Public Service Alliance of Canada
Alliance de la Fonction publique du Canada

SUBMISSION

of the

PUBLIC SERVICE ALLIANCE OF CANADA

IN THE MATTER OF THE PUBLIC SERVICE LABOUR RELATIONS ACT and a dispute affecting the PUBLIC SERVICE ALLIANCE OF CANADA and the CANADA REVENUE AGENCY, in relation to the employees of the Employer in the

Program Delivery and Administrative Services group

To the Public Service Labour Relations Board Public Interest Commission:

Chairperson
Ian Mackenzie

Representative of the interests of the Employees
Joe Herbert

Representative of the interests of the Employer
Tony Boettger

October 8th and 9th, 2014

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PART 1

INTRODUCTION

A. THE BARGAINING UNIT

Workers in the PSAC bargaining unit at CRA collect taxes and deliver social and economic benefits on behalf of the federal government. In addition to taxation services, PSAC members at CRA conduct audits for large and small businesses and develop and maintain state of the art technology. The work performed by PSAC members at CRA is critically important work that touches the lives of virtually every Canadian. Indeed, the CRA states on its website that

> *The CRA is recognized as managing one of the best tax administrations in the world – and much of our success is a reflection of our dedicated and talented staff. We are an organization that takes great pride in having a diverse workforce with wide-ranging skill sets.*
> *(http://www.cra-arc.gc.ca/crrs/wrkng/menu-eng.html)*

In order to fulfill this important mandate, the Canada Revenue Agency employs approximately thirty thousand PSAC-represented workers in a large number of different job titles. These Categories are:

Job Title	**Count**	**% of Bargaining Unit**
Accounting and Related Clerks	2106	6.91%
Administrative Clerks	756	2.48%
Administrative Officers	1711	5.61%
Collectors	296	0.97%
Computer and Network Operators and Web Technicians	13	0.04%
Correspondence, Publication & Related Clerks	2	0.01%
Customer Service, Information & Related Clerks	191	0.63%
Data Entry Clerks	836	2.74%
Drafting & Design Technologists & Technicians	6	0.02%
Economic Development & Marketing Researchers & Consultants	8	0.03%
Electrical & Electronics Engineering Technologists & Technicians	3	0.01%
Electronic Serv. Technicians (Household & Business Equipment)	2	0.01%
Executive - no associated NOC Code	3	0.01%
Executive Assistants	14	0.05%
Facility Operation and Maintenance Managers	6	0.02%

Job Title	Count	% of Bargaining Unit
Financial Auditors and Accountants	1	0.00%
Financial Managers	7	0.02%
General Office Clerks	2306	7.56%
Govt.Mgrs. in Economic Analysis, Policy Devel. & Prog. Adm.	552	1.81%
Govt.Mgrs. in Education Policy Development & Prog. Administration	1	0.00%
Govt.Mgrs/Health & Social Policy Devel. & Prog. Administration	1	0.00%
Graphic Designers & Illustrating Artists	4	0.01%
HRMT	2226	7.30%
Human Resources Managers	6	0.02%
Immigration, Unemployment Insurance & Revenue Officers	14062	46.12%
Info. Systems & Data Processing Managers	7	0.02%
Insurance, Real Estate & Financial Brokerage Mgrs.	1	0.00%
Mail, Postal and Related Clerks	627	2.06%
Mgrs. in Publishing, Motion Pictures, Broadcasting & Performing Arts	4	0.01%
E/A to the Chief Counsel	1	0.00%
Investigations Support Clerk	5	0.02%
Manager, Intranet Publishing Operations	2	0.01%
Team Leader, Intranet Publishing Operations	3	0.01%
Web Resource Officer	3	0.01%
Other Administrative Services Managers	180	0.59%
Other Managers in Public Administration	1	0.00%
Payroll Clerks	147	0.48%
Personnel and Recruitment Officers	21	0.07%
Personnel Clerks	109	0.36%
Prof. Occupations Business Services to Managements	8	0.03%
Professional Occ.-Public Relations & Communications	99	0.32%
Property Administrators	6	0.02%
Purchasing Agents and Officers	53	0.17%
Purchasing and Inventory Clerks	230	0.75%
Purchasing Managers	27	0.09%
Records and File Clerks	47	0.15%
Residential & Commercial Instaliers & Servicers	9	0.03%
Sales, Marketing & Advertising Managers	6	0.02%
SAPP (Special Assignment Pay Plan)	7	0.02%
Security Guards and Related Occupations	24	0.08%
Shippers and Receivers	35	0.11%
Social Policy Researchers, Consultants & Prog. Officers	1953	6.40%
Specialists in Human Resources	19	0.06%
Supervisors Library, Correspondence & Related Info. Clerks	1	0.00%

Job Title	Count	% of Bargaining Unit
Supervisors, Finance & Insurance Clerks	796	2.61%
Supervisors, General Office & Admin. Supp. Clerks	924	3.03%
Supervisors, Mail and Message Distribution Occupations	1	0.00%
Supervisors, Recording, Distributing & Scheduling Occupations	5	0.02%
Telecommunication Carriers Mgrs.	13	0.04%
Total	**30493**	

The bargaining unit is predominantly female, as 68% percent of the workforce are women. With few exceptions, the makeup of the bargaining unit is also what is generally considered ‘white collar’, as the vast majority of employees work in an office setting. While shift work as described under the parties’ collective agreement is somewhat rare, it is common for bargaining unit employees to be assigned evening work during certain periods of the year.

A large minority of bargaining unit employees are ‘term’ employees. Based on data provided by the Agency in bargaining, approximately 28% of bargaining unit employees are determinate employees. With the possible exception of the Interviewers at Statistical Survey Operations, the Union knows of no other federal public service employer with such a high number of employees working under a precarious employment regime. In the previous round of bargaining the parties negotiated a new policy providing improved rights for term workers, including a mechanism for achieving permanent status. The Agency has since suspended the policy.

The Canada Customs Revenue Agency (CCRA) was created as a separate agency in November of 1999. The bargaining unit was ultimately certified in 2001, with a significant modification to the structure of the bargaining unit taking place in 2004 (namely the removal of customs and immigration employees with the creation of Canada Border Services Agency). Prior to 2001 workers in the bargaining unit were employed by Treasury Board and were consequently covered by PSAC-Treasury Board collective agreements. The first CCRA-PSAC collective agreement was reached in 2002.

The following round of bargaining in 2003-2004 proved tumultuous, with the parties reaching impasse and undergoing conciliation, culminating in the PSAC's staging of rotating strikes and ultimately a general strike.

The post-2004 era saw improved labour relations between the parties. In both the 2007 and 2010 rounds of bargaining the parties reached agreements that were bargained in expedited sessions and arrived at prior to the expiration date of the previous contract. These agreements were reached without concessions on the part of the Union and served to reinforce a far more productive and harmonious labour relations regime at the CRA.

Minutes from the first national union-management meeting post the parties signing of the 2007 settlement capture the cooperative sentiment that coloured labour relations during the 2006-2012 era:

> *The approach taken during bargaining sessions illustrated the Union-Management Initiative (UMI) at its best. The National President stated that UTE had been more actively involved in joint Union-Management bulletins, communiqués and training throughout the year, which further confirmed the good rapport between the Agency and the Union. While there would continue to be times when Management and the Union would agree to disagree on certain issues, this tentative collective agreement served as an example to the rest of the Public Service of the solid working relationship between the Union and Management.*
>
> *The Commissioner also expressed his appreciation to both negotiating teams for reaching a tentative collective agreement in record time. The effort put forth at the bargaining table demonstrated the progress that can be achieved when both parties shared the common goal of resolving issues. He emphasized the importance for Union and Management to join together at every level of the organization to promote an environment of cooperation and trust.*
> *(Exhibit A)*

Minutes from the December 2011 national union-management meeting – conducted many months after the 2010 settlement was reached - also clearly demonstrate a constructive labour-management relationship at CRA:

The Commissioner was pleased to note that the good working relationship between the CRA and UTE had been maintained. He reassured the Union that the Agency continued to be committed to keeping UTE engaged now more than ever given the upcoming challenges. He also stressed the importance of UTE and the CRA maximizing the Agency's status and working together on strategies so that the workforce would continue to excel, be innovative, and enhance productivity.

The National President appreciated the Commissioner's comments and stated that he believed in the National Union-Management Consultation Committee (NUMCC) process and was pleased to continue the good relationship with the Agency. (Exhibit B)

B. CURRENT ROUND OF NEGOTIATIONS

The current round of negotiations has marked a significant departure from the two previous rounds of bargaining. There are a number of factors contributing to this.

First, for the first time since the Agency was created, the employer is seeking a significant concession from the employees in that it is proposing to halt the accumulation of severance for the purposes of voluntary termination. Second, in 2012 the federal government introduced and passed legislation that effectively removed the CRA's ability to negotiate and arrive at an agreement without Treasury Board consent. This is particularly important given that the Union's relationship with Treasury Board has deteriorated considerably over the past several years.

In addition, initiatives taken by the current government outside of the collective bargaining process have had an impact on the parties' current negotiations. The Harper government has unilaterally modified the contribution formula under the Superannuation plan so that employees must now pay more of their earnings into the plan, while employees hired on January 1st 2013 or after will have to work longer to access retirement benefits. In tandem with this, the government announced in 2012 its intention to eliminate 19,000 jobs from the federal public service. This initiative has had a direct impact on CRA employees, as services and hundreds of jobs have been abolished as a result of these cuts.

While sick leave is not a matter that is in dispute in this round of negotiations in that the Agency did not present any proposals on the issue, the fact that Treasury Board President Tony Clement has publicly stated that the government wishes to negotiate cuts to employees sick leave, and has used faulty data in an effort to shed a negative light on public servants in an effort to bolster his arguments in this regard, has had a significant impact on these negotiations as well.

Earlier this year, under the threat of draconian legislation, all major unions within the federal public service consented to changes sought by the government concerning the Public Service Health Care Plan, changes that included significant increases in both employee premiums and in the threshold for eligibility to participate in the plan.

In short, both the terms and conditions of employment of employees, and the labour relations climate in general, have deteriorated a great deal under the Harper majority regime. The legislative attacks undertaken by the current government on employees and their Union has impacted union-management relations and collective bargaining.

In terms of the collective bargaining process itself, the Union's goal in this round has been to negotiate fair and reasonable improvements to working conditions in an effort to either address problems that are on-going in the workplace, or to protect practices that have been long-standing at CRA.

There are a number of areas where the CRA lags behind employers in the broader public and private sectors. For example, seniority rights and explicit protections against the contracting out of bargaining unit work are commonplace in collective agreements in every sector and industry across Canada. The same is also true with respect to language ensuring fair and transparent staffing processes. None of these are present in this collective agreement, largely because of legislative collective bargaining prohibitions in the federal public service, prohibitions whose constitutionality could be called questionable at best.

Nevertheless, the Union has made proposals in these areas in an effort to fix problems and provide enhanced protections for union members and for the services that those members provide Canadians. With few exceptions, these proposals reflect what has already been established elsewhere in the federal public sector.

Negotiations commenced in the fall of 2012. Between September of 2012 and October of 2013 the parties met in bargaining sessions every month with the exception of August 2013. In November the parties agreed to pursue mediation in an effort to make progress. Consequently the parties met in mediation sessions in both January and February of 2014. While some progress was made in mediation, the February sessions ended without the parties achieving an agreement as critical issues related to duration, compensation, scheduling and job security remained in dispute. The employer subsequently filed for a Public Interest Commission in March.

A number of operational changes that occurred during the course of negotiations also served to exacerbate negotiations. For example, despite the fact that the Union indicated that job security and protections against contracting out were important in this round of bargaining, the Agency abolished all records storage jobs and ended counter services when talks on the issue were well underway. Another such example is that of term employment. The Union indicated that income security and precariousness of work were key issues in bargaining, yet it came to light over the course of discussion at the bargaining table that the Agency had suspended its policy with respect to terms having access to indeterminate employment. While these initiatives may have been undertaken as a result of Treasury Board directives, they did not prove conducive to fruitful contract talks.

In terms of the Union's proposals in negotiations and submitted to the Public Interest Commission, the Union will be clearly demonstrating that its proposals are both fair and reasonable, and that they are entirely consistent with both private and public sector norms. Again, because of the excessive prohibitions contained in the PSLRA with respect to the jurisdiction of a Public Interest Commission, the Union is not seeking a recommendation from the PIC on its proposals concerning contracting out and Workforce Adjustment Policy.

In this brief we provide a thorough justification for reasonable proposals in the areas of compensation and working conditions. Part 2 of the brief covers the proposals related to working conditions which the PSAC is asking that the Commission include in its recommendation. Part 3 elaborates our compensation proposals, while Part 4 provides a summary.

LIST OF TEAM MEMBERS

For the reference of the Public Interest Commission, the PSAC Bargaining Team is:

Morgan Gay (Negotiator – PSAC)
Julie Chiasson (Research Officer – PSAC)
Denis Lalancette (Chicoutimi, QC)
Doug Gaetz (Halifax, NS)
Dawn Hardy (Summerside, PEI)
Jean-Pierre Fraser (Shawinigan, Qc)
Sabri Khayat (Montréal, QC)
Robin Johnson (Toronto, On)
Pietro Masdea (Thunder Bay, On)

Appearing for the PSAC are:

Morgan Gay, Negotiator, PSAC
Julie Chiasson, Research Officer, PSAC

PART 2

WORKING CONDITIONS

ARTICLE 66

DURATION

PSAC PROPOSAL:

Amend to read:

66.01 This Agreement shall expire on October 31, 201**5**.

66.02 Unless otherwise expressly stipulated, the provisions of this Agreement shall become effective on the date it is signed.

RATIONALE:

Traditionally the duration of the collective agreement has not been a particularly contentious issue between the parties. Generally-speaking, disputes concerning duration have stemmed from differing economic proposals and costing considerations. In fact, in no recent negotiation with a core federal public service employer has the PSAC been so at odds in bargaining over the issue of duration, nor has duration been an issue of such importance, as it is in this round of bargaining with the CRA. While the Agency is seeking a two-year agreement, the PSAC is seeking a 3-year agreement. There are a number of reasons why the Union has taken this position.

First, because it is consistent with the pattern that has been established over the current cycle of collective bargaining in the public service. No collective agreement signed by a core federal public sector employer since 2010 has been for less than three years. In bargaining the Agency has provided no cogent rationale as to why the parties should sign a two-year agreement, only to return to the bargaining table immediately after ratification. The following is a list of collective agreements signed by the PSAC with federal public service employers since 2010, and the duration of said agreements:

PSAC-Treasury Board (PA)	3 years
PSAC-Treasury Board (SV)	3 years
PSAC-Treasury Board (TC)	3 years
PSAC-Treasury Board (FB)	3 years

PSAC-Treasury Board (EB)	3 years
PSAC -Canadian Food Inspection Agency	3 years
PSAC-Parks Canada	3 years
PSAC-House of Commons (4 agreements)	3 years
PSAC-Senate of Canada	3 years
PSAC-National Capital Commission	3 years
PSAC-Office of the Auditor General	3 years
PSAC – Office of the Superintendent of Financial Institutions	3 years
PSAC – SSHRC (Admin and Foreign Service)	3 years
PSAC – SSHRC (Admin Support)	3 years
PSAC – Library of Parliament (3 agreements)	3 years
PSAC – Staff of Non-Public Funds (10 agreements)	3-5 years
PSAC – Communications Security Establishment	3 years
PSAC – Canadian Institutes of Health Research	3 years

The Public Interest Commission recommendation stemming from negotiations between the PSAC and the Communications Security Establishment of Canada indicated clearly that the parties had agreed to a 3-year collective agreement that expires in 2015. The settlement reached shortly after the recommendation reflected this. (Exhibit C) Also, while the parties have not yet received arbitral awards for two the PSAC bargaining units at Statistical Survey Operations, the parties clearly indicated in arbitral proceedings that there is agreement on 3-year collective agreements for both groups.

This pattern is not unique to the PSAC. Below is a list of non-PSAC Treasury Board bargaining units and the duration of the agreements for those units:

Air Traffic Control	5 years
Aircraft Operators	4 years
Applied Science and Patent Examination	3 years
Architecture, Engineering and Land Survey	3 years
Audit Commerce and Publishing	4 years

Computer Systems	3 years
Correctional Services	4 years
Economics and Social Science Services	3 years
Electronics	3 years
Financial Management	3 years
Foreign Services	3 years
Health Services	3 years
Law Group	3 years
Non-Supervisory Printing	3 years
Radio Operators	3 years
Research	3 years
Ship Repair Chargehands	3 years
Ship Repair East	3 years
Ship Repair West	3 years
Ships' Officers	3 years
Translation	3 years
University Teaching	4 years

Furthermore, there are two Treasury Board collective agreements – those covering the Aircraft Operators and Ship Repair West groups – that expire in 2015. Additionally, there are several PSAC- Staff of Non-Public Funds collective agreements that expire in either 2015 or 2016.

