

# The Cost of Banking Sick Days in the Public Sector

Queenie Wong, Senior Research Analyst

## Key Findings

- ▶ Banked sick days are costing federal and provincial governments \$3.8 billion
- ▶ As of 2013-2014, employees working in the federal government accumulated 15 million sick days
- ▶ Federal government employees have an average of 74 banked sick days; oldest workers have close to 120 banked sick days
- ▶ Federal government employees and some provincial government employees in Quebec and Saskatchewan can bank sick days without limit
- ▶ City employees in Winnipeg and Moncton can bank sick days without limit among major municipalities
- ▶ Some government employer plans allow employees to apply unused sick days towards cash payouts upon retirement/termination of employment or early retirement
- ▶ Less than 3 per cent of private sector sick leave plans allow employees to bank sick days compared to 28 per cent of government sick leave plans
- ▶ Newfoundland and Labrador faces the highest sick day liability per capita (\$441) among provincial governments
- ▶ City of Toronto has the highest sick day liability per capita among the largest municipalities in Canada (\$176)

## Sick Days

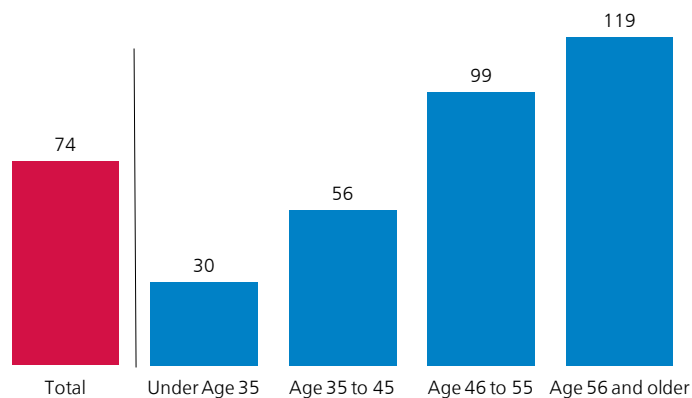
Sick days in the public sector have become controversial in recent years due to concerns over their possible misuse among employees and related costs. The last CFIB<sup>1</sup> report on sick days showed that public sector workers take a higher number of days away from work compared to private sector workers. **Similar to findings in CFIB's report, both the Treasury Board and the Macdonald Laurier Institute** show that federal public sector employees take on average more sick days compared to private sector employees.<sup>2</sup> Treasury Board estimates that sick days taken by federal public sector employees cost more than \$1 billion a year in lost wages.<sup>3</sup> While most of the existing research<sup>4</sup> examined has been on the number and cost of sick days taken primarily by federal government employees, little has been said about the cost of banked sick days (unused sick days that can be carried over into future years) at all levels of government. Not everyone working in the public sector has the ability to bank sick days but for the many employees that do so, this benefit can inadvertently reduce the productivity of government employees and create unnecessary costs for government employers and ultimately, taxpayers.<sup>5</sup> This is a much larger issue in the public sector as less than

three per cent of private sector plans allow employees to bank sick days compared to 28 per cent of government plans.<sup>6</sup>

Federal government employees can take up to 15 paid sick days a year and can carry unused sick days into the future without limit. As of 2012-2013, federal government employees had an average of 74 banked sick days which is equivalent to 15 workweeks (see Figure 1), more than what is needed to cover any short-term sick leave required before long-term sick leave provisions kick in.

Figure 1:

### 2012-2013 Average Banked Sick Days (Number of days) for Federal Government Employees, by Age Group



Source: Treasury Board of Canada Secretariat.

Employees in the public sector are typically given a certain period of time off using banked sick days in the short-term until they qualify for long-term disability (i.e. after 65 days or 13 workweeks for federal government employees). However, there are caveats to this design. Newer employees may not have worked long enough to accumulate a sufficient number of sick days and may have to take an unpaid leave for the amount of time off needed before long-term leave kicks in. This raises questions as to how fair and effective the application of banked sick days for short-term sick leave and long-term disability provisions are for federal public sector employees. Ideally, all employees including new and long-serving employees should be able to take time off when they are sick and not have to fear losing their income in the process.

For employees that do have an adequate number of sick days banked, they must use up all these days before long-term leave provisions apply which is similar to a short-term disability plan.

The perspective that bankable sick days may not be the best solution for ensuring that employees have access to adequate short-term sick leave is shared by many other levels of government; as a result, some governments across Canada have already eliminated provisions that allow employees to bank sick days.

Providing employees a safety net if they get sick in the short-term is a responsible labour policy practice. If an employee falls ill, it is best for them to have access to some sick days so they can take time to recover. However, it is possible that some employees use banked sick days for purposes unrelated to illness. Some governments allow banked sick days to be used by certain employees to retire early or to receive cash payouts for banked sick days that go unused. These alternative sick day provisions raise questions as to why governments have allowed public sector employees to use banked sick days for purposes unrelated to illness.

The next section takes a look at the cost of banked sick days and presents recommendations on how governments can begin to eliminate this provision and curb costs.

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## Cost of Banked Sick Days

### *Federal Government*

As of 2013-2014, public sector workers in the federal government accumulated 15 million sick days.<sup>7</sup> Total banked sick days are worth \$5.2 billion.<sup>8</sup> The federal government (Receiver General—Public Accounts) began measuring the cost of banked sick days in 2012-2013. Out of the \$5.2 billion in banked sick days, federal government employees are expected to use up about \$1.5 billion in sick time (referred to as the sick day liability). Sick day liabilities outline either the value of time off expected to be taken by employees, cash that could be paid out using banked sick days, or both. Table 3 lists the sick day liabilities associated with the federal government and provincial governments.<sup>9</sup> Sick day liabilities for major municipalities are highlighted in Table 4.

