



PRINCE EDWARD ISLAND  
ÎLE-DU-PRINCE-ÉDOUARD

# **PUBLIC SECTOR PAY REDUCTION ACT**

## PLEASE NOTE

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This document is *not* the official version of the Act. The Act and the amendments as printed under the authority of the King's Printer for the province should be consulted to determine the authoritative statement of the law.

For more information concerning the history of this Act, please see the *Table of Public Acts* on the Prince Edward Island Government web site ([www.princeedwardisland.ca](http://www.princeedwardisland.ca)).

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## PUBLIC SECTOR PAY REDUCTION ACT

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## PUBLIC SECTOR PAY REDUCTION ACT

### CHAPTER P-32.1

#### PART I — INTERPRETATION

#### 1. Definitions

In this Act

- (a) “**collective agreement**” means
- (i) a collective agreement or arbitral award under the regulations to the *Civil Service Act* R.S.P.E.I. 1988, Cap. C-8,
  - (ii) a collective agreement or arbitral award under the *School Act* R.S.P.E.I. 1988, Cap. S-2.1, or regulations made pursuant to that Act,
  - (iii) a collective agreement or arbitral award under the *Labour Act* R.S.P.E.I. 1988, Cap. L-1,
  - (iv) an agreement between a unit of employees established for collective bargaining, and employer for defining, determining, or providing, for working conditions, and terms of compensation, and
  - (v) a decision or order that, by operation of law or agreement, governs working conditions and terms of compensation;
- (b) “**compensation plan**” means a collective agreement, contract of employment or terms of employment;
- (c) “**employee**” means a person who, on behalf of a public sector employer, performs duties and functions that entitle that person to pay, but does not include an independent contractor;
- (d) “**public sector employer**” means
- (i) the Government of Prince Edward Island,
  - (ii) a school board within the meaning of clause 1(v) of the *School Act*,
  - (iii) an agency of the Crown, including a Crown corporation listed in Schedule B or Schedule C to the *Financial Administration Act* R.S.P.E.I. 1988, Cap. F-9,
  - (iv) the Council on Health and Community Services Policy, established pursuant to the *Health and Community Services Act* R.S.P.E.I. 1988, Cap. H-1.1,
  - (v) a regional authority, established pursuant to the *Health and Community Services Act*,
  - (vi) the Prince Edward Island Human Rights Commission, established pursuant to the *Human Rights Act* R.S.P.E.I. 1988, Cap. H-12,
  - (vii) the Prince Edward Island Museum and Heritage Foundation, established pursuant to the *Museum Act* R.S.P.E.I. 1988, Cap. M-14,
  - (viii) the Hospital Association of Prince Edward Island,

- (ix) the Health Association of P.E.I. Inc.,
  - (x) the University of Prince Edward Island, established pursuant to the *University Act* R.S.P.E.I. 1988, Cap. U-4,
  - (xi) Holland College, established pursuant to the *Holland College Act* R.S.P.E.I. 1988, Cap. H-6,
  - (xii) the Legislative Assembly of Prince Edward Island,
  - (xiii) such other board, commission, corporation, or organization, as may be prescribed in the regulations;
- (e) “**pay**” means salary, wages, stipends, honoraria, bonuses, and commissions;
  - (f) “**pay rates**” means single rates of pay, or ranges of rates of pay, or where no such rates or ranges exist, any fixed or ascertainable amounts of pay. *1994, c.51, s.1.*

## 2. Purpose

- (1) The purpose of this Act is
  - (a) to reduce the pay rates of all employees, effective May 17, 1994, as a deficit reduction measure; and
  - (b) to implement certain other cost reductions in the public sector.

### Declaration *re* compensation

- (2) For greater certainty, it is declared that the reductions effected by this Act are without compensation, or any other off-setting considerations by a public sector employer to its employees. *1994, c.51, s.2.*

## 3. Conflict with other enactments

Every enactment, whether enacted before or after the coming into force of this Act, shall be read and construed as subject in all respects to this Act, and in the case of a conflict with a provision of this Act, the provision of this Act prevails. *1994, c.51, s.3.*

## 4. Breach of existing plan

- (1) The reduction in pay in a compensation plan pursuant to this Act or the regulations is not, and shall not be deemed to be, a breach of the plan, and, for greater certainty, does not entitle any person to terminate the plan, to receive any payment, or to any other remedy.