So there can be no doubt that there is significant precedent for what the Union is seeking with CRA, not only in terms of duration, but also in terms of year in which the contract would expire. In short, what the PSAC is seeking with respect to duration is the norm, while the CRA's position is inconsistent with the pattern that has been established over the current cycle of bargaining.

In addition to the strong precedent established over this cycle of bargaining, the Union has made it clear from the outset of negotiations that one of its key objectives is to enhance protections for employees and provide increased stability. At present, under the current government, the employees and their Union are operating in a hostile bargaining climate, where federal public service employers are bent on cutting jobs and extracting concessions from employees. Settling on a two-year agreement would run contrary to what the Union has set out to achieve in this round. Indeed, a two-year contract would run contrary to one of the fundamental principles upon which the labour movement was founded – namely that it is the union's job first and foremost is to do what it can to defend its membership and the terms and conditions of employment that it has successfully negotiated in the past.

In bargaining, the Agency has pointed out that in the last round of negotiations the parties agreed on a two-year agreement, and therefore the same should be applied in this round. As previously mentioned, circumstances and the labour relations environment in general have changed dramatically since 2010. What's more, when the parties agreed on a two-year agreement they did so prior to the expiration of the agreement that was in effect. Obviously that is not the case here. Furthermore, the agreements that expired in 2007, 2003 and 2000 were either three or four year agreements. Hence an argument could easily be made that agreements of three years or longer have been the norm, and that the last round was in fact an aberration.

Another argument put forward by the Agency during negotiations has been that the standard over this cycle of bargaining in the core public service has been 2014 expiration dates. As previously stated, there are a number of examples of agreements signed in the federal public service over the last 3 years that expire in 2015 – including two Treasury Board agreements. And in June of this year a PIC recommendation was issued recognizing that yet another public service employer has agreed to a 2015 expiration. What the Agency has conveniently ignored when making its argument is that, without exception, every contract with a 2014 expiration date has been at least 3 years in duration. In short, while there has been some variation with respect to the years in which collective agreements expire, there are no examples of collective agreements in the public service that expired in 2010, 2011 or 2012 that were a mere two years in duration.

A three-year collective agreement would provide both the Agency and the employees with enhanced stability over the course of the next 12 months. In light of the current bargaining climate, the problems that have arisen over the life of this round of bargaining, and given that the agreement would expire almost immediately upon issuance of the PIC's recommendation, the Union submits that it is only fair and reasonable that the parties' agree on a three-year agreement, and consequently the Union respectfully requests that the panel recommend the same.

Summary:

a) Every collective agreement arrived at in the core public service since 2011 has been of at least three years in duration. There have been no two-year collective agreements.

b) A two year collective agreement would send the parties immediately back to the bargaining table upon signing.

c) The Union submits that the stability that would be provided by a 3-year agreement is in the best interests of both the Agency and the employees.

d) One of the Union's primary objectives in this round of bargaining has been to enhance protections and stability for employees. A two-year contract would run contrary to that clear objective.

e) In negotiations, the Union has provided numerous arguments as to why it is seeking a three-year agreement. The Agency's response has simply been that it wants a two-year agreement because other public service contracts are set to expire in 2014.

In the light of the above evidence and arguments, the Union submits that it has justified sound rationale for a three-year collective agreement, with clear demonstrated need and precedent well established. The Union, therefore, respectfully requests that its proposal be incorporated into the Public Interest Commission's recommendation.

ARTICLE 2

INTERPRETATION AND DEFINITIONS

PSAC PROPOSAL:

Amend to read:

"Service" *(service)* means:

(a) All service within the public service, whether continuous or discontinuous, except where a person ~~who, on~~ leav**es** the public service, ~~takes or has taken severance pay.~~ **upon resignation, retirement or termination for cause for reasons of incapacity or incompetence.** However, the above exception shall not apply to an employee who ~~receives severance pay on~~ **is laid-off** and is reappointed to the public service within one year following the date of lay-off.

(b) Notwithstanding paragraph (a) above, an employee who was a member of one of the bargaining units listed below on the date of signing of the relevant collective agreement or an employee who became a member of those bargaining units between the date of signing of the relevant collective agreement and May 31, 1990 shall retain, for the purposes of "service" and of establishing his or her vacation entitlement pursuant to this clause, those periods of former service which had previously qualified for counting as continuous employment, until such time as his or her employment in the public service is terminated.

Bargaining Units	**Dates of Signing**
AS, IS, OM, PG and PM	May 17, 1989
CR, DA, OE and ST	May 19, 1989
GL & T	May 4, 1989
GS	August 4, 1989
EG	May 17, 1989
DD and GT	May 19, 1989

RATIONALE:

The language being proposed by the Union with respect to Article 2 is largely consistent with what is contained in the parties' current collective agreement. It is a modified version of the service accrual definition contained in Article 34 Vacation Leave With Pay. Under the Union's proposals for this round of negotiations, the service accrual definition in 34.03

is applied not only with respect to vacation accrual, but also years of service accrual for the purposes of vacation leave selection, scheduling and layoff and recall rights. Consequently the Union is proposing to include the definition of 'service' in the definition section of the collective agreement as years of service accrual would be applied in more than one section of the parties' agreement. Ensuring there is a clear definition of a concept that is applied in more than one article in the parties' agreement is in the interest of both parties and has been a standard practice in all of the parties' previous agreements; indeed a "Definitions" article has existed in every collective agreement signed between the parties since a bargaining relationship was first established well over forty years ago.

The proposed language is modified from the current definition of service contained in 34.03 in such a way as to take into account recent changes that have taken place elsewhere in the Public Service. However the net effect is the same, in that the same criteria are applied with respect to the relationship between an employee's employment status and service accrual.

The Union submits that it would not make sense to have the definition of service accrual exist exclusively in the Vacation Leave With Pay article of the parties' Agreement when years of service is also applied elsewhere. The Union therefore respectfully requests that its proposal be incorporated into the Commission's recommendation.

ARTICLE 25

HOURS OF WORK

PSAC PROPOSAL:

General

25.01 For the purpose of this Article:

(a) the week shall consist of seven (7) consecutive days beginning at 00:00 hours Monday morning and ending at 24:00 hours Sunday;

(b) the day is a twenty-four (24)-hour period commencing at 00:00 hours.

25.02 ~~Nothing in this Article shall be construed as guaranteeing minimum or maximum hours of work. In no case shall this permit the Employer to reduce the hours of work of a full-time employee permanently.~~

25.03 the employees may be required to register their attendance in a form or in forms to be determined by the Employer.

25.04 It is recognized that certain operations require some employees to stay on the job for a full scheduled work period, inclusive of their meal period. In these operations, such employees will be compensated for their half (1/2)-hour meal period in accordance with the applicable overtime provisions.

25.05 The Employer will provide two (2) rest periods of fifteen (15) minutes each per full working day except on occasions when operational requirements do not permit.

Day Work

25.06 Except as provided for in clauses 25.09, 25.10, and 25.11:

(a) the normal work week shall be thirty-seven and one-half (37 1/2) hours from Monday to Friday inclusive, and

(b) the normal work day shall be seven and one-half (7 1/2) consecutive hours, exclusive of a lunch period, between the hours of 7 a.m. and 6 p.m.

25.07

(a) Employees shall be informed by written notice of their scheduled hours of work. Any changes to the scheduled hours shall be by written notice to the employee(s) concerned. The Employer will endeavour to provide seven (7) days notice for changes to the scheduled hours of work.

(b) When a term employee is required to report for work on a normal day of work and upon reporting is informed that he or she is no longer required to work their scheduled hours of work, the employee shall be paid a minimum of three hours at their straight time rate of pay, or the actual hours worked, whichever is greater.

This provision does not apply if the term employee is notified in advance not to report for work.

25.08 Flexible Hours

a) Subject to operational requirements, an employee on day work shall have the right to select and request flexible hours between ~~7~~ **6** a.m. and 6 p.m. and such requests shall not be unreasonably denied.

b) Late Hour Premium shall not apply for hours worked before 7 a.m. where an employee has requested to work such hours.

25.09 Variable Hours

(a) Notwithstanding the provisions of clause 25.06, upon request of an employee and the concurrence of the Employer, an employee may complete the weekly hours of employment in a period of other than five (5) full days provided that over a period of fourteen (14), twenty-one (21), twenty-eight (28), **forty-two (42), fifty-six (56) or eighty-four (84)** calendar days, the employee works an average of thirty-seven and one-half (37 1/2) hours per week.

(b) In every fourteen (14), twenty-one (21), twenty-eight (28)**, forty-two (42), fifty-six (56) or eighty-four (84)** day period, the employee shall be granted days of rest on such days as are not scheduled as a normal work day for the employee.

(c) Employees covered by this clause shall be subject to the variable hours of work provisions established in clauses 25.24 to 25.27.

25.10 Summer and winter hours

The weekly and daily hours of work may be varied by the Employer, following consultation with the Alliance to allow for summer and winter hours, provided the annual total of hours is not changed.

25.11 Consultation

(a) Where hours of work, other than those provided in clause 25.06, are in existence when this Agreement is signed, the Employer, on request, will consult with the Alliance on such hours of work and in such consultation will establish that such hours are required to meet the needs of the public and/or the efficient operation of the service.

(b) Where hours of work are to be changed so that they are different from those specified in clause 25.06, the Employer, except in cases of emergency, will consult in advance with the Alliance on such hours of work and, in such consultation, will establish that such hours are required to meet the needs of the public and/or the efficient operation of the service. In no case shall the hours under clause 25.06 extend before 6:00 a.m. or beyond 9:00 p.m., or alter the Monday to Friday work week, or the seven and one-half (7 1/2) consecutive hours work day.

(c) Within five (5) days of notification of consultation served by either party, the parties shall notify one another in writing of the representative authorized to act on their behalf for consultation purposes. Consultation will be held at the local level for fact finding and implementation purposes.

~~(d) It is understood by the parties that this clause will not be applicable in respect of employees whose work week is less than thirty-seven and one-half (37 1/2) hours per week.~~

(d) Where hours of work are to be scheduled consistent with (b) above, the Employer shall offer such hours in order of years of service to employees who normally perform the duties required. In the event there are insufficient volunteers, the Employer shall assign such hours in reverse order of service.

25.12

(a) An employee on day work whose hours of work are changed to extend before or beyond the stipulated hours of 7:00 a.m. and 6:00 p.m., as provided in clause 25.06(b), and who has not received at least seven (7) days' notice in advance of the starting time of such change, shall be paid for the first day or shift worked subsequent to such change at the rate of time and one-half (1 1/2) for the first seven and one-half (7 1/2) and double time thereafter. Subsequent days or shifts worked on the revised hours shall be paid for at straight-time, subject to Article 28, Overtime.

(b) **Late Hour Premium**

An employee who is not a shift worker and who completes his work day in accordance with the provisions of paragraph 25.11(b) shall receive a Late Hour Premium of seven dollars ($7) per hour for each hour worked before 7:00 a.m. and after 6:00 p.m. The Late Hour Premium shall not apply to overtime hours.

Shift Work

Replace current with the following:

25.13 a) "Shift work" means hours of work are scheduled for employees:

(i) on an irregular basis,

or

(ii) where the Employer requires employees to work hours later than 6 p.m. and/or earlier than 7 a.m.

b) When the Employer schedules shift work, such hours of work shall be scheduled so that employees, over a period of not more than fifty-six (56) calendar days:

(i) on a weekly basis, work ~~an average of~~ thirty-seven decimal five (37.5) hours ~~and an average of~~ **over** five (5) days;

(ii) work seven decimal five (7.5) consecutive hours per day, exclusive of a one-half (1/2) hour meal period;

(iii) obtain ~~an average of~~ two **consecutive** (2) days of rest per week, **except when days of rest are separated by a designated paid holiday which is not worked**.

(iv) obtain at least two (2) consecutive days of rest at any one time except when days of rest are separated by a designated paid holiday which is not worked; the consecutive days of rest may be in separate calendar weeks.

25.14 The Employer will make every reasonable effort:

(a) not to schedule the commencement of a shift within sixteen (16) hours of the completion of the employee's previous shift; and

(b) to avoid excessive fluctuation in hours of work.

25.15 The staffing, preparation, posting, and administration of shift schedules are the responsibility of the Employer.

25.16 The Employer shall set up a master shift schedule for a fifty-six (56) day period, posted fifteen (15) days in advance, which will cover the normal requirements of the work area.

25.17 Except as provided for in clauses 25.22 and 25.23, the standard shift schedule is:

(a) 12 midnight to 8 a.m.; 8 a.m. to 4 p.m.; 4 p.m. to 12 midnight; or alternatively

(b) 11 p.m. to 7 a.m.; 7 a.m. to 3 p.m.; 3 p.m. to 11 p.m.

25.18 A specified meal period shall be scheduled as close to the mid-point of the shift as possible. It is also recognized that the meal period may be staggered for employees on continuous operations. However, the Employer will make every effort to arrange meal periods at times convenient to the employees.

25.19

(a) Where an employee's scheduled shift does not commence and end on the same day, such shift shall be considered for all purposes to have been entirely worked:

(i) on the day it commenced where half or more of the hours worked fall on that day,

or

(ii) on the day it terminates where more than half of the hours worked fall on that day.

(b) Accordingly, the first day of rest will be considered to start immediately after midnight of the calendar day on which the employee worked or is deemed to have worked his or her last scheduled shift; and the second day of rest will start immediately after midnight of the employee's first day of rest, or immediately after midnight of an intervening designated paid holiday if days of rest are separated thereby.

25.20

(a) An employee who is required to change his or her scheduled shift without receiving at least seven (7) days' notice in advance of the starting time of such change in his or her scheduled shift, shall be paid for the first shift worked on the revised schedule at the rate of time and one-half (1 1/2) for the first seven and one-half (7 1/2) hours and double time thereafter. Subsequent shifts worked on the revised schedule shall be paid for at straight time, subject to Article 28, Overtime.

(b) Every reasonable effort will be made by the Employer to ensure that the employee returns to his or her original shift schedule and returns to his or her originally scheduled days of rest for the duration of the master shift schedule without penalty to the Employer.

25.21 Provided sufficient advance notice is given, the Employer may:

(a) authorize employees to exchange shifts if there is no increase in cost to the Employer, and

(b) notwithstanding the provisions of paragraph 25.13(d), authorize employees to exchange shifts for days of rest if there is no increase in cost to the Employer.

25.22

(a) Where shifts, other than those provided in clause 25.17, are in existence when this Agreement is signed, the Employer, on request, will consult with the Alliance on such hours of work and in such consultation will establish that such shifts are required to meet the needs of the public and/or the efficient operation of the service.

(b) Where shifts are to be changed so that they are different from those specified in clause 25.17, the Employer, except in cases of emergency, will consult in advance with the Alliance on such hours of work and, in such consultation, will establish that such hours are required to meet the needs of the public and/or the efficient operation of the service.

(c) Within five (5) days of notification of consultation served by either party, the parties shall notify one another in writing of the representative authorized to act on their behalf for consultation purposes. Consultation will be held at the local level for fact finding and implementation purposes.

25.23 Variable Shift Schedule Arrangements

(a) Notwithstanding the provisions of clauses 25.05**,** and 25.13 to 25.22 inclusive, consultation may be held at the local level with a view to establishing shift schedules which may be different from those established in clauses 25.13 and 25.17. Such consultation will include all aspects of arrangements of shift schedules.

<u>New</u>:

Scheduling of Part Time Employees

25.28 The following shall apply to part time employees:

a) Straight-time hours of work beyond those scheduled for full-time employees shall be offered in order of service to qualified part-time employees.

b) No employee on strength as of ___ (signing of collective agreement) shall be scheduled fewer hours than those contained in their letter of appointment as a result of a) above.

25.29 Assignment of Work Hours

The following shall apply in those operations where shift work is required, or where the Employer assigns specific, staggered start times among employees that regularly perform the same duties in the same workplace.

a) The Employer shall solicit employee preferences with respect to shifts or start times.

b) The Employer shall endeavour to assign shifts or start times consistent with employee preferences, taking into account employees' status as full-time or part-time.

c) Where more than one employee has indicated the same preference, years of service shall be the determining factor for assigning the hours.

d) **Years of service consistent with c) above shall be applied among employees that regularly perform the same duties.**

RATIONALE:

The Union's proposals concerning Article 25 are intended to fix problems in the workplace, provide for enhanced work-life balance and to ensure that protections that are common in the unionized public and private sectors are applied to workers at CRA.