The previous federal government considered eliminating bankable sick days and replacing it with a new short-term disability plan for core federal public sector workers similar to changes made for Canada Post.<sup>10</sup> They argued that not only would this reform provide about \$900 million<sup>11</sup> in savings, it would also bring a fairer and more effective way to **manage employees' short-** and long-term sick leave coverage. This was not implemented prior to the change in government so the current federal government is still reviewing its sick day policy as part of the ongoing public sector collective bargaining process.

### *Provincial Governments*

Provincially, the Quebec government (before adjusting for population) has the highest sick day liability (\$829 million) among all provincial governments in 2013-2014. The Quebec provincial government is among the few that allow employees in the core public sector to bank an unlimited number of sick days.<sup>12</sup> Employees can choose to receive a cash payout worth 50 per cent of the total value of banked **sick days upon retirement or termination of employment (up to 66 days' salary)**.<sup>13</sup> Employees working for the Government of Saskatchewan<sup>14</sup> also have the ability to bank sick days without limit but employees cannot receive any payment for unused days once they leave.

When measured on a per capita basis, provincial governments in Atlantic Canada have the highest sick day liabilities with the Government of Newfoundland and Labrador facing the biggest sick day liability costs of \$441 for every resident.

There are some provincial governments that are addressing the cost of banked sick days. Currently, provincial government employees in the core public sector cannot bank sick days in British Columbia<sup>15</sup>, Alberta<sup>16</sup>, Ontario<sup>17</sup>, and Nova Scotia. These governments use short-term disability plans instead of traditional sick leave plans. However, the Government of British Columbia<sup>18</sup> is still bound by **old sick leave provisions which dictate that “grandfathered” employees are still entitled to cash** payouts upon retirement or are able to use banked sick days towards time off/early retirement.

In addition to Quebec and Saskatchewan, there exist other provincial governments that allow core public sector employees to bank their sick days (see Table 1). Permanent full-time employees working for the Government of Newfoundland and Labrador are able to bank up to 240 days.<sup>19</sup> Provincial government employees in Prince Edward Island can bank up to 215 sick days depending on the hours worked.<sup>20</sup> Similarly, New Brunswick employees are able to bank 240 days<sup>21</sup> while Manitoba employees can save up to 208 days<sup>22</sup> in sick leave.

Collectively, the federal government and provincial governments have racked up a sick day liability of \$3.8 billion.

Table 1:

### Maximum Number of Bankable Sick Days for Core Public Service in 2015, by Federal and Provincial Governments

	<i>Maximum Number of Sick Days that can be Accumulated for Employees Starting in 2015</i>	<i>Cash Payout at Retirement/Termination of Employment With Unused Sick Days</i>	<i>Early Retirement With Unused Sick Days</i>
Federal	Unlimited	No	No
British Columbia	Cannot bank sick days	For grandfathered plans <sup>23</sup>	For grandfathered plans <sup>24</sup>
Alberta	Cannot bank sick days	Not applicable	Not applicable
Saskatchewan	Unlimited	No	No
Manitoba	208	No	No
Ontario	Cannot bank sick days	Not applicable	Not applicable
Quebec	Unlimited	Yes <sup>25</sup>	Yes <sup>26</sup>
New Brunswick	240	No	No
Nova Scotia	Cannot bank sick days	Not applicable	Not applicable
Prince Edward Island	215	No	No
Newfoundland and Labrador	240	No	No

#### *Municipal Governments*

Banking sick days is also common among major municipal governments. The City of Moncton<sup>27</sup> and the City of Winnipeg are the only major municipalities that allow employees to bank an unlimited number of unused sick days (see Table 2). There are also a number of municipalities that allow employees to bank a high number of unused sick days (e.g. 350 days for Charlottetown).

Cash payout provisions for banked sick days are still common and included in many grandfathered plans for **some major municipalities examined in this report. Among Canada's largest cities**, Toronto is the municipality with the largest sick day liability. In 2013, the City of Toronto faced a \$489 million liability in banked sick days which measured on a per capita basis, means that sick day liabilities cost \$176 per resident. The City of Toronto has made efforts to reduce the costs associated with banked sick days. In 2008, a new short-term disability plan was introduced which does not allow new employees to bank sick days. Existing employees were also offered the choice to switch from the old sick leave plan to the new short-term disability plan. The City of Toronto reported that 40 per cent of existing employees switched to the new short-term disability plan which helped reduce the City's sick day liability.<sup>28</sup>

Similar to the City of Toronto, the City of Ottawa also made reforms to the sick leave plan to deal with rising costs. The City of Ottawa eliminated the ability for employees to bank sick days and receive cash payouts as of 2003.<sup>29</sup> Other notable grandfathered sick leave plans are found in cities such as Victoria<sup>30</sup>, Winnipeg<sup>31</sup>, Regina<sup>32</sup>, and St. John's<sup>33</sup>.

Other cities with significant bankable sick days include Vancouver<sup>34</sup>, St. John's, Regina, and Saskatoon<sup>35</sup>.

