

What's the deal with union benefits?

Unions in PR battle for benefits in bad times

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Canada's biggest unions have had to fight a public relations battle when they go on strike. In many cases, they're losing the fight.

Catholic schoolteachers in Toronto can bank 20 sick days a year and use portions of sick leave for their own criminal court appearances - provided the charges do not stick.

Manitoba Hydro workers have negotiated a nine-day work cycle, with every second Monday off.

Shift premiums at the Liquor Control Board of Ontario mean an extra \$10 for any employee who acts as store manager for more than three hours in a shift.

These are just a few of the generous, and often unusual, union contract perks that many Canadians are likely unaware of, according to Jeffrey Gandz, a professor with the University of Western Ontario's Ivey School of Business.

The issue is coming to the forefront of public consciousness as several key union battles -- including a looming garbage strike in Toronto -- grind on, underscoring some of the perils of perk-laden contracts and the growing inability of employers to continue funding them indefinitely, particularly in tough economic times.

Kevin Gaudet, federal director of the Canadian Taxpayers Federation, says that in the public

sector especially, unions have for years been taking advantage of "endless deep bank accounts called taxpayer wallets," and governments have been paying dearly for labour peace.

Canadians are now seeing the fallout, he noted, as Ottawa and local governments resort to massive deficit financing, and with the country mired in recession, the situation for many employers is coming to a head.

[Graphic: Union agreements across Canada](#)

Toronto is a perfect example of how the situation has spiralled out of control, Mr. Gaudet said. In negotiations with the city, outside workers have firmly rejected a list of concessions sought by their employer.

Bargaining with inside workers has also stalled over proposed reforms to sick leave, which currently allows employees to bank 18 sick days a year and cash out at the end of their careers.

Meanwhile, a 10-week strike by municipal workers in Windsor, Ont., drags on, fuelled by a disagreement over the city's demand to curtail post-retirement job benefits -- including life insurance and drug, health and dental coverage - estimated by the city to cost more than \$6-million annually.

Employers must look at stripping down benefit-heavy union contracts now, before we "hit the wall," warned Charles Cirtwill, executive vice-president of the Atlantic Institute for Market Studies, a Halifax-based think tank.

"Barring a remarkable expansion in the global economy and sudden discovery of a way to meet everybody's needs at no cost -- in other words, entering the Star Trek generation tomorrow -- there's no way we're not going to hit that wall," Mr. Cirtwill said, pointing to the increased demands of an ageing population. And as more and more Canadians begin to collect retirement benefits and are not replaced in the workforce, the burden will become more than the public purse can bear, he said.

Union advocates defend their members' benefits as the product of years of collective bargaining, agreed upon by employers and union negotiators.

"They get shone under a microscope in the media or in the midst of a recession, and that can cause people to say, 'Whoa, wait a minute. What happened here?' But they are... very fair provisions of collective agreements," said Paul Moist, national president of the Canadian Union of Public Employees. In situations where wages are difficult for employers to augment, unions bargain for benefits instead, he said, adding those benefits "pale in comparison" to the types of perks and hefty bonuses provided to non-unionized, private-sector corporate executives.

Ken Lewenza, national president of the Canadian Auto Workers Union, said it ultimately comes down to a public-relations war between unions and their employers, particularly the government -- and unions have lately been on the losing side, harming Canadians' perceptions of their members.

"The government has been very successful in the divide-and-conquer mentality," Mr.

Lewenza said, pointing to the example of the CAW, which became a target of public scrutiny when it was revealed that a Canadian autoworker costs an employer the equivalent of \$75 an hour. But in trumpeting that figure, government officials failed to point out that less than half of that is salary, while the rest includes benefits and other labour-related expenses, Mr. Lewenza added.

With only about 30% of Canada's population organized into unions, it has been relatively easy for the government to foster animosity over members' perks amid the broader community in an effort to discourage new unionization, he said.

In the private sector, General Motors recently managed to cling to solvency by negotiating a deal with the Canadian Auto Workers Union that saw benefits slashed by the equivalent of about \$15 an hour.

Other private-sector companies have similarly been forced to slash perks to help reduce their costs in a competitive, recessionary environment.

Beermaker Molson announced this month it would be phasing out a program that provided 72 dozen bottles of free beer per year to retirees from the company's St. John's plant. Under the new plan, current staff will also see their free booze slashed to 52 dozen bottles a year. The brewery's move has sparked outrage from retirees and protests from unions in major Canadian municipalities.

Air Canada, meanwhile, is embroiled in a dispute with its unionized employees over the company's proposal for a moratorium on pension payments as the cash-strapped airline struggles to meet its financial obligations. Air Canada's pension plans reportedly have a combined deficit of almost \$3-billion.

Much of the public anger over generous union-negotiated contract packages is born from the fact that the majority of Canadians do not receive anywhere near the same perks, said Mr. Cirtwill, of the Halifax market think tank.

"It exacerbates the situation we have, where many average people on the street have little or no confidence in the people that deliver our services," Mr. Cirtwill said. "So even when they're getting high-quality services from competent, dedicated people, there's still that suspicion in the back of their mind: Why do you get so much? What makes you so special?"

As the economy continues to contract, Mr. Gaudet said, public opinion will only continue to sour toward heavily perk-laden union contracts - and as more people are laid off, the scrutiny of those contracts will intensify.

Mr. Moist acknowledged CUPE members have entered "choppier waters" in terms of bargaining.

"I expect public-sector workers are going to get challenged in the next couple of years," he said. But "we will advocate that governments not take away our rights to free collective bargaining."

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