As stated in the brief's introduction, one of the Union's key objectives for this round of bargaining is the achieving of new protections for employees. The Union's proposals for 25.02, 25.11 d), 25.13 and the new language proposed at the end of the Article (25.28 and 25.29) are all geared towards protecting against excessive management discretion and affording employees' recognition for their years of service.

With respect to 25.02, the Union is proposing that employees that are full time work hours consistent with 25.06 for day workers or 25.13 for shift workers. The current language could be interpreted by the employer as suggesting that managers may on occasion cut the hours of full-time employees, and basically that the other provisions concerning the number of hours that employees are to be scheduled to work not apply, at least on a temporary basis.

This issue has in fact arisen in the past. In 2003 a number of full-time employees grieved the fact that their hours had been unilaterally reduced, and the employer cited 25.02 in its defence of the reduction in hours. In 2009 the Board dismissed the grievances, citing 25.02 as a key factor in its decision.

The Union submits that there is no need for there to be language in the parties' collective agreement that provides ambiguity with respect to the number of hours that employees work in a day or over the course of a week. Under the Union's proposal the contract would be clear: full-time employees would work 37.5 hours a week and 7.5 hours a day, while part-timers would work fewer than 37.5 hours on a weekly basis. To make any reduction in the number of hours worked is to reduce an employees' income. Thus the Union's proposal would in essence ensure that a full-time employees' income would be protected.

It should be pointed out that language of this kind is rare in the broader public sector. No such provision exists in the vast majority of collective agreements covering provincial civil services in Canada, including Newfoundland/Labrador, Prince Edward Island, Quebec, Ontario, Manitoba, Alberta and British Columbia. Such a provision does not exist in the PSAC's civil service collective agreements with the Government of the Yukon, the Government of the Northwest Territories or the Government of Nunavut. It does not exist in the PSAC's agreements covering the largest bargaining units at the House of Commons, nor at the Senate of Canada or the Library of Parliament. It does not exist in the Union's collective agreement with Canada Post. The Union submits that there is no reason why the same should not apply to workers at CRA. (Exhibit D)

The Union's proposals concerning 25.11, and the new 25.28 and 25.29 are also designed to ensure that there are protections in place for employees, namely through years of service recognition for the assigning of work hours.

The current collective agreement addresses the number of hours employees are to be scheduled, and also provides parameters within which hours are to be scheduled depending on the operational setting. The vast majority of employees in the bargaining unit fall under the "Day Work" provisions of the collective agreement, which includes clauses 25.06 through to 25.12. While the general parameters set out under day work consist of a 7.5 hour work day scheduled between 7 am to 6 pm, the agreement does provide for day workers to be scheduled as early as 6 am and as late as 9 pm under certain circumstances. Such schedules have traditionally been particularly prevalent in late winter or early spring, during what is often referred to as 'tax season'.(Exhibit E) When such circumstances arise employees are paid a 'late hour' premium of $7.00 an hour for every hour worked between 6 am to 7 am or between 6 pm and 9 pm.

Yet while the parameters of when hours are to be scheduled are defined by the contract, what the contract does not address is how - or to whom - hours of work are assigned. Thus who has to come in to work as early as 6 am, or who has to work as late as 9 pm, is at management's discretion.

Clearly the parties have established that assigning hours between 6 and 7 am and after 6 pm are less desirous hours to work as the collective agreement provides an additional premium to compensate employees who work the hours. And yet there are no rules, no protections, no clear and transparent systems prescribed by the collective agreement with respect to how the hours are assigned. This sort of unfettered management discretion with respect to assigning of work hours is unusual in a unionized environment and opens the door for potential favouritism and abuses on the part of management.

Similarly, there are no rules with respect to the assigning of work hours for part-time and shift working employees. While shift work is somewhat rare at CRA, there are well over one-thousand, five hundred part-time employees. What's more, unlike full-time employees, part-time employees are provided no protections whatsoever in terms of the number of hours that they work. The collective agreement merely states that they work less than 37.5 hours a week.

The Union is proposing a simple solution with respect to hours of work assignment for employees accessing late hour premium, working shits and/or working part-time: recognition of years of service.

Years of service recognition, or 'seniority', is a fair and objective concept that governs tens of thousands of unionized workers in every sector of the Canadian economy – law enforcement, automotive, mining, textiles, steel, manufacturing, trades, hotel, health care, grocery, transport and other service industries and beyond. It can be found in every collective agreement covering every provincial civil service, and as will be demonstrated below, it is highly prevalent in the federal public administration.

Seniority is a concept that is well entrenched in union-management relations. Indeed, to quote Brown and Beatty's Canadian Labour Arbitration (2007 edition, vol. 1): "Seniority systems are an integral part of virtually every collective agreement", and to quote Brown and Beatty's citation of the landmark 1964 *Tung-Sol of Canada Ltd* decision: "all arbitrators start from the premise that: seniority is one of the most far-reaching benefits which the trade union movement has been able to secure for its members by virtue of the collective bargaining process".[1] To cite a recent Canada Industrial Relations Board decision: "Seniority has often been viewed as the most fundamental advantage to working in a unionized environment. It is referred to by several experts as the "industrial adaptation of a hierarchic principle inherent [to] the human condition".[2]

The concept of seniority is not new to the public service. It can be found in well over twenty collective agreements within the core public service, from the House of Commons to the Senate of Canada to Staff of Non-Public Funds to the National Film Board of Canada. (Exhibit F) Years of service recognition is well established at Treasury Board. It governs shift selection, vacation leave scheduling and firearm participant training selection for nearly 10,000 workers covered by the PSAC-Treasury Board agreement for the Border Services bargaining unit. It is the determining factor for schedule assignment under the Treasury Board collective agreement for the CX group. It is applied for vacation scheduling in Treasury Board's agreement with the PSAC for the Public and Administrative Services group (a bargaining unit of over 80,000 predominantly day-working employees). (Exhibit G)

There is well established PSLRB jurisprudence concerning seniority recognition. In 2009 the PSLRB issued a number of arbitral awards in which seniority was introduced for hours of work scheduling. In the award covering shift workers and part-time employees the House of Commons, the Board stated:

> *(…) through his or her years of service, an employee attains a breadth of knowledge and expertise as a result of his or her tenure with the*

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[1] Brown, Donald and Beatty, David. <u>Canadian Labour Arbitration (Fourth Edition)</u>, Vol.1, Canada Law Book, September 2006.

[2] *Air Canada*, [2006] CIRB no. 349.

organization. Through time, an employee becomes a more valuable asset, with more capabilities, and should be treated accordingly." (PLSRB 485-HC-40).

The Board also stated in that same decision that years of service recognition: "(g)ives a measure to an employee not in terms of compensation but in recognition of his or her value and contribution to the organization." Of note is that the Board awarded that the following language apply to all shift workers in the House of Commons Operational bargaining unit:

In the event of a vacant shift, the Employer will reassess its scheduling requirement. Should the shift still be required, the Employer will canvass all qualified employees covered by the schedule for volunteers. Should more than one employee select the same shift, seniority shall be the determining factor to allocate the shift.

In that same decision the Board awarded that the following language apply to all part-time and seasonal employees:

Unscheduled straight-time hours shall be offered in order of seniority.

In another award issued that same year, the Board awarded the following language for seasonal and part-time workers at the House of Commons in the Reporting and Text Processing bargaining unit (PSLRB 485-HC-42):

When the House of Commons is in session, straight-time hours of work beyond those scheduled for full-time indeterminate employees shall be assigned by seniority to part-time and seasonal certified indeterminate employees in the following order.

(i) Qualified employees who normally perform the duties where the hours are to be worked

(ii) All other qualified employees in the bargaining unit.

Thus seniority recognition is a concept that has become firmly entrenched within PSLRB jurisprudence over the last 4 years, particularly with respect to hours of work scheduling.

With respect to the broader public sector, federal and otherwise, the number of collective agreements where seniority plays a role in the scheduling of work hours are far too numerous to enumerate here. As previously stated, it is almost universally recognized in the labour relations world as the only fair, transparent and objective standard to apply with respect to working conditions.

In terms of the Union's proposals, the proposal made for 25.11 d) is similar to language awarded by the Board in 2010 for evening and night shift assignment at the House of Commons. The language awarded by the Board in that case stated:

> *On the effective date of the arbitral award, the Employer shall solicit employees in Maintenance and Material Handling every six (6) months for volunteers for all scheduled shifts that start or end between 18:00 and 06:00. In the event that there are more volunteers than required, the Employer shall award these shifts in order of seniority. In the event that there are fewer volunteers than required, the Employer shall assign these shifts in reverse order of seniority. (PSLRB 485-HC-40)*

The Union's proposal for 25.11 d) follows the same concept: namely that the hours go to the most senior employee that wants to work them. If no one wants to work the hours they are assigned in reverse order of service. The hours could only be assigned to employees who normally perform the duties required.

With respect to shift working environments, the Union is again proposing language that is modeled on what has already been established in the core public service. The PSAC-Treasury Board agreement for the FB group states the following:

25.17 Shift Schedule

a) If the Employer reopens a shift schedule due to operational requirements, or a line becomes vacant, the Employer will determine the qualifications required prior to canvassing all employees covered by this specific schedule.

Should more than one employee meeting the qualifications required select the same line on the schedule, years of service as defined in subparagraph 34.03 (a)(i) will be used as the determining factor to allocate the line.

b) In populating a newly established schedule, as developed by the Employer, the Employer will canvass all employees covered by the specific schedule for volunteers to populate the schedule.

Should more than one employee meet the qualifications required select the same line on the schedule, years of service as defined in subparagraph 34.03 (a)(i) will be used as the determining factor to allocate the line.

c) Subject to a) above, by mutual consent the parties may agree to conduct a re-population of schedules at any point over the life of the schedule.

Again, this language is consistent with what the Board awarded for hours of work assignment for shift workers at the House of Commons in 2010, as outlined above.

Lastly, with respect to years of service, the Union is proposing that hours beyond those scheduled to full-timers be offered at straight-time in order of service to part-time employees. Part-timers represent a significant population at CRA. Yet these employees are afforded very few rights under the parties' agreement.

The proposal would work as follows: Hours for full-time employees would be scheduled first. Hours for part-time employees would then be scheduled consistent with the hours contained in each part-time employee's letter of offer. All straight-time hours beyond those would be offered to part-time employees in order of service. The proposal also contains a transitional measure wherein hours for new part-time employees on a go forward basis would be offered in order of service only. The introduction of such language into the collective agreement would provide a clear and transparent mechanism for the assigning of work hours. It would represent a cost saving measure for the Employer, for there are some locations where the Employer has offered overtime to full-time employees prior to offering the hours to part-time employees.

In 2014 the employer made changes with respect to its hours of operation, namely by eliminating evening work at a number of locations. This is in turn created significant problems in that in many of these locations these hours were worked by part-timers and the reduction and/or re-shuffling of hours caused issues in the workplace. (Exhibit H)

Many of these issues arose because, there are no rules under the current agreement concerning the assigning of work hours, both in terms of scheduling when operational changes are made, and in situations where additional hours become available. In terms of additional hours, in some locations these hours could be offered as overtime to full-timers, in other cases the hours could be offered to part-timers on an ‘equitable’ basis. In other cases the hours are offered to some employees but not others. The application of years of service would address all these problems for part-timers. Indeed, it would address these problems for part-timers just as it would address the other aforementioned problems concerning scheduling assignment at CRA.

Also of significant importance to part-timers, additional hours worked beyond those contained in part-time employees’ letter of offer often do not count for the purposes of pension calculation, as part-time employees’ Assigned Work Week (AWW) often reflects the hours contained in their letter of offer (AWW being the hours that are reported to Public Works and Government Services Canada for the purposes of pension calculation). Under Treasury Board policy, should a part-time employee begin to regularly work hours beyond the hours contained in their AWW, the employer is required to adjust the employee’s AWW. What the Union’s proposal would mean is that part-time employees would be able to exercise their years of service to regularly work additional hours that become available, and that these hours would become pensionable. (Exhibit I)

In bargaining with Treasury Board for the Border Services group the PSAC made a similar proposal concerning part-time employees. After having made submissions to a Public

Interest Commission for that dispute, the panel included in its recommendation last year that: "(t)he Commission recommends that the collective agreement include a provision for distribution of straight-time hours for part-timers based on years of service, subject to the number of hours set out in a letter of offer."(PSLRB 590-02-10) The Union is requesting that the same be recommended here.

The Union submits that there is no cogent or defensible reason as to why years of service should not be applied for evening, shift working and part-time employees at CRA. It is already recognized for scheduling purposes for thousands of federal public servants. It should be recognized for CRA employees as well. Indeed, the Union submits that such scheduling systems are in the interests of both parties, as it provides a clear, objective standard for the assigning of hours. Again, to cite a decision recently rendered by the Canada Industrial Relations Board:

> *One of the primary reasons for including seniority rights provisions in a collective agreement is to protect employees in the bargaining unit against arbitrariness by management. Seniority rights ensure that an objective standard is applied when determining employment status.*[3]

Hence the Union's proposals to have years of service applied for workers at CRA.

Flexibility and Work-Life Balance

The Union proposals for Articles 25.08 and 25.09 would afford employees the possibility of enhanced flexibility with respect to work hours, flexibility which under the Union's proposals would come at no economic or operational cost to the employer.

With respect to 25.08, the Union is proposing that employees would have the option of starting their work day as early as 6 am, subject to operational requirements. For those employees living and working in large urban areas such as the GTA, Vancouver and

[3] *Air Canada*, [2006] CIRB no. 349.

Montreal, the ability to start work an hour early would provide potential opportunities for greater work-life balance via reduced time spent commuting to and from work.

The Union's proposal for 25.09 would allow for employees to average out their hours of work over increased periods of time. At the present the contract allows for employees to work what are commonly called 'compressed' work weeks by completing their weekly hours of work averaged out over fourteen, twenty one or twenty eight calendar days. Many employees currently avail themselves of the rights provided under this clause. What the Union is proposing is that employees be afforded the prerogative to work their hours over forty-two, fifty-six or eighty-four calendar-day cycles. The employer's scheduling and human resources administration system – known as CAS – already allows for such calculations. The Union is seeking simply to enshrine in the collective agreement what is already possible and theoretically available to employees.

On its website, the CRA indicates that as an employer the CRA "understand(s) the value of work-life balance, and (is) committed to fostering an environment that promotes and supports that goal". (Exhibit J) The Union submits that its proposals for 25.08 and 25.09 are consistent with – in fact are fully supportive of – one of the Agency's key goals as an employer. In the case of 25.08, the Union has not proposed to remove the employer's ability to deny employee requests for flexible work hours based on operational requirements. In the case of 25.09, any variable hours arrangements could only be implemented with the consent of management. Yes, despite all of this, the CRA has rejected the Union's proposals for both clauses.

The Union submits that the employer's position with respect to 25.08 and 25.09 is unreasonable. Both proposals would come at no additional cost to the employer. Both proposals provide for the Agency to the ability to run its business as it sees fit, while at the same time providing the potential to enhance employee work-life balance – one of the Agency's stated objectives according to its website.

In light of these facts, the Union respectfully asks that the panel include its proposals for 25.08 and 25.09 in its recommendations.

Shift Work and Day Work

Article 25 provides a definition of both day work and shift work. As previously stated, 25.06 is explicit with respect to day work: day workers generally work a 37.5 hour week Monday to Friday, each workday consisting of 7.5 consecutive hours worked between 7 a.m. and 6 p.m.

With respect to shift work, the collective agreement (25.13) implies that shift work is work that is scheduled on a rotating or irregular basis

What the current agreement does not directly address are scenarios where employees are working hours that are non-rotating and non-irregular, and that fall outside of the day work parameters set out by 25.06 through 25.11. For example, 25.17 of the collective agreement speaks to “standard shift schedules” that include midnight to 8 a.m., 4 p.m. to midnight, 11 p.m. to 7 a.m. and 3 p.m. to 11 p.m. Nowhere does the collective agreement explicitly state that employees must be scheduled to rotate through these hours.

Given these facts, the Union submits that there is a proverbial hole in the parties’ current collective agreement in that certain employees could conceivably be scheduled to work hours that are not day work hours, yet at the same time not potentially be considered to be working shifts. For example, an employee whose shift is 11 p.m. to 7 a.m. would be entitled to the shift premium. However, the ambiguity of 25.13 suggests that said employee may not actually be working a “shift”, as someone who always works 11 p.m. to 7 a.m. is not working rotating or irregular hours. Indeed, a “shift” is not explicitly defined in the parties’ current agreement.

