

P.E.I. union eyeing cost of living in contract negotiations

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Union of Public Sector Employees has negotiations coming up that involve thousands of civil servants

[Kevin Yarr](#) · CBC News · Posted: Apr 28, 2022 6:00 AM AT | Last Updated: April 28



Fuel prices, along with rent, are driving up the cost of living on P.E.I., and that has unions thinking about keeping up with inflation during contract negotiations. (Kevin Yarr/CBC)

Thousands of members of P.E.I.'s civil service had their contract expire at the end of March, prompting a new round of negotiations at a time when inflation is at its highest in decades.

"We've been doing negotiations a certain way and now we have to look at cost of living and what it's actually costing people to have a livable wage," said Karen Jackson, president of the Union of Public Sector Employees (UPSE).

That cost of living is going up on P.E.I. faster than anywhere in the country. As of March, Statistics Canada was reporting a 12-month inflation rate for P.E.I. of 8.9 per cent, more than two percentage points higher than the national rate of 6.7 per cent.

UPSE is now preparing to enter a new round of negotiations with the province for about 2,000 civil servants, including those at the Island Regulatory and Appeals Commission (IRAC) and the Workers Compensation Board. UPSE is also negotiating with or about to embark upon talks for Holland College administration and support, Garden Home and City of Charlottetown staff.



UPSE will need to look more closely at cost of living, says president Karen Jackson. (Mark Barrett/UPSE)

Not only does UPSE have inflation on its mind, but it is aware of evidence that its members are falling behind other provincial servants in pay. Statistics Canada reports the average wage for a civil servant on P.E.I. is only 75 per cent of the national average.

"When we were negotiating public sector wages, a lot of it was, in the past, linked to cost of living indexes," said Jackson.

"They would say that the cost of living on P.E.I. was much lower compared to other provinces, so you would negotiate wages on that basis. Now we've seen the trend changing."

Difficult to interpret

Provincial service wages vary widely across Canada in the Statistics Canada report.

Economist Fred Bergman, with the Atlantic Provinces Economic Council, said the variation is probably because there is little consistency in who is included in Statistics Canada counts.

Some of that could be how some employees are classified. One province may classify administrative staff in health and education as under those sectors, while another puts them under provincial public administration.

Bergman points to the example of New Brunswick, which has higher average pay than P.E.I. or Nova Scotia. That would be partly because New Brunswick has a public electric utility, while the other Maritime provinces' utilities are private, he said.



Utility workers on P.E.I. are mostly paid by the private sector, and that could partly explain the relatively low average pay for provincial civil servants. (Pat Martel/CBC) "You get a lot of electrical engineers and things like that, people that work in the nuclear engineering aspect," said Bergman.

"You would think that would drive up their wages as well, and N.B. Power is a pretty significant utility."

That raw difference in wages, however, is still likely to prompt UPSE to look more closely at how wages compare around the region.

Can the province afford it?

With labour negotiations underway that will impact this fiscal year, the province has to have the budget on its mind.

The budget, tabled at the end of February, projects a deficit of \$92.9 million for this fiscal year, three-and-a-half times what it was last year.



Finance Minister Darlene Compton tabled the budget at the end of February, forecasting a deficit of more than \$90 million. (Province of P.E.I.) In a statement emailed to CBC News, the province said it couldn't comment specifically on the upcoming negotiations.

"Collective bargaining and overall labour relations matters are complex and confidential matters that cannot be discussed in the public forum," the statement said.

"The Prince Edward Island Government works collaboratively with its Atlantic Canada counterparts to ensure the reasonableness of wages and benefits during the Collective Bargaining process by participating in ongoing regional discussions and conducting jurisdictional scans and wage reviews."

Bergman said wage increases this year have the potential to significantly increase the deficit.

He noted the province spends about \$941 million on salaries and benefits, which is close to one-third of total spending. Even a wage increase of a little more than five

per cent adds \$50 million to spending, which without unanticipated revenue would go straight to the deficit.

"But it would still make it only about 1.6 per cent of GDP," said Bergman.

"It would still be affordable, in that respect."

Even five per cent would be well under current inflation, but Bergman believes it's unlikely to be much more than that. In inflationary times, governments tend to focus on helping out people on lower incomes, he said.

Provincial civil servants are relatively well-paid, so they are not as likely to get the lion's share of spending government might be willing to commit.

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