REPORT FOR ACTION

Non-Union Separation Costs for 2025

Date: May 19, 2026
To: General Government Committee
From: Interim Chief People Officer
Wards: All

SUMMARY

This report provides information on non-union employee separation costs for 2025. The City of Toronto (City) has statutory and legal obligations to provide separation pay when the City terminates an employment relationship and is not able to establish just cause. In 2014 the City of Toronto's Auditor General (AG) reviewed the City's non-union employee separation costs. The review affirmed that separation costs had been awarded in accordance with City policies, procedures, legislation and jurisprudence and recommended that these costs continue to be monitored and reported out regularly.

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 determined on a case-by-case basis, informed by both provincial legislation and the application of multiple factors that are consistently considered by the courts, detailed below. There remain three outstanding matters from 2025 which may have additional financial implications.

RECOMMENDATIONS

The Interim Chief People Officer recommends that:

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

FINANCIAL IMPACT

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

The total cost of separation payments made in 2025 was approximately $4.6 million. These payments are funded through the operation budgets of the impacted divisions.

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

DECISION HISTORY

At its July 2014 meeting, City Council considered a report from the Auditor General that reviewed the City's non-union employee separation costs. The report affirmed that the 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 of these costs. The Auditor General also recommended that the Chief People Officer continue to track non-union separation costs and report regularly on these costs.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.AU16.15

COMMENTS

The City has statutory and legal obligations to provide separation payments when the employment relationship is terminated by the City where the City cannot establish just cause.

Table 1 provides a summary of separations and related cost for the years 2019-2025.

Table 1. Non-Union Separation Costs for 2019-2025

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%
2025	52	$4.6	0.62%

Terminations may occur to address performance concerns, conduct concerns, workforce reductions, or organizational restructuring. The total number of exits in 2025 represents a small percentage of the approximately 8,364 non-union City employees.

Administering separation payments for terminated non-union employees 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, which may include: length of service; age; nature of position; whether enticed to leave prior employment; availability of comparable employment; manner of executing the termination.

Table 2 provides a summary of the separation payments to non-union employees in 2025.

Table 2. Summary of Separation Payments for Non-Union Employees

Separation Amount per Employee	# of Employees	Total Separation Costs	Average Years of Service
< $100,000	31	$ 1.55 million	4.3
$100,000 - $149,999	14	$ 1.7 million	13.1
> $150,000	7	$ 1.4 million	25
Total	52	$ 4.6 million	

Since the Auditor General's 2014 review, the People and 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, People & Equity agreed to provide an annual report on the related costs, which ensuring that personal information is protected.

CONTACT

Sean Milloy, Executive Director Labour Relations, People & Equity, 416-392-5006, Sean.Milloy@toronto.ca

SIGNATURE

Tobie Mathew
Interim Chief People Officer