



# **PEI FEDERATION OF LABOUR'S 2008 BRIEF TO CABINET**

**Submitted on June 24, 2008**

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## **Private/Public Partnerships (P3's)**

The PEI federation of Labour would like to express its outright disappointment and deep concern with a recent statements made by members of this government stating that the Province is considering using the private/public partnership (P3's) model in the construction of the new youth addictions facility and the replacement of the five provincially owned seniors care manors

While we realize that the federal government is putting more and more pressure on provincial and municipal governments to consider P3's in order to secure federal infrastructure monies, however we urge this government to ignore this pressure and unlike the current federal government put the best interest of the citizens of PEI above the padding of corporate bottom lines. **P3's are not in the best interest of Islanders.**

### **The Reality of P3's**

Study after study and experience after experience have shown that Public-Private Partnerships cost the public purse more, make public institutions less able to manage public initiatives themselves and reduce flexibility, transparency and accountability of governments.

Here are some of the Harsh Realities:

- P3s are promoted as a way to keep debt off the public books but, while P3s may hide debt, they never reduce it – just the opposite. Higher borrowing costs and the need to generate profit, make private financing more expensive. Even private firms acknowledge that no organization can negotiate better rates than the government. In fact, A report “Public-Private Partnerships and Municipalities: Beyond Principles, a Brief Overview of Practices”( produced by the Institut National de la Recherche Scientifique at the request of the Federation of Canadian Municipalities) found as one of their key findings **“that to make infrastructure investments, municipal governments can easily borrow almost all the funds they need at very favourable rates. Indeed this fact is so clear, it is rarely**

**challenged. To leave the responsibility of financing to the private partner is a poor solution to a non-existent problem, when traditional municipal financing is simple, relatively easy and, above all, much less costly than the private-sector equivalent. Nevertheless, the truth is that some people have an interest in making us think that there is a problem ... because they have solutions to sell.”**

- The large firms that negotiate P3 contracts with government generally reserve a profit margin of 15 to 25%, and often higher. **How can P3's save taxpayers money when so much of the public funds reserved for the project is diverted from the project directly into the pockets of distant, wealthy shareholders.**
- P3s compromise democratic accountability and transparency, while the public partner shoulders the risk of bad deals that go on behind closed doors. The terms of P3 contracts and negotiations are typically kept secret in line with standards for private sector commercial confidentiality. Public policies and procedures that require public consultation and transparency are seen as obstacles to P3s.
- Auditors and auditors general consistently raise concerns about potential mismanagement of public funds with P3s due to P3 accounting practices and the extent to which they obscure and hide real public liabilities.
- In recent reports, organizations such as the World Bank and, more locally, the CD Howe Institute, that support privatization, cannot point to any outright successes in terms of public benefit.
- P3's offer no evidence of improved service levels.
- Lawyers, accountants and other consultants, detailed proposal processes, drafting, negotiating and renegotiating complex agreements, are all expenses incurred by the public partner that add up before the shovel hits the ground. Once a P3 is up and running, legal and forensic advice, audits, termination payments, monitoring and negotiation, are additional costs rarely factored in to the costing of a P3 deal.

### **Examples of When P3's Go Wrong**

When P3 business ventures fail the taxpayer absorbs any additional costs because the public partner is ultimately responsible for providing a public service. Provincial and Municipal governments are left carrying the cost of debt incurred at private sector borrowing rates. Listed below are but a few examples where P3's went wrong.

- In the Report Doing the Math (Why P3 's for Alberta Schools Don't Add Up) released in December 2007, **the author found that, using the conservative assumptions used in his analysis, for every two schools financed using the P3 model, an additional school could be built if they were all financed using conventional public sector financing.**
- In the case of the Brampton Hospital in Ontario, a group of multinational corporations built the hospital in return for a contract that pays them not only large profits for putting up the money for the building, but also gives them a guaranteed 25-year contract to take over the hospital support services and lands to run them for profit. **In the end, for almost double the original cost (\$350 to \$650 million) the hospital has 3/4 of the promised beds (608 to 479) and was completed a year late .**
- In June 2000 Nova Scotia cancelled its P3 school project—50 schools for \$350 million—when it became too expensive. However, the 38 schools that had already been built under this initiative cost Nova Scotia taxpayers \$32 million more than had been estimated. **When the province reverted to traditional public sector methods for future school construction it did so at an estimated \$2 million savings per school.**
- In the case of the Evergreen school in Moncton, **the provincial auditor's reports showed that this school cost nearly \$900,000 more than a publicly financed and owned project. The 1998 report suggests the government overestimated some costs to make the P3 seem more attractive than it actually was.**
- With the Royal Ottawa Hospital, in Ottawa, Ont., **the cost of relocating three hospitals on a single site went from 770 million to 1.7 billion dollars.**
- With the Abbotsford Regional Hospital and Cancer Centre, BC, **to date the government has spent over \$7 million in administrative costs to pursue projected savings that were initially estimated at \$3 million over the length of the 30+ year contract. Construction costs have increased from \$210 million to \$355 million, and the annual operating lease for the private sector contractor**