The Union’s proposal to rectify this is simple: that scheduled hours that fall outside of the day work parameters be considered shift work. Hence the Union’s proposal for the first paragraph of 25.13, which states that workers scheduled hours outside of day work are considered shift workers. The Union makes the proposal for two reasons. First, because there is an ambiguity in the collective agreement that needs rectifying. There should be no ambiguity with respect to who is a shift worker and who is not, particularly given the nature of the Employer's operations, and given the rights provided under the collective agreement to shift workers and day workers respectively.

The second reason is that the Union wants to ensure that there is no cause for the Employer to assume that rotation is somehow preferable or necessary versus fixed shift scheduling.

A brief survey of academic and trade literature on the subject of the rotational shift work demonstrates that there is little disagreement over the highly disruptive nature of rotational shift work on the health of employees. The difficulty of these work arrangements also has a significant impact on the errors committed at work, due to workers' interrupted sleep patterns. This is especially true of rotational and irregular shift arrangements. (Ex. see FB brief for examples of literature).

Thus in light of the considerable evidence concerning the negative impacts of rotational shift practices, the Union submits that there needs to be a clear reference in the collective agreement to a non-rotational option in the context of shift scheduling.

This proposal is modeled on what is contained in the PSAC-Treasury Board collective agreement for the Border Services group, where shift work is not defined exclusively as either 'rotating' or 'irregular' hours of work. (Exhibit K)

Summary

The parties spend a considerable amount of time talking about hours of work assignment, both at the local and national levels. To provide but one example, in Summerside, PEI the parties created a 'scheduling committee' at the local level to deal with on-going scheduling issues. Recently considerable time was spent between the parties at all levels discussing the impact of operational changes on scheduling in call centres. The Union submits that, were the parties to include its proposals concerning hours of work assignment and years of service, a great deal less time would be spent dealing with issues related to how and to who hours are assigned. This is because there would clear rules in the parties agreement to deal with such problems.

In terms of the Union's proposal for 25.02, the Union submits that there is no need for language in the collective agreement that would provide managers with the potential understanding that they can unilaterally cut the hours of employees on a temporary basis. Employees should have the prerogative to come to work knowing that they will be working their shift. This is standard in the broader public sector,

Indeed, with respect to the protections being proposed for 25.02 and with respect to years of service recognition, these are standard in the unionized world. They are the norm, Indeed, the fact that years of service are not recognized for hours of work assignment at CRA means that the current collective agreement is clearly an outlier when compared to the broader unionized labour market.

With respect to 25.08 and 25.09, the Union proposals would come at no operational or economic cost to the employer. It would serve to further enhance employee work-life balance, a goal that has been clearly identified by the CRA in terms of its human resources practices.

In light of these facts, the Union submits that its proposals for Article 25 are entirely reasonable, would solve problems in the work place and bring terms and conditions for CRA workers in line with what has been established elsewhere in the unionized world. The Union therefore respectfully requests that they be included in the panel's recommendations.

ARTICLE 28

OVERTIME

PSAC PROPOSAL:

28.09 Compensation in Cash or Leave With Pay

(a) Overtime shall be compensated **at the classification level at which it is earned and shall be compensated in cash** except where, upon request of an employee, ~~and with the approval of the Employer, or at the request of the Employer and the concurrence of the employee~~, overtime may be compensated in equivalent leave with pay.

(b) The Employer shall endeavour to pay cash overtime compensation by the sixth (6th) week after which the employee submits the request for payment.

(c) The Employer shall grant compensatory leave at times convenient to both the employee and the Employer.

(d) Compensatory leave with pay earned in the fiscal year and not used by the end of September 30 of the following fiscal year will be paid for in cash at the employee's hourly rate of pay as calculated from the classification **level at which the compensation was earned.** ~~prescribed in the certificate of appointment of his or her substantive position on September 30~~.

(e) At the request of the employee and with the approval of the Employer, accumulated compensatory leave may be paid out, in whole or in part, once per fiscal year, at the employee's hourly rate of pay as calculated from the classification prescribed in the certificate of appointment of his or her substantive position at the time of the request.

28.10 Meals

(a) An employee who works three (3) or more hours of overtime immediately before or immediately following the employee's scheduled hours of work shall be reimbursed his or her expenses for one meal in the amount of ~~ten~~ **eleven** dollars and fifty cents ($1**1**.50) except where free meals are provided.

(b) When an employee works overtime continuously extending four (4) hours or more beyond the period provided in paragraph (a), the employee shall be reimbursed for one additional meal in the amount of ~~ten~~ **eleven** dollars and fifty cents ($1**1**.50) for each additional four (4)-hour period of overtime worked thereafter, except where free meals are provided.

RATIONALE:

The Union's proposals concerning Article 28 are intended to address three issues: first, matters concerning how overtime is compensated; second, the rate at which overtime is paid out; third, overtime meal allowance.

Under the parties' current agreement, employees may be paid for overtime worked either in cash or in equivalent leave (generally referred to as 'comp time'). Whether or not an employee may bank the time in equivalent leave is at the employer's discretion. The Union is proposing to modify the collective agreement so that it is at the employee's discretion as to whether or not overtime worked is cashed out or compensated in equivalent leave.

In negotiations the employer has provided no rationale as to why an employee should not be afforded the ability to decide whether they wish to take overtime in cash or leave. The Union is not proposing to remove the employer's prerogative to cash out comp time that has not been used after a certain period of time. The scheduling of leave would also continue to be subject to constraints set out under 28.09 c). Hence the Union's proposal in this regard should come at no additional cost whatsoever to the employer. Also the Union submits that if such an option is to be made available to an employee, it should not be left at the discretion of the employer. It is the employee's overtime – the employee should have the prerogative to take it in cash or in equivalent leave, subject to the restrictions referred to above.

Additionally, the Union is proposing that an employee always be compensated for overtime at the rate at which the compensation is earned. Under the parties' current agreement, employees who work in acting assignments and later cash out unused comp time are paid at their substantive rate and not at the rate in which they were being paid when the overtime work was performed. The Union submits that this double-standard does not make sense and is unjust. An employee who assumes additional responsibilities associated with taking an acting position is compensated accordingly when working straight-time hours, and when he or she elects to be compensated in cash for overtime worked. There should be no difference should an employee be required to cash out consistent with 28.09 d).

Under the current arrangement, employees working in acting assignments effectively suffer a loss in compensation if they do not take their comp time by September 30 of the following fiscal year. This when the employer has the prerogative to deny requests to take comp time and comp time can only be cashed out once a year. The Union is proposing to address this imbalance, so that employees are compensated for overtime at the same rate irrespective of when the compensation is paid out. Again, as with the Union's proposal concerning an employee's ability to choose the form of compensation for overtime worked, the Union's proposal with respect to the rate at which overtime is paid out should come at no additional cost to the employer.

Acting assignments are commonplace in the bargaining unit. In 2013 alone there were: 5259. Indeed it is not unusual for an employee to spend months or even years working in an acting assignment, in some cases working an acting position several classifications above their substantive position. This means that employees can be out a considerable amount of money should they be forced to cash out overtime banked consistent with the current 28.09 d). The Union's proposal would rectify this problem.

Lastly, the Union is proposing an increase in overtime meal allowance. The current rate of $10.50 an hour has not changed in seven years, with no adjustments having been made over the course of the two previous rounds of bargaining. In negotiations with other federal employers such as the House of Commons and the Senate of Canada, the overtime meal allowance has recently been increased beyond the previous $10.50. Indeed, in 2013 the Board issued an interest arbitration decision concerning the PSAC's collective bargaining dispute with the Senate that mandated an increase to $11.50.(PSLRB 485-SC-51) The Union is seeking the same amount here.

The Union's proposals concerning overtime compensation are geared toward ensuring fairness for employees that work overtime, and in the case of overtime meal allowance, reflect what was awarded by the Board as recently as last year. Thus the Union respectfully requests that its proposals for Article 28 be included in the Commission's recommendations.

ARTICLE 34

VACATION LEAVE WITH PAY

PSAC PROPOSAL:

Amend as follows:

34.01 The vacation year shall be from April 1 to March 31, inclusive, of the following calendar year.

34.02 For each calendar month~~ in which an employee has earned at least ten (10) days' pay,~~ the employee shall earn vacation leave credits at the rate of:

(a) nine decimal three seven five (9.375) hours until the month in which the anniversary of the employee's ~~seventh (7th)~~ **fifth (5th)** year of service occurs;

(b) ~~ten decimal six two five (10.625)~~ **twelve decimal five (12.5) hours** commencing wit the month in which the employee's ~~seventh (7th)~~ **fifth (5th)** anniversary of service occurs;

(c) ~~twelve decimal five (12.5)~~ **fifteen decimal six two five (15.625)** hours commencing with the month in which the employee's ~~eighth (8th)~~ **tenth (10th)** anniversary of service occurs;

(d) ~~thirteen decimal seven five (13.75)~~ **eighteen decimal seven five (18.75)** hours commencing with the month in which the employee's ~~sixteenth(16th)~~ **fifteenth (15th)** anniversary of service occurs;

(e) ~~fourteen decimal four (14.4)~~ **twenty one decimal eight seven five (21.875)** hours commencing with the month in which the employee's ~~seventeenth(17th)~~ **twentieth (20th)** anniversary of service occurs;

(f) ~~fifteen decimal six two five (15.625) hours commencing with the month in which the employee's eighteenth(18th) anniversary of service occurs;~~ **an additional seven decimal five (7.5) hours per year for every year above twenty years of service.**

Delete (g) and (h)

34.03

(a) ~~For the purpose of clause 34.02 only,~~ **A**ll service within the Public Service, whether continuous or discontinuous, shall count toward vacation leave except where a person who, on leaving the Public Service, takes or has taken severance pay. However, the above exception shall not apply to an employee who receives severance pay on lay-off and is re-appointed to the Public Service within one year following the date of lay-off.

(b) Notwithstanding (a) above, an employee who was a member of one of the bargaining units listed below on the date of signing of the relevant collective agreement or an employee who became a member of those bargaining units between the date of signing of the relevant collective agreement and May 31, 1990, shall retain, for the purpose of “service” and of establishing his or her vacation entitlement pursuant to this clause, those periods of former service which had previously qualified for counting as continuous employment, until such time as his or her employment in the Public Service is terminated.

Bargaining units and dates of signing

AS, IS, OM, PG and PM, May 17, 1989
CR, DA, OE, and ST, May 19, 1989
GL&T, May 4, 1989
GS, August 4, 1989
EG, May 17, 1989
DD and GT, May 19, 1989

34.04 An employee is entitled to vacation leave with pay to the extent of the employee’s earned credits but an employee who has completed six (6) months of continuous employment is entitled to receive an advance of credits equivalent to the anticipated credits for the current vacation year.

<u>New</u>:

Vacation scheduling:

(i) Employees will submit their annual leave requests for the summer leave period on or before April 15th, and on or before September 15th for the winter leave period. The Employer will respond to such requests no later than May 1st, for the summer leave period and no later than October 1st, for the winter holiday season leave period.
Notwithstanding the preceding paragraph, with the agreement of the Alliance, departments may alter the specified submission dates for the leave requests. If the submission dates are altered, the employer must respond to the leave request 15 days after such submission dates;

(ii) The summer and winter holidays periods are:

- **for the summer leave period, between June 1 and September 30,**
- **for the winter holiday season leave period, from December 1 to March 31;**

(iii) In cases where there are more vacation leave requests for a specific period than can be approved due to operational requirements, years of service as defined in clause 34.03 of the Agreement, shall be used as the determining factor for granting such requests. For summer leave requests, years of service shall be applied for a maximum of two weeks

per employee in order to ensure that as many employees as possible might take annual leave during the summer months;

(iv) Requests submitted after April 15th for the summer leave period and on September 15th for the winter leave period shall be dealt with on a first (1st) come first (1st) served basis.

RATIONALE:

The Union's proposals for Article 34 are two-fold. First, an increase in vacation leave quantum is being proposed. Second, a fair and transparent vacation scheduling process that is already firmly established elsewhere in the public service is being proposed.

With respect to quantum, the Union is seeking an increase in an effort to ensure proper work-life balance for employees – a goal which the CRA has also established as a clear human resources policy objective of the agency. The Union proposal is to increase the current entitlement consistent with the proposal below:

Current Entitlement

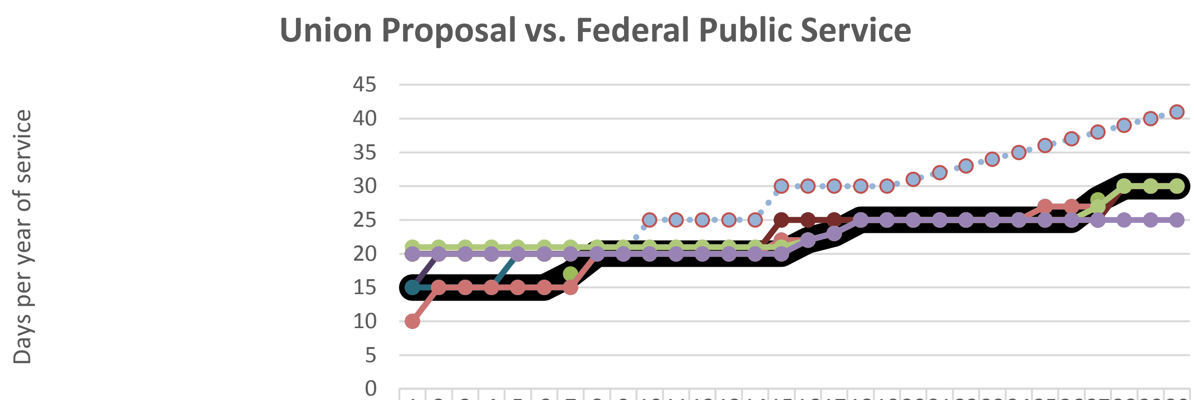
Years of service	**Quantum**
Up to the 7th year	3 weeks – 15 days
8th year	3 weeks and 2 days – 17 days
9th -16th year	4 weeks – 20 days
17th year	4 weeks and 2 days – 22 days
18th year	4 weeks and 3 days – 23 days
19th-27th year	5 weeks – 25 days
28th year	5 weeks and 3 days – 28 days
28th year +	6 weeks – 30 days

PSAC Proposal

Years of service	Quantum
Up to 5th year	3 weeks (15 days)
6th – 10th year	4 weeks (20 days)
11th -15th year	5 weeks (25 days)
16th -20th year	6 weeks (30 days)
21st year and after	7.5 hours (1 day) each year after

As the chart below illustrates, the vacation leave entitlement for employees in the CRA bargaining unit is inferior in comparison to those employed elsewhere in the federal public service. It is noteworthy that many Treasury Board groups and workers employed with other broader federal public service employers accumulate vacation credits at a rate of 4 weeks from the first year of employment. In the CRA bargaining unit, employees have to wait up to 7 years of service to accumulate 3 weeks and 2 days and up to 8 years of service to reach 4 weeks of vacation leave per year.

While the Union proposal to increase to 5 weeks in the 11th year of service is different than the entitlement of other federal public service bargaining units listed below, it should be noted that workers in many other groups accumulate more weeks of vacation in the first 15 years of service since they accumulate five more days per year. For example, if we compare a PSAC member at CRA to a PSAC member at the House of Commons, the CRA employee under the current entitlement earns 247 days of vacation leave over a period of 15 years of service while the employee at the House of Commons enjoys 280 days in total. The Union's proposal would bring them in line, at 285 days of vacation leave, with those units that have 280 days of vacation leave accumulated in the 15 year period. Furthermore, an increase of one extra day after 20 years of service would act as a retention tool for the Employer.



