

**Thunder Bay and District  
Poverty Reduction Strategy**

**presentation to**

**Changing Workplaces Review**

**September 16, 2015**

"What are the common wages of labour, depends every where upon the contract usually made between those two parties, whose interests are by no means the same. The workmen desire to get as much, the masters to give as little as possible. . . It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the dispute, and force the other into compliance with their terms. The masters, being fewer in numbers, can combine much more easily; and the law, besides, authorises, or at least does not prohibit their combinations, while it prohibits those of the workmen. . ."

Adam Smith The Wealth of Nations p. 66

". . . No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, cloathed and lodged."

Adam Smith The Wealth of Nations p. 79

The Thunder Bay and District Poverty Reduction Strategy welcomes the Ontario government's launching of the Changing Workplaces Review, and the opportunity to present our views on these most important issues.

The Thunder Bay and District Poverty Reduction Strategy (TBDPRS) was formed by the Lakehead Social Planning Council, Poverty Free Thunder Bay, the City of Thunder Bay, and the Thunder Bay and District Social Services Administration Board.

My name is Paul Pugh, I am Chair of the TBDPRS, and City Council member representing McKellar Ward since 2010. I hold a B.A. and M.A. in Economics, and have over 30 years experience as an elected workplace representative with the Steelworkers (USW) and CAW (now Unifor), including 12 years as president of Unifor Local 1075 representing workers at the Bombardier plant in Thunder Bay, prior to my retirement.

We begin with quotes from 18<sup>th</sup> century Scottish philosopher and economist Adam Smith because most people, including those claiming to be his followers, have never actually read his works. Adam Smith was sympathetic to the plight of working people. However, in his lifetime, only the very wealthiest could vote; there was no secret ballot; and union membership was illegal. Under these conditions, Adam Smith proposed that the best that could be hoped for was competition among employers, allowing wages to be bid up.



Since then, generations of struggle have resulted in the universal secret ballot, and gradual recognition of collective bargaining, including recent Supreme Court of Canada decisions. This has by no means been a one way street, and in recent decades, Canadian and Ontario workers' conditions and rights have deteriorated. However, we have means to address social issues at our disposal that Adam Smith could not have dreamed of, and it is in this context that we welcome this consultation.

Canada has no official measurement of poverty, so the TBDPRS uses the Low Income Measure (LIM), as an internationally recognized standard. LIM is 50% of the median income, adjusted for family size.<sup>1</sup> Using this methodology, there are in excess of 15,000 people in poverty in Thunder Bay, including most of those working for the minimum wage.<sup>2</sup> In 2014, some 695,000 workers, or 11.9% of the the workforce in Ontario, were employed in minimum wage jobs.<sup>3</sup>

Collective bargaining makes a difference. As of July, 2015, the average hourly wage for Ontario employees covered by a collective agreement was \$30.43 compared to \$23.88 for employees not covered by a collective agreement.<sup>4</sup> Workers covered by a collective agreement also generally have better benefits, including workplace pension plans. However, these benefits are under attack, as employers seek to eliminate or reduce benefits. This was illustrated in 2014 when Bombardier attempted to eliminate the defined benefit pension at its Thunder Bay plant for new hires, triggering a 9-week strike. We are encouraged by the Ontario government's initiative to implement an Ontario Pension Plan, supplementary to the Canada Pension Plan. We urge that this Plan include provisions allowing for workplaces with a pension plan to merge their plan

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<sup>1</sup> Thunder Bay and District Poverty Reduction Strategy: Annual Report 2014, p.5

<sup>2</sup> Statistics Canada "Median total income by family type" data for 2013.

<sup>3</sup><https://www.policyalternatives.ca/publications/facts-infographics/hennessys-index-june-2015#sthash.DFvPc17Y.dpuf>

<sup>4</sup> Statistics Canada: Average hourly wages of employees by selected characteristics and occupation, unadjusted data, by province (monthly) (Ontario) July 2015

into the Ontario Pension Plan. This would provide more retirement security for workers, as well as reduced cost to employers, much as OHIP provides better medical insurance at lower cost than private insurance in the United States. Of course, such a Plan would also eliminate or greatly reduce a major cause of labour disputes.,

The Thunder Bay economy has recovered considerably from the grim first decade of this century, when some 2,000 good jobs disappeared due to forest industry losses: pulp and paper mills, as well as sawmills. This has been partially offset by new employment in the education, health care and research sectors. However, many who lost work in those years did not find comparable employment, and many of those who did not leave town were forced to take low or minimum wage jobs. Young workers, and especially Aboriginal youth, who are potentially the future of Thunder Bay, face difficult choices if no decent employment is available.

