



Committee Report

Report HRR-CS-03-16

To: Chair Eccles and Members of the Corporate Services Committee
From: Grant McLevy, Director of Human Resources
Meeting Date: Tuesday, October 11, 2016
Subject: **Collective Bargaining Update**
Status: Recommendation adopted by Committee as presented per Resolution CS73-16; Endorsed by County Council November 1, 2016 per Resolution CC139-16;

Recommendation

- 1. THAT HRR-CS-03-16 – Collective Bargaining Update be received for information.**

Background

It is recognized that an effective and equal partnership between the Grey County and its labour unions is essential in achieving Grey County's vision to become a high performance municipal government. An integral part of this effort is the involvement of County Council in preparing for and setting a total compensation mandate for collective agreement negotiations, in order to remain competitive in the delivery of effective and efficient services.

In order to achieve the above, management is authorized by County Council to negotiate changes to existing contract language in collective bargaining agreements and/or negotiate new provisions in collective bargaining agreements that support this effort, closely tied to Council's mandate. Such negotiations may include, but will not be limited to, the redesign of existing pay grades, employee benefits and working conditions.

The County of Grey has approximately 863 employees comprised of 664 or 77% unionized and 199 or 23% non-union employees. The unionized work force is broken down into 9 separate bargaining units as outlined below:

Employee Group	# of Employees	Contract End Date	Current/Expired
ONA Registered Nurses (3)	23	March 31, 2016	Expired

Employee Group	# of Employees	Contract End Date	Current/Expired
OPSEU Lee Manor	201	December 31, 2016	Current
UNIFOR Rockwood Terrace	125	January 31, 2017	Current
OPSEU Social Services	45	December 31, 2017	Current
OPSEU Grey Gables	89	December 31, 2017	Current
OPSEU EMS	124	December 31, 2017	Current
CUPE Transportation	57	May 31, 2018	Current

Special Note – ONA: ONA, representing all Registered Nurses at our three Long Term Care facilities, have a “me too” clause with the Central Hospital Collective Agreement awards for all wage increases, meaning that only employee benefits and working conditions are negotiated by Grey County.

The collective bargaining process in 2017 will commence with negotiations for all of the collective agreements listed above with the exception of CUPE Transportation which will be negotiated in 2018.

All but 2 of our unions are covered by a variety of legislative acts which either limits or eliminates the union's right to strike and the employer's right to lock out its employees. Specifically, the *Hospital Labour Disputes Arbitration Act (HLDA)* governs ONA Registered Nurses, OPSEU Grey Gables, OPSEU Lee Manor and UNIFOR Rockwood Terrace, and, the *Ambulance Services Collective Bargaining Act, 2001* governs the OPSEU EMS employee group. OPSEU Social Services and CUPE Transportation are the only 2 employee groups who maintain the right to strike.

As the majority of County employees’ are governed by some form of Interest Arbitration legislation, and, are able to apply for arbitration at any time during collective agreement negotiations, it is prudent for the County to research and develop compensation strategies that are seen as fact based, accountable, affordable and responsible.

To this end, in 2015 Council approved a COLA formula aimed at providing management with additional formality and structure in the calculation of the COLA, which has been used in the development of the 2017 budget for the purpose of anticipating non-union wage increases. This formula is explained below:

COLA Formula and Compensation Mandate

A variety of sources are available indicating projected COLA increases for municipal employees, which can be used to arrive at a formula, and therefore a COLA number. As a result of using a wide range of numbers from different sources, the County of Grey is able to avoid the peaks and valleys that sometimes occur, and in any given year, retain the appropriate level of discretion depending on circumstances, all of which can assist County Council in creating a compensation mandate for union negotiations. As always,

this COLA percentage increase will be subject to the ability to pay, the County's ability to negotiate this compensation increase with the unions, and, if necessary, defend this compensation mandate at arbitration.

On top of hourly wage considerations, each collective agreement covers areas such as benefits and working conditions. Employee benefits are the second major compensation cost for the County, and benefits costs are rising.

