

'Layoff freeze' in NAPE deal raises concern

BY DAVID MAHER
THE TELEGRAM

An unprecedented "layoff freeze" tentatively agreed to between the provincial government and the Newfoundland and Labrador Association of Public and Private Employees (NAPE) has raised concerns about whether government can afford it. While a wage freeze is included in the tentative agreement, it's a layoff freeze that has Newfoundland and Labrador Employers' Council executive director Richard Alexander deeply concerned.

The clause specifies that there will be no layoffs by the government to address budget restrictions.

Earlier this year, Finance Minister Tom Osborne said that in January 2016 the government was on the verge of not making payroll for its employees.

Should the government find itself in a similar predicament, the clause would prevent it from looking to the 25,000 public servants represented by NAPE as a way of reigning in its spending.

While such a clause is not

without precedent in public-sector collective agreements in the rest of Canada, it's a first for NAPE. Alexander says such clauses are rare in the private sector.

"To have a no-layoff clause put into the collective agreement at a time when the province is teetering on the edge of the fiscal cliff is an exceedingly dangerous thing for government to do," said Alexander.

"It handcuffs government's ability to make changes to expenditures within government if something negative happens in the economy."

Alexander says that if the deal is ratified, the government would have only two options to solve financial troubles: more borrowing or more taxes.

"Which is absolutely unimaginable right now."

The agreement says the workforce can be reduced through attrition, but Alexander says attrition is a slow process, and the government may have to act quickly.

Another part of the contract that's causing concern for Alexander is the elimination of severance benefits to NAPE

members. Alexander says it's a good move, but an up-front payment from the government is concerning.

Every NAPE member who has worked for more than a year will receive one week of pay per year employed with the government up to 20 years, to be paid in a lump sum at a point of their choosing in the next fiscal year.

CBC reported on Wednesday that the government could pay about \$250 million up front to NAPE members to eliminate severance. While the Department of Finance wouldn't confirm the number, sources indicate it's more or less accurate.

On Wednesday, Premier Dwight Ball defended the payment. He says the liability for the severance payments would be on the books regardless.

"When it comes to severance, they are liabilities that exist on a government's balance sheet and they're there if it's for management employees or they're there if they're for union employees," said Ball.

"So, at what point that gets paid out and what that process looks like, that liability exists on

the government finances. So, it's there whether you pay it out in 2017 or it's there whether you pay it out at future dates."

Alexander says it's going to be a tough pill for some to swallow, but ultimately, it's a good move by the government.

"It's very expensive and a lot of people are going to be upset over it, but it does remove and reduce that cost for taxpayers moving forward. That's a positive thing," said Alexander.

Ultimately, it appears NAPE was able to get away from major demands made by the government at the start of negotiations.

In a news conference in May, then-Finance

minister Cathy Bennett outlined the government's demands, including addressing issues of sick leave, group insurance and removing protections for workers whose jobs are made redundant through new technologies.

According to documents received by The Telegram, only the severance clause and wage freeze remain from the government's initial demands, as presented by Bennett.

NAPE members will hold ratification meetings during the next two weeks.

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