

## Essential Service Designation for Provincially Funded Transit Services

Authored by the Newmarket Chamber of Commerce

### **Issue**

A broken arbitration system coupled with transit labour disputes are holding Ontario businesses and taxpayer's hostage. A two-pronged solution that begins with mending the arbitration system and is followed by designating provincial transit an essential service will preserve the economic stability, competitiveness and health of our province in these uncertain times.

### **Background**

The labour arbitration system in Ontario is badly broken. Municipalities, taxpayers and businesses are paying hundreds of millions of dollars in wage settlements resulting from binding interest arbitration.

Arbitration law governing essential services in Ontario sets out five criteria which arbitrators and arbitration boards must consider when making interest arbitration decisions, including the employer's ability to pay and the economic situation in Ontario and the municipality. In most of the interest arbitration awards for emergency services in 2010, arbitrators/arbitration boards failed to establish that these criteria were considered, resulting in arbitrated settlements that typically cost employers more. "Arbitrated settlements are often based on comparisons to provincial, not regional services and to comparative professions rather than other regional workers. As a result, emergency services costs are rising faster than other municipal services, the cost of living and the rate of inflation.

Binding interest arbitration attempts to balance the loss of the ability to withhold services (through lockout or strike) with fair compensation. The arbitration process, must also balance the economic realities of the region and the employers' ability to pay. In its absence, the cost of transit goes up, and that increase is passed along to taxpayers in the form of higher fees, higher taxes or cuts to other services.

A two-pronged solution will create a sustainable, efficient and reliable regional transit system that enables the province to remain economically competitive while contributing to growth and innovation. The first part of the solution is the repair of the labour arbitration system. The labour arbitration system must be fixed (see Kitchener-Waterloo resolution for more on arbitration) to actively consider a municipality's ability to pay and provide a rationale for the award is key to mending the current system and making settlements more affordable to taxpayers and businesses. Second, transit in the province must be designated an essential service. Transit strikes prevent workers from reaching their destination, cost employers millions, and prevent small businesses from functioning. For example, the Toronto Transit

Commission (TTC) strike of 2008 cost the city \$50 million a day and affected approximately 1.5 million riders, while the London Transit strike of 2008 cost that community an estimated \$132 million dollars. The three-month York Region strike in 2011-12 was the longest transit walk-out in Ontario history, and affected more than 44,000 commuters daily, costing millions of dollars in lost productivity.

All cities are driven by economic competitiveness of which good mobility systems are a key feature. In large regions, such as the GTHA, London, Ottawa and Windsor, it is imperative that transit functions smoothly, reliably and consistently. There are now about the same number of jobs in neighbouring GTA municipalities as there are inside the City of Toronto. Ridership on municipal transit systems serving Ontario's 15 largest urban centres was projected to increase to 833 million trips by 2013. As the Region's population grows, with the GTHA in particular reaching 8.6 million by 2031, more people will be dependent on transit. In addition to the Toronto example, many other Regions throughout Ontario have been impacted by striking transit workers, or the threat of a strike or lockout.

In 2012, York Region Residents and Businesses were impacted by a three-month transit strike that impacted 60% of its operations. The reduced level of local transit service had a tremendous impact on riders and businesses, as well as the ridership and operational costs of the Regional Government.

Essential service designation for transit in the GTHA would keep busses running, people moving and enable much-needed economic growth in these financially uncertain times.

Acknowledging the centrality of transit to economic vitality, in 2011 the City of Toronto declared the TTC an essential service. However, the TTC is one of nine transit providers in the region. The interconnectedness of our economies and the increasing prevalence of intra-regional commuting patterns highlights the need for uniform status across all systems in the region. Communities, led by local chambers of commerce and Metrolinx have implemented transit incentive programs such as SMARTCOMMUTE to encourage ridership in the business community. These initiatives are jeopardized by transit labour disputes that force people back into their cars, increasing congestion on roads and making goods movement a challenge. Ensuring stable labour relations and uninterrupted service provision reinforces our collective economic, environmental and health priorities.

### **Recommendations**

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Reform the current arbitration system in order to mitigate the cost increases inherent in interest arbitration. Arbitrators should be required to apply local economic criteria and

consider the financial 130 impact of settlements on the municipality and its wages within the context of other services and programs.

2. Subject to agreement on recommendation #1, designate all provincially supported transit in Ontario an essential service, ensuring a stable, healthy and competitive business environment.

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Sunset Date: May 2, 2018