**has doubled from \$20 million to \$41 million. Legal and consultant costs for this deal are budgeted at \$24.5 million which will be paid by the public.**

- The City of Guelph, Ontario invested \$10.5 million of public money and then guaranteed a \$9 million loan to a private company (Nustadia Developments) to build a P3 arena mall complex called The Guelph Sports and Entertainment Centre. Still early in the 35-year deal, the company realized they were in trouble when revenue turned out to be lower than expected. **After having already subsidized the project with almost \$20 million in capital funding, the City was now forced to cover private partner's portion of the debt as well. In the summer of 2001, the City began to pay Nustadia's \$750,000 mortgage payments and all federal and corporate taxes associated with the project.**
- The City of Cranbrook, BC tried a P3 to keep the debt incurred from building a 4250-seat arena off-book. **The private partner had trouble securing financing, construction was late getting started, there were cost overruns that the City had to absorb and the City's borrowing power was reduced substantially as a result of the long-term lease. Ownership changed hands several times and when the project failed the City found itself with the highest debt level in the province. The tax increase to residents of Cranbrook alone for this project was 7% and fees increased considerably from what was charged at the city-owned rinks.**

More examples of failed P3's are available on-line in the 2005 report Flawed Failed Abandoned 100 P3s Canadian and International Evidence at <http://www.healthcoalition.ca/ffaf.pdf>.

Also as this government starts to develop a long-term energy strategy for PEI. We urge you to ensure that we have public control over our renewable energy resources. The Federation has concerns that the continuing private development and the use of the P3 model to develop our renewable energy could mean less public control over our future energy resources and thus have a negative impact on PEI's ability to have affordable and secure power production in the future. We need to ensure that our renewable energy resources are developed to ensure that we have an energy strategy that puts the needs of

Islanders first before the profitability of the private sector.

In the end we hope that this government will look at all the failures of P3's and privatization and realize that all public Provincial projects are most effectively and efficiently done when they are funded from public funds, owned by the province, and run and maintained within the Public system. It is the Provincial government's responsibility to provide Islanders with the public facilities and services that most effectively and efficiently service the citizens of PEI. This cannot be done when corporate profit becomes the main goal and the driver in the decision making process.

**Therefore the PEI Federation of Labour urges the Province to ignore the pressure being put on them to choose the P3 option in the construction of the new youth addictions facility and the replacement of the five provincially owned seniors care manors and find a way to bring these and all publically funded projects together through the Public system.**

**We also ask you to look at how you can put PEI's renewable energy resources under greater public control to ensure that we have affordable and secure sources of power as we head into the future.**

## **Harmonized Sales Tax**

The PEI Federation of Labour would like to express its happiness in the Provincial government's recent decision to reject the implementation of the Harmonized Sales Tax (HST) on PEI.

The main problem with the HST is the same now as when the province first rejected this concept approximately 11 years ago. By removing the tax exempt status from so many of the items that are essential in all Islanders' day to day lives (see Table 1), the HST would have brought major hardships to many Islanders especially to those that can least afford it.

As we have seen recently with the troubles many are having with the increased minimum

requirements for home delivery of heating oil and the substantial increases in heating oil and electricity rates, there are many Islanders who are having problems making ends meet. What would have happened if this government had implemented the HST and all of sudden Islanders are faced with an extra 8% increase in:

- their home heating oil bill
- their electricity bill
- their clothing and footwear bill
- and if applicable their costs for baby and educational supplies and textbooks.

The pipedream that consumers on PEI would have seen a tax reduction from the HST is simply that a pipedream.

This was reinforced on January 23, 2008, when the Saskatchewan government announced they were rejecting the federal proposal for a harmonized sales tax because it would be too big a hit for consumers. They concluded that the HST would end up costing Saskatchewan residents \$400 million and that the incentive from the federal government, in the neighborhood of \$180 million, was “no where nearly enough” to cushion the impact and make the change. This was not Saskatchewan’s first time dealing with the HST in 1991, the province briefly implemented harmonization. However, the move was so unpopular that when the provincial government changed power a few months later, they immediately removed the HST.

Plain and Simple the HST is a bad tax for the general public because it unfairly shifts a large tax-burden from businesses to consumers. Economists estimate that harmonization in the five provinces (British Columbia, Saskatchewan, Manitoba, Ontario and Prince Edward Island) that run a separate provincial sales tax system (Alberta has no provincial sales tax) would result in a whopping \$7.5-billion shift in taxes from businesses to consumers.

The PEI Federation of Labour was also very concerned over the impact the switch to the HST would have on jobs at the Department of the Provincial Treasury. If the switch to the HST occurred, it would cause the PST to be moved from being provincially administrated to being absorbed into the federal system, we were very concerned that this

could have resulted in significant job losses in the Department of the Provincial Treasury.

