



London
CANADA

INTEREST ARBITRATION REFORM

Meeting of Corporate Services Committee with MPPs

May 22, 2013

ISSUES/SUBJECT:

Interest arbitration reform is an important issue for municipalities and both the Association of Municipalities of Ontario (AMO) and the Large Urban Mayors' Caucus of Ontario (LUMCO) have advocated for change that reflects a fairer model for employees and employers. AMO has developed a set of proposed improvements (see attached) to interest arbitration legislation that includes requiring the arbitrators to provide written reasons for the award with a clear explanation of how a community's fiscal health was considered, using meaningful criteria; giving interest arbitrators one year to complete their work; applying a single arbitrator model to all hearings thereby eliminating time and treating all services identically; and imposing deadlines for post-hearing submissions. AMO has also provided a set of reliable measures of a municipality's capacity to pay. In April, a Private Member's Bill introduced by Jim Watson, MPP, was defeated in the Legislature on second reading. There is a continued need for arbitration reform. Will the Government introduce legislation that is consistent with the AMO principles on this issue?

KEY MESSAGES:

- Changes are needed to ensure that interest arbitration achieves its intent, which is fairness to essential service employees, their peers and employers.
- What measures does the Government plan to introduce to build a sustainable model for wage negotiation?

BACKGROUND:

Interest arbitration covers essential service employees who are not permitted to strike (police, fire fighters, some paramedics, hospital workers, long-term workers, etc.). It is the only legal process to resolve collective bargaining disputes within these groups. In its 2013 Throne Speech, the Government said that it would: "sit down with its partners across all sectors to build a sustainable model for wage negotiation, respectful of both collective bargaining and a fair and transparent arbitration process".

Through AMO and LUMCO, and in its pre-budget submission to the Government of Ontario, the City of London has argued that the current interest arbitration system is too costly and lengthy and arbitrators often replicate agreements from one community to another rather than looking at the economic and fiscal health of a community using a set of measurable criteria so that reasoning is transparent. Criteria should include wages and conditions of other municipal employers within the same community, unemployment rates, and property tax.

In April, a Private Member's Bill introduced by Conservative MPP, Jim Watson, concerning interest arbitration entitled *Public Sector Capacity to Pact Act, 2013* was defeated in the Legislature. This represented the fourth piece of attempted legislation by various parties during the last year. The City of London, AMO, LUMCO and MARCO have been supportive of change in the interest arbitration system to improve efficiency, improve accountability and transparency of decision-making and more accurately assess a municipality's fiscal health. Previous bills on this issue fell short of achieving needed improvements.