



# **Manitoba Federation of Labour Submission to the Manitoba Legislative Standing Committee on Social and Economic Justice**

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*Bill 28: The Public Services Sustainability Act*

**Manitoba Federation of Labour**

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## **Bill 28: The Public Services Sustainability Act**

My name is Kevin Rebeck, President of the Manitoba Federation of Labour (MFL), and I'm speaking here today on behalf of the more than 100,000 unionized working men and women we represent, to voice our strong opposition to Bill 28 – a Bill that is quite simply unfair, unnecessary and unconstitutional.

During the election, Brian Pallister promised to protect front-line services and respect the people who deliver them. In fact, he went so far as to say that: "protecting front-line services and the people who provide them is what we ran on and what we will do as a government." But a year later, the Premier has completely changed his tune. Now he calls his promise a "moving target".

Last December, I was contacted by Mr. Gerry Irving, Secretary to the Public Sector Compensation Committee, on behalf of government, to arrange a meeting for labour leaders with the Minister of Finance. Mr. Irving advised that government wanted to talk to us about their fiscal challenges and opportunities to make improvement. Public sector unions have always been ready to talk and work with government – openly and constructively – to solve problems, find better ways to do things, and improve public services, so we happily accepted the invitation.

A meeting with Honourable Cameron Friesen and labour leaders took place on January 5<sup>th</sup> of this year, at which time the Minister invited public sector unions to be part of "Fiscal Working Group" to find solutions to return to balance responsibly, over an eight-year period, as the government has committed. He told us that no final decisions had been made about how to get there, and that all options were "on the table".

As labour leaders, we took this invitation seriously, but this would be the last time the Finance Minister would meet or communicate with us. At a follow-up meeting with government staff in early February, we took the lead in presenting realistic fiscal forecasts and sensible models for returning to balance, without compromising public services or making life more expensive for everyday families.

But instead of starting a meaningful process of consultation with public sector unions, government refused to discuss our proposals or share information about the government's fiscal objectives or target timelines.

We have continued to attend meetings, but the government's staff representatives have been clear that they don't make the decisions, they aren't in-the-loop on the government's budget deliberations or longer-term fiscal planning, and they're not in a position to discuss the options we have presented.

It's become clear that government has only ever had one approach in mind: turning its back on the time-honoured and constitutionally-protected process of free and fair collective bargaining, and instead legislating the terms of employment for public sector workers.

This plan was first outlined publicly by the government in its November 2016 Speech from the Throne, and despite assurances made to us that no final decisions had been made, and that non-legislative options would be considered, it's clear that this government has been fixated on a single heavy-handed legislative approach from the start. They've been closed minded to any alternatives, including coming to the bargaining table and trying to negotiate a fair deal.

We believe that every Manitoban wants to see the budget balanced and we can all be part of the work that's needed to get there. Balancing the budget should not come at the expense of the public services so many families count on or the people who provide them.

In Manitoba, we know what hard bargaining means. Under the former government, thousands of workers across the province agreed to two years of "zeros" – instead of wage increases. But it was done at the bargaining table, through respectful and meaningful consultation and negotiation.

Collective bargaining works.

Over the past five years, Manitoba has seen only five public sector work stoppages. In fact, throughout Canada, over the last decade, more than 90% of public sector collective agreements were settled without a work stoppage.

There are three main features to collective bargaining that have made it a preferred option for virtually every government in Canada instead of heavy-handed legislation.

First, collective bargaining requires workers to coordinate and focus their tasks of their employer. Workers come together to prioritize things like safer working conditions, fair wages and retirement plans and then negotiate their narrowed down list with their employer.

Second, collective bargaining requires compromise. Just as employers do not want to see their operations halted, workers do not want to see the services they provide affected, or the paycheques their families rely on disappear. By sharing information, and engaging in open and constructive conversation, both sides can better understand the challenges an employer or employees face.

Third, collective bargaining and the process of compromise provides stability through the life of the contract. A deal is a deal and these agreements create a clear process for resolving disputes and they're also not permanent. They allow for employers and employees to come back to the table at the end of the agreement, collaborate and sign a new agreement that accounts for changes in the workplace.

Despite the stability that collective bargaining and meaningful consultation has provided to our province and others, it seems this government is set on sticking to its own agenda, even if that means breaking the rules and changing the laws that guarantee free and fair bargaining practices.

It seems that plans to balance the budget do not include the Premier or his government. Despite repeatedly saying that “it’s all hands on deck”, the Premier gave himself and his entire cabinet a 20% pay increase in his first year in office.

And so-called MLA salary “freezes” – if you can call them that – have been structured in such a way that MLAs will receive an immediate 6.4% salary increase after the next election, and their pensions will continue to grow each year – a far cry from what government is trying to force on public sector workers through Bill 28. And what’s more, MLAs will qualify for generous donation tax credits for the portion of their salaries they’re temporarily giving back. A minimum of \$650 in tax credits.

Public sector unions are willing to come to the table and are prepared to work constructively with the government to find solutions that will protect public services, respect public sector workers, and balance the provincial budget over the government’s fiscal timeline. With an open, respectful and responsible approach, we can get there. Heavy-handed legislation, and serious cuts to public services are not the answer.

According to an analysis of the government’s latest budget by Dr. Michael Benarroch, Dean of the Asper School of Business and CPA Chair in Business Leadership, “Manitoba is on a path to balance the provincial budget within the next seven years. The provincial deficit remains manageable and is comparable to other jurisdictions.”

(attached)

Assuming reasonable revenue forecasts and prudent expenditure management, there is no need for Bill 28: government will return to balance without legislating public sector wages.

This is true despite a number of decisions by the government to erode its own revenue base, thereby worsening the deficit, adding to debt and delaying a return to budget balance. These include:

1. Borrowing \$110 million over three years to run-up the Fiscal Stabilization Account, contrary to the intent of the Fund;

2. Reducing government revenues by \$34.1 million by indexing the Basic Personal Amount and income tax brackets, an amount that's cumulative and grows every year; and
3. Increasing the annual political contribution tax credit for wealthy donors from \$650 to \$1,000. This ensure that wealthy donors will continue to receive tax credits now that the government is raising the limit on individual political donations from \$3,000 to \$5,000 annually.

According to Dr. Benarroch, "By 2019/20 the government will have reduced revenue by \$170M as a result of policies to index personal income tax brackets and basic personal amount to inflation, add to the fiscal stabilization fund and increase the political contribution credit. Without these measures the deficit would fall to \$379M from \$549M or just 0.57% of GDP."

And, of course, there are other measures that can be considered if the government wants to return to balance even more quickly:

- Delaying unaffordable tax reductions;
- Planning for new revenues from the federal carbon tax and through regulated marijuana sales;
- Working with the federal government to crack down on tax evaders;
- Asking higher income earners to pay their fair share; or
- Making a small increase to the large corporations tax rate

We urge the government to withdraw Bill 28 and come to the bargaining table – let's actually start working together and negotiate a fair deal for everyone.