Submission of the Treasury Board to the Public Interest Commission in Respect of the Operational Services (SV) Group - Executive summary

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Government of Canada Gouvernement du Canada

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Executive summary (full employer brief to be posted shortly)

The Government of Canada is committed to good faith negotiations and has a history of negotiations that are productive and respectful of its dedicated workforce. Its approach to collective bargaining is to negotiate agreements that are reasonable for public service employees, bargaining agents, and the Canadian taxpayers.

Through good faith bargaining, the Government of Canada has reached 34 agreements during the current round of negotiations, covering more than 65,000 employees in the federal public service. This includes 17 agreements with 11 bargaining agents representing employees working in the CPA, as well as 17 agreements with four (4) bargaining agents representing employees working in separate agencies, including the Canada Revenue Agency (CRA), the National Research Council (NRC) and the National Film Board (NFB).

All 34 agreements cover a four-year period, and include pattern economic increases of 2.0%, 2.0%, 1.5% and 1.5%.

The settlements also include targeted improvements valued at approximately 1% over the term of the agreements. For most of the 34 groups, these improvements take the form of wage adjustments staggered over two years: 0.8% in year one and 0.2% in year two. This includes the Economics and Social Services (EC) group represented by the Canadian Association of Professional Employees (CAPE), the Financial Management (FI) group represented by the Association of Canadian Financial Officers (ACFO), and the Architecture, Engineering and land Survey (NR) groups represented by the Professional Institute of the Public Service of Canada (PIPSC). For some other groups, including the Audit, Commerce and Purchasing (AV), the Health Services (SH) groups represented by PIPSC, and the Foreign Service (FS) group represented by the Professional Association of Foreign Service Officers (PAFSO), the parties jointly agreed to distribute the 1% differently based on the specific circumstances of each group; however, the total value of those targeted adjustments does not exceed 1%.

For all the agreements settled to date, the overall average annual increase is 2.0% per year over four years, before calculating the compounding effect. This takes into account the pattern economic increases of 2%, 2%, 1.5% and 1.5%, and the targeted increases valued at 1% over the term of the agreements.

Moreover, the settlements include a number of government-wide improvements that increase the overall value of the changes to the collective agreements. These include the introduction of new leave provisions for domestic violence and caregiving, improvements to the maternity and parental leave and allowance provisions, as well as an expansion to the definition of family that broadens the scope of certain leave provisions.

In addition, all the 34 agreements include the identical Memorandum of Understanding (MOU) on the implementation of collective agreements. The MOU outlines the new methodology for calculating retroactive payments and provides for longer timelines for implementing the agreements. The MOU also includes accountability measures and reasonable compensation for employees in recognition of the extended timelines.

Given the pay and HR systems in place and the ongoing challenges with pay administration, the Government of Canada has no flexibility to implement agreements on a different basis than what is included in the negotiated MOU. Agreeing to a different implementation process and timelines would represent bad faith bargaining on behalf of the government, as it would be agreeing to something that it cannot fulfill.

The evidence and analysis included in this presentation, which include information on recruitment and retention, external comparability, and the total compensation package provided to employees in the SV group, does not support providing economic increases and other non-monetary improvements to the SV group that deviate from the established pattern with the 34 groups in the federal public service. The information demonstrates that these employees benefit from competitive terms and conditions of employment and that the Employer's offer is reasonable and fair in the current economic environment.

Recruitment and retention

Section 175 of the Federal Public Service Labour Relations Act (FPSLRA) (Exhibit #2) states that a public interest commission must take into account recruitment and retention considerations in the conduct of its proceedings and in making its report:

> **a)** the necessity of attracting competent persons to, and retaining them in, the public service in order to meet the needs of Canadians;

The evidence on recruitment and retention strongly suggests that compensation levels for the SV group are appropriate to attract and retain a sufficient number of employees. There is no indication that increases above the pattern established to date for the federal public service with represented employees are needed to recruit and retain employees in the SV group.

The hiring departments of SV employees, which include Agriculture and Agri-Food Canada, Correctional Service Canada, Fisheries and Oceans Canada, National Defence, Public Services and Procurement Canada and the Royal Canadian Mounted Police (Civilian Staff), have not identified widespread recruitment and retention issues for the SV group. External separations, especially as they pertain to voluntary separations for reasons other than retirement, are very low – only 0.7% of employees in the SV bargaining unit. In addition, departments run successful recruitment processes for the SV group.

The Public Service Employee Survey (PSES) results indicate a very high level of job satisfaction in the SV group as a whole, with approximately 88% of employees in the group reporting to liking their job. This further supports the notion that the SV group is healthy from a recruitment and retention standpoint.

External comparability

Section 175 of the FPSLRA also states that a public interest commission must take into account external comparability in the conduct of its proceedings and in making its report:

> **b)** the necessity of offering compensation and other terms and conditions of employment in the public service that are comparable to those of employees in similar occupations in the private and public sectors, including any geographic, industrial or other variations that the public interest commission considers relevant;

As noted in the 2019 pay study conducted by Mercer Canada LLC, an independent HR firm with significant expertise in conducing wage comparability studies, evaluated the 2017 salaries paid to employees in 18 benchmark positions in the SV group. The results of the study show that SV wages are either competitive with or leading with the 2018 salaries paid in the external the market for comparable jobs for all but one position.

