

Top-End Incomes and the Ontario Public Sector

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Ontario public sector salary disclosure data is used to analyze trends from 1996 to 2010 at the top end of the salary distribution for employees of the provincial government, public universities and colleges, hospitals, school boards, municipalities and government corporations. In addition, such salaries are compared to the top 1%, 0.1%, and 0.01% most highly paid employees in the Ontario private and public sectors combined, as calculated from Statistics Canada taxfiler data. The first conclusion is that the top share surge in the public sector is very close to that for Ontario as a whole. Second, within the public sector, the surge is more substantial in government corporations, public universities and colleges, hospitals and municipal governments than it is for the provincial government itself and for school boards. There is some diversity in the trends across universities and colleges. We briefly consider whether these findings help in distinguishing among competing explanations for the increase in overall top-end incomes in Ontario and Canada. We judge that they are weak evidence against explanations that focus on falling trade barriers, unionization and avoidance/effort responses to changes in tax rates and neutral with respect to explanations based upon skill-biased technical change and/or a more fluid international market for talent and conceivably mildly supportive of explanations based upon bargaining responses to taxation.