Table 2:

### Maximum Number of Bankable Sick Days for Core Public Service in 2015, by Major Municipal Governments

	<i>Maximum Number of Sick Days that can be Accumulated for Employees Starting in 2015</i>	<i>Cash Payout at Retirement/Termination of Employment With Unused Sick Days</i>	<i>Early Retirement With Unused Sick Days</i>
Vancouver	261	Yes <sup>36</sup>	No
Victoria	130	For grandfathered plans <sup>37</sup>	No
Calgary	Cannot bank sick days	Not applicable	Not applicable
Edmonton	Cannot bank sick days	Not applicable	Not applicable
Saskatoon	194	Yes <sup>38</sup>	No
Regina	215	For grandfathered plans <sup>39</sup>	No
Winnipeg	Unlimited	For grandfathered plans <sup>40</sup>	No
Toronto	Cannot bank sick days	For grandfathered plans <sup>41</sup>	For grandfathered plans <sup>42</sup>
Ottawa	Cannot bank sick days	For grandfathered plans <sup>43</sup>	For grandfathered plans <sup>44</sup>
Montreal	40 sick days <sup>45</sup>	Termination of employment only <sup>46</sup>	Yes <sup>47</sup>
Quebec City	Cannot bank sick days	Not applicable	Not applicable
Moncton	Unlimited	Yes <sup>48</sup>	No
Fredericton	Cannot bank sick days	Not applicable	Not applicable
Halifax	150	No	No
Charlottetown	350	Yes <sup>49</sup>	No
St. John's	260	For grandfathered plans <sup>50</sup>	For grandfathered plans <sup>51</sup>

Table 3:

### 2013-2014 Sick Day Liability (Total in \$ millions, \$ Per Capita), by Provincial and Federal Government

	<b>Total</b>	<b>Per Capita</b>
Federal	<b>1,529</b>	<b>43</b>
British Columbia	<b>399</b>	<b>87</b>
Alberta <sup>52</sup>	<b>114</b>	<b>28</b>
Saskatchewan	<b>113</b>	<b>102</b>
Manitoba	<b>70</b>	<b>55</b>
Ontario <sup>53</sup>	<b>N/A</b>	<b>N/A</b>
Quebec <sup>54</sup>	<b>829</b>	<b>102</b>
New Brunswick	<b>222</b>	<b>294</b>
Nova Scotia <sup>55</sup>	<b>202</b>	<b>214</b>
Prince Edward Island	<b>53</b>	<b>364</b>
Newfoundland and Labrador	<b>233</b>	<b>441</b>
<b>Total</b>	<b>3,764</b>	<b>107</b>

Public Accounts 2013-2014 (Consolidated Financial Statements), provincial governments and federal government, as of March 31, 2014.

Not limited to core government employees.

Statistics Canada. CANSIM Table 051-0001 Estimates of population, by age group and sex for July 1, Canada, provinces and territories. 2013 data.

Table 4:

### 2013 Sick Day Liability (Total in \$ millions, \$ Per Capita), by Municipal Government

	<b>Total</b>	<b>Per Capita</b>
Vancouver <sup>56</sup>	<b>35.1</b>	<b>55</b>
Victoria <sup>57</sup>	<b>7.0</b>	<b>83</b>
Calgary	<b>N/A</b>	<b>N/A</b>
Edmonton	<b>N/A</b>	<b>N/A</b>
Saskatoon <sup>58</sup>	<b>14.7</b>	<b>59</b>
Regina <sup>59</sup>	<b>10.8</b>	<b>51</b>
Winnipeg	<b>9.4</b>	<b>13</b>
Toronto <sup>60</sup>	<b>489.0</b>	<b>176</b>
Ottawa <sup>61</sup>	<b>36.7</b>	<b>39</b>
Montreal <sup>62</sup>	<b>23.4</b>	<b>14</b>
Quebec City	<b>N/A</b>	<b>N/A</b>
Moncton <sup>63</sup>	<b>8.8</b>	<b>122</b>
Fredericton	<b>N/A</b>	<b>N/A</b>
Halifax <sup>64</sup>	<b>13.5</b>	<b>33</b>
Charlottetown <sup>65</sup>	<b>4.1</b>	<b>111</b>
St. John's <sup>66</sup>	<b>5.8</b>	<b>52</b>

2013 Consolidated Financial Statements as of December 31, 2013 for municipal governments listed. Halifax Regional Municipality is based on consolidated financial statements as of March 31, 2014.

Not limited to core government employees.

Statistics Canada. Table 1 Annual population estimates by sex, July 1, 2001 to 2013, Census Subdivisions, Canada.

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## Conclusion and Recommendations

The ability to bank sick days in the public sector comes at a cost. If government employees take sick days but are not truly ill, the sick leave plan is not serving its true purpose and may even be prone to abuse. Other special provisions tied to banked sick days have nothing to do with being sick. Most workers in the private sector cannot bank sick days, let alone have access to perks that reward them for holding on to their sick days upon retirement or when they leave their employer (i.e. cash payouts or option to retire early).

Governments that have not yet eliminated bankable sick days should review their sick leave policies and consider lower cost and fairer ways to manage short- and long-term disability (e.g. reducing number of sick days, eliminating bankable sick days, introducing short-term disability plan).

CFIB recommends the following for federal, provincial, and municipal governments:

- ▶ Eliminate the banking of sick days in the public sector
- ▶ Eliminate cash payouts for unused sick days for public sector employees
- ▶ Do not allow application of unused sick towards early retirement for all public sector employees
- ▶ Introduce affordable short-term disability plans for public sector workers to better align sick leave provisions with those of private sector and provide newer public sector employees with peace of mind should they fall ill
- ▶ Do not introduce additional benefits for public sector workers to compensate for reduction or elimination of bankable sick days and other sick day provisions

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<sup>1</sup> Wong, Queenie, 2012. "Calling in Sick: Comparing Days Away from Work." Canadian Federation of Independent Business. <http://www.cfib-fcei.ca/english/article/4667-calling-in-sick-comparing-days-away-from-work-in-the-public-and-private-sector.html> (accessed October 22, 2015)

<sup>2</sup> CFIB's report was based on 2011 Labour Force Survey data. CFIB's report found that public sector employees took on average 12.9 days away from work while private sector employees took 8.2 days. Federal public sector employees took the most number of days away from work (15.2 days) compared to employees at other levels of government.