In order to improve the lives of working people in Thunder Bay and Ontario, we urge the commission to recommend the following:

- Increase minimum wage to \$15 per hour and index for inflation.
- Protect vulnerable and precarious workers by ensuring that all temp agencies pay workers at the same rate and benefits as permanent employees; client companies are responsible for wage theft by agencies or sub-contractors.
- Introduce an Ontario Migrant Workers' Bill of Rights and associated legislative changes.

Ontario's Employment Standards Act should lift every worker from poverty, prevent wage theft and end exploitation. We concur with the Ontario Federation of Labour recommendation briefing notes (attached).<sup>5</sup>

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<sup>5</sup> Briefing Note OFL Changing Workplace Review



## Labour Relations Act

- Restore workers' right to join a union by signing a union card. When a clear majority of workers have done so, the union should be certified.
- Extend successor rights to workers in the contract services sector who are at risk of losing all collective agreement protections when contracts are re-tendered.
- Re-instate first contract arbitration (that was practically eliminated in 1999).
- Enhance protection for employees who are terminated or have their hours of work changed during an organizing campaign. Reinstate all employees when an unfair labour practice is alleged, until the hearing.

In addition, we urge the Commission to consider the expansion of sectoral bargaining. Experiences of European jurisdictions are available. On a personal note, Uruguay, the small South American country where I grew up, has reduced poverty from 38% to 9.7% between 2004 and 2014 through changes to labour legislation, resulting in a 46.6% increase in average real wages over the period. Contrary to what some would predict, Uruguay's real GDP per capita has grown an average 4% over the period, and Uruguay entirely avoided the 2008 world recession.<sup>6</sup>

To paraphrase Adam Smith, a country is prosperous when its workers are prosperous.

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<sup>6</sup> International Labour Organization presentation, 2015 Labour Relations in Uruguay - 10 Years of Change



# Modernizing Employment Standards

For the nearly one million Ontarians earning at or around the minimum wage, who do precarious work and who lack union representation, an improved and enforced *Employment Standards Act* could raise the floor for every worker, improve job security and provide dignity in their work.

**RECOMMENDATION:** *Ontario's Employment Standards Act should lift every worker from poverty, prevent wage theft and end exploitation.*

## 1. A \$15 Minimum Wage, Inflation Adjusted

In 2014, the Ontario government took the encouraging step of increasing the provincial minimum wage to \$11 an hour and introducing the province's first annual inflation adjustments. However, the fact remains that any worker earning less than \$15 an hour is living below the poverty line. Working hard should lift people out of poverty, not entrench them in it. Studies show that when workers can provide for their families, they contribute as well to the local economy and have a net positive impact on the economy.

**RECOMMENDATION:** *Raise the provincial minimum wage to \$15 an hour, adjusted annually for inflation.*

## 2. Fairness in Employment Standards

A decent minimum wage is a central part of lifting workers out of poverty, but there are many other changes that need to be made to reverse the trend towards low-wage and precarious work. Workers need hours that they can live on, paid sick days so they can afford to get well, better protections from reprisals and easier access to unionization, and laws that protect everyone and are enforced.

**RECOMMENDATION:** *Protect vulnerable and precarious workers by ensuring that:*

- *All temp agencies pay workers at the same rate and benefits as permanent employees;*
- *Client companies are responsible for wage theft by agencies or sub-contractors; and*
- *Other recommendations of the Workers' Action Centre are implemented with respect to paid sick days, hours of work, scheduling, job security, proper enforcement of labour and employment laws, and safeguards for temporary and contract employees: [www.workersactioncentre.org](http://www.workersactioncentre.org)*

## 3. A Migrant Workers' Bill of Rights

Many migrant workers who find themselves working in Canada encounter a new and unfamiliar country, where they don't know the laws and often don't speak the language. In many cases, they have travelled from some of the world's most economically depressed conditions to strive for a better life for their families. These circumstances that make migrant workers so deserving of protection also make them vulnerable to exploitation.

