
Political Affairs

The Impacts of an NDP-Liberal Agreement on Workers and Human Resources in Canada

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The political scene in Canada is an interesting one, particularly during the pandemic when essential workers had to be subject to dangerous conditions. In recent developments, there has been a light for change when it comes to workers' rights and labour legislation. Namely in the form of The Delivering for Canadians Now, A Supply and Confidence Agreement between the Liberal Party of Canada and the New Democratic Party of Canada (NDP). This deal between Jagmeet Singh and Justin Trudeau provides the Liberal government with enough power to have a majority when dealing with matters of budget and confidence. However, in return many concessions were made by the Liberal Party to the NDP in favour of workers' rights. This includes but is not limited to dental care and pharma care and labour relations legislation (Dobson, 2022). These priorities for the NDP have been at the forefront of their platform for years, as a party with a strong record in advocating for workers. That said, should all its terms come to be adopted, the policies of the agreement will greatly affect employers' compensation, labour relations and human resource strategy resulting in a positive shift of for workers regarding these subjects as well as

a temporary loss of competitive advantage for employers. The biggest change proposed by this deal is the implementation of dental and pharma care in Canada which will have a direct impact on the total compensation package offered by employers since current benefit plans will be rendered obsolete. Second, there will be significant benefits for workers when it comes to their collective agreements, paid time off (PTO) and many other related factors. Lastly, there will be a tremendous impact on employers' human resource strategy across Canada in federally regulated industries that are affected by the agreement such as the federal public service and the telecommunications industry.

Historical and Political Context

When it comes to workers' rights Canada's history dates to 1985 with the adoption of the Canada Labour Code which spells out the foundations of basic freedoms, the labour relations structure, collective bargaining rights, and many other topics (Government of Canada, 1985). This

foundation provided by the labour code is strongly echoed in the values of the NDP which has “always been a vigorous exponent of such social security measures as universal medical care, old-age pensions, workers’ compensation, and employment insurance as a means to reduce class inequalities” (Whitehorn, 2019). Founded in 1961, on the principles of equality and workers’ rights (University, 2001), the NDP has quite the platform to advocate for the better treatment of workers across various industries, but in the federal context they are relatively limited to the federally regulated industries (see appendix A). Furthermore, the NDP across jurisdictions have been vehemently opposed to the infringement of workers’ rights, such as their right to strike. As evidenced by their strong opposition to legislative intervention in labour disputes through means of so-called *back-to-work* legislation in the recent case of CP Rail (Singh, 2022) which they argue allows the employer to not improve working conditions and undermines the negotiating power of the employees in the collective bargaining process. These values and propositions are certainly present in this new agreement shifting many priorities from the NDP to the limelight allowing them to gain more traction affecting employers everywhere in Canada.

Another important notion to consider for context, is the adoption of a universal healthcare system in Canada. It is no secret that, to Canadians “Canada’s universal, publicly funded health-care system is a source of national pride, and a model of universal health coverage. It provides relatively equitable access to physician and hospital services through 13 provincial and

territorial tax-funded public insurance plans” (Martin, et al., 2018). That said, there are still issues with the plan such as the lingering need for employers to offer private supplemental health insurance, which approximately 65% of Canadians currently rely on (Allin & Hurley, 2009). This continued reliance on private insurance goes to prove that a universal healthcare plan, while covering the majority of essential procedures, cannot be considered truly universal, since there remains many gaps in service that are filled by private corporations. That said, the coverage provided is surely better than no coverage at all. However, this is the case for the dental and pharmaceutical industries which are uncovered by Canada’s current system.

