



## **Law Amendments Committee**

### **Bill #102, amending Trade Union Act, First Contract Arbitration (FCA)**

**November 29, 2011**

**Gordon Stewart, Restaurant Association of Nova Scotia**

### **Speaking Points:**

#### Our Association

The Restaurant Association of Nova Scotia, established in 1947, is Nova Scotia's largest food & beverage organization. Our sector is comprised of 22,500 employees, 1,500 businesses and generates \$1.2 billion in sales.

Our sector produces 4.7% of the GDP, with 7% of the provincial employment and 17.5% of youth employment. 63% of our food & beverage businesses are privately owned and operated.

Wage and food/beverage cost is now 75% of the cost of operating a restaurant.

Our industry is fragile to say the least, with a decline in sales and a sharp decline in profitability - we are now experiencing the lowest margins ever recorded in our province. The Conference Board of Canada research shows that Nova Scotia will not return to profitability until the end of 2012, bringing us only to the 2008 level. Restaurants are in every town employing hundreds of people, ranging from cafes to high-end, offering a variety of styles and price points to residents and visitors.

#### Bill 102

This Bill works against what has helped to create a stable climate for business and labour relations in Nova Scotia. This model, copied from Manitoba, is considered to be intrusive to harmony in the work place. Elements like the short window for contract negotiations, imposed settlements, conditions and terms on existing contracts rather than using current market conditions all make it difficult for a business to operate. The

final issue, and argumentatively the most important, is clearly losing the ability for contracts to be negotiated by two parties, a setback for our province.

### Why

We are simply perplexed why this has become a priority for this government when Nova Scotia has such a good track record of settlement. This was not an election issue; no one was calling for it, we have good labour-business relationships and there is considerable opposition to this legislation.

### The Message

From this legislation we feel there are a number of negative messages being sent to our communities and to potential businesses and investors.

- That there is a labour and management problem
- It makes businesses and investors nervous. If this legislation is not needed what else might government do in terms of labour legislation
- It appears to have an anti-business bias
- Appears to be payback to labour groups for supporting the NDP
- It draws the old artificial line in the sand between labour and business

### Potential loss to Nova Scotia

Standing back and looking at the Nova Scotia business landscape it is not a pretty picture. We have the lowest productivity, some of the highest tax rates, a very heavy per-capita debt and our economy is virtually at the bottom of the barrel. In response to this the NDP government is bringing in a regressive form of First Contract Arbitration. Clearly, we stand to face challenges based upon this legislation:

- Loss of investment, current & new
- Loss of existing business, current & new
- Loss of jobs, current & new
- Loss of revenue and taxes, current & new

### Western province example

What makes our sector particularly nervous is that in the western provinces the food & beverages sectors have been targeted after this type of legislation has been passed. We are now hearing that our sector will be targeted in this province should the legislation pass. Here is one of many examples:

- A franchise coffee shop was ordered by the Provincial Labour Board under an FCA ruling to hike wages by 31%, retroactive for 14 months
- The business sold at a loss as it was now unprofitable to continue.

- The next owner was not aware of the FCA settlement and inherited the settlement and struggled with breaking even
- An employee of the business had filed, with support of others, to have the union decertified. Her position was that the business was too small and it wasn't necessary to have a union when the owner and everyone were working together.
- The Labour Board ruled against the petition & the FCA stayed in place.
- The business is closed, 9 full-time people & 4 part-time lost their jobs.

### In Summary

- If it is bad for a healthy business climate it is bad for labour
- The unions weren't the only people who helped put the NDP into a majority position. The food and beverage sector is quite large and can easily help take them back out of power.
- This won't create one new job for Nova Scotia
- The people that create the jobs are talking but it appears that government is not listening
- There are many more pressing issues that face the food & beverage sector and Nova Scotians that needs government attention...focus on those
- There is not a single MLA that doesn't have a considerable employee and revenue base in his or her constituency from the food and beverage sector. We can assure every MLA that they will not find any entrepreneur or operator that will support this legislation in our sector.