Using 2008-2009 internal data, the Treasury Board reported that on average, federal public sector employees took 18 sick days which is a big contrast from private sector employees (7 sick days). The Macdonald Laurier Institute based their findings on 2014 Labour Force Survey data and showed a similar pattern. On average, 10.5 sick days were taken by federal public sector employees while 6.4 sick days were used by private sector employees.

<sup>3</sup> Fitzpatrick, Meagan. "Public sector sick days, disability plan targets for reform." CBC News, June 10, 2013. <http://www.cbc.ca/news/politics/public-sector-sick-days-disability-plan-targets-for-reform-1.1383932> (accessed July 22, 2015)

The \$1 billion cost estimate was based on a combination of 2008-09 fiscal year data and data for the 2009 calendar year, the most up to date data available.

<sup>4</sup> Dabboussy, Maria, and Sharanjit Uppal, 2012. "Work absences in 2011." Statistics Canada. Catalogue no. 75-001-X. <http://www.statcan.gc.ca/pub/75-001-x/2012002/article/11650-eng.pdf> (accessed October 22, 2015)

Weston, Greg. "Public sector sick days cost \$1B a year." CBC News, June 20, 2012. <http://www.cbc.ca/news/politics/public-sector-sick-days-cost-1b-a-year-1.1170309> (accessed October 22, 2015)

Barkel, Erin, 2014. "Fiscal Analysis of Sick Leave in the Federal Public Service." Office of the Parliamentary Budget Officer. [www.pbo-dpb.gc.ca/files/files/Sick%20Leave%20EN.pdf](http://www.pbo-dpb.gc.ca/files/files/Sick%20Leave%20EN.pdf) (accessed October 22, 2015)

Cross, Phillip, 2015. "A Sickness in the System: How public sector use of sick leave benefits really compares to the private sector." Macdonald-Laurier Institute. <http://www.macdonaldlaurier.ca/curing-the-public-sectors-sick-leave-malaise-mli-report-by-philip-cross/> (accessed December 2, 2015)

<sup>5</sup> Employers that do not have short term disability plans typically allow employees to bank sick days. Banked sick days are typically used for short-term coverage.

<sup>6</sup> Based on Mercer Canada Limited's client database covering 1,136 private sector plans and 407 government plans.

McKenna, Barrie. "In fight over banked sick days, a widening fairness gap is exposed." *The Globe and Mail*, April 9, 2013. <http://www.theglobeandmail.com/report-on-business/economy/in-fight-over-banked-sick-days-a-widening-fairness-gap-is-exposed/article10837039/> (accessed November 25, 2015)

<sup>7</sup> May, Kathryn. "Canada's public servants have 15 million days in banked sick leave." *National Post*, February 2, 2015. <http://news.nationalpost.com/news/canada/canadas-public-servants-have-15-million-days-in-banked-sick-leave> (accessed July 22, 2015)

<sup>8</sup> May, Kathryn. "Tories table new public-servant contract offer in lead up to elimination of \$5.2B sick-leave bank in 2017." *National Post*, November 20, 2014. <http://news.nationalpost.com/news/canada/tories-table-new-public-servant-contract-offer-in-lead-up-to-elimination-of-5-2b-sick-leave-bank-in-2017> (accessed October 5, 2015).

<sup>9</sup> \$1.5 billion sick day liability is cited by the Government of Canada (Public Accounts).

<sup>10</sup> Fitzpatrick, Meagan. "Public sector sick days, disability plan targets for reform." *CBC News*, June 10, 2013. <http://www.cbc.ca/news/politics/public-sector-sick-days-disability-plan-targets-for-reform-1.1383932> (accessed July 22, 2015)

The federal government proposed that the number of sick days be reduced to six paid days a year which cannot be carried over. Employees must use up the six days and be subject to a waiting period of one week without pay until short term coverage applies.

Canada Post implemented a new sick leave plan in 2013 which eliminated bankable sick days and introduced a short-term disability plan.

<sup>11</sup> May, Kathryn. "Clement wants sick-leave deal before election." *Ottawa Citizen*, May 13, 2015. <http://ottawacitizen.com/news/politics/clement-wants-sick-leave-deal-before-election> (accessed October 5, 2015).

<sup>12</sup> In mid-December, the Quebec government and the joint trade union representing most provincial public sector employees reached a new tentative agreement for 2015-2019. As of mid-February, this agreement was still in the process of being voted by union workers across the province. Therefore, its details are not covered in the report.

<sup>13</sup> Examples of employees include professionals, white collar, and blue collar workers in the Government of Quebec.

Convention collective des professionnelles et professionnels 2010-2015.

Convention collective de travail des fonctionnaires 2010-2015.

Convention collective de travail des ouvriers 2010-2015.

Teachers in Quebec can receive payments equal to the total value of accumulated sick days.

<sup>14</sup> Collective Bargaining Agreement between the Government of Saskatchewan and Saskatchewan Government and General Employees' Union (October 1, 2012 to September 30, 2016).



<sup>15</sup> Employees were able to bank sick days under the old sick leave plan.

<sup>16</sup> Government of Alberta. "General Illness Leave". <http://www.chr.alberta.ca/Practitioners/?file=directives/leaves/general-illness-leave&cf=2> (accessed November 3, 2015).

<sup>17</sup> In Ontario, some workers outside of the core public sector can still bank sick days and may have the ability to receive cash payouts upon termination of employment (e.g. Ontario secondary and elementary teachers with at least 10 years of service).

Teachers who have been employed with the province of Ontario for at least 10 years can receive up to 50 per cent of their annual salary. The Government of Ontario made steps in 2012 to reduce the burden of sick day liability by eliminating the sick day bank for teachers with less than 10 years of service. However, the provincial government decided to hand out a one-time payout for any unused sick days for these employees who are no longer able to bank sick days. Even with the reduction in government costs through the elimination of the sick day bank, the government proceeded with a wage increase totalling \$113 million and introduced other benefits (e.g. longer maternity leaves) for teachers at an estimated cost of \$155 million.