At a time when PEI is already struggling to keep University Graduates and highly skilled workers here on the Island, the elimination of any good, relatively stable and well paid jobs would have had a more detrimental affect to our Island economy than any of the benefits that the HST would have provided.

In the end, we are glad that this government has put public interest first and realized that the HST would have had major detrimental affects on Island consumers especially low income Islanders. On PEI where 26.4% of our workforce (15,000 Islanders) earn less than \$10/hr, the HST would have been a major hardship. There were no savings to be had for Island Consumers. We are very glad that the provincial government has realized this.

## **Employment Standards Review**

The PEI Federation of Labour is looking to this government to take a step forward and finally act upon the positive recommendations in the Review Committee's report that was released to the public early last year.

PEI currently has the worst Employment Standards Legislation in Canada. Thanks to this, workers covered under this Act have to work the longest number of hours before they receive overtime, have the second lowest number of statutory holidays, the lowest duration of vacation time, and even with the increase of May 1, 2008 the lowest minimum wage in all of Canada. Also in regards to overtime, despite having the longest hours required for the payment of overtime in the country, many Island businesses in certain industries are given an extra exemption to this rule and are allowed to require workers to work up to 75 hours/week before they are paid overtime.

In fact if the government enacts all the positive recommendations contained in the review, Islanders will still :

- be tied for the second longest work at 44 hrs/week. In fact, (9 of 14) jurisdictions

- in Canada recognize over 40 hrs/week as the standard work week.(see table 2)
- be tied with Quebec for the third lowest number of statutory holidays in Canada at 8 (see table 4).
  - be tied for ninth in the country in the minimum duration of vacations with New Brunswick and Nova Scotia (see table 5).
  - have exemptions to the overtime rules that means that a worker on PEI save for one hour can still work seven, eight hours days a week before overtime is paid.

As you can see from this, enacting the positive Employment Standards recommendations is just a small step in what is needed to improve things for Island workers and their families. It is however, an important step and that is why we are so disappointed and confused by the recent opposition from the Charlottetown and Summerside Chambers of Commerce to the very modest improvements being recommended to the Island's Employment Standards Act.

At a time when you cannot go a day without hearing about impending labour shortages and Islanders leaving this province for more lucrative employment in other provinces, it is incomprehensible that the Chambers of Commerce cannot understand that their members' futures depend upon PEI's ability to attract and more importantly retain workers. This cannot be done when the Legislation that provides the minimum floor of labour rights and standards for workers on PEI. is so out of touch with the rest of the country.

The Provincial government and Island businesses need to realize that if PEI wishes to remain competitive in this ultra tight labour market, they need to do everything they can to ensure working Islanders have jobs that provide them with not only a fair and competitive income but also allows them time for a social/family life. Contrary to what the Chambers of Commerce say in their press statements, the balance has been for so long and so far in the favour of business here on PEI that it is long overdue that the balance needs to start, in this small way, shifting in the favour of Island employees.

**Thus we urge the provincial government to ignore the objections of the Chambers of Commerce and start to make the changes to our Employment Standards Act needed to bring this important piece of legislation in line with the rest of Canada.**

**Minimum Wage Should Be a Living Wage** - While we do feel that the recently announced increases to PEI's minimum wage are a step forward for low income workers on PEI, it is only a very small step. The increases of 25 cents an hour to \$7.75 on May 1 and another 25 cents to \$8 on Oct. 1. do not go near far enough to bring PEI in line with the other provinces or to finally allow minimum wage earners the ability to earn a wage that meets their basic needs.

As of May 1, 2008, PEI will still be tied for the lowest minimum wage in Canada with New Brunswick and even after the increase in October we will only move to tied for the second lowest in Canada tied with British Columbia and Newfoundland and Labrador ahead of only New Brunswick (see table 6).

At 26.0% (translates to 15,000 Islanders)(see Table 8), PEI has the second highest percentage of workers working for less than \$10/ hr in Canada. Because of this, the Provincial government needs to realize that our minimum wage level has much greater impact on workers than the level in other provinces where average wages are higher.

It is especially disappointing that unlike many provincial governments PEI hasn't come up with a long term plan to determine where our minimum wage is going. In such a prosperous country as Canada, it is unimaginable that there is currently no province that has a minimum wage above their province's poverty line. But it does show hope with so many provinces in Canada planning long term commitments to increasing their minimum wages, we hope that our provincial government will join them very shortly.

The Provinces thinking ahead include:

- Ontario is increasing their minimum wage by 75 cents per hour annually to reach \$10.25/hr on March 31, 2010
- Nova Scotia's Minimum Wage Review Committee recently recommended going to \$9.65/hr (the expected Low Income Cut Off for a city the size of Sydney and Charlottetown) by October 1, 2010. The Committee also recommends that from 2011 on, the minimum wage be adjusted annually based on the Consumer Price Index. On March 20, 2008 the Nova Scotia government accepted all the

recommendations of the minimum wage review committee.