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Union Proposal	15	15	15	15	20	20	20	20	20	25	25	25	25	25	30	30	30	30	30	31	32	33	34	35	36	37	38	39	40	41
CRA (current)	15	15	15	15	15	15	17	20	20	20	20	20	20	20	20	22	23	25	25	25	25	25	25	25	25	25	28	30	30	30
CSIS	15	15	15	15	20	20	20	20	20	20	20	20	20	20	20	22	23	25	25	25	25	25	25	25	25	25	27	30	30	30
OSFI	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	22	23	25	25	25	25	25	25	25	25	25	27	30	30	30
House of Commons (4 units)	20	20	20	20	20	20	20	20	20	20	20	20	20	20	25	25	25	25	25	25	25	25	25	25	25	25	25	30	30	30
Library of Parliament (2 units)	20	20	20	20	20	20	20	20	20	20	20	20	20	20	25	25	25	25	25	25	25	25	25	25	25	25	25	30	30	30
Senate	20	20	20	20	20	20	20	20	20	20	20	20	20	20	25	25	25	25	25	25	25	25	25	25	25	25	25	30	30	30
AI (Air Traffic Control)	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	22	23	25	25	25	25	25	25	25	25	25	27	30	30	30
SH (Health Services)	15	20	20	20	20	20	20	20	20	20	20	20	20	20	20	22	23	25	25	25	25	25	25	25	25	25	27	30	30	30
LA (Lawyer)	15	15	15	15	20	20	20	20	20	20	20	20	20	20	22	22	23	25	25	25	25	25	25	25	27	27	27	30	30	30
RE (Research)	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	22	23	25	25	25	25	25	25	25	25	25	27	30	30	30
Ship Repair (West)	10	15	15	15	15	15	15	20	20	20	20	20	20	20	22	22	23	25	25	25	25	25	25	25	27	27	27	30	30	30
Ship Repair (East)	10	15	15	15	15	15	15	20	20	20	20	20	20	20	22	22	23	25	25	25	25	25	25	25	27	27	27	30	30	30
Ship's Officers	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	22	23	25	25	25	25	25	25	25	25	25	27	30	30	30
UT (University Teaching)	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	22	23	25	25	25	25	25	25	25	25	25	25	25	25	25

See (Exhibit L)

In other public sector jurisdictions and in the private sector, the vacation entitlement that has been negotiated with other many employers is superior to that of CRA's. For example, PSAC members employed by the Government of Yukon start with 4 weeks per year, after 3 years of service, 5 weeks, after 14 year, 6 weeks and 7 weeks after 25 years of service. (see Exhibit M). In the airport sector, PSAC members at the Ottawa MacDonald-Cartier International Airport start at 3 weeks, after 5 years, 4 weeks, after 15 years, 5 weeks and 6 weeks after 22 years of service (see Exhibit M). The Calgary Airport has a similar entitlement, except that employees there have 5 weeks after 14 years of service. During the early 90's, Canada's airports were privatized and became not for profit organizations. In other words, airport workers are former public servants under the umbrella of Transport

Canada. These workers have since negotiated improvements to their vacation entitlement while at CRA, members have seen little improvement to the quantum. The Union respectfully submits that its proposal is not ground breaking, would go a long way in ensuring the work-life balance for CRA employees and would act as a significant retention tool for the agency.

With respect to scheduling, the Union's proposal reflects a practice that is standard in unionized workplaces across Canada – namely the application of seniority in the event that the employer cannot accommodate all vacation leave requests for a given period of time. It is language that is prevalent in the federal public sector, from Canada Post to the House of Commons to the Royal Canadian Mint to over 100,000 Treasury Board workers. The language that is being proposed for dealing with excessive vacation leave requests is identical to the language contained in the PSAC-Treasury Board PA agreement, which covers tens of thousands of workers, many of which work in operational environments that are similar to those in which CRA employees work.

At present the contract provides no objective, transparent means via which managers grant vacation leave requests when there are more than can be accommodated. The process being proposed by the Union is standard in unionized workplaces across Canada – including federal ones where operations are similar to those of CRA. As previously stated elsewhere in the brief, seniority has been recognized by the PSLRB as a fair and equitable means via which to address such issues. The Union submits that the same should apply at CRA.

Thus the Union's proposal concerning vacation scheduling is modeled on what is already in effect for tens of thousands of other federal workers, and while a signed agreement has not been reached on scheduling language, the Agency did signal a willingness to discuss and resolve the matter in negotiations. It is also taken – verbatim – from collective agreements covering tens of thousands of other federal public service workers. With respect to the proposed increase in quantum, it has been clearly demonstrated here that vacation quantum at CRA is below what has been agreed to elsewhere in the public sector, including other groups within the federal public service. It is also less than what has been negotiated with other private sector employers under federal jurisdiction. An increase in vacation quantum is also consistent with a key element of CRA's human resources policy; namely ensuring that employees are afforded proper work-life balance. In light of these facts, the Union respectfully requests that the panel include its proposals concerning Article 34 in its recommendation.

ARTICLE 54

LEAVE WITH OR WITHOUT PAY FOR OTHER REASONS

PSAC PROPOSAL:

Amend as follows:

54.01 At its discretion, the Employer may grant:

(a) leave with pay when circumstances not directly attributable to the employee prevent his or her reporting for duty; such leave shall not be unreasonably withheld;

(b) leave with or without pay for purposes other than those specified in this Agreement.

54.02 Personal Leave

Subject to operational requirements as determined by the Employer, and with an advance notice of at least five (5) working days, the employee shall be granted, in each fiscal year, up to ~~fifteen (15)~~ **twenty-two point five (22.5)** hours of leave with pay for reasons of a personal nature.

The leave will be scheduled at times convenient to both the employee and the Employer. Nevertheless, the Employer shall make every reasonable effort to grant the leaves at such times as the employee may request.

54.xx Medical or Dental Appointments

Employees shall make every reasonable effort to schedule medical or dental appointments on their own time. However, in the event that medical or dental appointments cannot be scheduled outside of working hours, an employee shall be granted leave with pay to attend medical or dental appointments.

54.xx Leave with Income Averaging

a) The Employer's Leave with Income Averaging Directive, as constituted on November 1, 2012, shall form part of this Agreement.

b) The Employer shall not unreasonably deny requests for Leave with Income Averaging.

c) When excessive requests have been made for Leave with Income Averaging, years of service shall be the determining factor for the granting of such leave.

RATIONALE:

The Union's proposals for Article 52 are designed to ensure consistency in terms of the application of certain practices across the bargaining unit, to protect certain long-standing practices and to improve upon measures agreed to by the parties in the previous round of bargaining with respect to work-life balance.

With respect to medical and dental appointments, the Union's proposal is intended to ensure that the employer's long-standing practice of providing paid time for such matters is both protected and expanded upon.

At present the employer's policy is that employees are provided a maximum of 3.75 hours paid leave for medical and dental appointments that are initial, diagnostic or routine in nature. However, for follow up appointments employees are required to use their sick leave. In addition, any time beyond 3.75 hours for a given appointment is not covered and therefore is to be charged from the employees' sick leave bank. (Exhibit N)

There are problems with the current policy. First, the current policy states that whether or not an employee is provided the 3.75 hours is "at management's discretion". Second, it does not provide paid time for follow-up appointments. Third, there are instances where 3.75 hours may be an insufficient amount of time, particularly for those employees that live in large urban areas. Fourth, there are ambiguities under the current policy. For example, with respect to the Agency's Employee Assistance Program (EAP), the policy states that certain appointments associated with EAP assessment "may" be authorized as time off with pay for medical appointments, and while there is a cap at 3.75 hours for other medical or dental appointments, the policy concerning time for EAP appointments suggests that this cap may be waved. It is not clear. (Exhibit O)

What's more, the current practice is captured in a written policy and not the parties' agreement, and is therefore vulnerable to alteration or even elimination at some point in the future.

The Union's proposal would address all of these problems. It would ensure consistency in terms of application. It would ensure that the practice of providing paid time for medical and dental appointments is respected and maintained. It would ensure that employees have the time that they need to see a medical or dental practitioner. It would ensure that employees that must undergo on-going treatment or therapy are not penalized. Lastly, the Union has acted in good faith by including language in its proposal that requires that employees make every reasonable effort to schedule medical and dental appointments outside of their working hours. Thus the only time employees would have access to this leave is when they effectively have no alternative.

Of note, in 2013 the PSLRB rendered an interest arbitration award for the PSAC's dispute with the House of Commons for the Scanners group in which the provision of paid time for medical and dental appointments was enshrined into the parties' collective agreement. (PSLRB 485-HC-48)

With respect to leave with income averaging, the Union is proposing that the employer's policy, as constituted upon the expiration of the current agreement, form part of the collective agreement. As with the Union's proposal concerning medical and dental appointments, the Union is seeking in this round of bargaining to protect the long-standing practice of providing employees access to leave with income averaging. Additionally, the current policy does not provide sufficient protections with respect to employee access to the leave. The policy simply states "(r)equests for leave with income averaging are subject to managerial approval and discretion which is based on operational feasibility". To address this issue, the Union is proposing simply that requests for such leave will not be unreasonably denied, and that in the event that there are more requests than can be accommodated by management, years of service would be the determining factor. Management would have to be reasonable in the application of its discretion, and a fair and transparent process would therefore be in place for determining whose requests would be granted. Referring to the policy in the collective agreement as proposed by the Union would also ensure that it would be protected minimally for the life of the parties' new agreement.

Both leave with pay for medical and dental appointments and leave with income averaging are accessed regularly by employees across the country. They are long-standing practices that the employees wish to be able to continue to access and want protected from unilateral changes. The Union's proposals in both areas would address these concerns, while at the same time ensure enhanced protections for employees. Furthermore, the inclusion of the Union's proposals in the parties' collective agreement should come at minimal additional cost to the employer. In fact, in the case of leave with income averaging, the Union's proposals should result in no additional costs for the Agency.

Lastly, with respect to 54.02, the Union is proposing an additional day of leave for reasons of a personal nature be afforded employees. The CRA states on its website and in its Leave with Income Averaging Directive that it supports enhanced work-life balance for its employees. An additional day of personal leave would represent a significant gesture on the part of the Agency in demonstrating its commitment in helping its employees in achieving that balance. (Exhibit P)

In the case of both leave with income averaging and leave for medical and dental appointments, the Union's proposals are modeled on long-standing practices of the employer, while the Union's proposal for an additional personal day is consistent with a key human resources policy objective of the Agency. Indeed, all of the Union's proposals for Article 54 are consistent with the Agency's commitment to work-life balance for its employees. And clearly the Agency believes that this commitment is critical to its recruitment and retention strategies, as reference is made to it on the Agency's Human Resources website. In light of these facts, the Union submits that its proposals for Article 54 are fair, reasonable and are consistent with the mandate set out for the PIC under the Act. Consequently the Union respectfully requests that its proposals for Article 54 be included in the PIC's recommendations.

ARTICLE 62

PART-TIME EMPLOYEES

PSAC PROPOSAL:

Amend as follows:

62.10 Vacation Leave

A part-time employee shall earn vacation leave credits for each month in which the employee receives pay for at least twice the number of hours in the employee's normal workweek, at the rate for years of service established in clause 34.02 of this Agreement, prorated and calculated as follows:

Adjust consistent with Article 34.02.

62.15 Change in Assigned Hours

a) When permanent full-time hours become available in a workplace, and there is at least one permanent part-time employee working in the same group, level and job title as the available position, the Employer shall offer the hours to such part-time employee(s) in order of service.

b) When temporary full-time hours become available in a workplace, and there is at least one temporary part-time employee working in the same group, level and job title as the available position, the Employer shall offer the hours to such part-time employee(s) in order of service.

RATIONALE:

There are just under one-thousand, eight hundred part-time employees in the PSAC bargaining unit at CRA. As mentioned earlier in the Union's brief, the assigning of work hours is a critical issue for part-time employees. This issue has been on-going for several years, with matters related to the need for there to be more full-time hours having been raised with the agency on a number of occasions, including as recently as this past summer and fall as the Agency made changes to scheduled hours in call centres.
(Exhibit Q) The Union's proposal, in tandem with the Union's proposal concerning Article 25, would ensure that part-time employees' would have protections and, based on their

seniority, would provide part-time employees the opportunity to look forward to perhaps working full-time hours.

While the Union is proposing to remove 25.02 from the parties' agreement for reasons stated earlier in the Union's brief, it does provide full-time employees with protection against the Agency's permanently reducing their hours. Part-time employees have no such protection. And as has been previously pointed out, the number of hours that an employee works impacts not only income, but also pension accrual and access to benefits. It should also be pointed out that, unlike unionized workers in other jurisdictions, the PSLRA and CCRA Act interferes with the Union's right to negotiate staffing protections – thus provisions that are standard in private sector and non-PSLRA public sector agreements concerning staffing are absent from the parties' agreement. While the Union's proposal for Article 62 is not related to appointment or staffing, it would provide employees with a fair and transparent mechanism via which they might achieve full time hours.

Thus, given the number of part-time employees in the bargaining unit, given that these issues have been raised in the past, and given the lack of protections afforded part-time employees in the parties' current collective agreement, the Union respectfully requests that the panel include the Union's proposals concerning part-time employees in its recommendation.

PART 3

COMPENSATION

ARTICLE 64

PAY ADMINISTRATION

PSAC PROPOSAL:

64.01 Except as provided in this Article, the terms and conditions governing the application of pay to employees are not affected by this Agreement.

64.02 An employee is entitled to be paid for services rendered at:

(a) the pay specified in Appendix "A", for the classification of the position to which the employee is appointed, if the classification coincides with that prescribed in the employee's certificate of appointment; or

(b) the pay specified in Appendix "A", for the classification prescribed in the employee's certificate of appointment, if that classification and the classification of the position to which the employee is appointed do not coincide.

64.03

(a) The rates of pay set forth in Appendix "A" shall become effective on the dates specified.

(b) Where the rates of pay set forth in Appendix "A" have an effective date prior to the date of signing of this Agreement, the following shall apply:

(i) "retroactive period" for the purpose of subparagraphs (ii) to (v) means the period from the effective date of the revision up to and including the day before the collective agreement is signed or when an arbitral award is rendered therefore;

(ii) a retroactive upward revision in rates of pay shall apply to employees, former employees or in the case of death, the estates of former employees who were employees in the bargaining unit during the retroactive period;

(iii) for initial appointments made during the retroactive period, the rate of pay selected in the revised rates of pay is the rate which is shown immediately below the rate of pay being received prior to the revision;

(iv) for ~~promotions~~, demotions, ~~deployments~~ **or** transfers ~~or acting situations~~ effective during the retroactive period, the rate of pay shall be recalculated, in accordance with the Public Service Terms and Conditions of Employment Regulations **as constituted on the date of signing of this Agreement**, using the revised rates of pay. If the recalculated rate of pay is less than the rate of pay the employee was previously receiving, the revised rate of pay shall be the rate, which is nearest to, but not less than the rate of pay being received prior to the revision. However, where the recalculated rate is at a lower step in the range, the new rate shall be the rate of pay shown immediately below the rate of pay being received prior to the revision;

(v) **for promotions or deployments effective during the retroactive period, the rate of pay shall be recalculated, in accordance with this Article, using the revised rates of pay. If the recalculated rate of pay is less than the rate of pay the employee was previously receiving, the revised rate of pay shall be the rate, which is nearest to, but not less than the rate of pay being received prior to the revision. However, where the recalculated rate is at a lower step in the range, the new rate shall be the rate of pay shown immediately below the rate of pay being received prior to the revision;**

~~(v)~~ **(vi)** no payment or no notification shall be made pursuant to paragraph 64.03(b) for one dollar ($1.00) or less.

64.04 Where a pay increment and a pay revision are effected on the same date, the pay increment shall be applied first and the resulting rate shall be revised in accordance with the pay revision.

64.05 This Article is subject to the Memorandum of Understanding signed by the Treasury Board Secretariat and the Alliance dated February 9, 1982, in respect of red-circled employees.

64.06 If, during the term of this Agreement, a new classification standard for a group is established and implemented by the Employer, the Employer shall, before applying rates of pay to new levels resulting from the application of the standard, negotiate with the Alliance the rates of pay and the rules affecting the pay of employees on their movement to the new levels.

64.07

(a) When an employee is required by the Employer to substantially perform the duties of a higher classification level in an acting capacity and performs those duties for at least three (3) consecutive working days or shifts, the employee shall be paid acting pay calculated from the date on which he or she commenced to act as if he or she had been appointed to that higher classification level for the period in which he or she acts.

(b) When a day designated as a paid holiday occurs during the qualifying period, the holiday shall be considered as a day worked for purposes of the qualifying period.

64.08 When the regular pay day for an employee falls on his or her day of rest, every effort shall be made to issue his or her cheque on his or her last working day, provided it is available at his or her regular place of work.

New:

64.09 Rates of Pay on Promotion

a) **The appointment of an employee constitutes a promotion where the maximum rate of pay applicable to the position to which that employee is appointed exceeds the maximum rate of pay applicable to the employee's level immediately before the appointment by an amount equal to at least the lowest pay increment for the position to which he or she is appointed.**

b) **The rate of pay on promotion is to be the rate of pay nearest to but less than that to which the employee was entitled in his or her level immediately before the appointment that gives the person an increase in pay as specified in a) above.**

64.10 Rates of Pay on Deployment

a) **An employee is deployed when the transfer to a position does not constitute a promotion as defined in 64.09 above or a demotion as defined by the Public Service Terms and Conditions of Employment Regulations as constituted on the date of signing of this Agreement.**

b) **When the transfer of an employee from one position to another position constitutes a deployment, the employee is to be paid the rate of pay that is nearest to but not less than the rate of pay the employee was entitled to in his or her level immediately before the deployment.**

64.11 Acting Pay

Acting pay is the rate of pay that an employee is to be paid when required by the Employer to substantially perform the duties of a higher classification as per 64.07, and shall be calculated in accordance with either 64.09 or 64.10, as applicable.