Morrow, Adrian. "Ontario Liberals made \$468-million in concessions to teachers: auditor." *Globe and Mail*, November 19, 2014. <http://www.theglobeandmail.com/news/politics/ontario-liberals-made-468-million-in-concessions-to-teachers-auditor/article21653446/> (accessed July 22, 2015).

<sup>18</sup> Seventeenth Master Agreement between the Government of the Province of British Columbia represented by the BC Public Service Agency and the B.C. Government and Service Employees' Union—BCGEU (April 1, 2014 to March 31, 2019).

<sup>19</sup> For employees that have worked at least 36,400 consecutive hours and those hired before May 5, 2004. Those hired after May 4, 2004 can bank up to 1,680 hours (240 days).

General Service Collective Agreement between Her Majesty the Queen, in Right of Newfoundland, C.A. Pippy Park Commission, Government Purchasing Agency, Municipal Assessment Agency, Rooms Corporation of Newfoundland and Labrador and The Newfoundland and Labrador Association of Public & Private Employees (Signed November 15, 2013 and expires March 31, 2016).

<sup>20</sup> Collective Agreement between the Government of Prince Edward Island and the Workers Compensation Board of Prince Edward Island and the Island Regulatory and Appeals Commission and the Prince Edward Island Union of Public Sector Employees (April 1, 2013 to March 31, 2018).

Hours are converted to days.

<sup>21</sup> Agreement between Board of Management and New Brunswick Union of Public and Private Employees—Group: Administrative Assistants, Clerical and Regulatory, Office, Data Processing and Duplicating Equipment Operation (Expires March 31, 2019)

Government of New Brunswick. Human Resources. "Sick Leave." [http://www2.gnb.ca/content/gnb/en/departments/human\\_resources/about\\_us/policies\\_and\\_guidelines/leave\\_policies/sick\\_leave.html](http://www2.gnb.ca/content/gnb/en/departments/human_resources/about_us/policies_and_guidelines/leave_policies/sick_leave.html) (accessed November 3, 2015).

<sup>22</sup> Manitoba Government Employees' Master Agreement between Province of Manitoba and the Manitoba Government and General Employees' Union (March 27, 2010 to March 21, 2014).

Employees may be granted additional days off based on years of service.

<sup>23</sup> For employees with 20 years of service. Employees have a choice between early retirement or cash payment equal to 50 per cent of banked sick days. For sick leave credits banked prior to January 1, 1978. For each full year of service exceeding 20 years but not exceeding 30 years, employees are entitled to an additional amount equal to one-fifth of their monthly salary.

<sup>24</sup> For employees with 20 years of service. Employees have a choice between early retirement or cash payment equal to 50 per cent of banked sick days. For sick leave credits banked prior to January 1, 1978. For each full year

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of service exceeding 20 years but not exceeding 30 years, employees are entitled to an additional amount equal to one-fifth of their monthly salary.

<sup>25</sup> Employees have a choice between early retirement or cash payment equal to 50 per cent of banked sick days (up to 66 days' salary).

<sup>26</sup> Employees have a choice between early retirement or cash payment equal to 50 per cent of banked sick days (up to 66 days' salary).

<sup>27</sup> Collective Agreement between the City of Moncton and the City Hall Employees' Association (CHEA)/Public Service Alliance of Canada (PSAC) Local 60200 (January 1, 2013 to December 31, 2016).

At retirement, for those employed for more than 60 months, permanent employees are eligible for a retiring allowance equal to 50 per cent of the value of banked sick days to a maximum of 125 days at the rate of salary effective immediately prior to retirement. For those hired prior to October 11, 2001, the maximum value of the retiring allowance is 120 days.

<sup>28</sup> Employees (management and non-union employees) with less than 10 years of service as of March 1, 2008 had their banked sick days frozen and can no longer be entitled to future payouts. Banked sick days can be used to top up short-term disability plan if necessary.

New employees (Local 79) since July 31, 2009 are covered under the new Illness or Injury Plan (IIP) which replaced the existing Sick Pay Plan (SPP). Employees under the old SPP were provided with a one-time option to join the IIP and receive a partial payout based on banked sick days upon termination of employment or retirement.

Employees under the grandfathered sick day plan can bank up to 130 sick days and are entitled to cash payments up to 50 per cent of the maximum banked sick days upon termination of employment.

Collective Agreement between Canadian Union of Public Employees Local 79 and City of Toronto (January 1, 2012 to December 31, 2015).

City of Toronto Consolidated Financial Statements as of December 31, 2013.

<sup>29</sup> The City of Ottawa no longer allowed employees to bank sick days as of 2003. Existing employees who have five or more years of continuous service are entitled to a payment equal to 50 per cent of unused sick days up to a maximum of 130 days upon termination of employment. Employees with more than 130 sick days may apply for pre-retirement leave. Employees can use banked sick days in excess of 130 days as pre-retirement leave.

Collective Agreement between City of Ottawa and the Ottawa-Carleton Public Employees' Union Local 503 (June 13, 2012 to December 31, 2013).

Collective Agreement between City of Ottawa and the Ottawa-Carleton Public Employees' Union Local 503 (January 1, 2014 to December 31, 2015).

<sup>30</sup> For the City of Victoria, employees can bank up to 130 days. Some employees are eligible for sick leave payouts through grandfathered plans equal to 75 per cent of accumulated sick days upon retirement or termination of employment.

Collective agreement between the Corporation of the City of Victoria and Canadian Union of Public Employees Local No. 50 (January 1, 2014 to December 31, 2016).

