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City's sick-leave bill grows by \$200-million

By Jennifer Lewington and Brodie Fenlon
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Miscalculation by actuaries prompts calls for hard line with police and firefighters; mayor defends timing of disclosure

A whopping miscalculation in the size of Toronto's future sick-leave bill has critics of Mayor David Miller clamouring for a crackdown on the perk in future labour talks with firefighters and police.

Thursday, the audit committee will review the latest financial information amid charges the mayor failed to disclose that the city's unfunded sick-leave liability for all employees is actually \$450-million - pegged earlier at \$250-million thanks to an error by the city's outside actuarial consultant.

Mr. Miller flatly rejected claims by critics he misled the public during this summer's municipal workers' strike over how much Toronto employees are owed for future sick-leave pay. The benefit was a key stumbling block in contract talks with CUPE Locals 416 and 79.

"The numbers I used during the strike were accurate," he said Tuesday. "Nothing was covered up and it was released as soon as possible."

Councillor Denzil Minnan-Wong (Ward 34, Don Valley East) accused city staff and the mayor of keeping council and the public in the dark about the size of the over-all liability.

"Given the fact that we were in a strike position and that sick banks were so important, it's not difficult to form an opinion that this information was covered up," he said. "It reinforces the fact that he [Mr. Miller] made a bad deal."

The mayor said he was briefed on the problem during the strike, but was assured the portion of liability attributed to the two striking unions was accurate at \$140-million. He used that figure publicly during the strike.

"There is no responsible person who would have released preliminary information when Mercer [the actuarial consultant hired by the city] had already got it wrong, our external auditors had already got it wrong, and we didn't have the final report. It was released when appropriate, when it was final," he said.

Audit committee chairman Doug Holyday (Ward 3, Etobicoke Centre) called the \$200-million error "mind-boggling," adding he wants an explanation from city and Mercer officials. "There are too many unanswered questions."

City officials were supposed to report the revised \$450-million to the audit committee on June 22, the first day of the strike.

Mr. Holyday said the larger-than-expected sick-bank cost only reinforces why the city had to remove the perk from the city workers' contract over time and now should try to end it for other city employees, including police and firefighters.

He and others concede it would be very difficult to remove the sick-leave benefit when contracts for police and firefighters are usually settled by a provincial arbitrator.

The current firefighters' contract expires in December, while the current deal with the police expires a year later.

Councillor Karen Stintz (Ward 16, Eglinton-Lawrence) said "absolutely, it has to be addressed for the firefighters and the police," and workers at other agencies still eligible for accumulated sick days.

"There is no question in light of this new information and the other financial challenges of the city," she said.

Mr. Miller refused to speculate about the impact of the \$450-million figure on future contract talks with city employees, except to note "the worldwide recession has caused significant challenges for the city of Toronto just as it has for the province of Alberta. ... all of our labour negotiations have to be understood in that context."

The city's chief financial officer, Cam Weldon, said he stands by his decision not to release the \$450-million figure in advance of the audit-committee meeting.


"What I tried to do in good faith was to provide council with the information for the decisions they had to make," he said.

Under the deal to end the municipal strike, unionized workers have until Nov. 18 to cash out their accumulated sick days and switch to a short-term disability plan, or keep the status quo without access to the new plan.

Mr. Weldon said the larger-than-expected liability has "no immediate impact" on taxpayers, as it is paid out from future city revenues as employees leave the city.

By next year, estimates of the \$450-million unfunded liability could go lower if a large portion of those eligible for accumulated sick days choose to cash them in.

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