CITY OF VICTORIA

Council Member Motion

For the Governance and Priorities Committee meeting of February 12, 2015

Date: January 29, 2015 **From:** Council Geoff Young

Subject: Police and Fire Wage Increases

Background

I think we have to recognize that compensation in the protective services (police and fire) is becoming much greater than is typical for Victorians, and that constraint is necessary. I believe it would be worthwhile for the City to request the Provincial government to clarify that the principles of comparability with local wage levels and adequacy of wages to ensure satisfactory recruitment should be reflected in arbitrations on protective service wages.

Proposed Letter to the Province

The system under which our fire and police essential services wages are arbitrated is resulting in great difficulty for our taxpayers. The current wage levels, when combined with pension benefits, have become higher than the earnings of most of our taxpayers, higher than those for comparable jobs in the private sector, and higher than the levels that are required to ensure recruitment of qualified people to fill these jobs. Besides producing inequities between our employees and our taxpayers, the system is also producing growing inequities among groups of our employees.

As you know, where agreement is not reached by bargaining, the wages of essential services employees are determined by an arbitrator appointed under the *FIRE AND POLICE SERVICES COLLECTIVE BARGAINING ACT*. The Act lays out a series or principles to which the arbitrator must have regard in reaching a decision. It appears to us that arbitrators have been giving the greatest consideration to one particular principle,

"(a) terms and conditions of employment for employees doing similar work;"

and have in addition interpreted "employees" as being employees in other municipalities filling the identical jobs as police officers or firefighters. Arbitrators are using this principle even where conditions in those other municipalities may be far different from those prevailing locally. Thus in practice, we believe, arbitrators are uncritically following patterns of wage increase set in other communities. Typically we observe that wage settlements in the capital region follow wage settlements in Vancouver, which in turn follow settlements in large distant centers.

It is our view that the *other* principles outlined in the *Act* are not being given appropriate weight by arbitrators.

Thus, under the *Act* arbitrators are instructed that they *must* have regard to:

"(b) the need to maintain internal consistency and equity amongst employees;
"(c) terms and conditions of employment for other groups of employees who are employed by the employer;"

yet it is easy to demonstrate that the use of arbitration has resulted in an *increase* in inequity among groups of employees; since 1984, for example, CUPE wages have approximately kept pace with average weekly wages in BC, both slightly exceeding the increase in the consumer price index. BCGEU wages, which have had several years of zero increase over the period, have actually fallen slightly behind inflation. Police and Fire wages, in contrast, have substantially exceeded both inflation and CUPE wages, exacerbating differences between protective service employees and other municipal employees.

While we have not carried out a study, it seems to us quite probable that the arbitration system, by increasing the wages of predominantly male essential services workers far more rapidly than those of other government employees, have done more to exacerbate male-female wage disparities than Pay Equity systems have done to address them.

The principles prescribed for arbitrators also include

"(d) the need to establish terms and conditions of employment that are fair and reasonable in relation to the qualifications required, the work performed, the responsibility assumed and the nature of the services rendered;

"(e) the interest and welfare of the community served by the employer and the employees as well as any factors affecting the community"

It seems to us that these principles, read together, are intended to ensure that the wages paid are generally consistent with those paid to other people of similar qualifications and doing similar work within the community. If they are, then these jobs will generally attract sufficient numbers of applicants of suitable qualifications from within the community. At the present time we observe that the earnings of many essential service workers are far higher than are required to attract sufficient numbers of qualified applicants, and in fact these jobs are available to only a tiny fraction of those who would be willing and able to carry out this work in an entirely satisfactory way. It is community members who are paying the wages of essential service workers, and it is important that they believe the wages paid are "fair and reasonable".

The Act does not explicitly require arbitrators to take into account the municipality's ability to pay, and indeed we recognize that it is very difficult to assess the ability to pay of a municipality with taxing powers. Nevertheless, the increasing disparity between the earnings of City employees (as published annually in our reports) and the earnings of our taxpayers is drawing unfavorable attention.

In summary, at this time it is our observation that there is not an appropriate balance being given to the principles set out in the Act. The Act gives considerable flexibility to the arbitrator, but also very clearly gives the you the power as Minister to specify terms of reference for any arbitration. We would ask that as a first step you simply request that arbitrators give equal weight to all of the terms specified under the Act, rather than (as at present) a single section interpreted in a specific way.

Summary of Past UBCM Motions

Protective Services arbitration has been an issue for municipalities for many years. A 1985 resolution points out the problem ("when larger municipalities have settled and it is apparent that arbitration would result in a predetermined settlement awarding the same benefits") although it is not quite clear that the proposed solution ("that the Provincial Government be formally requested

to review and amend the Essential Services Disputes Act to the end that municipalities may invoke arbitration") would be useful.

A 1993 resolution again identified that under the existing system "bargaining groups working for one employer are treated differently, possibly resulting in inequitable treatment" and that "economic conditions in the jurisdiction setting wage increases may differ greatly from the smaller communities tied in a parity relationship, which may result in inappropriate and excessive wage increase, placing an unfair tax burden on taxpayers", and appears to have been aimed at the process itself, suggesting that the Province enact legislation which would "prohibit arbitration boards from granting wage parity between jurisdictions which would cause the employer to lose the right to negotiate wages with its employees" and that "where wage parity relationships have been established by an arbitration board, the employer's right to negotiate wages with its employees be re-established." The Province responded that they felt the Act was adequate.

In 2011 UBCM resolved that whereas the Act "has not lead to improved collective bargaining rather it has resulted in the parties invariably ending up at an impasse and the collective agreement being settled through binding arbitration with awards that are not in line with the economic reality of British Columbia communities" that it request "that the Minister of Labour review the impact of the Fire and Police Services Collective Bargaining Act on collective bargaining to determine if it has met its goals that were established at the time".

In its response the Province indicated it was satisfied with the Act, and noted that "where a party applies to the Minister for direction to proceed to arbitration in a particular dispute, it is free to request that the Minister consider specifying additional terms of reference." I am not aware to what extent municipalities have taken advantage of this provision to request these additional terms of reference, or what the Ministry response has been.
The response adds that "It should be noted that in applying the Act, arbitrators are to have regard to the terms and conditions of employment for other groups of the employer's employees. As a result, employers should be mindful about the outcome of freely negotiated collective agreements when engaging in collective bargaining with police and fire unions." I would argue that this is somewhat misleading, since of course there is no such thing as "freely negotiated collective agreements" when the threat of compulsory arbitration is ever-present.

In 2013 UBCM adopted Nelson's resolution to again request the Ministry of Labour to agree to review the impact of the Fire and Police Services Collective Bargaining Act on collective bargaining, "as to date results are still indicative that the Act has not met its established goal."

No response has yet been received.

Recommendation

The Mayor write to the appropriate Provincial Government Ministers on behalf of Council requesting that the compulsory arbitration procedure actually used for determination of pay levels of Protective Services employees be modified to reflect local conditions.

Respectfully submitted

Councillor Geoff Young