<sup>31</sup> City of Winnipeg employees hired prior to February 8, 1995 can receive a payment equal to 25 per cent of unused sick credits earned as of January 1, 1995 as part of a severance package upon retirement or termination of employment.

The City of Winnipeg and The Canadian Union of Public Employees Local 500 Collective Agreement (December 28, 2014 to December 24, 2016).

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*Sick day liability (referred to as compensated absences in financial statements) does not include severance payments. Severance payments using sick days are counted as vested benefit liabilities which are counted under "retirement allowance" of financial statements.*

<sup>32</sup> *The City of Regina offers employees the ability to bank up to 1,683 hours (1,720 hours for 40 hour work week—215 days). If employees are laid off, they are entitled to a payment equal to 50 per cent of unused sick days.*

*Collective Agreement between City Hall Administrative Staff Union – Local 7 A Chartered Local of the Canadian Union of Public Employees and the City of Regina (January 1, 2013 to December 31, 2015).*

*Sick leave payouts do not apply to employees hired after December 31, 2013.*

<sup>33</sup> *Certain employees at the City St. John's are also eligible for cash payments upon retirement or end of employment.*

*Agreement between City of St. John's and Canadian Union of Public Employees Local 1289 (June 30, 2014 to June 30, 2018).*

*Employees hired before January 1, 1980 can accumulate a maximum of 200 sick days while those hired after December 31, 1979 can accumulate a maximum of 260 sick days. Only those hired before January 1, 1980 can use banked sick days towards a lump sum payment upon retirement/termination of employment or towards early retirement.*

<sup>34</sup> *Eligible employees working for the City of Vancouver can bank up to 261 days under the sick leave plan and up to 120 days under the gratuity plan. Days banked under the gratuity plan can be used towards paid leave or towards a cash payout when employment ends.*

*2012-2015 Collective Agreement between the City of Vancouver and the Canadian Union of Public Employees, Local 15 (Vancouver Municipal, Education and Community Workers).*

*Collective agreement covers clerical, technical, and administrative employees.*

<sup>35</sup> *The City of Saskatoon employees can bank up to 194 days which can be converted to cash payments upon retirement under certain collective agreements.*

*Collective Agreement between the City of Saskatoon and The Canadian Union of Public Employees, Local No. 59 (January 1, 2013 to December 31, 2016).*

<sup>36</sup> *Eligible employees working for the City of Vancouver can bank up to 261 days under the sick leave plan and up to 120 days under the gratuity plan. Days banked under the gratuity plan can be used towards paid leave or towards a cash payout when employment ends.*

*2012-2015 Collective Agreement between the City of Vancouver and the Canadian Union of Public Employees, Local 15 (Vancouver Municipal, Education and Community Workers).*

*Collective agreement covers clerical, technical, and administrative employees.*

<sup>37</sup> *For the City Victoria, employees can bank up to 130 days. Some employees are eligible for sick leave payouts through grandfathered plans equal to 75 per cent of accumulated sick days upon retirement or termination of employment.*

*Collective agreement between the Corporation of the City of Victoria and Canadian Union of Public Employees Local No. 50 (January 1, 2014 to December 31, 2016).*

<sup>38</sup> *The City of Saskatoon employees can bank up to 194 days which can be converted to cash payments upon retirement under certain collective agreements.*

*Collective Agreement between the City of Saskatoon and The Canadian Union of Public Employees, Local No. 59 (January 1, 2013 to December 31, 2016).*

<sup>39</sup> The City of Regina offers employees the ability to bank up to 1,683 hours (1,720 hours for 40 hour work week—215 days). If employees are laid off, they are entitled to a payment equal to 50 per cent of unused sick days.

*Collective Agreement between City Hall Administrative Staff Union – Local 7 A Chartered Local of the Canadian Union of Public Employees and the City of Regina (January 1, 2013 to December 31, 2015).*

*Sick leave payouts do not apply to employees hired after December 31, 2013.*

<sup>40</sup> City of Winnipeg employees hired prior to February 8, 1995 can receive a payment equal to 25 per cent of unused sick credits earned as of January 1, 1995 as part of a severance package upon retirement or termination of employment.

*The City of Winnipeg and The Canadian Union of Public Employees Local 500 Collective Agreement (December 28, 2014 to December 24, 2016).*

*Sick day liability (referred to as compensated absences in financial statements) does not include severance payments. Severance payments using sick days are counted as vested benefit liabilities which are counted under “retirement allowance” of financial statements.*

<sup>41</sup> For the City of Toronto, employees on the old sick day plan are credited with a maximum of 18 sick days a year. Employees may become entitled to a cash payment capped at one half (or 100 per cent for former City of Toronto employees who retire) of unused sick time to a maximum of 130 days upon termination of employment.

*Effective March 1, 2008, employees (management and non-union employees) with at least 10 years of service remain entitled to future payout of sick days. Employees with less than 10 years as of March 1, 2008 are not entitled to a future payout.*

*New employees (Local 79) since July 31, 2009 are covered under the new Illness or Injury Plan (IIP) which replaced the existing Sick Pay Plan (SPP). Employees under the old SPP were provided with a one-time option to join the IIP and receive a partial payout based on banked sick days upon termination of employment or retirement.*

*Collective Agreement between Canadian Union of Public Employees Local 79 and City of Toronto (January 1, 2012 to December 31, 2015).*

*City of Toronto Consolidated Financial Statements as of December 31, 2013.*

<sup>42</sup> Employees upon retirement can choose to take banked sick pay credit grant as vacation time prior to termination of employment.

<sup>43</sup> The City of Ottawa no longer allowed employees to bank sick days as of 2003. Existing employees who have five or more years of continuous service are entitled to a payment equal to 50 per cent of unused sick days up to a maximum of 130 days upon termination of employment. Employees with more than 130 sick days may apply for pre-retirement leave. Employees can use banked sick days in excess of 130 days as pre-retirement leave.

