



NEWS RELEASE

Wage premium for government employees over comparable private-sector workers hits 13.4 per cent in Ontario

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For Immediate Release

TORONTO—Government employees in Ontario get higher wages, on average, than comparable workers in the private sector and they retire earlier and take more days off per year, finds a new study by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Queen’s Park and the federal government, which has a lot of employees in Ontario, are both struggling financially. Scrutinizing public sector compensation would be a good first step to address their fiscal challenges without affecting services,” said Charles Lammam, director of fiscal studies at the Fraser Institute and co-author of [*Comparing Government and Private Sector Compensation in Ontario*](#).

The study finds that government employees in Ontario—including federal, provincial and municipal workers—received 13.4 per cent higher wages, on average, than comparable workers in the private sector in 2015, the most recent year of data from Statistics Canada’s Labour Force Survey.

And that wage gap takes into account differences between workers in the public and private sectors such as age, gender, education, tenure and type of work.

But wages are only part of overall public-sector compensation, which accounts for about half of annual provincial government program spending. In fact, government workers in Ontario enjoy much more generous benefits, too.

- **Pensions:** Eight of 10 government employees in Ontario (79.7 per cent) are covered by a defined benefit pension plan—which offers a guaranteed level of benefits in retirement—compared to just one of 10 workers in the private sector (11.4 per cent).
- **Early retirement:** Government employees in Ontario retire 1.4 years earlier, on average, than the province’s private-sector workers.
- **Personal leave:** Government employees in Ontario are absent from their jobs for personal reasons 60 per cent more often than private-sector workers—10.9 days compared to 6.8 days.
- **Job security:** Government employees in the province enjoy much more job security, and are six times less likely to experience job loss, than private-sector workers—0.5 per cent compared to 3.2 per cent.

“The Ontario government, in particular, is struggling with persistent deficits and soaring debt, and bringing public-sector compensation in line with the private sector would help Queen’s Park better control spending,” said Ben Eisen, director of the Ontario Prosperity Initiative at the Fraser Institute.

“It’s important that governments provide competitive compensation to attract qualified employees, but the fact is wages and benefits in the government sector are out of step with the private sector,” Lammam added.

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