

## Arbitration Failing Taxpayers

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We honor our police, firefighters, and paramedics.

These individuals stand ready to sacrifice their personal interests for others when duty calls.

Public officials don't want to seem disrespectful of these professions, so few are talking about how collective bargaining with them is driving up property taxes all over Ontario.

Their wages and benefits have been increasing faster than other public sector workers for decades.<sup>1</sup>

In 2013, 75% of all public sector employees that received over \$100,000 in Ontario were police, firefighters, and paramedics.<sup>2</sup>

They owe this success to Ontario's system of arbitrating the collective agreements, because the cost to the taxpayer is not considered.

The arbitration system has failed the taxpayer in other ways as well.

Taxpayers' elected representatives ought to have the power to determine what combination of full time and volunteer firefighters is appropriate for their communities.

But arbitrated settlements have removed this power in some communities by requiring them to maintain high numbers of full time firefighters.

In one instance, an arbitrator actually prohibited a small town of less than 5000 people from using any volunteer firefighters at all, for as long as the union remained opposed to it.

All other small towns use volunteers.

Even larger cities like Ottawa supplement their full time force with volunteers.

Thirty years later, Deep River still isn't allowed to use any volunteers and most of its 10 full time firefighters are on the sunshine list.

And the service is inadequate.

The Ontario Fire Marshall says the town needs to more than double its firefighters to meet today's standards.<sup>3</sup>

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<sup>1</sup> LUMCO/MARCO/OAPSB. Emergency Services Steering Committee. Escalating Emergency Services Labour Costs and the Ontario Taxpayers' Ability to Pay.

<sup>2</sup> <http://www.amo.on.ca/AMO-Content/Policy-Updates/2014/AMO%E2%80%99s-Interest-Arbitration-Update.aspx>

<sup>3</sup> Ontario Fire Marshall. Review of Fire Protection Services in the Town of Deep River. February 2011.

In other words, residents have been paying Cadillac prices for a clunker.

In theory, the town could double the full time force – paying for a Porsche just to get the clunker to pass inspection.

Or by training enough volunteers while allowing current staff to serve out their careers, the town could cut the cost by more than half and get better fire protection at the same time.<sup>4</sup>

That would be like paying for a minivan and actually getting a minivan.

Is that too much to ask?

Yet talks between the union and the town regarding volunteers have gone nowhere, and the matter is now heading to arbitration.<sup>5</sup>

Yes, arbitration, the same system that did the taxpayers of Deep River a disservice in the first place.

The failings of the system begin with vague guidance in provincial law about how arbitrators ought to make their decisions.

Traditionally, the arbitrator assumes towns always have the ability to pay more by raising taxes, thus favoring the unions' interests over that of the taxpayers.

The unions can then make greater demands than they would if a strike or lockout were possible to temper their positions, and they are often rewarded accordingly.

Feeling powerless, towns often agree to concessions based on what they think an arbitrator will award, reasoning they can at least save the legal costs of arbitration.

Yet this self-defeat gives the illusion of a freely bargained contract, thereby perpetuating the cycle of failing the taxpayer as the concessions get replicated throughout the province.

Arbitration doesn't approximate the results of free bargaining as it was intended to do.

Rather, not-so-free bargaining approximates arbitration.

Provincial law must be changed to establish clear criteria for arbitrators that respect the taxpayer as well as the worker, and it must establish a means to hold arbitrators accountable to ensure that the criteria are actually applied.

Until then, the prospects for Deep River to get permission from an arbitrator to buy its minivan aren't promising.

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<sup>4</sup> Dillon Consulting. Town of Deep River Fire Master Plan Final Report. April 2013. See also: North Renfrew Times, August 6, 2014: <http://www.northrenfrewtimes.com/report-recommends-new-fire-model/>.

<sup>5</sup> North Renfrew Times, July 30, 2014. <http://www.northrenfrewtimes.com/town-releases-long-awaited-fire-report/>

But it's certainly a case to watch.