*Collective Agreement between City of Ottawa and the Ottawa-Carleton Public Employees’ Union Local 503 (June 13, 2012 to December 31, 2013).*

*Collective Agreement between City of Ottawa and the Ottawa-Carleton Public Employees’ Union Local 503 (January 1, 2014 to December 31, 2015).*

<sup>44</sup> The City of Ottawa no longer allowed employees to bank sick days as of 2003. Existing employees who have five or more years of continuous service are entitled to a payment equal to 50 per cent of unused sick days up to a maximum of 130 days upon termination of employment. Employees with more than 130 sick days may apply for pre-retirement leave. Employees can use banked sick days in excess of 130 days as pre-retirement leave.

*Collective Agreement between City of Ottawa and the Ottawa-Carleton Public Employees’ Union Local 503 (June 13, 2012 to December 31, 2013).*

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*Collective Agreement between City of Ottawa and the Ottawa-Carleton Public Employees' Union Local 503 (January 1, 2014 to December 31, 2015).*

<sup>45</sup> Based on a 35-hour workweek.

<sup>46</sup> *Convention collective entre la ville de Montréal et le syndicat des fonctionnaires municipaux de Montréal (SCFP) (expired December 31, 2011). Collective agreement under negotiation.*

*Any hours accumulated during the year can be taken as vacation or added to a "global time bank" where employees can accumulate sick days. The global time bank can, among other things, be used towards early retirement. Employees can choose to receive cash payouts using banked sick days upon termination of employment but not for retirement. Employees can also choose to receive cash payouts at the end of the year for any time accumulated above the first 21 hours of sick leave. However, the first unused 21 hours can only be accumulated in the "bank" or taken as vacation.*

<sup>47</sup> *Convention collective entre la ville de Montréal et le syndicat des fonctionnaires municipaux de Montréal (SCFP) (expired December 31, 2011). Collective agreement under negotiation.*

*Any hours accumulated during the year can be taken as vacation or added to a "global time bank" where employees can accumulate sick days. The global time bank can, among other things, be used towards early retirement. Employees can choose to receive cash payouts using banked sick days upon termination of employment but not for retirement. Employees can also choose to receive cash payouts at the end of the year for any time accumulated above the first 21 hours of sick leave. However, the first unused 21 hours can only be accumulated in the "bank" or taken as vacation.*

<sup>48</sup> *Collective Agreement between the City of Moncton and the City Hall Employees' Association (CHEA)/Public Service Alliance of Canada (PSAC) Local 60200 (January 1, 2013 to December 31, 2016).*

*At retirement, for those that were employed for more than 60 months, permanent employees are eligible for a retiring allowance equal to 50 per cent of the value of banked sick days to a maximum of 125 days at the rate of salary effective immediately prior to retirement. For those hired prior to October 11, 2001, the maximum value of the retiring allowance is 120 days.*

<sup>49</sup> *City of Charlottetown reports sick leave and post retirement benefits as one figure (\$4.1 million).*

*Collective Agreement between the City of Charlottetown and the Canadian Union of Public Employees Local Union Number 501 (January 1, 2013 to December 31, 2015).*

*Employees can accumulate up to 350 sick days. Employees can receive a cash payout upon retirement up to a maximum value of 50 per cent of unused sick days to a maximum of 75 days. For permanent employees who have had between 10 and 15 years of continuous full-time service, cash payout received is equal to three months' salary. For each additional five years of continuous full-time employment, a payment equal to one month's salary to a maximum retirement benefit of six months is made to the employee.*

*Employees contribute 5 days of accumulated sick days towards a Sick Leave Bank. Employees can have a maximum of 500 days in the sick day bank. Allotments from the Sick Leave Bank may be given to employees with a major illness or injury not covered under Workers' Compensation. Annual and accrued sick leave and annual vacations must be used up before allotments from the Sick Leave Bank are used.*

<sup>50</sup> *Certain employees at the City St. John's are eligible for cash payments upon retirement or end of employment.*

*Employees hired before January 1, 1980 can accumulate a maximum of 200 sick days while those hired after December 31, 1979 can accumulate a maximum of 260 sick days. Only those hired before January 1, 1980 can use banked sick days towards a lump sum payment upon retirement/termination of employment or towards early retirement.*

*Agreement between City of St. John's and Canadian Union of Public Employees Local 1289 (June 30, 2014 to June 30, 2018).*

<sup>51</sup> *Certain employees at the City St. John's are eligible for cash payments upon retirement or end of employment.*

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Employees hired before January 1, 1980 can accumulate a maximum of 200 sick days while those hired after December 31, 1979 can accumulate a maximum of 260 sick days. Only those hired before January 1, 1980 can use banked sick days towards a lump sum payment upon retirement/termination of employment or towards early retirement.

Agreement between City of St. John's and Canadian Union of Public Employees Local 1289 (June 30, 2014 to June 30, 2018).

<sup>52</sup> Data obtained from the Government of Alberta.

<sup>53</sup> Core public service working for the Government of Ontario cannot bank sick days. No sick day liability is reported for the Government of Ontario.

<sup>54</sup> Vested sick days (i.e. can be paid out as a cash lumpsum).

Civil service employees receive a cash payment equal to 50 per cent of the value of accumulated sick days up to 66 days' salary. Teachers receive a cash payment equal to the full value of accumulated sick days.

<sup>55</sup> Sick day liability applies to employees in the health and education sectors. Accumulated days are not paid out. Employees in the core public sector cannot bank sick days.