While major changes to the Temporary Foreign Worker Program fall to the federal government, the Ontario government should pursue comprehensive reforms to ensure migrant workers are protected from exploitation.

**RECOMMENDATION:** *Introduce an Ontario Migrant Workers' Bill of Rights and legislative changes that would:*

- *Establish a registration and licensing system for employers and recruiters;*
- *Provide the financial and human resources needed for proactive enforcement;*
- *Ensure that human and labour rights are protected, as per the OFL's recommendations in its 2013 report on Migrant Workers: [www.ofl.ca/wp-content/uploads/2013.08-MigrantWorkers-Report.pdf](http://www.ofl.ca/wp-content/uploads/2013.08-MigrantWorkers-Report.pdf)*

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**BRIEFING NOTE: LABOUR LAW REFORM, May 2015**

**Ontario Federation of Labour**

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The Ontario Federation of Labour (OFL) represents 54 unions and one million workers. It is Canada's largest provincial labour federation.

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# **LABOUR LAW REFORM**

As inequality and precarious work are on the rise, joining a union is a key path out of poverty for Ontario workers. Being unionized allows workers to take a role in improving their own working conditions and wages and it has the power to transform poorly paid jobs into decent jobs.

Ontario's recently launched "Changing Workplaces Review" is a once-in-a-generation opportunity to modernize Ontario's outdated labour laws. However, this consultation process must hear about the experiences of workers throughout the province.

**RECOMMENDATIONS:** *Modernize Ontario's Labour Relations Act to make it easier for employees to join a union without employer intimidation and the Employment Standards Act to ensure that every job is a decent job and every worker is treated fairly. Public consultations must be held across the province, so they are accessible to workers in every community and every region.*

## **Modernizing Labour Relations**

### **1. Card Check Certification**

Public and private sector unions are calling for card-based certification. "Card-check" levels the playing field by providing fewer opportunities for employers to exert undue influence on the certification process. The mandatory secret ballot required under current law (for workers outside the construction sector) serves as a public announcement to the employer of workers' balloting preferences – before a union is even certified. This additional requirement gives the employer an extended period of time in which to intimidate, coerce and otherwise dissuade workers from joining a union. Since the Mike Harris government imposed the mandatory ballot, the number of successful certifications has declined.

**RECOMMENDATION:** *Allow workers to vote only once to join a union by signing a union card. When a clear majority of workers have done so, the union should be certified.*

### **2. Successor Rights in the Contract Sector**

Businesses or companies that use contractors for the provision of services, such as security, cleaning, homecare and personal support work, have little obligation to the employees of those contractors. During the competitive bidding process – when a company puts its service requirements out to tender – those contractors who pay their employees fairly and responsibly may lose contracts because their non-union competitors pay their employees much less. The result in most cases is that the very same employees who worked for the unionized company are called back to work for a new company. They do the same job, but for less pay and security.

**RECOMMENDATION:** *Extend successor rights to the growing number of vulnerable workers in the contract services sector who are at risk of losing all collective agreement protections when contracts are re-tendered.*

### **3. First Contract Arbitration**

While in principle most workers in Ontario have the right to associate for the purposes of collective bargaining, this is not always the case in practice due to barriers to reaching a first agreement. Across Canadian jurisdictions, first contract arbitration has been shown to create an incentive for the parties to reach a first agreement without resorting to work stoppages. Although existing legislation in Ontario provides for the settlement of a first contract through a process of arbitration, the threshold for accessing this route is still too high.

**RECOMMENDATION:** *Adopt measures that provide additional routes to binding arbitration.*

### **4. Reinstatement During Organizing**

Employees in precarious employment are extremely vulnerable to employer intimidation and threats of job loss because they cannot afford any reduction or delay in receiving their pay. When just one worker who is known to support collective bargaining disappears from the workplace or loses hours, it can place a chill on other workers' organizing efforts. Workers must be confident that they can exercise their right to organize without impacting their own or the material well-being of their family.

**RECOMMENDATION:** *Protect employees who are terminated or have their hours of work changed during an organizing campaign. Reinstatement all employees when an unfair labour practice is alleged, until the hearing.*