



Canadian Centre for
Policy Alternatives
Manitoba Office

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Cost of wage-freeze effort becoming apparent

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IN LABOUR ISSUES

The \$19.3 million the court recently awarded to the University of Manitoba Faculty Association (UMFA) highlights another costly mistake made by the Manitoba government. The award compensates UMFA members for damages incurred by the government's illegal interference in collective bargaining. UMFA was the first casualty of the 2017 Public Services Sustainability Act (PSSA), otherwise known as Bill 28, which imposed four year wage ceilings of 0%, 0%, .75% and 1% on all public sector workers, part of the government's attempt to slay

the deficit, but illegally overriding workers' Charter rights to collective bargaining has proved costly.

Healthcare and educational institutions are bleeding staff as demoralized skilled workers seek better opportunities elsewhere. The government-imposed wage freeze stalled negotiations with school bus drivers, nurses and Hydro workers, forcing their unions to seek costly remedies to get a resolution. The Hydro strike alone cost taxpayers \$18 million. Nurses won a

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pay increase following mediation. Overburdened parents drove their children to school for three months while Winnipeg School Division bus drivers struck for a modest pay raise, months after the court ruled the wage freeze unconstitutional.

Sadly, the high price of their interference has failed to convince the government that the wage freeze is a bad idea. Despite the Court of Queen’s Bench decision ruling the wage freeze unconstitutional and calling the PSSA “draconian,” the Manitoba government persists in mandating austerity-level wage increases.

The Province refused to allow the University of Manitoba to make a competitive salary offer even after a 35 day strike. Had the government stayed out of the University’s negotiations in 2016 and 2021, UMFA would have accepted a modest wage increase that was well within the UM’s operating budget and both strikes would have been averted. UM faculty have typically been reluctant to strike, but low salaries have led to staffing shortages that increased teaching and administrative workloads. Frustrated and demoralized, faculty voted overwhelmingly to strike, forced out on the picket line by the government-mandated wage freeze.

In the end, an outside arbitrator determined that the union’s proposals were fair. Affirming that faculty salaries were significantly lower than those of their comparators, he awarded a 2.5% increase in each of three years. In a precedent-setting ruling, he required the UM to pay faculty for teaching done after the strike to complete the term.

The added cost of lengthy contract negotiations, strikes, arbitrated settlements and

the disruption of education, healthcare, and other essential public services is particularly worrisome considering the revenue foregone by the government in anticipation of savings.

While mandating the public sector wage freeze, the Province cut the PST, raised income tax thresholds, and introduced an education property tax rebate, all of which reduced Provincial revenue. Not only were those savings illusory, but the real costs of the wage freeze have yet to be calculated. Overly optimistic tax cuts and the costs of the wage freeze added to a record-setting provincial deficit during the pandemic, and continue to leave the Province in a more precarious fiscal position.

Despite the wage freeze mandate’s apparent costs, the wages of over half of Manitoba’s 120,000 public-sector workers remain frozen. Those workers have not been able to negotiate new contracts and face added financial stress from sharp increases in the cost of living. The dismal record of this government’s flawed plan to cut the deficit through wage freezes highlights the fallacy that cutting public sector pay is sound fiscal policy. Its determination to force public sector workers to subsidize its budget priorities is bad public policy. The province must support good faith bargaining with public sector workers and release public sector employees from government constraints.

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References available upon request.