



INFORMATION UPDATE

On December 11, 2012, media reports attributed to the President of the Treasury Board (PTB) claimed that average compensation figures contained in the Parliamentary Budget Office's (PBO) report, [*The Fiscal Impact of Federal Personnel Expenses: Trends and Developments*](#), were inaccurate. Further, PTB issued his own figures suggesting that actual average compensation is significantly lower than the PBO estimate.

The PBO estimate of average public service compensation is drawn from the Government's *Public Accounts of Canada*, which are audited by the Auditor General of Canada each year and are also presented consistent with *Public Service Accounting Board Standards*. The calculation of an average cost is based on two factors:

1. Annual Compensation Expense

This is a combination of salaries paid to public servants, as well as the current expenses associated with *substantial* employer-paid benefits, such as the defined benefit pension plan, health care plan, Employment Insurance, as well as other factors.

- The Public Accounts of Canada indicate that this was \$43.8 billion in 2011-12.
- *PTB indicates that total salaries, excluding benefits, were roughly \$40 billion in 2011-12.*

We note that the PTB figure excludes all employee benefit costs from their calculation; regardless of the fact that these benefits represent a very real cost to taxpayers. Hence, the PTB figure is lower than that presented in the Public Accounts of Canada.

2. Population of the Federal Public Service

This is the population of public servants that correspond to the annual compensation expense presented in the *Public Accounts of Canada*, which includes members of the core public service, separate agencies, Parliament, Canadian Forces members and active reservists, as well as RCMP regular and civilian members.

- Based on the framework in the Public Accounts of Canada, this is estimated to be 375,500 employees.
- *PTB indicates that this figure is 420,000 employees.*

We note that the PTB figure includes additional categories of federal public sector employment, for which compensation payments are not reflected in the Public Accounts of Canada. Hence, the PTB figure is substantially higher than that presented in the Public Accounts of Canada, and does not correspond to the annual compensation expense cited by PTB.

Finally, PBO's projected growth rate for average compensation expenses is based on official Government of Canada data presented in the *Public Accounts of Canada*, as well as public data released by PTB (both publicly and shared with PBO via information requests).

- Based on public, official Government data, this is estimated to be 4.4 per cent per year.
- *PTB estimates that this projected growth in salary expenses is 2.4 per cent per year.*

The figure released by PTB does not correspond to any data presented to Parliament, the public or provided to PBO as part of earlier information requests. Given that the PTB figure is inconsistent with public data, including that released within other official Government documents; PBO encourages PTB to release the data and methodology used to arrive at this figure.