

Newfoundland and Labrador Federation of Labour



***2024 Provincial Budget
Submission***

January 2024

January 19, 2024

Honourable Siobhan Coady
Minister of Finance
Department of Finance
P.O. Box 8700
East Block Confederation Building
St. John's, NL
A1B 4J6

Dear Minister Coady,

Re: 2024 Provincial Budget Submission

The Newfoundland and Labrador Federation of Labour (NLFL) thanks the Government of Newfoundland and Labrador for consulting with the public and for the opportunity to provide our input to the 2024 provincial budget.

Our submission is attached.

As always, we are available to meet with you at any time to discuss our vision of a strong economy that works for the people of Newfoundland and Labrador.

Sincerely,



Jessica McCormick
President, Newfoundland & Labrador Federation of Labour

About the Newfoundland and Labrador Federation of Labour

The Newfoundland and Labrador Federation of Labour (NLFL) has a proud history of representing the interests of union members and workers since 1936. The Federation of Labour is made up of some 25 affiliated unions, 500 locals and four District Labour Councils. We represent more than 70,000 members from every sector of our economy, and from every community in our province.

The NLFL is dedicated to advancing the cause of working people and promoting a progressive civil society where no one gets left behind. We advocate for improved workplace rights and stronger laws including occupational health and safety laws, as well as workers' compensation and Employment Insurance programs that are fair and there when people need them.

We fight for better labour laws and strong, accessible public services such as universal health care, education, worker training, elder/home care, childcare and early learning. We stand up for the principles of equality, equity and social justice and we work with our affiliate unions and social partners to build a better world for all citizens.

Introduction

In Budget 2024, the Newfoundland and Labrador Federation of Labour recommends that the Government of Newfoundland and Labrador invest in a strong, people-centred economy that provides good jobs and a sustainable future for all workers.

The NLFL recommendations for Budget 2024 focus on: securing a sustainable future for workers through a just transition; strengthening labour standards and workers' rights; raising the minimum wage; supporting the recruitment and retention of Early Childhood Educators; building a more equitable and inclusive economy; and investing in our public healthcare system.

A strong, diversified economy relies on good jobs in a variety of sectors, rather than relying heavily on resource extraction. There is no silver bullet or single megaproject that will fix the social and economic challenges the province is facing.

With new opportunities on the horizon, a healthy, diversified economy built on good, sustainable jobs is essential. Workers and their unions are ready and willing to collaborate with government to realize the opportunities on our doorstep that will grow our province and build a healthy, resilient and prosperous economy for generations to come.

NLFL 2024 Provincial Budget Recommendations

Sustainable Jobs

The effects of climate change are clear, and the global energy transition is underway. Even if Newfoundland and Labrador and Canada try to stay still, the rest of the world is reacting to the changing energy environment.

The energy transition is an opportunity for job creation and economic growth in Newfoundland and Labrador. But to seize the opportunity, governments need to plan for an energy transition and fair outcomes for workers. A plan for a just transition is needed to support workers and the provincial economy through the energy transition.

Workers in Newfoundland and Labrador are no stranger to economic transition. Based on previous experiences, workers may question government's ability to manage change in a way that avoids unnecessary hardship and brings all stakeholders to the table.

Government must be more proactive for workers and communities in order to avoid mistakes of the past. This includes ensuring workers are part of the planning for the energy transition.

Workers must be at the table.

Government must ensure that new job opportunities in the emerging net-zero economy offer and uphold the same or better job standards for workers. Collective bargaining is the most effective way to ensure that workers have access to this prosperity. Union involvement benefits all workers, unionized or not.

The federal *Sustainable Jobs Act* created a Sustainable Jobs Partnership Council, a forum for social dialogue providing advice to the minister on sustainable jobs. The NLFL recommends the creation of a similar table at the provincial level, with a minimum of one-third of the council, including the co-chair, made up of representatives of Trade Unions. To function as a forum for social dialogue, a Sustainable Jobs Partnership Council must focus on work and workers. Without sufficient worker representation, it is not a forum for social dialogue.

Sustainable jobs must be good jobs.

The transition to net-zero offers a great opportunity to create jobs, rebuild economies, and secure good conditions for workers. New jobs must have equal or better conditions to jobs they replace.

Investment and job creation related to the energy transition must:

- Ensure new jobs are good jobs.
- Support training to allow workers to move from high-carbon to low-carbon jobs. With an established record of successful training programs, union-run training facilities are well-positioned to meet the training needs of the Just Transition. Training programs

should take advantage of this proven approach to ensure workers receive appropriate, quality, and accredited training.

- Protect jobs where possible.

Attaching “strings” to government investment is a direct way for the government to secure workers’ rights through the energy transition. This can be achieved through the use project labour agreements and/or local hiring agreements on government funded projects; strengthening reporting requirements to include employment and economic indicators; and by establishing a table of workers, employers, and government, in consultation with affected stakeholders.

New jobs must be truly sustainable.

