

Public Services Sustainability Act

August 2017

The Public Services Sustainability Act (the 'Act') has been proclaimed. The Act was originally introduced and passed in December 2015 to prevent third-party arbitrators from awarding public sector contracts beyond what the province can afford.

Who the Act applies to

The Act applies to all public sector employers and employees--unionized and non-unionized, with some exemptions.

Exempt from the Act:

Physician residents and judges are exempt from the legislation and the Act, as proclaimed, doesn't apply to physicians. Bargaining units with settled collective agreements and non-union public sector employees that are already compliant with the legislative framework, are also exempt. For example: teachers and Crown attorneys.

The Act does not impose agreements.

What is included in the Act

Compensation Framework

The Act outlines that the new money employers can offer for wages to their employees is 3% over 4 years: 0%, 0%, 1%, 1.5% and 0.5% on the final day of the agreement. This is consistent with tentative agreements reached with other bargaining groups.

Compensation consists of all aspects of an employee's compensation, including: salary, wages, stipends, honoraria, fee bonuses, and commissions. It does not include pensions, benefits, or vacation time.

Annual increments, or step increases, continue for eligible employees.

The Act allows for additional wage increases if savings can be identified (subject to approvals).

Arbitration

The Act prevents arbitrators or arbitration panels from making public sector awards higher than the compensation framework. Arbitration can still continue.

Freeze on retirement bonuses

The retirement bonus is a benefit for some public sector employees over and above their salaries and pensions, which become payable at the time of retirement or resignation. This is typically up to 26 weeks of pay, calculated based on years of service. Last year, the cost of the public service award was \$53.5 million.

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Under the Act, all public sector employees will be eligible for the retirement allowance they have accumulated up to April 1, 2015. Specifically:

- Service accumulation is frozen as of April 1, 2015.
- No employee will lose the retirement allowance they have accumulated up to this point. Existing entitlements will be paid out upon retirement.
- Future accrual will stop.
- New employees (after April 1, 2015) will not be eligible for a retirement allowance.

Sustainability Board

The Act, and new regulations, establish a new Public Services Sustainability Board responsible for dealing with issues arising from the interpretation and application of the legislation.

Government has appointed three members:

- Margaret MacDonald (Chair)
- Nelson Blackburn, Q.C. (Vice Chair)
- Doug Stewart (member)

Next steps

The Act is now in effect, and it outlines the framework for monetary items as collective bargaining continues with outstanding public sector groups. Negotiation on all matters can continue.

The legislation will be referred to the Nova Scotia Court of Appeal to express its view on the Act's constitutionality.