### Effect, termination, etc. of existing plan

- (2) The reduction in pay pursuant to the Act, or the regulations, is not a reduction in compensation for the purpose of any compensation plan, and, for greater certainty, shall not be deemed to be a termination of the plan, and does not entitle any person to terminate the plan, to receive any payment, or to any other remedy. *1994, c.51, s.4.*

# PART II — PUBLIC SECTOR EMPLOYEES

## 5. Application

This Part applies to public sector employers and employees, and to every compensation plan agreed between a public sector employer and employees in force on or after May 17, 1994. *1994, c.51, s.5.*

**6. Reduction of pay rates**

- (1) Effective May 17, 1994, the pay rate for each position covered by a compensation plan shall be reduced
- (a) in the case of a pay rate of \$28,000 or less, by 3.75%; and
  - (b) in the case of a pay rate of more than \$28,000 by 7.5%,
- except as provided by this Act or the regulations.

**Marginal reduction**

- (2) The pay rate for any position shall not be reduced pursuant to clause (1)(b) to less than \$26,950.

**Pay-related calculations**

- (3) For greater certainty, the reduced pay rates shall be the basis for any pay-related calculations.

**Exceptions**

- (4) Subsection (1) does not apply to pay rates for students, or pay-based separation allowances, including service gratuities, retiring pay and workforce adjustment payments, payable prior to May 17, 1995.

**Application to health sector employees**

- (5) In relation to pay-based separation allowances, including service gratuities, retiring pay and work force adjustment payments for employees of the Health and Community Services Agency, the Council on Health and Community Services Policy and a regional authority established pursuant to the *Health and Community Services Act*, subsection (4) shall have effect as if for the reference to May 17, 1995 there were substituted a reference to March 31, 1996. *1994, c.51, s.6; 1995, c.35, s.1.*

**7. New compensation plan, no increase before May 17, 1995**

- (1) No compensation plan coming into force between May 17, 1994, and May 16, 1995, shall provide for
- (a) an increase in pay rates; or
  - (b) an increase in benefits.

**Provision to contrary void**

- (2) If any compensation plan referred to in subsection (1) contains such a provision, the provision is of no force or effect. *1994, c.51, s.7.*

**8. Permitted increases in pay rates**

Notwithstanding any other provision of this Act, an increase in pay rates applicable to an employee may be made

- (a) as a result of an increase in the minimum wage, or in accordance with an order made under the *Employment Standards Act* R.S.P.E.I. 1988, Cap. E-6.2;
- (b) for or in recognition of length of time in employment, if the provision for an increase in pay had been expressly contained in the compensation plan that applied to the employee prior to May 17, 1994;
- (c) as an adjustment under the *Pay Equity Act* R.S.P.E.I. 1988, Cap. P-2;
- (d) as a result of a *bona fide* promotion of an employee to a position in a higher classification or otherwise carrying greater responsibility. *1994, c.51, s.8.*

## PART III — PERSONS PAID FROM PUBLIC FUNDS

### 9. Reduction of allowances to members of boards, etc.

Effective May 17, 1994, the amounts paid to persons appointed as members of provincial tribunals, commissions, and agencies, as annual, daily or periodical allowances are reduced by 7.5%. *1994, c.51, s.9.*

### 10. Provincial court judges

Clauses 3(3)(a) and (b) of the *Provincial Court Act R.S.P.E.I. 1988, Cap. P-25* are amended by the addition of the words “, less 7.5%”. *1994, c.51, s.10.*

### 11. Health program funding

The envelope of funding provided for in an agreement dated June 12, 1993 between the Hospital and Health Services Commission and the Prince Edward Island Medical Society, is deemed to be provided for the period May 17, 1994, to May 16, 1995 and is reduced by 7.5% *1994, c.51, s.11.*

## PART IV — SAVING FOR FUTURE NEGOTIATIONS

### 12. Negotiated agreements

- (1) Nothing in this Act precludes negotiations and the conclusion of an agreement between a public sector employer and employees which achieves the purpose of this Act by a reduction in pay, offsetting considerations, reduction in other benefits or any combination of them.

#### Cabinet approval

- (2) An agreement made pursuant to subsection (1) shall be of no effect unless approved by the Lieutenant Governor in Council. *1994, c.51, s.12.*

## PART V — GENERAL

### 13. Regulations

- (1) The Lieutenant Governor in Council may make regulations
- (a) defining any term used in this Act not already defined herein;
  - (b) further defining compensation plan;
  - (c) prescribing the persons or class of persons whose method of pay is deemed to be a compensation plan for the purpose of this Act, who may be subject to this Act;
  - (d) applying this Act to agreements or arrangements not expressly mentioned in this Act;
  - (e) respecting exemptions from this Act, or any of its provisions, and setting the terms and conditions of such exemptions if an agreement has been reached under section 12 which satisfies the purpose of this Act;
  - (f) respecting the determination of questions arising as to the interpretation or application of this Act;
  - (g) respecting any other matter necessary to give effect to the purpose of this Act.



***Idem***

- (2) A regulation made under subsection (1) may have retroactive effect. *1994, c.51, s.13.*