Moreover, the wage growth for the majority of the SV subgroups (40.5% to 93.9%) has significantly outpaced cumulative increases as represented by the change in the Consumer Price Index (CPI) inflation (36.8%) between 2000 and 2017.

It should also be noted that Mercer performed a joint wage study with the PSAC to determine market relativity for the Ships' Crews (SC) group positions within the SV Group. Primary research was completed based on the benchmark roles for the SC group. The results showed that the SC group currently have wages that are comparable with the market.

Bargaining Agent proposals

The Bargaining Agent has submitted an extensive list of proposals in this round of bargaining.

The PSAC has tabled 19 proposals that are common to all PSAC groups, including above pattern economic increases, two additional designated paid holidays per year, and increased vacation leave entitlements.

The PSAC has also tabled 55 changes that are specific to the SV table, within 22 articles and 6 appendices. These changes include increases to leave provisions, new allowances, and other monetary and non-monetary elements that currently do not exist in the SV agreement and/or in other collective agreements in the CPA.

As noted in the table below and detailed in Part II, Table 4, the PSAC monetary proposals are significant and represent a total ongoing cost of over $268 million or 37.87% of the SV group wage base. [1]

Bargaining Agent monetary proposals	Ongoing cost	% of wage base
Common proposals	$9,771,593	1.38%
SV-specific proposals		
Economic increase of 3.25% over three years	$73,114,585	10.33%
Wage adjustments	$84,470,416	11.93%
Wage restructures	$14,645,436	2.07%
Other monetary improvements	$86,103,481	12.16%
Total	**$268,105,510**	**37.87%**

The Employer's position is that the Bargaining Agent's proposals violate the replication principle, where the results of a third-party process should replicate as closely as possible what would have been achieved had the parties negotiated a settlement on their own. The Employer submits that the Bargaining Agent's proposals do not reflect what the parties would have bargained.

Additionally, the PSAC's proposals are unsubstantiated based on available data and associated metrics related to recruitment and retention and internal and external comparability.

Employer proposals

The Employer is of the view that the SV agreement is a mature agreement that does not require major changes. As such, the Employer is submitting a reduced package of proposals that includes modest economic increases and changes to leave provisions that are aligned with what has been agreed to with 34 other groups in the current round of bargaining.

The Employer's monetary proposals, with the associated costs, are included below.

Employer monetary proposals	**Ongoing cost**	**% of wage base**
Common proposals		
10 days of paid leave for domestic violence	$94,671	0.01%
Expanded provisions for definition of family (various articles)	$411,612	0.06%
Parental leave without pay (standard/extended period)	Cost neutral	0.00%
Caregiving leave without pay related to critical illness	$520,278	0.07%
SV-specific proposals		
Pattern economic increases over four years: 2.0%, 2.0%, 1.5%, and 1.5%	$50,880,482	7.18%
An additional 1% for group-specific adjustments	$7,496,919	1.06%
Total	**$59,403,962**	**8.39%**

The Employer's proposal also includes the MOU on the implementation of the collective agreement negotiated with the 34 other groups in the federal public service (Exhibit #3). Given the pay and HR systems in place and the associated challenges, the Government of Canada has no flexibility to implement agreements on a different basis. Agreeing to a different implementation process and timelines would represent bad faith bargaining on behalf of the government, as it would be agreeing to something that it cannot fulfill.

Given the high volume of outstanding proposals submitted by the Bargaining Agent, the Employer requests that the PSAC target a limited number of proposals that take into account the current collective bargaining landscape and recent negotiation outcomes with other federal public service bargaining agents. The large number of proposals make it challenging for the parties to identify and focus their work on key priorities; a more limited number of proposals is expected to meaningfully improve the likelihood of settlement. The Employer respectfully suggests that the Commission issue a direction in that regard and direct the parties to return to negotiations with a reduced number of proposals, prior to the issuance of the Commission's report.

Damages related to the Phoenix pay system

In 2017, the PSAC and other CPA Bargaining Agents chose to create and mandate a joint senior-level Employer-Union Phoenix subcommittee to resolve the issue of damages incurred by employees related to the Phoenix pay system. Between 2017 and 2019, this committee worked independently from the collective bargaining tables.

On June 12, 2019, an agreement was reached between the Employer and 15 Bargaining Agents on Phoenix damages (Exhibit #4). The PSAC did not agree to the terms of the agreement, which includes up to five days of paid leave, and compensation for monetary and non-monetary losses.

This agreement settled the damages portion of the pending recourse by these Bargaining Agents and their members following the filing of unfair labour complaints, as well as policy and individual grievances.

The Employer is open to continuing discussions with the PSAC to conclude an agreement on Phoenix damages, recognizing that PSAC employees should be compensated for the damages incurred related to the Phoenix pay system. However, the Employer respectfully submits that Phoenix-related damages should not influence this Committee's deliberations. This issue is pending resolution at a different forum, and in the event that the parties fail to reach an agreement, the FPSLREB is the appropriate forum for third-party resolution.

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