MANAGEMENT GROUP

PAY NOTES PAY INCREMENT

FOR FULL AND PART-TIME EMPLOYEES

PSAC PROPOSAL:

1. The pay increment period for employees at levels MG-SPS-1 to MG-SPS-6 is fifty-two (52) weeks. A pay increment shall be to the next rate in the scale of rates.

2. The pay increment date for an employee appointed to a position in the bargaining unit on promotion, demotion or from outside the Public Service on or after November 1, 2010, shall be the pay increment period as calculated from the date of the promotion, demotion or appointment from outside the Public Service.

3. (a) An ~~indeterminate~~ employee who is required to act at a higher occupational group and level ~~for period of six (6) weeks or more~~, shall receive an increment at the higher group and level after having reached fifty-two (52) weeks of cumulative service at the same occupational group and level at the CRA.

(b) For the purpose of defining when an ~~indeterminate~~ employee will be entitled to go to the next salary increment of the acting position, "cumulative" means all periods of acting experience ~~of six (6) weeks or more~~, with the CRA at the same occupational group and level.

SERVICE AND PROGRAM GROUP (SP)

PAY NOTES PAY INCREMENT FOR FULL-TIME AND PART-TIME EMPLOYEES

PSAC PROPOSAL:

1. The pay increment period for employees at levels SP-01 to SP-10 is fifty-two (52) weeks. A pay increment shall be to the next rate in the scale of rates.

2. The pay increment date for an employee appointed to a position in the bargaining unit on promotion, demotion or from outside the Public Service on or after November 1, 2010, shall be the pay increment period as calculated from the date of the promotion, demotion or appointment from outside the Public Service.

3. (a) An ~~indeterminate~~ employee who is required to act at a higher occupational group and level ~~for period of six (6) weeks or more,~~ shall receive an increment at the higher group and level after having reached fifty-two (52) weeks of cumulative service at the same occupational group and level at the CRA.

(b) For the purpose of defining when an ~~indeterminate~~ employee will be entitled to go to the next salary increment of the acting position, "cumulative" means all periods of acting experience ~~of six (6) weeks or more,~~ with the CRA at the same occupational group and level.

RATIONALE:

Acting assignments are common at CRA. Indeed, one would be hard-pressed to find a CRA worksite where there are not employees acting in some capacity. As of April 2013 there were over five thousand two hundred employees working in acting assignments, which represents over 18% of the PSAC-represented workforce at CRA. What's more, this figure represents the number of employees acting at a given time. Because of the nature of acting assignments, there is no doubt that the number of employees in the bargaining unit that have or will be acting over the course of their time in the bargaining unit would represent a much larger figure.

Yet despite the fact that acting assignments are a widespread phenomenon at CRA, there are critical aspects concerning compensation associated with acting pay that are not covered by the parties' collective agreement. Also there are aspects with respect to how employees are compensated when acting that are unfair to employees. The Union's proposals concerning acting pay are intended to address both problems.

References to acting pay and acting assignments can be found in several articles within the parties' collective agreement, including Article 25, Article 38, Article 40, Article 64 and Pay Notes. Article 25 states that the qualifying period for acting pay will be converted to hours for certain shift workers. Articles 38 and 40 refer to the impact that acting assignments can have on compensation when an employee is receiving maternity or parental allowance, particularly when an employee has been on an acting assignment prior to taking leaves provided under both articles. The Pay Notes section of the parties' agreement deals with time spent in acting assignments and its effect on wage scale increments. Article 64 refers to the date from which acting pay is to be calculated from.

However, while the amount that an employee is paid when on acting assignment is referred to in Article 64, it is only addressed via a reference to employees being paid "in accordance with the Public Service Terms and Conditions of Employment Regulations", meaning that this critical issue is dealt with outside of the collective agreement. This of course means that, subject to certain legal protections, this practice is potentially subject to being changed without the Union's consent. In fact, the Treasury Board of Canada Secretariat's website for Terms and Conditions of Employment features a disclaimer at the outset which states: "Terms and Conditions of Employment and related policies can be updated from time to time. Please contact your human resources advisor to ensure that you have the correct information pertaining to your situation". (Exhibit R)

The Union takes the position in this round of bargaining that a matter of such importance – namely the amount that employees are compensated when they are acting – should not be based solely on an employer policy, but rather enshrined in the parties' agreement. The fact that the government has stated explicitly on its website that the regulations governing compensation when employees are acting are "updated from time to time" alone is sufficient to warrant the need to insert these rules into the contract. And as was stated earlier in the Union's brief, those changes that the current government has made with respect to terms and conditions of employment outside of the collective bargaining process - such as changes to pension and retiree benefits – have generally come at the *expense* of employees, and not to their benefit.

In light of this, the changes proposed by the Union for 64.03, and the new 64.09, 64.10 and 64.11 are taken from the regulations. The proposal for 64.03 b) iv) states that the regulations as constituted when the collective agreement expired will continue to apply, while the text for 64.03 b) v) and a new 64.11 are taken verbatim from the regulations.

With respect to the Union's proposals for 64.09 and 64.10, they too are taken directly from the current regulations, with one significant change. Under the current regulations, an employee's acting pay is always calculated relative to an employee's substantive level.(Exhibit S) The Union's proposal replaces "the maximum rate of pay applicable to the (employee's) substantive level immediately before the appointment" with "the maximum rate of pay applicable to the employee's level immediately before the appointment". The reason for this is that, given the amount of acting assignments at CRA, it is not unusual for an employee to be given an acting assignment while already acting in another position. Under the current regulations, employees who are assigned an acting position when already acting are treated differently from those who are given an acting assignment when working in their substantive position. In short, while an employee who moves from his or her substantive position to an acting position is placed on the new wage scale relative to the scale he or she was on immediately before taking the acting position, someone who is already acting and is the given another acting assignment is not. Under the Union's proposal, all employees that are assigned an acting position would be treated the same way.

The Union is proposing to change the current practice with respect to how acting employees are a placed on a wage scale when they are moved into another acting position because the current system is unfair. There is no cogent reason for an employee to subject to a less beneficial system for transferring to a new position simply because they are already working in an acting assignment. Placement on wage scales are associated with duties performed by an employee and the time spent performing those duties. Or as the collective agreement states, “for services rendered”. The means via which employees are placed on wage scales should be the same, based on the work they were performing – and the associated wage rate – immediately before and not based on the rate they were hired at or for the position that they were last permanently appointed to.

There is no limit to the amount of time that an employee may be working in an acting assignment. Consequently there are employees in the bargaining unit that move from acting assignment to acting assignment and have not worked in their substantive position for years. What’s more, because of the harsh, quasi-constitutional legislative restrictions imposed on the employees and their union in terms of collective bargaining rights, the Union is not in a position to negotiate staffing processes with respect to how acting positions are assigned. In light of this, the Union submits that at the very least there should be a fair and equitable compensation regime in place with respect to how employees are compensated when acting.

Similarly, the changes being proposed with respect to Pay Notes are intended to ensure that all employees are treated equitably in terms of time accrued for increment purposes. At present, all time spent by a term employee in a position counts towards moving to the next increment in a wage scale. This is calculated on a continuous-discontinuous basis. However, indeterminate employees must work a minimum six weeks in a position for the time to count towards an increment in a given position. Again, as with the provisions contained in Article 64 referenced above, the Union submits that this is unfair, and that both indeterminate and term employees should be afforded the same rights with respect to accumulated time for increment purposes. If all time spent working in a position counts for the purposes of moving to the next increment on a wage scale for term employees, the same should apply for indeterminate employees.

Acting assignments are ubiquitous at CRA. Yet a fundamental aspect concerning the amount a worker is paid when acting is addressed in a policy outside of the collective agreement. Indeed, it is the only form of compensation an employee receives that is not covered by the collective agreement. Also there are practices with respect to how employees are paid when acting that are inconsistent and unfair. The Union's proposals for Article 64 and Pay Notes addresses all of these matters. They would ensure that all matters related to employee compensation are dealt with in the parties' agreement. They would also ensure that all employees are treated the same when working in acting assignments. The Union therefore respectfully requests that the panel include the Union's proposals for Article 64 and Pay Notes in its recommendation.

APPENDIX "A-1 and A-2"

RATES OF PAY

PSAC PROPOSAL:

The Union is proposing the following economic increases to all rates of pay:

1. Effective November 1st, 2012: 1.0% adjustment
2. Effective November 1st, 2012: 3.0% after wage grid adjustments:
3. Effective November 1st, 2013: 3.0%
4. Effective November 1st, 2014: 3.0%

Wage Grid Adjustments - Appendix A

The Union is also proposing to introduce a four step wage grid. Under the current Appendix A, it takes an employee 4 years (5 step grid) to reach the maximum rate of pay.

The Union is proposing to reduce to 3 the number of increments by building a new salary grid with the actual 10 levels of the current SP classification. Three (3) increments is consistent with other federal public sector comparators. Each of these levels would include 3 increments (4 step wage grid). To be clear, the Union is not proposing to adjust either the minimum rate or the maximum rate of the classification. The proposal is simply to have employees progress more quickly through the grid by increasing the increment size. The Union is also proposing an adjustment to the SP-07 rate.

The table below presents the new proposed wage grid.

Effective November 1st, 2012 prior to any economic increase

Level	Step 1	Step 2	Step 3	Step 4
SP-01	35159	36336	37553	38811
SP-02	40313	41663	43058	44499
SP-03	44693	46190	47737	49335
SP-04	49015	50986	53036	55168
SP-05	53053	55186	57405	59713
SP-06	57403	59711	62111	64608
SP-07	65217	67838	70565	73402
SP-08	72995	75930	78983	82158
SP-09	81024	84281	87669	91193
SP-10	91433	95108	98931	102907

Wage Grid Adjustments Appendix A-1

The Union is proposing to introduce an 8 step wage grid. Under the current Appendix A-1, it takes an employee 8 years (9 step grid) to reach the maximum rate of pay.

The Union is proposing to reduce to 7 the number of increments by building a new salary grid with the actual 6 levels of the current MG-SPS classification. Each of these levels would include 7 increments (8 steps wage grid). To be clear, the Union is not proposing to change either the minimum rate or the maximum rate of the classification. The proposal is simply to have employees progress more quickly through the grid by increasing the increment size.

The table below presents the new proposed wage grid.

Effective November 1st, 2012 prior to any economic increase

Level	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
MG-SPS-1	$50,321	$52,181	$54,110	$56,110	$58,184	$60,334	$62,564	$64,875
MG-SPS-2	$55,030	$57,064	$59,173	$61,360	$63,628	$65,980	$68,419	$70,947
MG-SPS-3	$59,187	$61,374	$63,642	$65,994	$68,433	$70,962	$73,584	$76,304
MG-SPS-4	$62,908	$65,649	$68,509	$71,494	$74,609	$77,859	$81,251	$84,790
MG-SPS-5	$75,467	$78,755	$82,186	$85,766	$89,502	$93,401	$97,470	$101,717
MG-SPS-6	$82,929	$86,542	$90,312	$94,246	$98,352	$102,637	$107,108	$111,774

Transitional Provision

a) On the date of restructure of Appendix A and Appendix A-1, an employee shall be paid at the step in the restructured pay scale which is nearest to but not less than the employee's salary on October 31th, 2012.

b) For the purposes of determining salary, all employees who are rehired within twelve months of the date of introduction of the new salary grid, shall be subject to the provisions of these pay adjustment.

NEW

LONG SERVICE PAY

PSAC PROPOSAL:

The following shall take effect November 1, 2012:

XX.01 An employee who receives pay for at least seventy (70) hours for each of twelve (12) consecutive calendar months for which the employee is eligible to receive long service pay, beginning November 1 of each year, is entitled to be paid, in a lump sum, an amount related to the employee's period of service in the Public Service set out in the following table:

Period of Service in the Public Service	Annual Amount
5 to 9 years	$740
10 to 14 years	$ 850
15 to 19 years	$980
20 to 24 years	$1110
25 to 29 years	$1240
30 years or more	$1370

XX.02 An employee who does not receive at least seventy (70) hours' pay for each of twelve (12) consecutive calendar months for which the employee is eligible to receive long service pay, beginning November 1 of each year, is entitled to one-twelfth (1/12) of the relevant amount as set out in clause XX.01 for each month for which he/she receives at least seventy (70) hours' pay.

XX.03 Where an employee does not complete the employee's specified period of service in the Public Service upon the first (1st) day of a calendar month, the employee shall, for the purpose of clause XX.01, be deemed to have completed the specified period of employment:

(a) on the first (1st) day of the current month if the employee completes the specified period of employment during the first fifteen (15) days of the month,

and

(b) on the first (1st) day of the subsequent month in any other case.

RATIONALE:

The Union's wage proposal is based upon three broad principles:

1. fairness and relativity within the federal public administration
2. fairness within the context of current trends
3. fairness with respect to market comparators

Principles 1 and 2 deal predominantly with wage increases in effect for other bargaining units in the federal public administration, as well as broader wage settlement trends. Principle 3 will also speak to the wage grid adjustment and the long service pay being proposed by the Union.

However before discussing these three principles in the context of the Union's proposals, this brief shall first address the central arguments put forward by the Employer to date in support of its pay and severance proposal and in response to the Union's pay proposal.

First, the Employer has asserted in negotiations that CRA has received a mandate from Treasury Board that does not allow economic adjustments beyond what the employer calls "the pattern" negotiated with Treasury Board for the PA group in 2010. Second, the Employer has asserted in bargaining that any pay increases for staff must be funded out of CRA's existing operating budget. Third, the Employer has referenced the current economic climate, the state of Canadian economy and the fiscal situation of the Government of Canada.

Ability to Pay

The Union submits that these arguments are in effect "ability to pay" arguments which must be applied with caution and given limited weight.

First, there is no doubt that the Federal Government is the employer and therefore the "ultimate funder". The PSAC is unable to take part in funding talks between the agency and the Federal government, and rejects the argument that the Employer's financial mandate should be determined by the constraints imposed by the federal government on the agency. Doing so would in effect result in the Employer unilaterally determining wage rates in collective bargaining.

The issue of lack of ability to pay as a result of technical bureaucratic mechanisms was addressed by Arbitrator Arthurs in his*Re Building Service Employees Local 204 and Welland County General Hospital* [1965] 16 L.A.C. 1 at 8, 1965 CLB 691 award:

> *If, on the other hand, the Commission refuses to assist the hospital in meeting the costs of an arbitral award, the process of arbitration becomes a sham. The level of wages would then be in fact determined by the Commission in approving the hospital's budget. Since the Union is not privy to budget discussions between the hospital and the Commission, it would then be in the unenviable position of being unable to make representations regarding wage levels to the very body whose decision is effective - the Commission. (Exhibit 1)*

Arbitrator Arthurs reasoned that an award that solely reflects an Employer's financial mandate as determined by another level of governance would, in effect, result in the "ultimate funder" determining the wage rates in collective bargaining. It would also logically flow that if an arbitrator is to consider ability to pay in this circumstance, it would evaluate the federal governments' ability to pay rather than the CRA**.**

Second, as it is often the case in public sector bargaining, the Employer invoked the current economic climate, the state of Canadian economy and the Government of

Canada's fiscal situation in support of their position. Again the Union submits that this type of the inability-to-pay (ability-to-pay) concerns must be approached with caution.

The concept of 'ability-to-pay' has been rejected as an overriding criterion in public sector disputes by the overwhelming majority of arbitrators. The reason as to why it has been roundly rejected as a persuasive criterion by interest Boards of Arbitration has been summarized as follows:

> *(1) "Ability to pay" is a factor entirely within the government's own control.*
>
> *(2) Government cannot escape its obligation to pay normative wage increases to public sector employees by limiting the funds made available to public institutions.*
>
> *(3) Entrenchment of "ability to pay" as a criterion deprives arbitrators of their independence, and in so doing discredits the arbitration process.*
>
> *(4) Public sector employees should not be required to subsidize public services through substandard wages.*
>
> *(5) Public sector employees should not be penalized because they have been deprived of the right to strike.*
>
> *(6) Government ought not to be allowed to escape its responsibility for making political decisions by hiding behind a purported inability to pay.*
>
> *(7) Arbitrators are not in a position to measure a public sector employer's "ability to pay"[4].*

In light of these concerns, numerous interest arbitrators have consistently recognized that to give effect to government fiscal policy would be equivalent to accepting an ability to pay argument and thus abdicating their independence:

> *The parties know that ability to pay has been rejected by interest arbitrators for at least decades. Chief Justice Winkler, in his award cited the following passage from an award by Arbitrator Shime in Re McMaster University.*

[4] Jeffrey Sack, Q.C., "Ability to pay in the Public Sector: A Critical Appraisal", *Labour Arbitration Yearbook*, 1991, vol. 2, 277 to 279. (Exhibit 2)

"...*there is little economic rationale for using ability to pay as a criterion in arbitration. In that regard I need only briefly repeat what I have said in another context, that is, public sector employees should not be required to subsidize the community by accepting substandard wages and working conditions."*[5]

Therefore the Union submits that the state of the Canadian economy and the government of Canada's fiscal circumstances should be given limited weight, particularly when the government has it within its power to determine its own ability to pay by setting its budget, but also when the state of the Canadian economy and the government's fiscal circumstances are relatively solid in comparison to other industrialized economies.