- Saskatchewan will go to \$9.25/hr by May 01, 2009.
- Alberta's minimum wage will be adjusted annually every April based on Alberta's average weekly wage increases
- The Yukon increases their minimum wage on April 1 of each year, based on the annual increase for the preceding year in the Consumer Price Index for the city of Whitehorse.
- The Newfoundland and Labrador government has begun a minimum wage review with a view to achieving a minimum hourly wage of \$10 per hour by 2010.

Statistics Canada's low-income cut-offs (LICO's) are the most commonly used "poverty" indicator, and are based upon the relative proportion of family income spent on food, clothing and shelter. They vary according to family size and size of community. As we mentioned above the Nova Scotia's Minimum Wage Review Committee is expecting that the Low Income Cut Off for a city the size of Charlottetown will be \$ 9.65/hr by 2010. With October's raise, PEI is only 1 penny above 2002's LICO (see table 7). It is time for us to get out of this time warp.

We are sure that the Chambers of Commerce and other business groups are telling you horror stories how bad increasing minimum wages to a livable level will be for them. However, we hope that you will realize that the benefits of providing Island workers with a livable minimum wage will far out weigh their scare tactics.

These benefits include:

- Good employers who pay decently (or want to), but who compete with firms that don't, will be provided with a more level playing field.
- Employers will also benefit from less turnover and easier recruitment. Workers can easily be lured away from employers that provide low pay. The negative consequences of high turnover include added staffing and training costs administrative costs, operational disruption, lost productivity, low morale and a decreased ability for PEI to maintain a skilled workforce .
- An increase in the ability of teens and youth to be more independent and self-sufficient. This enables young adults to leave home, and helps to reduce their

post-secondary education debt loads.

- Lower health care costs as poverty has been shown to be major negative factor in the health of Islanders.

In the end despite threats and scare tactics from the business community, study after study has proven that the impact of increasing minimum wages to reasonable level is so small relative to that of other changes in the economy that no impact is evident comparing before-after employment levels.

While we realize that raising the minimum wage above the LICO is not the magic pill that will totally eliminate poverty on PEI, it is however a major part of the solution. If this government makes a strong commitment towards increasing our minimum wage, maintaining and expanding public services, protecting and ensuring the quality of our public healthcare system, supporting the creation of a national childcare system, and a national Pharmacare system, and ensuring all Islanders can afford to take advantage of post-secondary educational opportunities this government will go along way to ensuring the prosperity of all Islanders for now and into the future.

**Therefore we ask this government to take a very serious look at the recommendations of the Nova Scotia's Minimum Wage Review Committee and the work that the Newfoundland and Labrador government is doing in reviewing its minimum wage and commit to coming up with a plan to raise our minimum wage to at least \$9.65/ hr as is recommended in Nova Scotia or even better to \$10/hr as the Newfoundland and Labrador government is looking at by 2010. The time has come for this government to usher in an era where all Islanders working full-time on PEI can earn a wage that at the very least covers the basics of life.**

**Two-Tier Minimum Wage** - This is not to say that all the Review Committee's recommendations are positive, as one of their recommendations in part 6 (Minimum Wage) 2 (a) provides for the possibility in future for more than one minimum wage rate. This would be a very negative step in our opinion. When discussing this issue with past and present provincial governments' the two groups that seem to be potentially targeted for this are students just entering the workforce and workers who earn gratuities.

## **Students**

Regarding students just entering the workforce, we feel that if we are going to properly start to integrate our young workers into the workforce, both government and employers have to stop looking at our young workers as a cheap labour force and start working hard to ensure that their first work experiences provide them with as much training and exposure to the workplace as possible so that they get the best start possible on their working lives. Too many Island businesses look at the proper training of employees in terms of the short term expense it creates rather than looking at the major impact it will have in creating the skilled workforce that their businesses need to provide for their own future financial success.

Minimum wage jobs are meant to be starter jobs that require lower skills and less experience so it makes very little sense to set a lower wage for anyone working at a minimum wage job especially when a discriminatory practice such as basing it upon age is used.

In the end, Most students in minimum wage jobs are performing work of equal value to that of more experienced workers and they do not deserve to be treated as second class citizens.

## **Workers Who Earn Gratuities**

We cannot understand any logical basis to lower wages for workers in industries where they earn gratuities especially considering the unstableness of the income derived from gratuities for workers. The amount of gratuities a worker earns depends on a combination of so many factors (such as size and success of business, time of year, product sold, weather, etc.) that to punish workers based on such an unstable bonus is ridiculous. Workers in these business should not take a hit in the stable side of their income for an income depending on the aforementioned conditions that may wind up being next to nothing.

The business community rather than lobbying to punish their workers due to the gratuities they earn should look at the gratuities their employees work so hard to earn as a no cost to them way of topping up their employees's salary so that they are able to reduce staff

turnover and retraining costs.