Dentalcare and Pharmacare

One of the first notable mentions in the agreement pertains to a major priority for the NDP, dental care. Dental care is one of the most sought-after benefits by workers with 81.9% of workers seeing basic dental services as a high priority (Wilson, 2021). That said only about 25.3% of workers have full dental coverage in Canada and 62.4% only have partial coverage (Wilson, 2021). In this agreement, it is said that low-income Canadians covered by the State as early as 2025 (Wilson, 2021). This is very much in line with the NDP’s values are priorities as a political party since “‘dental care for all’ is a humanistic concept with great public appeal and potentially large economic dividends in the form of augmenting the health of a

nation” (Flaer, Younis, Benjamin, & al., 2011). This kind of program supposes that a dentally fit population is healthier and more productive than a non-dentally fit population (Flaer, Younis, Benjamin, & al., 2011). Though such programs are quite expensive, for example, in the United States at the start of the 21st century, the employee dental coverage cost employers about 219\$ USD per employee per year (US Chamber of Commerce, 2000), which roughly translates to about 274.17\$ CAD. Since these are figures from a private corporation, it is not unreasonable to conclude that such a cost when bargained for by the State will reduce. However, this is still an incredible financial burden to bear. Similarly, the proposition of Pharmacare results in a similar conclusion of a very costly but worthwhile investment into a state’s population since “currently more than 6.5 billion CAS in household funds are spent on pharmaceuticals alone in 2014” and with generic pricing strategies the state is liable to reduce prices dramatically year-over-year (Canadian Institute for Health Information, 2016). This begs the question, how it will affect employers who already have dental and pharmaceutical procurement plans in place for their employees? In this case, the employers who already offer such care will likely need to come up with an alternative through a comprehensive cost-benefit analysis such as: offering another benefit or service to the affected workers, providing co-pays for workers, offering care only to those making above the threshold set by the government, etc. In consequence of the announcement of this agreement and its contents, employers must first begin to explore possible

alternatives given this new political context. In addition, should this change be adopted, there would be a significant increase in the quality of life and the savings (\$) of Canadian households who may no longer be plagued by expensive dental and pharmaceutical bills.

Labour relations in Canada

Secondly, there are other benefits for workers including that this agreement will set the framework to have all federally regulated workers provided with 10 days of paid sick leave (Dobson, 2022). This change while limited to only federally regulated employees could set the stage for larger shifts in Canadian labour relations. The adoption of 10 days of paid sick leave for workers can have significant impacts on an employer's bottom line. However it is generally accepted that workers should not come into work when ill. That said, there are many socio-economic factors that might cause an employee to come into work while ill, with a major cause being a lack of the financial resources necessary to take a day off work. In the European Union, there are mandated “rights to sick leave and to benefits compensating income loss during absence from work due to sickness” (European Commission, 2016). This change would simply bring Canada in line with existing regulations in other jurisdictions. Such a policy would surely positively impact workers that feel the need to be present at work even when ill, as it would serve to provide protection for them when the inevitability get sick.

Another benefit includes new legislation that will, by 2023, provide to workers legislation that will “prohibit the use of replacement workers, or ‘scabs’” (Dobson, 2022). Now, by replacement workers or scabs, the proposition refers to the employers right in federally regulated industries to replace workers during a lockout. A lockout is a maneuver in the collective bargaining process wherein the employer declares that the demands made by the union are unreasonable and that they are unwilling to negotiate thus they will shut down their operations and prevent workers from entering the premises. Often a lockout is compared to a reverse strike for this reason. That said, in federally regulated industries an employer has the legal right to hire temporary replacement workers who will continue the operations of the business while the lockout proceeds (Canadian Union for Public Employees, n.d.). This puts increased pressure on unions to settle to get back to work. Anti-scab legislation could be by far the largest change in labour relations for the affected federally regulated employees. Anti-scab legislation is not a new concept and already exists in Québec and British Columbia (House of Commons, 2006). However, such a change could provide increased bargaining power for unionized employees in the collective bargaining process. In addition, anti-scab legislation has been proven to reduce the number of lost days of labour in the jurisdictions where it is present (House of Commons, 2006), as well as a necessary change to keep employers accountable to their unions by not introducing a third party

into already tough to resolve labour disputes.