A plan to transition Newfoundland and Labrador’s workforce to sustainable jobs must ensure new jobs are truly sustainable, meaning they are compatible with long-term net-zero economy. Government should ensure that money invested goes towards long-term prosperity by not investing in dead-end pathways.

Workers and communities need the security to know that their jobs are part of the net-zero economy of the future. Having a clear picture of what future jobs will look like supports buy-in for training programs and job transitions - workers are willing to change industries if they know they have a future.

Consider the specific needs of oil-dependant communities and workers.

Not all regions will experience change along the path to net-zero in the same way. The transition will unfold unevenly, and new industries and opportunities will not all arise in the same places.

A plan for a just transition must, therefore, consider the unique circumstances and specific needs of oil-dependent workers and communities, and work to support new opportunity in those communities.

The use of community benefit agreements to ensure that local workers in fossil fuel dependent communities have pathways into net-zero careers is critical as is direct funding for the development of renewable or low-carbon industries in communities seeing a decline in carbon-intensive industries. The United States Inflation Reduction Act provides a good example of this time of investment - an Energy Community Tax Credit Bonus which applies a bonus for projects located in energy communities.

Prevent any further privatization of provincial renewable energy assets or infrastructure.

Democratic direction and public financing are key to the construction of new renewable infrastructure and to building flexible systems that can integrate hydro, wind, and solar power. Public ownership and the use of NL Hydro and other crown utilities and public agencies can be used to build the province's renewable energy system, networks, transport infrastructure, and building retrofits.

Public bodies can:

- Implement long-term strategic approaches;
- Undertake massive investments in climate mitigation at the necessary scale;
- Conduct a provincial inventory of everything required to electrify with renewable energy.
- Provide authority to work with other provinces and the federal government.

Recommendation: Establish a fund to help workers and communities transition to a low-to-zero emissions economy. Invest ongoing funding, guided by unions, in creating new, sustainable jobs, and pathways for workers in high-emitting sectors, and workers entering the workforce.

Recommendation: Establish a Sustainable Jobs Partnership Council to provide a forum for social dialogue and advice to the relevant ministers on sustainable jobs, with a minimum of one-third of the council, including the co-chair, made up of union representatives.

Recommendation: Attach strings to government investment in the energy transition to secure workers' rights including through project labour agreements, community benefits agreements and local hiring agreements, strengthen reporting requirements to include employment and economic indicators, ensure jobs created in the renewable sector are unionized and tied to prevailing wages.

Recruitment and Retention of Early Childhood Educators

Recent federal and provincial funding agreements have made a significant improvement in the childcare sector in Newfoundland and Labrador. The recent wage grid was a meaningful step towards strengthening the sector, however challenges remain when it comes to recruitment and retention of Early Childhood Educators (ECEs) and as a result, challenges with childcare access. High demand for childcare spaces results in high demand for ECEs.

Newfoundland and Labrador has the highest rate of privately-operated childcare spaces in the country at 70%. Research has shown that commercial care offers lower compensation packages to ECEs and lower quality of learning to children.

In neighbouring [provinces](#), governments have moved to introduce pension and benefit packages in addition to wage grids for ECEs. As this sector continues to expand, government must prioritize the well-being of childcare workers and ensure their working conditions and benefits are not a deterrent to staying in or joining the childcare field.

Recommendation: Offer Early Childhood Educators access to a defined benefit pension plan and comprehensive group benefits plans. These plans should follow ECEs no matter where they work, as long as they remain eligible and employed by a provincially-licensed and funded child care centre.

Privatization

Creeping privatization within our public services, including our public healthcare system, is a grave concern for the NLFL and our members. Selling off public assets as a means of getting access to a quick injection of cash would have long term consequences for the province, for our public services and the workers who deliver them, and for our economy.

The research and evidence from other jurisdictions is clear – privatization ultimately costs more, delivers less and results in poor outcomes and service delivery, a lack of transparency and accountability and can cost jobs.

The NLFL remains firmly opposed to the privatization of public services and to the sale of public assets.

Strengthening Workers' Rights

Modernizing and improving Newfoundland and Labrador's labour standards and other labour legislation can position the province as one of the best places to work in the country. Investing in decent jobs for all is not only good public policy, it can be a competitive advantage for our province.

Card-Based Certification

Laws, policies and practices in this province related to the Charter right to join a union and bargain a fair collective agreement are continuously violated, and we are recommending that they change.

These challenges and barriers are tipping the balance in favour of the employer. Lengthy delays, excessive challenges, issues with voting, removal of card check, etc., stand in the way of workers having a fair and just opportunity to have a collective say in their workplace. This is not in the spirit of the legislation or in general terms of justice, fairness, respect, dignity, and workers' right to organize which is enshrined in the Charter of Rights of Freedoms. Re-introducing card based certification will ensure workers can have a fair say in their workplace without facing repercussions or intimidation from their employer.