Office of the Auditor General Nova Scotia. Report of the Auditor General to the Nova Scotia House of Assembly. February 2015. <http://oag-ns.ca/index.php/publications?view=category&id=102#chapters> (accessed October 16, 2015)

<sup>56</sup> Sick day liability includes sick leave gratuity and non-vested accumulating sick leave. City of Vancouver sick leave gratuity is \$30 million as of 2013. Employees are credited with three to four days (depending on the employee group/collective agreement) of gratuity each year plus one additional day for each year in which no sick leave is taken. Gratuity for each year is reduced by sick leave taken during a period. Gratuity credits can be paid out or banked for future use.

<sup>57</sup> City of Victoria includes vested and non-vested sick days benefits. Vested sick days obligation is \$5.6 million. Non-vested sick days obligation is \$1.4 million.

<sup>58</sup> Vested sick day liability (i.e. Banked sick days can be paid out as a cash lumpsum). For the City of Saskatoon, existing accumulated sick leave plans allow employees to receive a cash payment under specified circumstances, including retirement. For example, the collective agreement between the City of Saskatoon and the Canadian Union of Public Employees Local No. 59 states that severance is paid out to employees based on 2 per cent per year of service of accumulated sick leave credits as of the date the employees leaves employment to a maximum of 60 per cent of such credits. Payment is made upon retirement or termination of employment.

Collective agreement between the City of Saskatoon and the Canadian Union of Public Employees, Local No. 59 (January 1, 2013 to December 31, 2016).

<sup>59</sup> Vested sick day liability (i.e. Banked sick days can be paid out as a cash lumpsum). For the City of Regina, eligible employees are entitled to termination payments based upon their unused sick leave or years of service.

For example, city hall administrative employees hired before January 1, 2014 with at least 10 years of continuous service and at least 30 banked sick days are entitled to a payment equal to 50 per cent of the total value of banked sick days up to a maximum of 78 days.

Collective agreement between City Hall Administrative Staff Union Local 7 and the City of Regina (January 1, 2013 to December 31, 2015).

<sup>60</sup> Vested sick day liability (i.e. Banked sick days can be paid out as a cash lumpsum).

<sup>61</sup> Amount reported for Ottawa can be paid out or used as sick leave.



<sup>62</sup> Vested sick day liability (i.e. Banked sick days can be paid out as a cash lumpsum). For the City of Montreal, white collar workers that are permanent employees are entitled to 10 days of sick days per year. They can receive cash payouts at the end of the year, provided they have accumulated more than 21 hours of sick days. The first unused 21 hours can only be accumulated in a "bank" or taken as vacation. The remaining hours above this threshold are paid according to the employee's full hourly rate. Also, white collar workers can accumulate a maximum of 280 hours in their bank throughout their career. The accumulated hours are not repaid (except in certain cases, including if the employee is fired), but they can be used for early retirement or part-time pre-retirement.

Convention collective entre la ville de Montréal et le syndicat des fonctionnaires municipaux de Montréal (SCFP) jusqu'au 31 décembre 2011 (Cols blancs).  
[http://ville.montreal.qc.ca/pls/portal/docs/page/reg\\_retraite/media/documents/cc\\_cols\\_blancs\\_31\\_decembre\\_2011.pdf](http://ville.montreal.qc.ca/pls/portal/docs/page/reg_retraite/media/documents/cc_cols_blancs_31_decembre_2011.pdf) (accessed May 21, 2015).

Ville de Montréal, "Accroître le nombre d'heures travaillées",  
[http://ville.montreal.qc.ca/portal/page?\\_pageid=9837,141135646&\\_dad=portal&\\_schema=PORTAL](http://ville.montreal.qc.ca/portal/page?_pageid=9837,141135646&_dad=portal&_schema=PORTAL) (accessed February 12, 2016).

<sup>63</sup> Vested sick day liability is \$7.0 million and non-vested sick day liability is \$1.8 million. Data is obtained from the finance department for the City of Moncton.

<sup>64</sup> Based on 2013-2014 data (Consolidated Financial Statements as of March 31, 2014). Unused sick leave accumulates to a maximum number of hours which varies by employment agreement. Employees are not entitled to a cash payment in lieu of sick leave upon termination of employment except for police officers. On the retirement of a police officer, a lump sum payment to a health trust is made to the retiring member. The amount depends on the level of the officer's sick bank at the time of retirement.

The number of bankable sick days is based on the collective agreement between Nova Scotia Union of Public and Private Employees, Local 13 and Halifax Regional Municipality (November 1, 2011 to October 31, 2014).

<sup>65</sup> Charlottetown reports sick leave and post retirement benefits as one figure (\$4.1 million).

Collective Agreement between the City of Charlottetown and the Canadian Union of Public Employees Local Union Number 501 (January 1, 2013 to December 31, 2015).

Employees can accumulate up to 350 sick days. Employees can receive a cash payout upon retirement up to a maximum value of 50 per cent of unused sick days to a maximum of 75 days. For permanent employees who have had between 10 and 15 years of continuous full-time service, cash payout received is equal to three months' salary. For each additional five years of continuous full-time employment, a payment equal to one month's salary to a maximum retirement benefit of six months is made to the employee.

Employees contribute 5 days of accumulated sick days towards a Sick Leave Bank. Employees can have a maximum of 500 days in the sick day bank. Allotments from the Sick Leave Bank may be given to employees with a major illness or injury not covered under Workers' Compensation. Annual and accrued sick leave and annual vacations must be used up before allotments from the Sick Leave Bank are used.

<sup>66</sup> Vested sick day liability (i.e. Banked sick days can be paid out as a cash lumpsum). For the City of St. John's, the City provides severance for employees hired before January 1, 1980 as a payout of their accumulated sick days upon retirement or termination. Severance for those hired after December 31, 1979 will consist of one week's salary for each year worked and is only paid upon retirement. These employees are also allowed to accumulate sick days.