Adoption and change of HR Strategy for the future

Finally, from an employer perspective these policy changes may seem daunting, however, there is one major benefit provided to employers. Time. In this case, the legislation that would impact the above-mentioned benefits and labour relations laws are provided for well in advance of their adoption, and even their deposition as a bill in the House of Commons. This means that employers are provided ample time to ease the transition of employees and modify current organizational structures to comply and exceed legal expectations. When it comes to strategic human resource decisions there exists many models, though the model used for this analysis is the Mintzberg model for realizing strategy (see appendix B). This model states that there are four strategies, intended, emergent, discarded, and realized (Monica Belcourt, 2019). All things considered the current strategies in place are realized since they are actively used across Canada. However, given this new information and possible new legislation, firms will need to reconvene at the intended strategy step of the model, since there is a large change in terms of benefits that will attract and retain employees that have resulted in their realized strategy becoming obsolete and needing to be discarded. Though there are still many uncertainties, employers can make efforts to ease the

transition for employees as of now by determining their vision and goals with a newly developed strategy. Take for example the federal public service, which will be impacted by the agreement. Currently, the Public Service Dental Care Plan (PSDCP) offers a comprehensive list of services to public employees such as “90% reimbursement for basic services and 50% for major services and orthodontics” (Canada, 2020). In this case, there will likely need to be discarded or at the very least an emergent strategy will need to be presented that can modify the existing strategy to still meet workers’ needs while complying with regulations. Employers most certainly have their work cut out for them, however given the abundance of time provided they should be more than capable of implementing and reinforcing a change in their organizations. In fact, change management remains to be the largest challenge that the federal public service will face given its massive size. Though there are many models for change management that could be useful, the Hayes generic model of change (see appendix C) is the preferred method for recognizing the need for change and eventually sustaining such a change over the long term. After the adoption of this agreement there is a clear need for change and employers will be able to identify what need to change within their organizations, however, until more specifics are released as to how these legislative

changes happen it will not be possible to plan and prepare for the change beyond simply defining the scope of change and defining the vision or goals of such a change.

In conclusion, this change in the political climate in Canada is a welcome one for workers, however, from an employer perspective there are certainly strategic changes that need to be made. Employers should realize that this change while it is not to come into effect immediately should be an urgent priority since a smooth transition focusing on total well-being at work which allows employees to be fully present at work (Gerhart & Newman, 2020). Which should be their goal since that will provide the least interruption to their operations. Furthermore, businesses will need to reconvene at the strategy table since their current compensation plans may be greatly affected by this case causing them to shift from being a realized strategy to a discarded one. That said, there is still plenty of time to make changes in firms that are looking to adapt, and in those environments, it is certain that the HR function will be an invaluable asset in a more pro-worker political and legal environmental, particularly given the highly unionized context of the federal public service. Finally, a specific emphasis should be placed on equitable care for each employee.

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Appendices

Appendix A – List of Federally regulated industries

- Federally regulated private sectors **(parts I, II, III and IV of the Code)**:
 - air transportation, including airlines, airports, aerodromes and aircraft operations
 - banks, including authorized foreign banks
 - grain elevators, feed and seed mills, feed warehouses and grain-seed cleaning plants
 - First Nations band councils and Indigenous self-

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governments (certain activities)

- most federal Crown corporations, for example, Canada Post Corporation
- port services, marine shipping, ferries, tunnels, canals, bridges and pipelines (oil and gas) that cross international or provincial borders
- postal and courier services
- radio and television broadcasting
- railways that cross provincial or international borders and some short-line railways
- road transportation services, including trucks and buses, that cross provincial or international borders

- telecommunications, such as, telephone, Internet, telegraph and cable systems
- uranium mining and processing and atomic energy
- any business that is vital, essential or integral to the operation of one of the above activities
- Federally regulated public sector **(parts II and IV of the Code only):**
 - the federal public service
 - Parliament (such as, the Senate, the House of Commons and the Library of Parliament)

- Private-sector firms and municipalities in Yukon, the Northwest Territories and Nunavut **(part I of the Code only)**

Source: (Government of Canada, 2021)

Appendix B – Mintzberg's Model for the Strategic Process

Source: (Monica Belcourt, 2019)

Appendix C – Adaptation of Hayes' Generic Model of Change

Source: (Monica Belcourt, 2019)