In the end, something that this government should remember is that the amount of gratuities that an employee earns is directly proportional to the success of the business that they work for. Therefore any employer that is complaining about the amount of gratuities that an employee earns should be able to afford to pay them the full minimum wage.

**We hope that since Premier Ghiz came out against Two-tier Minimum wage for PEI at our Leaders Debate last year, that you will reject this recommendation.**

**Overtime Exemptions-** While the Federation is happy that the Employment Standards Panel has recommended to reduce the ridiculous overtime exemptions on PEI from up to 75 hours / week down to a maximum of 55 hours / week (see table 3), however we still feel that the standard work week in the Act should be the maximum hours any worker on PEI should have to work before overtime is paid.

Overtime rules are meant to financially deter employers from forcing workers to work excessive hours on a regular basis and allow workers to not only have a social and family life outside of work but also allow them time to recuperate from the physical and mental stresses that are apart of everyone's daily work experience. Study after study is showing that excessive work hours are dangerous, unhealthy, and disruptive of family and community life. Even with the lowering, 55 hours a week means that a worker save for one hour can still work seven, eight hours days a week before overtime is paid. How can this exemption be considered to act as any kind of deterrence to an employer to make sure that they allow their employees the rest and family time they deserve and need.

Also, even with the Panel's recommended lowering of the standard work week from 48 hours to 44, PEI still ranks tied for 11<sup>th</sup> out of 14 jurisdictions in this country for the highest standard work week. Therefore with our high standard work week, employers on the Island are already receiving an overtime exemption when compared to the rest of the country and should not be granted any further exemptions.

**Therefore, the PEI Federation of labour urges the Provincial government to go**

**further than the recommendation and remove all overtime exemptions from the Employment Standards Act.**

**Islander Day** - The PEI Federation of Labour would like to express its happiness with the announcement during the recent throne speech that this government will be giving Island workers a new statutory called “Islander Day”.

While this a positive step forward, however Even with addition of Islander Day, PEI at 7 statutory holidays is still tied for the second lowest number of statutory holidays in the country with New Brunswick. Currently, 10 out of the 14 Employment Standards Acts in Canada (including federal) contain at least 8 statutory holidays (Northwest Territories and Saskatchewan are the highest at 10)(see table 4).

**Therefore at this time of employment standards review, we ask the provincial government to go even farther than they already have and add either Thanksgiving Day or Victoria Day to the Island’s list of statutory holidays in order to bring PEI up to a level that is enjoyed by the vast majority of Canadians.**

**Compliance and Effective Enforcement-** A central priority for the Federation coming into this review was to ensure that measures are put in place so that there is effective employer compliance with and enforcement of the Act.

It should go without saying that there is little ultimate point in proposing or legislating substantive improvements in employment standards if they do not become the lived reality of our workplaces. It is incumbent upon the Province, not just to set a decent minimum floor of rights and standards in law, but also to ensure that the law is effectively communicated and enforced.

In our experiences with non-union workers on PEI two things stand out when you talk about the Employment Standards Act to them. The first is the general lack of knowledge and understanding about the Act. We have even been told by some nonunion workers that their employer told them that Employment Standards only applies to union members. There is a real need to educate workers about the rights provided to them in the Act and to educate employers on their responsibilities under the Act.

The other thing was the real lack of confidence that the Employment Standards Branch could offer them the protection against employer reprisals the Act is supposed to ensure them if they complain about the violations they were subjected to. This lack of confidence is one of the main reasons that almost all formal complaints are received only after the employee has resigned or has been terminated.

We are happy that, in their review of the enforcement of the Employment Standards Act, the panel seems to realize that there is a real need to educate and that the current complaints based system is not working as an effective method to truly enforce the Employment Standards Act on PEI. Island Workers need a more proactive method to ensure this Act is properly enforced and that it offers them the protection against employer reprisals that the Act is supposed to offer workers.

**Therefore, we ask the government to not only enact the compliance and education recommendations made by the panel but to also enact the commitment of sufficient resources recommendations that this panel makes in the Non-legislative Recommendations section of the report.**

### **Dedicated Passport Office for PEI**

We are very happy with the effort this government has put into the goal of bringing a dedicated passport office to PEI. The PEI Federation of Labour in association with the Public Service Alliance of Canada has also been working hard to bring this valuable and needed service to PEI. As you can see in the letter that follows, the federation sent out a letter to the former federal Minister of Foreign Affairs on the issue back in July of 2007 (see Insert 1), we have also brought the issue up to our Island M.P.s, and in late November, the Federation met with the Federal Labour Minister Jean-Pierre Blackburn in Charlottetown to discuss this and other issues.

Considering the increased current and future need that has and will be generated by the US government's introduction of the Western Hemisphere Travel Initiative, it is high time for PEI's time as the only Province in Canada without a dedicated passport office to end.

