
NEWS RELEASE

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Ministry of Finance

PROVINCE SETS NEW NEGOTIATING FRAMEWORK

VICTORIA – A new negotiating framework, supported by a \$5.7-billion multi-year funding envelope, will guide public sector compensation agreements through 2009/10, Finance Minister Carole Taylor announced today.

The negotiating framework replaces the previous “one size fits all” mandate with a more flexible and creative approach that retains affordability, sustainability and better services for taxpayers’ dollars as the guiding principles for compensation agreements.

“The government has set a fair but firm envelope, based on what taxpayers can afford,” said Taylor. “Our number one priority remains the public interest. That means agreements must be affordable to taxpayers over the long term and contribute to improved programs and services.”

The framework does not prescribe a specific, across-the-board annual percentage compensation increase. Rather, it anticipates that compensation agreements will vary due to specific and relevant labour market conditions.

“The government is responsible for delivering a wide range of programs and services, everything from health care to education to highways to provincial parks,” Taylor said. “Each sector requires employees with different skills. We need to respect that there will be different solutions negotiated for different workplaces.”

Over a five-year period, including the current year (2005/06 to 2009/10), the Ministry of Finance forecasts that \$11.4 billion in unallocated fiscal room is available for budget decisions. Half of that amount, or \$5.7 billion, is set aside for compensation agreements across the broad public sector.

The other half is reserved for all other needs and choices the government must address each year as part of the budget process. These include: expanding services to meet the needs of a growing population; strengthening programs in key priority areas; the cost of new capital infrastructure, such as roads and hospitals; measures to keep our economy strong and competitive; and forecast allowances to protect the fiscal plan from unexpected costs or revenue shortfalls.

The negotiating framework promotes certainty and stability in the cost and delivery of programs and services through innovative features conducive to reaching early agreements and agreements lasting four years.

As detailed in the ministry’s Second Quarterly Report, a significant improvement in forecast revenues since the September Update now makes up to \$1 billion available this year for agreements reached before contracts expire.

The framework also sets out a “dividend option” that can be applied to four-year agreements. This feature would provide a benefit above the \$5.7-billion envelope and would be payable after the end of the 2009/10 fiscal year. While details still need to be finalized, this dividend would share with public sector employees up to \$300 million of any improvement beyond the \$150-million surplus currently forecast for 2009/10. The total amount available to distribute under this feature would depend on the number of employees involved.

“Collective agreements for almost 90 per cent of public sector employees will be up for renewal over the next eight months,” said Taylor. “So we want to be creative in our approach and put forward a framework that encourages early settlements and longer term agreements.”

The framework also encourages employers and employees to explore new and creative ideas on how to provide better services to British Columbians. It will continue to encourage the recognition of workplace and workforce issues, and productivity improvements.

“Public sector employees care about the work they do, and how well they do it,” Taylor said. “We want to encourage open discussions that explore a wide range of issues – from wages to benefits to workplace health. We want to have a good exchange of ideas to ensure we negotiate the right package for employees – and the right package to move the sector forward.

“I don’t pretend negotiations will be easy. However, better recognition of our employees and better services for taxpayers’ dollars are key goals that can bridge the parties at the bargaining table. I am certain that we can achieve these goals if we are creative, approach new ideas with an open mind, listen carefully, and respect different approaches and perspectives.”

The negotiating framework applies to approximately 258,000 unionized workers and 42,000 management and other non-union employees. Under existing agreements, wages and benefits for public sector employees are forecast at \$17.2 billion in 2005/06; compensation costs account for approximately 52 per cent of total provincial expenses.

A backgrounder is available online at www.fin.gov.bc.ca/qrt-rpt/qr05/Q2backgrounder.pdf.

The Second Quarterly Report is available at www.fin.gov.bc.ca/qrt-rpt/qr05/Q2_05.pdf.

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