	10.8	17.6
	Worst City	Saguenay	17.1
	Worst Province	PEI	19.9
Health Care	Average	8.5	19
	Worst City	Kingston	27.7
	Worst Province (s)	PEI	14.9
	Worst Province (s+b)	BC	13
Urban Transit	Average	12.9	35.7
	Worst City (s)	Ottawa-Gatineau	24.1
	Worst City (s+b)	Toronto	22.7
	Worst Province	Ontario	20.7
Canada Post	Average	16.9	40.5
	Worst City	Vancouver	28.5
	Worst Province	B.C.	24.2