In the 2014 Budget, the Government noted that the "Canadian economy has continued to create jobs…-the best job creation record of any Group of Seven (G-7) country over the period" (since 2009)."[6] Furthermore, the Budget in Brief states that the GDP in Canada "is significantly above pre-recession levels – one of the best performances in the G-7"[7].

The federal government plan to return to a balanced budget has been successful in the sense that the government expects to have a surplus of 6.4 billion in 2015-2016. It is clear that they have reached their goal by targeting mainly operating and administrative expenses of federal departments and by restraining economic increases and cutting jobs.

Private sector economic forecasts are consistent with this assessment of the current economic situation in Canada. In terms of predictions for Canadian economic growth, Canada's major financial institutions predict growth for 2014 and 2015.

[5] *University of Toronto Faculty Association v. University of Toronto*, Interest Arbitration, Ontario, Martin Teplitsly, Sole Arbitrator October 5, 2010. (Exhibit 3).
[6] The Road to Balance: Creating Jobs and Opportunities, Economic Action Plan 2014, The Budget in Brief, Tabled in the House of Commons By the Honourable James M. Flaherty, P.C., M.P. Minister of Finance, February 11, 2014 (Ottawa, Her Majesty the Queen in Right of Canada, 2012): (Exhibit 4)
[7] Idem

GDP Growth (percent) – Actual & Projected (current to June-August 2014)

	2012	2013	2014 (projected)	2015 (projected)
BMO			2.3%	2.5%
CIBC			2.1%	2.5%
Desjardins			2.2%	2.5%
National Bank			2.3%	2.5%
RBC			2.4%	2.7%
Scotiabank			2.2%	2.5%
TD Economics			2.2%	2.6%
	1.7%	**2%**	**2.24%**	**2.54%**

Source: BMO Capital Market Economics; CIBC World Markets; Desjardins Economic Studies; National Bank Economic Research; RBC Economics Research; Scotia Economics; TD Economics. (Exhibit 5)

As the above table illustrates, the consensus points towards Canadian economic stability and toward constant growth for this year and next year. Furthermore, the first and second quarters of 2014 show a higher GDP rate than the initial forecast of 2.24% for 2014, respectively standing at 3% and 3.1%.

Therefore, in light of arbitral jurisprudence concerning "ability to pay arguments", and in light of the fact that the government's fiscal circumstances and the Canadian economy are relatively strong, the Union submits that 175(1 b)) of the PSLRA should be given little weight by the panel.

1. Fairness and relativity within the core public administration

Recent PSAC settlements under the Public Service Labour Relations Act

The PSAC and Treasury Board came to tentative agreements for the SV group, the PA group and the EB group during an expedited bargaining process in October 2010. Members received economic increases of 1.5 percent for each year of the 3-year agreement, and an increase of 0.25 percent in 2011, and 0.5 percent in 2013, as compensation for the cessation of severance pay. Treasury Board's proposal was to cease accumulation of voluntary severance (on retirement and resignation) and the ability for members to cash out what they've accumulated, wait until retirement or termination, or cash it out in part and keep the rest until retirement or termination.

It is noteworthy that all three of these agreements include additional monetary gains beyond the general economic increases.

To date, the Employer has refused to entertain any monetary proposals made by the Union during the course of negotiations, proposals that would simply bring working conditions for employees in the CRA bargaining unit in line with those of other comparable positions within the core public administration – and as noted earlier in this brief, this is not exclusive to the Union's wage proposals – all of which have been rejected by the Employer.

The following table summarizes settlements reached by PSAC bargaining units in the core public administration, including the severance changes.

	Annual Economic Increase (percent)			**Other Economic Increase**
	2011	**2012**	**2013**	**2013**
SV Group (Operational Services)	1.75	1.5	2	• Additional increase of 4.75% for FR • 1.6% for SC • New $2 shift premium for food service workers
PA Group (Program and Admin. Services)	1.75	1.5	2	• New increment of 5.5% for WP-4 (Parole Officers) • Retention Allowance for AS-2 (Compensation Advisors) - $2,000/year
EB Group (Education and Library Science)	1.75	1.5	2	• Transitional Market Allowance for 12 month ED-EST (teachers)- $2,400/year

	Annual Economic Increase (percent)			Other Economic Increase
TC Group (Technical Services)	1.75	1.5	2	• Rolling of terminable allowances in wages and new allowance (Aviation, Marine and Rail) • 1.5% annual allowance for all EG classification employees (60% of the bargaining unit) • $5,000 annual allowance for x-ray and laboratory technologists
FB group (Border Services)	1.75	1.5	2	• New annual allowance of $1750 for uniformed officers • New annual allowance of $1250 for non-uniformed officers plus a lump sum payment of $500 at date of signing

SV Group (Operational Services)

The SV group received an increase of 4.7% for the FR (Firefighter) classification and 1.6% for the SC (Ships Crews) classification. Additionally, a large number of food service workers gained access to a new shift premium of $2 for all hours between 16:00 and 8:00. This marked a significant increase for food service workers, many of whom start work at 3 AM or 4AM.

TC Group (Technical Services)

On top across-the-board annual increases, the TC group negotiated an additional annual allowance of 1.5% for the EG classification, which represents more than 60% of the bargaining unit. Furthermore, the technical inspectors for Transport Canada saw their terminable allowance rolled in and a new allowance put in place.

FB Group (Border Services)

The collective agreement reached for Border Services workers included an annual allowance of $1750.00 for all uniformed employees, while non-uniformed employees now receive a $1250.00 annual allowance, on top of a one-time $500.00 lump sum bonus paid out upon signing of the contract.

PA Group (Program and Administrative Services)

The tentative agreement in this group provided for an additional increment for the WP-4 (Parole Officers) worth $4,200, representing an increase of 5.5% to the maximum rate of pay. Furthermore, a new allowance of $2,000 per annum was negotiated for the AS-2 Compensation Advisors.

EB group (Education and Library Science)

In addition to the increase mentioned above, this group made gains for a transitional market allowance of $2,400 per year for 12-month teachers of the ED-EST classification, while a compensation study is being completed or until the current collective agreement expires in 2014.

Of critical importance is the fact that the bargaining context has dramatically changed since those agreements were reached more than three years ago. Indeed, since that time workers in the CRA bargaining unit have seen legislated attacks on their terms and conditions of employment. Noteworthy, Bill C-45, the Jobs and Growth Act, 2012, the omnibus bill to implement provisions of the 2012 Budget, amended the Canada Revenue Agency Act to make section 112 of the *Public Service Labour Relations Act* applicable to

CRA employees. In summary, the Agency now needs to get its mandate approved by the President of Treasury Board and enter into a collective agreement with the Governor in Council's approval.

In the spring of 2012 the Government of Canada announced in the wake of cuts contained in the 2012 Federal Budget that over 3,000 at CRA would be eliminated. This number represents well over 10% of the workforce. This has obviously led to an increase in tension and frustration in the workplace since CRA operations in every region of the country are already understaffed.

Also, as mentioned earlier, Bill-C-45 calls for the introduction of significant amendments to federal public servants' pension plan, including an increase in employee contribution rates. The maximum pension contribution of employees will increase from 40% to 50% by 2017. The government argued that it must increase employee contributions in order to ensure that the public service pension remains sustainable. This assertion was refuted by the plan's chief actuary who stated clearly that the federal public sector pension plan is adequately funded and financially sustainable over the long term[8].

On January 1, 2012, the 40% employee pension contribution represented a deduction of 6.2% of earnings up to the maximum covered by the YMPE, and a further deduction of 8.6% on earning over the maximum covered by the YMPE. The 2012 Budget announced an increase of the employees' contribution from 40% to 50% by 2017. Contributions will be increased from 6.2% to 9.0% for employees earning up to the maximum covered by the YMPE, and from 8.6% to 11.8% for those earning over the maximum covered by the YMPE. As a result an employee earning $49,335 a year (current SP- 3 annual wage) will have to pay an extra $1402.80 a year into the pension plan, which is equivalent to 2.84% of their current annual salary.

[8] OSFI, *Actuarial Report on the Pension Plan for the Public Service of Canada*, March 31 2008. Available online: http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/PSSA08_e.pdf

This increase in contribution rate represents a reduction in compensation. The Union submits that, for groups that had not completed bargaining as of the release of Bill C-45, such reductions in compensation must be taken into consideration when analyzing the Union – and Employer – wage proposals.

Recent settlements for other comparable units under the Public Service Labour Relations Act

The following table summarizes recent settlements reached by bargaining units in the core public administration and at the Canada Revenue Agency.

Agreements Reached Including Changes to Severance

	Annual Economic Increase (percent)			Other Economic Increase
	2011	**2012**	**2013**	**Effective 2013 (unless otherwise mentioned)**
Parks Canada	1.75	1.5	2	**Change effective 2011** • PG-1 to PG-6 classification: new increment and removal of bottom increment • FI-1 to FI-4 classification: new increment and removal of bottom increment • CS classification: terminable allowance rolled in wages terminable allowance • New retention allowance for Compensation Advisors.

	Annual Economic Increase (percent)			Other Economic Increase
Canada Revenue Agency (Audit, Financial and Scientific)	1.75	1.5	2	• Relativity adjustments ranging from 2.7% to 5.7%
Radio Operators (RO group)	1.75	1.5	2	• Restructuring of the wage grid to 6 increments (was 9 increments) - 2011
Law (LA group)	1.75	1.5	2	• 10% wage restructure
Air Traffic Control (AI group)	1.75	1.5	2	• Resolved operational issues
Audit, Commerce and Purchasing (AV)	1.75	1.5	2	• Resolved operational issues
University Teaching (UT group)	1.75	1.5	2	• Resolved operational issues
Health Services (SH group)	1.75	1.5	2	• Rolling of terminable allowances into wages • Retention allowance for nurses in remote communities
Science and Patent Examination (SP group)	1.75	1.5	2	• Resolved operational issues
Architecture, Engineering and Land Survey (NR group)	1.75	1.5	2	• Rolling of terminable allowances in wages (2011-2012) • New increment for SUR-3: $2,320 (2011) • New increment for SUR-6: $4,225 (2011) • New increment for SUR-3: $1,703
Printing Operations (Non-Supervisory group)	1.75	1.5	2	• Resolved operational issues

	Annual Economic Increase (percent)			Other Economic Increase
Computer Science (CS group)	1.75	1.5	2	• Wage harmonization to Canada Revenue Agency CS rates: from $103 (CS-3) to $1,623 (CS-1) at the last step (Dec. 2011)
Ship Repair West (SR group)	1.75	1.5	2	• All Pay Group 5 one time $500 wage equalization payment • ▪All Pay Group 6 one time $2500 wage equalization payment • All Pay Group 4 & 5 move into Pay Group 6 at existing rate of pay • ▪All Pay Group 7 moves into Pay Group 8 at existing rate of pay • All Pay Group 8 moves into Pay Group 11 at an hourly rate of pay of $38.70 • Pay Group 12 – Remove bottom increment; add one new increment of 4% at top.
Correctional Services (CX group)	1.75	1.5	2	• New annual correctional officer allowance of $1750
Aircraft Operations (AO group)	1.75	1.5	2	• Rolling of Aircraft Aircrew Allowance in wages
Foreign Service (FS group)	1.75	1.5	2	• Market adjustment to internal comparators
Canadian Food Inspection Agency (CFIA)/PSAC	1.75	1.5	2	• New retention allowance for AS-2 Compensation Advisors. • Rolling in of the Chief Financial Officer (CFO) transitional allowance into wages (partially) • SI classification wage adjustment to Parks Canada rates of pay • Resolved operational issues

	Annual Economic Increase (percent)			Other Economic Increase
Canadian Food Inspection Agency (CFIA) - Informatics	1.75	1.5	2	• Rolling of terminable allowances in wages (June 2011) • Resolved operational issues
Canadian Food Inspection Agency (CFIA) – Scientific and Analytical Group	1.75	1.5	2	• Wage restructure – harmonization with Treasury Board rates of pay for 5 occupational group.
Canadian Food Inspection Agency (CFIA) – Veterinary Medicine	1.75	1.5	2	• Resolved operational issues

Arbitral Awards that include Changes to Severance

	Annual Economic Increase (percent)			Other Economic Increase
	2011	**2012**	**2013**	**Effective 2013 (unless otherwise mentioned)**
Translation (TR group)	1.75	1.5	2	
Economic and Social Science (EC group)	1.75	1.5	2	• New increment of 3.45%
Electronics (EL group)	1.75	1.5	2	

	Annual Economic Increase (percent)			Other Economic Increase
Research (RE Group)	1.75	1.5	2	• Effective November 7, 2012, terminable allowances rolled into wages, DS and HR group • October 1, 2011, market adjustment of 1.4% for MA-7 classification level
Ship Repair Chargehands and Production Supervisors-East (SR(C))	1.75	1.5	2	• Effective April 1, 2011, 2012 and 2013, increase of the Self-Directed Team Differential by 1.75%
Ship Repair East (SR)	1.75	1.5	2	• Rolling into wages of the Self-Directed Team Differential (11%) • Additional wage increase: 2012: 2% 2013: 1.5% 2014: 1.5%
Ships' Officers (SO) Group	1.75	1.5	2	• Increase to dirty work allowance • Double time on the second day of rest, whether or not the Officer had worked on the first day of rest • Increase to all allowances of 1.5% for each year of the agreement.
Financial Management (FI)	1.75	1.5	2	• Reduction of increments from 9 to 7 • Increase vacation entitlement • Rolling in of the Chief Financial Officer (CFO) transitional allowance into wages (partially)

The above-listed settlements, either negotiated, awarded or recommended by a PIC, include an additional 0.75% in compensation for the elimination of voluntary severance pay (retirement and resignation). It is also noteworthy that the vast majority of these agreements include additional monetary gains beyond across-the-board, general economic increases.

Of all the collective agreements with Treasury Board and the Agencies listed, which included the elimination of severance for voluntary departure, most bargaining units have received, either negotiated or through arbitral award, some monetary compensation or resolved long-standing operational issues in exchange for severance pay.

As clearly expressed by the TC Group Public Interest Commission report, this additional monetary compensation forms part of the federal public service "pattern settlement":

> *The commission also observes that other negotiated settlements, arbitration award and the recommendations of other Public Interest Commissions also included additional monetary items […] In addition the parties agreed to a variety of specific, targeted adjustments were made in a number of bargaining units. The commission has concluded that these adjustments form part of what we refer to as "pattern". (PSLRB 590-02-11) (Exhibit 6)*

The Union respectfully submits that this reality, coupled with the discrepancy with respect to increments, that currently exist between the members of the CRA group and comparable positions within the core public administration, must be taken into account.

2. Fairness in the Context of Trends and Circumstances

Cost of Living

The table below presents the increases to the cost of living measured by the Consumer Price Index (CPI) for 2011, 2012 and 2013 and the forecasted increases to CPI for 2014 and 2015.

Inflation Rate (percent) – Actual & Projected (current to June-August 2014)

	2011	2012	2013	2014 (projected)	2015 (projected)
BMO				2.0%	1.9%
CIBC				2.3%	2.4%
Desjardins				1.9%	1.8%
National Bank				2.0%	2.0%
RBC				1.6%	1.8%
Scotiabank				2.1%	2.1%
TD Economics				1.8%	1.8%
Actual, or average projected	**2.9%**	**1.5%**	**0.9%**	**1.96%**	**1.97%**

Source: BMO Capital Market Economics; CIBC World Markets; Desjardins Economic Studies; National Bank Economic Research; RBC Economics Research; Scotia Economics; TD Economics. (Exhibit 5)

CPI for calendar year 2011 was 2.9%. The pay increase of last round of bargaining at 1.5% means that the CRA employees haven't kept up with the cost of leaving. A pay adjustment that is below the inflation rate means that the bargaining unit will see their wages lose value relative to the consumer goods that they have purchased during this time.

