



News Release

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OPG'S GENEROUS COMPENSATION AND BENEFITS NEGATIVELY IMPACT ELECTRICITY COSTS, AUDITOR GENERAL SAYS

(TORONTO) Human resource costs at Ontario Power Generation (OPG), which generates about 60% of the province's electricity, have a financial impact on the cost of electricity, Auditor General Bonnie Lysyk says in her *2013 Annual Report*.

"About two-thirds of OPG's operating costs are human resource related. Not only has the size of its executive and senior management group grown disproportionately, but 67% of people in this group received high annual incentive awards in the period from 2010 to 2012," Lysyk said today after the Report was released.

OPG, a corporation owned by the province, was established in 1999 as one of the five successor companies to Ontario Hydro and is one of the largest power generators in North America. It has faced challenges in recent years in trying to improve its operational efficiency and reduce its operating costs, especially its labour costs.

Following are some of the Auditor General's significant findings:

- Earnings and benefits were significantly more generous at OPG than for comparable positions in the Ontario Public Service, and many of OPG's senior executives earned more than most deputy ministers.
- While reducing its overall staff by 8.5%, OPG increased the size of its highly paid executive and senior management group by almost 60% since 2005, creating a top-heavy organization. Incentive awards for OPG's non-unionized employees can be up to \$1.3 million, depending on the employee's performance score, job band and base salary.
- About 8,000 employees, or 62% of staff, were on the 2012 Sunshine List of public-sector employees earning more than \$100,000.
- OPG's pension plan is generous by any standard. Contributions made by OPG have been disproportionately larger than those of its employees. Since 2005, the employer-employee contribution ratio at OPG has been around 4:1 to 5:1, significantly higher than the 1:1 ratio for the Ontario Public Service. Executives are eligible for particularly generous pensions. The top five executives at OPG will be eligible for annual pensions ranging from \$180,000 to \$760,000 when they reach age 65.
- The number of OPG employees earning more than \$50,000 in overtime pay has doubled since 2003. Planned nuclear outages have resulted in high overtime pay, especially for inspection and maintenance technicians.

- Even after staff reductions at nuclear facilities starting in 2011, the area of maintenance, janitorial and custodial services was still staffed at a level 170% above the industry benchmark in 2013. Meanwhile, some operational functions were understaffed, including nuclear plant operations.
- More than 50% of OPG staff, including senior staff with access to confidential nuclear information, had never obtained the required security clearances or had expired clearances.
- Numerous staff with family members working at OPG were not hired through the normal recruitment process.

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For more information and to view the full *2013 Annual Report*, please visit www.auditor.on.ca