**Therefore, we are asking the Province to continue its efforts on this issue and where**

**possible that you keep us informed on the Federal government's response to your efforts and we will reciprocate. This will help us co-ordinate our efforts on this issue to make them as effective as possible.**

## **Workers' Compensation Act Review**

The PEI Federation of Labour is very happy to have participated in the recent Legislative Review of the Workers' Compensation Act and we are very happy with the hardwork and dedication that our representatives on the committee (Federation President Carl Pursey and Joyce MacLean (UPSE)) put into ensuring that workers on PEI had a voice at the table.

We know that the final report from that committee was presented to the WCB in early December of 2007 and we hope that it has been since brought to the provincial government for review and action.

As you consider the recommendations made in this report, we encourage you to review the recommendations contained in the 33 page submission that we presented to the committee last May. The submission is available on our website at:

<http://www.peifl.ca/pages/sub/WCBrev072.pdf>

Here is a brief summary of the recommendations contained in our submission:

- increasing wage loss benefits to 90%
- the removal of the 3 day waiting period
- requiring the "employer" to compensate an injured worker for the day of an injury
- removing all restrictions on salary top-ups, including severance pay, and to allow individual employers and workers to determine the payments, if any, in excess of legislated benefit levels.
- eliminate any limit on insurable earnings
- allowing compensation entitlement for work related mental stress
- increasing fines for non-compliance by employers of return to work policies.
- the WCB come to the Federation for Board appointments.
- prompt payment of initial compensation benefits and, no later than 30 days after

the injury.

- stronger enforcement of the Occupational Health and Safety Act
- and the removal of the ability of the employer to assign another worker to perform the work that a worker has refused to do for safety reasons.

**In the end, we hope that the Provincial government looks at this review as an opportunity to make sure that our legislation truly meets the needs of injured workers on PEI and ensures that:**

- **all Island workers have the right to be fully compensated if they are injured or become ill due to their work.**
- **No worker should ever be forced to continue working because they are denied fair compensation. The Three Day Waiting Period, currently in our Legislation, goes against this basic right and needs to be removed.**
- **all work related disabilities, injuries, or illnesses, including repetitive strain and workplace stress, are covered under workers' compensation legislation and policy.**
- **the legislation provides all injured workers on PEI with fair and timely access to the benefits and rehabilitation they need as they recover from their injuries and work towards returning to their jobs. And if their injuries are too severe to allow a return to their job they should receive a pension that adequately recognizes and compensates them for their losses.**

## **Growth Works**

The Growth Works Atlantic Venture Fund was created in January of 2005 to raise money from Atlantic Canadians to invest in Atlantic Canadian companies. Total assets of the fund now stand at \$36.0 million with a goal \$80 - \$90 million by 2012. The Fund currently has 11 companies in its portfolio and is actively reviewing new investment opportunities in the region on an on-going basis. As well the Fund continues to make follow on investments in its existing portfolio companies when appropriate. Growth Works has been managing labour sponsored funds across Canada since 1992 with over \$900 million in assets under management and has a good track record and solid

reputation in the industry.

Over \$1.5 billion leaves this region each RRSP season to be managed and invested outside of Atlantic Canada. If we could retain 1 - 2% of that amount in the Atlantic Fund there would be a lot of capital to invest in local companies. Currently PEI is the only Atlantic Province not to offer provincial tax credits to residents who invest in the Fund. (NS 20% NB 15% and NL 15%). This causes great consternation in the local investment community during RRSP season when PEI residents inquire about investing in the Fund. As well, PEI entrepreneurs are at a disadvantage to their counterparts in the rest of the Region by not having the same access to capital.

**As a sponsor of the Fund with the other Federations of Labour in the Atlantic Region, we ask that the provincial government immediately offer a provincial tax credit to PEI residents of at least 20% who choose to invest in the Fund, as is now offered to investors in Nova Scotia.**

## **Temporary Foreign Workers**

It is the position of the PEI Federation of Labour that a more concerted effort be put forth by employers to hire permanent residents of Canada before entering into a Federal and Provincial program that allows employers to hire temporary foreign workers. As the dynamics of the labour force has changed so too have the ways labour is acquired in this country and indeed Prince Edward Island. It is with much skepticism that this program is truly a benefit to the worker.

Firstly, depending on the projected target market for the employer (skilled vs. unskilled labour) the responsibilities vary greatly. If an employer hires a seasonal agriculture worker for example, the employer can re-coup fees paid for processing of work permits and air fare to and from country of origin. This is done through payroll deductions and **must** be paid back in the **first six weeks of work**. We find this to be punitive to the worker.