Anti-Scab Legislation

The use of replacement workers, or "scabs", undermines workers' right to negotiate fairly by undermining the only leverage that workers have during difficult disputes: the withdrawal of their labour and the disruption of normal business activities.

Allowing the use of replacement workers tilts the scale completely in favour of employers, removing any incentive for them to negotiate constructively since they can draw out disputes, be intransigent in their demands, and continue operations without interruption when workers try to pressure a negotiated agreement. The use of replacement workers, thus, undermines the right to strike by undermining the impact of a withdrawal of labour.

With anti-scab legislation already in effect in Quebec and British Columbia and soon to be introduced in Manitoba, along with the federal government's anti-scab legislation, now is the

time for Newfoundland and Labrador to follow suit and be a leader when it comes to workers' rights in Atlantic Canada.

An effective ban on replacement workers will safeguard the bargaining power of workers in Newfoundland and Labrador, promote more effective and good-faith bargaining, and protect the health and safety of workers and the public.

Recommendation: Remove barriers to union organizing and extend card-based certification to all workers seeking to unionize their workplace.

Recommendation: Introduce Anti-Scab Legislation to ban the use of replacement workers during strikes or lockouts.

Gig Economy

With recent changes to legislation, NL has opened the doors to allow app-based, ride-hailing service providers into our province. Unfortunately, most of the workers who will be employed by these providers, and those currently working for app-based, food delivery providers, are left out of essential workplace protections, including compensation for injuries on the job and sick days. The app companies they work for exploit loopholes and don't pay their full share into the programs Newfoundlanders and Labradorians rely on, like workers' compensation, the health care system, employment insurance and the Canada Pension Plan.

Recommendation: Newfoundland and Labrador must learn from the mistakes of other provinces who have left unaddressed the exploitation of ride-hail and food delivery workers by closing loopholes in legislation and ensure these gig workers are provided:

- fair pay for all the hours they work,
- health and safety protections,
- paid sick days,
- compensation for injuries on the job,
- holiday pay, and
- transparency and accountability from gig companies.

Minimum Wage

All workers deserve dignity and fair wages.

In December, the Canadian Centre for Policy Alternatives (CCPA) published the first province-wide living wage report for Newfoundland and Labrador. A living wage is a conservative measure of what people need to earn per hour to afford basic expenses based on the cost of living in their area. For government, this calculation can inform labour market and social policies to ensure government programs are properly structured to help working people climb out of poverty.

Increasing costs associated with food, transportation, housing, and difficulty finding child care spaces have all resulted in the minimum wage becoming a less effective means of ensuring working people can meet basic costs of living. Approximately 23% of Newfoundland and Labrador's workforce is currently working for less than \$20/hour.

A living wage calculation is one key public policy tool that government can use to address these challenges faced by working people. This calculation is an evidenced-based process that can inform a number of public policies, including: calculating the minimum wage, ensuring income assistance keeps pace with cost-of-living increases, setting thresholds for income and social supports, and assessing the regional impacts of tax credits designed to offset the cost of living.

The CCPA's living wage calculation for 2023 is based on a healthy family of four with two healthy children. The calculation includes applicable tax credits, deductions and government benefits. The living wage budget contains eleven expense categories including food, shelter, transportation, child care, etc. The living wage calculation is broken down into four regions: Eastern, Central, Western, and Labrador-Northern Peninsula. The hourly living wage calculation is as follows:

Eastern: \$24.20

Central: \$23.95

Western: \$23.80

Labrador-Northern Peninsula: \$26.80

What is clear from the CCPA report and from the focus groups that were conducted around the province as part of the study is that minimum wage workers are struggling to get by. At the current minimum wage of \$15/hour, minimum wage workers are far short of a living wage. While the current minimum wage is adjusted regularly for inflation, significant increases in costs in recent years have created a considerable lag before workers will see any growth. These adjustments should be made to an adequate base minimum wage - one that is higher than \$15/hour.

Government budgets feel the impacts of high costs of poverty, whether through productivity loss or by the pressures on the budget required to support people living on low or no income. Increasing the minimum wage is one of the most effective tools to alleviate some of these pressures.

Raising the minimum wage helps to level the playing field for all employers and puts more money in the pockets of a significant portion of the province's workforce.

The living wage calculations should inform decisions about the level of income benefits, thresholds, and clawback provisions that would support families to stay out of poverty and the stress accompanying it. Lower thresholds and low clawback rates would help people transition into the labour force and into better-paying jobs.

Recommendation: Increase the minimum wage and implement annual, regional living wage calculations to inform public policy decisions

Pay Equity

The NLFL continues to call for an overhaul of the province's recently adopted Pay Equity and Pay Transparency legislation. The legislation, which was introduced with no prior consultation with stakeholders, will not meaningfully address the gender wage gap in Newfoundland and Labrador. The legislation, as it stands, must be amended to incorporate concerns and recommendations made by feminist community organizations, researchers and pay equity experts. New legislation should apply to both public and private sector workers and funding should be allocated to ensure appropriate enforcement of pay equity laws.