The County has taken several steps in the past decade in an attempt to control the escalating costs of providing and administering benefits, including:

- Marketing the benefit plan every 3-4 years to search for reduced administrative overhead and premium costs
- Implementing self-insured short-term disability coverage rather than using an external provider, to reduce annual premium costs
- Externally administering self-insured benefits to lower County administration costs
- Negotiating similar benefits in collective agreements to reduce the complexity and cost of providing benefits (see attachment)
- Minimizing the number of additional benefits negotiated into collective agreements
- Requiring unions to trade off benefits for new benefits to produce a zero net premium increase for any changes
- Provide certain benefits for employees only, not families.

Despite gains from these measures, all employers across Ontario have experienced hyper-inflationary increases in the cost of providing benefits. In Grey County over the past 10 years, the average cost of providing employee benefits increased by more than 63% primarily to cover increases in basic premiums.

Breaking down the 63% increase, we can see that only a small percentage is due to enhanced benefit levels, while most of the additional expense comes from both the CPI and annual premium increases. See chart below:

Monthly Premium Cost for Health and Dental				
Group	2006 Premium	2016 Premium	\$ Diff	% Diff
CUPE	236.07	370.45	134.38	56.92%
CUPE Early Retirees	311.97	516.73	204.76	65.63%
Non Union	256.42	401.45	145.03	56.56%
Non Union Retirees	327.59	508.98	181.39	55.37%
ONA Lee Manor	272.21	439.71	167.50	61.53%
ONA (RT & GG)	241.51	369.71	128.20	53.08%

Monthly Premium Cost for Health and Dental				
OPSEU Grey Gables	270.03	444.69	174.66	64.68%
OPSEU Lee Manor	239.93	422.69	182.76	76.17%
OPSEU LM Retirees	239.93	428.38	188.45	78.54%
OPSEU Paramedic Services	252.04	405.54	153.50	60.90%
OPSEU PS Retirees	n/a	432.17	432.17	
OPSEU Social Services	250.26	429.44	179.18	71.60%
OPSEU SS Retirees	327.59	508.90	181.31	55.35%
UNIFOR	276.60	455.00	178.40	64.50%
*Premium figures include provincial sales tax				
*Note that differences in premiums could be impacted by changes to plan design				

Regardless, a general mandate from County Council regarding employee benefits for the upcoming bargaining process would be helpful, keeping in mind that while the County makes every effort to negotiate benefit cost savings through “roll backs” or “takeaways” at the bargaining table, there are instances when this cannot be achieved.

As a result of 7 out of 9 bargaining groups have binding arbitration as the dispute resolution mechanism, and the fact that historically arbitrators are very reluctant to reduce already negotiated benefit plans, unions have no incentive to agree to those types of proposals. OPSEU Social Services and CUPE Transportation, which have strike provisions in their collective agreements, do not have automatic access to arbitration.

Further, like other Ontario municipalities, Grey County must often accept wage decisions made by arbitrators where it is clear that the amount of the increase is directly related to awards made outside of our geographical location.

Options to reduce benefit costs would include implementation of employee co-payments for benefit premiums, creating a health care spending account, implement mandatory discount drug programs as well as changing from brand name to generic drugs. There are significant considerations with moving in this direction.

Special Note – EMS: In this sector over the past decade, the propensity of Arbitrators to ensure wage parity (without any regard to ability to pay arguments) has placed the County in a vulnerable position with respect to its ability to bargain wage and benefits entitlements with any degree of authority, accountability and responsibility. Therefore you will notice increased costs in this sector on an on-going basis.

Financial / Staffing / Legal / Information Technology Considerations

Utilizing the approved COLA Formula will provide a valuable tool that Council can consider in determining its mandate when preparing for collective bargaining.

Link to Strategic Goals/Priorities

The mandate outcomes contained in this report align with the Corporate Strategic Plan aimed at developing and implementing a strategy for the ongoing attraction and retention of quality employees to the County of Grey.

The mandate outcome also aligns with our labour relations plan to create and maintain open and honest communications with all employee groups, while maintaining budget parameters in an effort to control costs.

Attachments

Confidential Schedule A to HRR-CS-03-16 – Collective Bargaining Update

Respectfully submitted by,

Grant McLevy
Director of Human Resources