Secondly, recruiters or labour brokers, the people that find the workers for the potential employers can be unscrupulous to the temporary foreign worker by way of charging the

potential employee directly a fee or fees. As the program stands now, there is no checks and balance system in place to prevent this illegal practice. We here in PEI need to strengthen our legislation. **It is the PEI Federation of Labour's position that we enact proposed legislation similar to that of Manitoba.**

Employers in the province that use TFW's must register with the government, this would be done through Employment Standards Act. As well, the labour brokers or recruiters would be required to be licensed either with the Canadian Society for Immigration Consultants or a Canadian Law Society. Which brings us to the issue of compliance. Is there a place for foreign workers to get to ask questions or lodge a complaint? No, we at the Federation of Labour would like to see the provincial government set up an office here on PEI to assist these workers. We would like it to be run by the labour movement for the following reasons:

- We know best what the workers rights and employment standards are;
- TFW's are more liable to come to a peer (fellow worker) than to government to ask for assistance as we believe we present a friendly face and a certain level of comfortably;
- We would ensure employees are treated fairly and not exploited;

Thirdly, we have businesses here on PEI now going back year after year to access the program. This is a huge concern for us at the Federation of Labour as we see the trend of dependancy on this program. Our observation leads us to conclude that a not serious effort is being demonstrated by employers to hire Canadian workers. Running a newspaper ad for one day in a local paper hardly constitutes a demonstration of earnest effort on the employers part to hire Canadians; yet, this single act qualifies the employer to apply for foreign workers.

Indeed! Why hire Canadian if you can maintain a temporary artificial workforce on a yearly basis. The repeated use of this program only solidifies the Federation of Labour's view that this amounts to wage controls.

As minimum wage is so low here on PEI, it is no wonder that our jobless rate is 10 per cent. If Islanders could afford to live on minimum wage don't you think the

unemployment rate would be lower? Sadly, instead we have more people skilled and unskilled leaving for better wages in other provinces at an alarming rate.

## **Pension Benefits Legislation**

It has been 18 years since PEI's Pension Legislation was passed through the Island's Legislature yet it has never been proclaimed. We have been very happy with the positive responses that we have received from the Premier and other members of this party on this issue when you were both in Opposition and now since you have moved into the role of governing party. However we are concerned that we have seen very little movement on this issue.

With the uncertainty that has been hovering around our province's and in general the Canadian economy now more than ever it is time that Islanders finally enjoy the same basic protection over their hard earned pension plans that all other Canadians enjoy. They need the Province to finally move forward and act quickly to ensure that there is legislation in place to make sure that the retirement they have worked so hard to earn is there for them when they retire.

The recent situation in the closure of the Trenton Works in Nova Scotia(NS) in which the NS government and the opposition had to rush legislation through the legislature to make Trenton Works responsible for fully funding the pension benefits of its former employees and the disaster that was felt by the workers during the closure of the Nackawic mill in New Brunswick shows vividly the need for strong pension legislation. If things like this can happen in provinces with pension legislation what will happen to the hard earned pensions of Islanders if something like this was to happen here.

To that end when you get to updating the legislation, we ask the provincial government to ensure that the updated legislation that comes up for proclamation contains protections in these three areas:

- 1) it requires employers to finance pension plans in a way that ensures that the pension monies owed to plan members are paid to those members in full.

- 2) it requires pension plans to include certain types of benefits (e.g. survivor benefits and benefits on termination of employment prior to retirement);  
and
- 3) it establishes certain membership rights (e.g. access to information about the plan.)

The legislation that was never proclaimed, included these kinds of protections for plan members and in updating the legislation these protections need to continue to be there because pension benefits legislation needs to recognize that if employers are left to operate workplace pensions without regulation, certain problems are likely to arise. Employers will take shortcuts in financing the plans; they will approach the design of pension plans thinking only of their interests (e.g. they may decide that to make the plan a means of keeping people working for them, they will not pay benefits to people who leave the employer before retirement age); and, they will treat the pension plan as if it is their personal property.

**Therefore we ask the provincial government to honour the commitments it has made to us and quickly remove all of the obstacles in the way of finally enacting Pension Benefits Legislation on PEI.**

### **Appointments to Boards and Commissions**

The PEI Federation of Labour would like to express its deep disappointment in the Premier's failure to honor his commitment to us to come to the Federation for worker representative appointments to government boards and commissions. We are very disappointed with the direction this government has taken on appointments with the establishment of the Participate In PEI Program and the real lack of accountability and transparency that this program has brought to the appointment process.

While you have made a few good appointments lately to various boards, we are very concerned and disappointed that this government does not seem to want a stakeholder

such as the Federation with the resources and qualified people that we bring to the table to be involved in the appointment process.

The federation strongly feels that this government should honour its commitment to us. The Participate In PEI program is a deeply flawed program that takes away what little transparency and accountability that was involved in the Island’s appointment process.

The key component to the Participate in PEI program is supposed to be the website. Unfortunately the website is rarely updated, the information on the site is not readily accessible, there is no link for the page on the government home page making it harder to find and key pieces of information like deadlines for applying for positions are not included on the site.

Here are some of the things needed to make the site more usable:

- Firstly, there needs to be a table of positions coming up for competition in the next 3-6 months posted on the front page of the website.

