



Canadian Union of Public Employees

**Submission to the Manitoba Legislative
Standing Committee on Bill 28**

The Public Services Sustainability Act

May 8, 2017

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The Canadian Union of Public Employees (CUPE) is Canada's largest union, with over 643,000 members across Canada, and 26,000 members in Manitoba from across the broader public sector. In Manitoba CUPE members work in health care facilities, personal care homes, school divisions, municipal services, social services, child care centres, public utilities, libraries, and family emergency services. On behalf of CUPE members we are here today to ask that this government reject the heavy handed, anti-worker, and unconstitutional Bill 28.

During the election, the Premier promised Manitobans that if elected he would protect public services and the people who provide them. The Premier also promised to respect collective bargaining. This legislation, which seeks to set-aside our constitutionally guaranteed right to collective bargaining, is an affront to the more than 120,000 Manitobans who go to work everyday to provide the services Manitobans depend upon.

These hard-working Manitobans, who truly are the "front-lines" this government promised to protect, are angry and feel betrayed. Not only is this government seeking to balance the budget on the backs of health care aids, education assistants, and women's shelter workers, but it's violating their constitutional rights to free and fair collective bargaining. Many of the workers impacted by this legislation live on very modest incomes – some earn wages which are below what is considered a living-wage.

This past January CUPE was invited – along with other public sector unions – to a meeting with Minister of Finance Cameron Friesen to discuss broader issues outside of contract negotiations. We were asked to attend this meeting to provide ideas and insights to government on ways to return to a balanced budget in a responsible manner, over an eight-year period as the government had committed in the previous election.

Working with the Manitoba Federation of Labour and other public sector unions, we took this task seriously and looked forward to a series of meetings with government so that collectively we could take on this challenge together. As such, CUPE took part in putting together fiscal forecasts and models that would bring Manitoba back to balance within the eight-year time frame – a framework that we believe would avoid the necessity to cut public services or raise taxes on average Manitoba families. We had hoped that these efforts would show government that we were taking these meetings seriously, and that Labour wanted to be part of actively finding solutions that worked for everyone.

CUPE has attended a series of meetings since then, and unfortunately Minister Friesen has not attended any of these subsequent meetings. Instead we have met with staff representatives who have told us on numerous occasions that they don't make decisions, that they aren't in the loop on government budget deliberations or longer-term fiscal planning, and that they are unable to discuss the options we presented. In fact, these staff representatives have refused to discuss our proposals or to share information about the government's fiscal objectives or target timelines. And let us be clear, legislative committee hearings are *not* consultation.

It is apparent that this government is not interested in meaningful consultations with public sector unions, and that this government always intended to use legislation to circumvent workers constitutionally protected right to free and fair collective bargaining. Indeed, in retrospect it becomes clear that – as first indicated in the November 2016 Throne Speech – this government never intended to meaningfully consult with public sector unions, it had already made up its mind to use legislation in place of the bargaining table.

It did not have to be this way. CUPE in Manitoba is not unfamiliar with tough bargaining. We have negotiated contracts in good years, and we've negotiated contracts in lean years. Thousands of CUPE members just lived through a two-year wage freeze in response to the Great Recession. And while CUPE members weren't thrilled with making that sacrifice, they accepted that the process that resulted in that wage freeze was fair.

While this government may only be interested in results – we believe that process matters. We would also contend that our history shows that collective bargaining is the most fair and reasonable method for determining the working conditions of employees. Indeed, collective bargaining has three major benefits over the heavy-hand of legislation.

1. Collective bargaining forces workers to collectively prioritize the asks placed on employers.
2. By its very nature collective bargaining requires compromise – employers wish to avoid disruptions of operations, employees want to avoid a disruption in pay. As such, collective bargaining should – and in our experience, normally does – result in better understanding between employers and employees of the real needs and challenges of each party.
3. Collective bargaining creates stability. Both the employer and employee are clearly aware of the rules, and there is a clear mechanism to deal with disputes. Further, each side is aware that at the end of the contract there will be an opportunity to meet once again and resolve any new challenges that have developed during the life of the contract – thus avoiding disruption to the workplace throughout the life of the contract.

We would ask this government to consider the above before deciding to forego the many benefits of collective bargaining. We believe that it is in the best interests of Manitobans for this government to respect collective bargaining. Ignoring the constitutional rights of Manitobans, and tossing aside free and fair collective bargaining, should not be an option for this government.

In addition to being unfair, we would also argue this legislation is unnecessary. As Dr. Michael Benarroch, Dean of the Asper School of Business, has pointed out, the Manitoba government is on a path to balance the budget within the timelines promised during the past election, and our deficit is both manageable and in line with other provinces.

We would point out that the return to balance is even possible despite several measures taken in this last provincial budget which will erode government revenues, worsen the deficit, and delay a return to balance. These measures include:

1. Indexing Basic Personal Amount and income brackets – immediately costing this government \$34.1 million in revenue, which will grow every year.
2. Increasing the political contribution tax credits from \$650 to \$1000.
3. Borrowing \$110 million over the next three years to place in the Fiscal Stabilization Account – an act which is not in-line with the intent of the fund and, frankly, seems counter-productive for a government intent on reducing the deficit.

According to Dr. Benarroch, by 2019/2020 these three measures will result in a loss of \$170M in government revenue, and result in a government deficit of \$549M. Without taking these revenue-reducing measures the deficit would be brought down to \$379M in this time frame. If eliminating the deficit is a priority for this government, then the introduction of these measures simply makes no sense, especially considering that the government instead opts to undermine Manitobans' constitutional right to free and fair collective bargaining.

If this government is truly interested in returning to a balanced budget on a speedier path – and is interested in doing so, while protecting public services and the people who provide them – it would consider the following proposals:

- Delay, or eliminate completely, tax reductions;
- Plan to use new revenues from federal carbon taxes and marijuana sales;
- Work with the federal government to crack down on tax evaders;
- Ask the highest income Manitobans to pay their fair share of taxes, following the lead of other jurisdictions that have recently introduced new income tax levels for high income earners;
- Introduce a small increase to the large corporation's tax rate.

For all the reasons stated above, CUPE urges this government to reject the heavy-hand of legislation, and instead come to the bargaining table. CUPE and our sister unions all remain committed to working with this government – through our constitutionally protected right to free and fair collective bargaining – to negotiate a deal which is fair for everyone.