

## **Non-Union Separation Costs for 2024**

**Date:** October 8, 2025  
**To:** General Government Committee  
**From:** Chief People Officer  
**Wards:** All

### **SUMMARY**

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This report provides information on non-union employee separation costs for 2024. Separation costs in this report include unilateral decisions made by the employer to exit employees from the workplace where exit payments are higher than legislative minimums. The separation payment provided in each circumstance, is informed by both provincial legislation and the application of a number of factors that are consistently considered by the courts such as length of service, the employee's age, the availability of comparable employment and whether the employee was enticed to leave previous employment, amongst other factors.

In 2014, the City's Auditor General reviewed the City of Toronto's non-union employee separation costs. The review affirmed that separation costs had been awarded in accordance with City of Toronto policies, procedures, applicable legislation and jurisprudence. The Auditor General recommended that separation costs continue to be monitored and that the costs be reported out regularly.

The City of Toronto has statutory and legal obligations to provide separation pay when the employment relationship is terminated by the City of Toronto without just cause. Administering separation payments for non-union employees whose employment is terminated without cause falls under the authority of the City Manager.

The total number of exits in each of the reported years represents a very small percentage of the total number of non-union employees employed by the City of Toronto.

### **RECOMMENDATIONS**

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The Chief People Officer recommends that:

1. The General Government Committee receive this report for information.

## FINANCIAL IMPACT

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There are no financial impacts resulting from the adoption of this report.

The total cost of separation payments made in 2024 was \$4,763,087. Separation payments are funded through the Operating Budgets of the impacted divisions.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact section.

## DECISION HISTORY

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At its meeting of July 8, 9, 10, and 11 2014, City Council considered a report from the Auditor General that reviewed the City's non-union employee separation costs. The report affirmed that separation costs have been awarded in accordance with City policies, procedures, applicable legislation and jurisprudence. The report provided some recommendations to enhance overall oversight and accounting for these costs. The Auditor General also recommended that the Chief People Officer continue to track non-union separation costs and report out regularly on these costs.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.AU16.15>

## COMMENTS

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The City has statutory and legal obligations to provide separation payments when the employment relationship is terminated by the City, without just cause.

Table 1 below provides a summary of separations and related costs for the years 2019 - 2024.

Year	Total Number of Exits	Annual Separation Cost (millions)	Percentage of Non-Union Workforce
2019	31	\$4.9	0.57%
2020*	11	\$0.9	0.20%
2021	16	\$2.3	0.26%
2022	19	\$3.2	0.28%
2023	23	\$2.6	0.32%
2024	53	\$4.8	0.69%

\* *First year of COVID*

The total number of exits in 2024 represents a small percentage of the approximately 7,697 non-union employees employed by the City. The higher increase in the number of

non-union separations has returned to pre-COVID levels and indicates the City's ability to manage and exit employees where performance issues may exist and/or as a result of workforce reductions, organizational restructurings and other reasons that are not related to employee misconduct.

Administering separation payments for non-union employees whose employment is terminated without cause falls under the authority of the City Manager. The calculation of separation payments is informed by both provincial legislation and the application of several factors that are consistently considered by the courts.

These factors *may* include:

- length of service: a rough guideline is one month of pay per year of service;
- the employee’s age: a greater period of notice is often awarded to *aging* employees in recognition of the fact that they may have difficulty obtaining comparable employment;
- the character of the employment: a greater period of notice is often awarded to employees who occupy positions of greater responsibility;
- whether the employer enticed the employee to leave previous secure employment;
- the availability of comparable employment; and
- the employer’s good faith and fair dealing in carrying out the termination of employment.

Table 2 below provides a summary of the separation payments to exited non-union employees during 2024.

<b>Separation Amount per Employee</b>	<b># Employees</b>	<b>Total Separation Costs</b>	<b>Average Years of Service</b>
<i>Less than \$100,000</i>	30	\$1,472,765	4
<i>\$100,000 to \$189,999</i>	17	\$2,208,909	13
<i>Greater than \$190,000</i>	6	\$1,081,413	22
<i>Total</i>	53	\$4,763,087	

*\*although separation amount has historically included a greater than \$200K as a category, to ensure personal information is protected, the category has been modified to above \$190K.*

Since the Auditor General’s 2014 review, the People & Equity Division has been tracking the cumulative separation costs incurred by the City on an annual basis.

As part of efforts to enhance the oversight related to non-union employee separations, the People & Equity division agreed to provide an annual report on the related costs, while ensuring that personal information is protected.

## **CONTACT**

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## **SIGNATURE**

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Mary Madigan-Lee  
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