Position	Expiry Date	Deadline for Applying
Employee Representative Labour Relations Board (this text should link to detailed information on the position)		

- There should be a table naming the latest appointees to each board with a link to an archives for appointments after a certain period of time.

Position	Person Appointed	Date Appointed	Term length	Expiry Date

Employee Representative Labour Relations Board (this text should link to detailed information on the position)				
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- And finally, there should be a complete and up to date list of the composition and members of all the Island’s boards and commissions available on the site.

The government’s Boards and Commissions play a large role in the shaping of government policy and legislation in regards to the issues that are of the utmost importance to workers on PEI. Being the largest worker’s organization on the Island means that we have many members who have experience and qualifications that make them uniquely qualified to represent workers on every board and commission. It also means that we can offer them the support, protection, and ensure their accountability so that they can truly represent workers best interests.

**Therefore the Federation asks this government to reconsider the Participate In PEI program and honor the commitments that this party has made to the Federation during its time in opposition and in government to come to the Federation for worker representative appointments to the various government boards and commissions**

### **"Red Tape" Review**

The PEI Federation of Labour would like to express its deep concern with the thorough review of Government's regulatory regime (red tape review) that was announced during this year’s budget address. It is especially disappointing to us that this government seems

to be heading into this review with lowering costs to the business community as its main goal.

Considering Worker's Compensation and Employment Standards are two of the areas that business groups continually list as the most burdensome regulations to their members, it is especially troubling to us to have cutting costs to business as the main goal for the review.

Any review of PEI's Regulatory regime must have the intent of the regulations and ensuring the protection of public interest as the overriding factors in the decision making process.

The budget statement that the review will be undertaken with input and guidance from the Island's business community is of special concern to us. We totally oppose any regulatory review that will be done behind closed doors with only the interests of the business community being expressed. If this review is to happen it must be an open and fair process that is done with proper public scrutiny and with the Federation of Labour having equal opportunity for input into the review and equal say in the decision making process especially in areas that directly affect workers on PEI.

Too often lately, we have seen provincial and federal governments embark ,behind closed doors, on the lowering (harmonizing) and removal of regulations to benefit corporate profit over the best interest of their citizens. The North American Free Trade Agreement (NAFTA), the Security and Prosperity Partnership of North America (SPP), and the Trade, Investment and Labour Mobility Agreement (TILMA) are prime examples of this. This must end.

**The regulations in this province are meant first and for most to protect the social good. Therefore, we urge this government to make any Regulatory Review an open and fair process that puts the best interests of all Islanders as its top priority.**

## **First Collective Agreement Legislation**

At our July 2007 meeting with the Premier and the Minister Responsible for Labour we were very pleased by the response the Premier gave to our wanting First Collective Agreement Legislation to finally be proclaimed after 14 years of waiting. However as with Pension Legislation we are concerned that we have as of yet seen any real movement on the issue.

It is a basic right of all Canadians to choose to join an union, PEI recognizes this right in it's Labour Act, and fortunately, most employers when certified recognize this right and bargain in good faith to reach a mutually acceptable first contract.

Unfortunately this is not the case with all employers. There are still a small but still significant number of employers who would do anything to deny their employee's right to unionize. The November 2005, \$500,000 labour board ruling against the now defunct Polar Foods for laying off employees and moving production to another plant to try and derail an organizing drive and the tactics used by WalMart against their employees in Jonquière Quebec in which they closed the store rather than bargain in good faith with their newly unionized employees show the lack of respect that some employers have for their employees basic rights and the kind of despicable tactics that they are willing to use.

Besides Polar Foods, the recent situation between Commissionaires on PEI and their employer the Corps of Commissionaires shows how necessary First Contract Legislation is here on PEI. The Commissionaires through the Public Service Alliance of Canada fought for 5 years through appeal after appeal all the way to the Supreme Court to gain union certification only to have the Corps drag out negotiations for another 2 years before settling.

As we said earlier, the right to unionize on PEI is protected in PEI's Labour Act yet as the Corp of Commissionaires have shown this basic right cannot be truly protected without First Contract Legislation. The fact that employers on PEI can deny workers like these the benefits of their right to unionize for so long, especially after the fight they had to win this right through the certification process, is reprehensible.

The main goal of First Collective Agreement Legislation is to promote good faith bargaining between the employer and the newly formed bargaining unit and provide a disincentive to employer conduct aimed at undermining this process and preventing negotiation of a first contract in a timely and fair manner. It is always best when the union and employer can come to a fair and timely agreement on a first contract on their own and in a vast majority of cases they will but for times when they can't it is important for First Collective Agreement Legislation to be there. British Columbia (1973), Quebec (1977), Federal (1978), Manitoba (1982), Newfoundland and Labrador (1985), Ontario (1986) and Saskatchewan (1994) have all realized how important First Collective Agreement Legislation is. It is time for this government to realize this too.

**Therefore, we ask the government to finally proclaim First Collective Agreement Legislation into law on PEI.**