

Tax Tip **Week of March 15, 2010**

Work for the Ontario Government

Instead of our usual tax tip, we offer a comment that is partly a serious financial planning tip and part editorial comment on the Ontario government's policy of ensuring their employees are among the best paid in North America with benefits that few in the private sector can match. Ontario has a quality civil service and they deserve to be fairly compensated, the question is how much more should they receive than private sector jobs.

Last week the Ontario government announced that employees who would be moving to federal payroll with the harmonization of the GST would receive in addition to their new job, six months of severance pay for a total cost to the taxpayers of 25 million dollars. The British Columbia is also harmonizing on July 1, 2010 but they are not paying a severance package. The Ontario Finance Minister commented that the payments were being made because they made the agreement and it is important that they not lose their jobs. Two observations:

1. Compared to an income tax audit, a GST/HST audit is quite straightforward, with the possible exception of the financial services industry. The feds probably require very few of these Ontario staff members and they could complete the audits with their current staff. Reducing the size of the civil service would have been a positive side of the harmonization. Besides most competent tax people are not out of work very long.
2. The government's position was that honesty was their brand and they intend to keep their word. What they did not address was how could a competent government make such a stupid agreement?

So if one is considering changing jobs, graduating from university or immigrating to Canada, consider a job in the Ontario civil service. These comments certainly do not include doctors, but as a general rule if one compares the salaries and benefits to the private sector, the advantages of working for Ontario include:

- Higher pay

- An indexed defined benefit pension
- Excellent job security
- Shorter work week
- Superior benefit package

It it's true that Ontario has a 25 billion dollar deficit and cannot afford this level of compensation, but when governments have a large deficit and no legitimate plan, they often state that all will be better in the future because the economy will grow and the deficit will not be a major problem. Right?