

February 28, 2017

Premier Kathleen Wynne  
Legislative Building  
Queen's Park  
Toronto, ON  
M7A 1A1

Dear Premier Wynne,

The Ontario Chamber of Commerce (OCC) and our member network greatly value the contributions and protections that emergency services personnel provide to our communities. We recognize, however, that the costs of these services have increased at over three times the rate of inflation annually since 2002.<sup>i</sup> This cost escalation is unsustainable, particularly in an era of fiscal restraint generally, and especially in an environment where municipalities are greatly restricted in their options to raise new revenue.

Today, interest arbitration is the only legal mechanism available to Ontario municipalities for settling disputes from contract negotiations with essential services such as police and fire. The system was established to serve the interests of public employees, public employers and the broader public.

The OCC represents over 135 communities and over 60,000 members across the province, all of which are committed to working alongside municipal representatives to promote the economic growth and prosperity of our communities. In order to ensure the fiscal sustainability of the municipalities we serve, we believe that immediate action is required to address deficiencies within the provincial interest arbitration system. Our principle concern is that the current system does not adequately consider the capacity of municipalities to pay.

In certain regions of the province, particularly rural or remote areas, the awards granted by arbitrators are disproportionate to existing revenue sources available to local governments. For instance, the recently released municipal budget of Owen Sound reveals that 46 percent of the tax dollars allocated to managing city affairs were absorbed by police and fire services in 2016.<sup>ii</sup> Similarly, 33 percent of tax dollars in Greater Sudbury in 2016 were allocated towards police and emergency services.<sup>iii</sup> As a result, these municipalities have fewer resources available to direct towards to other core services and infrastructure investments that impact the health and safety of their communities.

We recognize that the government recently made amendments to the *Fire Protection and Prevention Act, 1997* in *Bill 70, Building Ontario Up for Everyone Act* in response to this issue. These changes involved removing the requirement for parties to go through a conciliation process before the interest arbitration process and prohibiting boards of arbitration from referring items in dispute back to the parties for further negotiation, unless specific circumstances are met.<sup>iv</sup>

While these amendments represent a minor improvement to the system, we maintain that more significant measures are required. Together, we must ensure that the settlement of disputes from

contract negotiations with essential services do not compromise the fiscal sustainability of municipalities and, subsequently, the competitiveness of the provincial economy.

Therefore, we are calling on the Ontario Government to take three important steps:

- 1) Reform the provincial interest arbitration system to reflect the current capacity of Ontario municipalities to pay for increased service costs.** Awards are often based on comparisons to provincial, not regional, emergency services which is challenging for rural or remote municipalities that possess a significantly smaller tax base in comparison to large urban centres. As a result, many rural and remote municipalities are forced to contend with cost increases that are disproportionate to available revenue. It is problematic to suggest that this issue should be resolved by the municipalities through a tax increase, given the current economic context and business climate. Rather, the arbitration system should include an analysis of the existing municipal tax structure and available revenue streams.
- 2) Improve efficiency by requiring that arbitration decisions be delivered in less than 12 months.** Although both the *Fire Protection Act 1997* and the *Police Service Act 1990* stipulate a time for decision<sup>v</sup>, timelines are often extended by the parties involved. Significant inefficiencies and costs result from the fact that there is no limit as to the length of time for which a decision can be delayed. In cases where a decision is not delivered within 12 months, we recommend that the issue be directed to the Ontario Labour Relations Board for final award.<sup>vi</sup>
- 3) Improve accountability and transparency for the taxpayer.** Arbitrators should be required to publicly release a written explanation of their decision which prioritizes how the fiscal health of a community was considered. Such action is required to ensure that citizens and business leaders are knowledgeable of increased emergency service costs and how these costs will impact their communities. As evidenced by the recent experiences of Owen Sound and Greater Sudbury, core needs of the community are at serious risk of being compromised as a result of disproportionate spending on emergency services. Government must take action to ensure that taxpayer dollars are allocated efficiently and sustainably.

The OCC and its member network would welcome the opportunity to meet with your office to discuss the policy solutions presented in this letter.

Sincerely,

A handwritten signature in black ink that reads "Allan O'Dette". The signature is written in a cursive, flowing style.

Allan O'Dette  
President & CEO, Ontario Chamber of Commerce

CC:

The Honourable Kevin Flynn, Minister of Labour  
The Honourable Bill Mauro, Minister of Municipal Affairs

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<sup>i</sup> Association of Municipalities Ontario 2016 Pre-Budget Submission. <https://www.amo.on.ca/AMO-Content/Speeches/2016/2016-Pre-Budget-Submission-Remarks-by-AMO-President.aspx>.

<sup>ii</sup> 2016 Operating and Capital Budget. City of Owen Sound. 2016.

[https://www.owensound.ca/sites/default/files//uploaded-site-files/2016%20BUDGET%20FINAL%20%28FOR%20PUBLIC%20MEETING%29\\_0.pdf](https://www.owensound.ca/sites/default/files//uploaded-site-files/2016%20BUDGET%20FINAL%20%28FOR%20PUBLIC%20MEETING%29_0.pdf)

<sup>iii</sup> Greater Sudbury Budget 2016.

<https://www.greatersudbury.ca/sudburyen/assets/File/Budget%20Executive%20Summary.pdf>

<sup>iv</sup> AMO Comments on Bill 70, Building Ontario Up for Everyone Act. <https://www.amo.on.ca/AMO-PDFs/Reports/2016/AMOCommentsOnBill70BuildingOntarioUpforEveryoneAct.aspx>.

<sup>v</sup> Note: In accordance to the *Fire Protection and Prevention Act 1991*, the board of arbitration shall give a decision within 90 days after the last (or only) member of the board is appointed. See *Collective Bargaining, Time for a Decision*. S.O. 1997, c.4. <https://www.ontario.ca/laws/statute/97f04#BK69>. In accordance to the *Police Service Act 1990*, the arbitration board shall give a decision within 90 days after the chair is appointed or, if the arbitration board consists of one person, within 90 days after that person is appointed. See Part VIII *Labour Relations: Time for a Decision*. <https://www.ontario.ca/laws/statute/90p15#BK153>.

<sup>vi</sup> Note: In the 2012 Provincial Budget, the government proposed legislation consistent with this recommendation. Please refer to *Strong Action for Ontario: 2012 Ontario Budget*. The Hon. Dwight Duncan. Minister of Finance. 2012. [http://www.fin.gov.on.ca/en/budget/ontariobudgets/2012/papers\\_all.pdf](http://www.fin.gov.on.ca/en/budget/ontariobudgets/2012/papers_all.pdf). Pg. 74.