The numbers in the table above show the inflation rate for 2012 is at par with the 1.5 percent compensation increase provided by the Employer proposal. While 2013 was lower than the compensation increase proposed, projections are for a higher inflation rate in 2014 and 2015.The numbers in the table above show the inflation rate will be stable for the upcoming years, and that the proposal of the Employer fails to keep up with inflation rate. The Union's proposal of an economic increase of 3% per year would guarantee that employees would catch up to the inflation rate projected, while at the same time make up to some extent money lost as a result of the government's legislated changes. What is clear is that members of the CRA group would continue to lose buying power under the Employer's proposed increases. And this without taking into account changes to pension contribution rates contemplated by recent legislation.

Employment and Unemployment

With respect to unemployment rate, since 2009 there has been a gradual decline. This trend is another indicator that the Canadian economy has improved, particularly since the first 2010 settlements were reached with Treasury Board. The unemployment rate for August is 7% percent, almost at par with the forecast provided by major banks.

Unemployment Rate – Actual & Projected (current to June-August 2014)

	2009	2010	2011	2012	2013	2014 (projected)	2015 (projected)
BMO						7.0%	6.7%
CIBC						6.9%	6.6%
Desjardins						6.9%	6.6%
National Bank						6.8%	6.5%
RBC						6.9%	6.6%
Scotiabank						7.0%	6.9%
TD Economics						7.0%	6.7%
Actual, or average projected	**8.30%**	**8.00%**	**7.50%**	**7.30%**	**7.1%**	**6.93%**	**6.66%**

Source: BMO Capital Market Economics; CIBC World Markets; Desjardins Economic Studies; National Bank Economic Research; RBC Economics Research; Scotia Economics; TD Economics(Exhibit 5)

As the above table illustrates, the consensus points towards Canadian economic stability and towards constant growth in term of employment for this year and next year. It is also noteworthy that the banks forecast show a trend of a declining rate of unemployment. The unemployment rate is much lower than the 2009 rate of 8.3%, after the economic downturn of 2008.

Therefore, in light of the above information and in light of the fact that the government's fiscal circumstances and the Canadian economy are relatively stable, the Union respectfully submits that Public Interest Commission should consider these facts when making their recommendations.

Wage Trends

Private sector wage settlements hovered at approximately 2% since 2011.

Information published by the Human Resources and Social Development Canada’s Labour Program (Strategic Policy, Analysis, and Workplace Information Directorate) shows that wage adjustments in the public sector have been consistently below the private sector wage pattern in part due to Government artificial intervention through the *Expenditure Restraint Act*and budgetary restraint on operational budget of the Agency*.*

Average annual percentage wage adjustments in the Federal Jurisdiction by year

	2011	2012	2013	2014
Public sector	2.1	1.8	1.8	1.4
Private sector	2.2	2.1	2.1	1.4
All	2.2	1.9	1.9	1.4

Source: Strategic Policy, Analysis, & Workplace Information Directorate, Labour Program, HRSDC. (June 30, 2014) (Exhibit 7)

Note: Data for 2014 cover the months of January through May.

According to numerous observers, wage increases in Canada will continue to improve significantly in 2014. The forecasted average increase in pay for Canadians is projected to be somewhere around 3%, according to the Conference Board of Canada, Mercer, Aon Hewitt, MorneauShepell, and Tower Watson:

Forecasters	2013	2014 (projected)	Source (observation)
Conference Board of Canada		2.9%	2014 Compensation Planning Outlook's Survey (411 survey respondents the average pay increase for non-unionized employees)
Mercer	3.20%	3.1%	Mercer's 2013-2014 Compensation Planning Survey for Non-Union Employees
Aon-Hewitt	2.9%%	2.9%	35th Annual Salary Increase Survey (451 participating organizations) The national mean projected salary increase includes anticipated wage freezes
MorneauShepell	2.6%	2.6%	MorneauShepell's 31st Annual Compensation – Trends and Projections survey (Mean salary increase projected for 308 organizations employing over 3 million employees
Tower Watson	3.00%	3.00%	Towers Watson's 45th edition of Salary Budget Survey (Based on 363 organisations)

(Exhibit 8)

Cognizant of the actual CPI, in light of the wage trends in the Federal Jurisdiction - which clearly hovered around the 2% mark - and given strong wage projections for 2014, the Union submits that the Employer wage proposal at 1.5% for three years is well below market trends.

In summary, the Union is proposing a wage demand which is entirely reasonable in light of the stable, projected economic growth for Canada.

3. Fairness with Respect to Market Comparators

The factor of comparability has been applied by virtually all arbitrators as a major criterion in determining of wages and working conditions. For example, Arbitrator Kenneth Swan has stated that:

> *Fairness remains an essentially relative concept, and it therefore depends directly upon the identification of fair comparisons if it is to be meaningful; indeed, all of the general stated pleas for fairness inevitably come around to a comparability study. It appears to me that all attempts to identify a doctrine of fairness must follow this circle and come back eventually to the doctrine of comparability if any meaningful results are to be achieved.*[9]

This principle is reinforced by Section 175 of the PSLRA, which states that the PIC must consider:

> *"(…) (b) the compensation and other terms and conditions of employment relative to employees in similar occupations in the private and public sectors, including any geographical, industrial or other variations that the public interest commission considers relevant;"*

The Union respectfully submits that fairness in comparison to the core public service has to be considered by the Board of the Public Interest Commission. The Union's proposal to reduce the number of increments in the SP and the MG-SPS pay grids as well as our proposal to introduce long service pay is in line with the comparable positions in the federal government i.e. Treasury Board bargaining units.

[9] Kenneth Swan, The Search for Meaningful Criteria in Interest Arbitration, (Kingston: Queens University Industrial Relations Centre, 1978) (Exhibit 9)

SP and MG-SPS Wage Grids Adjustment

Steps in wage scale are always predicated on job competency. The theory behind a wage scale is that the number of steps to the top represents the amount of time required for an employee to acquire all of the knowledge and skills needed to reach full competency. As has traditionally been the policy of UTE, PSAC and the labour movement in general, the less time it takes for a worker to reach the job rate (i.e. the top of the scale) the better.

The MG-SPS classification was first introduced in the collective agreement that expired in 2003, shortly after the PSLRB Decision that determined the PSAC would remain as the Bargaining Agent. Positions classified as PM, IS, AS, CR, etc. that were supervisory in nature were converted to this new classification and consequently, new wages were negotiated following this conversion. During that round of bargaining, the Union was strongly opposed to the 8 steps pay grid (7 increments). It was a contentious issue that the parties resolved by negotiating improvements such as a reduction to two zones from the current seven for the GL/GS classification, harmonization of the wage grid for the administrative positions such as PM, IS, AS, PG, and OM, as well as CR (Clerical and Regulatory), OE (Office Equipment), DA (Data Processing) and ST (Secretarial, Stenographic and Typing) classifications, etc. Since then, an increment was added and the MG classification now has 9 steps (8 increments).

The new SP classification came into effect in November 1, 2007 after a classification review was completed. The conversion table that represents the corresponding SP levels for most of the former classifications can be found in Appendix B of the current collective agreement. (See Exhibit 10) It clearly indicates which SP positions were in fact former classifications that Treasury Board is still using. Hence, Treasury Board bargaining units pay grids are appropriate structural comparators. (Exhibit 11)

With respect to the pay grids, workers in the PA, TC and SV bargaining units at Treasury Board in comparable jobs are not required to work as long to achieve the job rate. Consequently, we are proposing to remove one step in both the SP and MG grids, so that it takes less time for employees to achieve the job rate for bargaining unit jobs.

The table below represents the weighted average of increments for each position converted to the SP classification. The weighted average is calculated using the number of positions in the bargaining unit at the time of the conversion. It clearly indicates the "weight" of each classification converted to each SP levels.

SP – 01

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-01	Difference
CR-01	2	5	4	**-1**
CR-02	2395	3	4	**1**
DA-CON-01	1235	9	4	**-5**
DA-CON-02	194	5	4	**-1**
GS-PRC-02	39	2	4	**2**
Sub-total	3865		**Average:**	**-0.8**
			Weighted Average:	**-1.0**

The table above indicates that CR-02 positions converted to SP-01 standard represented the majority, more specifically 61%, of the population of the new SP-01 classification. The PA group collective agreement, which includes the CR sub-group, has 3 increments.

SP-02

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-02	Difference
CR-03	2365	3	4	**1**
DA-PRO-02	2	2	4	**2**
GS-STS-03	22	2	4	**2**
GS-STS-04	204	2	4	**2**
ST-OCE-02	3	3	4	**1**
Sub-total	2596		**Average:**	**1.6**
			Weighted Average	**1.1**

At 91%, CR-03 positions represented the majority of the positions converted to the 2nd level of the classification. Treasury Board CR-03 positions have only 3 increments and other converted classifications have less than the 4 increments of the SP-02 level.

SP-03

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-03	Difference
CR-04	3852	3	4	**1**
DA-PRO-03	0	2	4	**2**
GL-MAN-06	9	2	4	**2**
ST-OCE-03	1	3	4	**1**
ST-SCY-02	13	3	4	**1**
Sub-total	3875		**Average:**	**1.4**
			Weighted Average:	**1.0**

The converted to the 3rd level CR-04 positions made up the bulk of the population of this level. Again, The CR classification within Treasury Board PA group has 3 increments. All the other classification converted have less than 3 increments.

SP-04

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-04	Difference
AS-01	973	3	4	**1**
CR-05	275	3	4	**1**
DA-PRO-04	40	2	4	**2**
GT-02	27	4	4	**0**
PG-01	32	6	4	**-2**
PM-01	7033	3	4	**1**
PR-COM-03	5	2	4	**2**
Sub-total	8385		**Average:**	**0.71**
			Weighted Average:	**0.84**

The benchmark position for the SP-04 was the PM-01 sub-group, they made up more than 83% of the population of this new standard. This sub-group has 3 increments while the SP-04 level has 4 increments.

SP-05

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-05	Difference
AS-02	761	2	4	**2**
DA-PRO-05	17	2	4	**2**
DD-04	1	6	4	**-2**
GT-03	10	4	4	**0**
IS-02	16	2	4	**2**
OM-02	11	3	4	**1**
PM-02	5762	2	4	**2**
Sub-total	6578		**Average:**	**1**
			Weighted Average:	**1.8**

For the SP-05, it is noteworthy that the conversion to this level affected mainly the PM-02 classification. PM-02 sub-group have only two (2) increments in their pay grid. On average, the Treasury Board comparators in the above table have 1 increment less than the CRA SP-05 level. The weighted average indicates that that Treasury Board comparable positions have 1.8 less increments than the SP-05 level.

SP-06

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-06	Difference
AS-03	177	2	4	**2**
PG-02	46	3	4	**1**
PM-03	1498	2	4	**2**
Sub-total	1721		**Average:**	**1.7**
			Weighted Average:	**2.0**

The PM classification represented the bulk of the population affected to this level 6 of the SP classification. It is also interesting to note that the AS-03 and PG-02 have less than 4 increments as well.

SP-07

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-07	Difference
AS-04	106	2	4	**2**
GT-04	11	4	4	**0**
IS-03	22	2	4	**2**
OM-03	2	4	4	**0**
PG-03	4	3	4	**1**
PM-04	943	2	4	**2**
Sub-total	1088		**Average:**	**1.2**
			Weighted Average:	**1.8**

More than 86% of the population converted to this level were from the PM-04 sub-group. The PM sub-group has only 2 increments in its pay grid of the PA group collective agreement. The weighted average for the difference in increments is at 1.8, which means that Treasury Board has close to 2 increments less than CRA.

SP-08

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-08	Difference
AS-05	199	2	4	**2**
GT-05	4	4	4	**0**
IS-04	66	2	4	**2**
OM-04	2	3	4	**1**
PG-04	25	3	4	**1**
PM-05	766	2	4	**2**
Sub-total	1062		**Average:**	**1.3**
			Weighted Average:	**1.6**

For the SP-08 level, the benchmark position is the PM-05 level. Again, this level has 2 increments in the Treasury Board PA group collective agreement.

SP-09

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-09	Difference
AS-06	58	2	4	**2**
GT-06	1	4	4	**0**
IS-05	16	2	4	**2**
OM-05	1	3	4	**1**
Sub-total	76		**Average:**	**1.3**
			Weighted Average:	**2.0**

The SP-09 conversion included 58 of 76 positions at the AS-06 level. Here too, this classification and level of the Treasury Board PA group has only two (2) increments. The weighted average for this level clearly indicates that the SP classification has 2 increments more that the converted sub-group.

SP-10

	# of positions at conversion (July 2007 data)	Increments TB	Increments SP-10	Difference
AS-07	6	4	4	**0**
IS-06	3	4	4	**0**
PG-05	23	3	4	**1**
PM-06	38	4	4	**0**
Sub-total	70		**Average:**	**0.25**
			Weighted Average:	**0.33**

The SP-10 level included the conversion of two main sub-group, i.e. PG-05 and PM-06. While the PM-06 level has the same number of increments as the SP-10, the PG-05 level at Treasury Board has 3 increments.

In light of the above-mentioned structural discrepancies between Treasury Board and CRA positions, the Union respectfully submits that the Board has to take in considerations the fact that most comparable positions at Treasury have less increments than the SP classification pay grid.

SP-07 and SP-08 Levels

We have also proposed to further reduce the significant discrepancy that exists between the SP-07 and SP-08 levels. While some progress was made on this in the previous round, an abnormal 18% difference still exists between the SP 7 and SP 8 rates.

In order to reduce the gap between those two levels, the Union has proposed to increase the SP-07 by 5%.

Current Pay Grid

% Between Levels

Level	Step 1	Step 2	Step 3	Step 4	Step 5	Increment Size
SP-01 to SP-02	14.66%	14.66%	14.66%	14.66%	14.66%	2.5%
SP-02 to SP-03	10.86%	10.86%	10.86%	10.86%	10.87%	2.5%
SP-03 to SP-04	9.67%	10.21%	10.74%	11.28%	11.82%	2.5%
SP-04 to SP-05	8.24%	8.24%	8.24%	8.24%	8.24%	3.0%
SP-05 to SP-06	8.20%	8.20%	8.20%	8.20%	8.20%	3.0%
SP-06 to SP-07	8.20%	8.20%	8.20%	8.20%	8.20%	3.0%
SP-07 to SP-08	17.52%	17.52%	17.52%	17.52%	17.52%	3.0%
SP-08 to SP-09	11.00%	11.00%	11.00%	11.00%	11.00%	3.0%
SP-09 to SP-10	12.85%	12.84%	12.84%	12.84%	12.85%	3.0%
Average	**11.24%**	**11.30%**	**11.36%**	**11.42%**	**11.48%**	3.0%

Pay Grid Restructuring Proposed, effective November 1, 2012

Level	Step 1	Step 2	Step 3	Step 4
SP-01	$ 35,159	$ 36,336	$ 37,553	$ 38,811
SP-02	$ 40,313	$ 41,663	$ 43,058	$ 44,500
SP-03	$ 44,693	$ 46,190	$ 47,737	$ 49,336
SP-04	$ 49,015	$ 50,986	$ 53,036	$ 55,168
SP-05	$ 53,053	$ 55,186	$ 57,405	$ 59,713
SP-06	$ 57,403	$ 59,711	$ 62,111	$ 64,608
SP-07*	$ 65,217	$ 67,838	$ 70,565	$ 73,402
SP-08	$ 72,995	$ 75,930	$ 78,983	$ 82,159
SP-09	$ 81,024	$ 84,281	$ 87,669	$ 91,193
SP-10	$ 91,433	$ 95,108	$ 98,931	$ 102,907

* 5% increase

Level	Step 1	Step 2	Step 3	Step 4	Increment Size
SP-01 to SP-02	14.66%	14.66%	14.66%	14.66%	3.3%
SP-02 to SP-03	10.86%	10.87%	10.87%	10.87%	3.3%
SP-03 to SP-04	9.67%	10.38%	11.10%	11.82%	3.3%
SP-04 to SP-05	8.24%	8.24%	8.24%	8.24%	4.0%
SP-05 to SP-06	8.20%	8.20%	8.20%	8.20%	4.0%
SP-06 to SP-07	13.61%	13.61%	13.61%	13.61%	4.0%
SP-07 to SP-08	11.93%	11.93%	11.93%	11.93%	4.0%
SP-08 to SP-09	11.00%	11.00%	11.00%	11.00%	4.0%
SP-09 to SP-10	12.85%	12.85%	12.85%	12.85%	4.0%
Average	11.22%	11.30%	11.38%	11.46%	4.0%

As the tables above illustrate, the current pay grid has a 17.52% difference between the SP-07 and the SP-08 levels while the average between levels is 11.24%. The Union proposal would decrease the wage gap between those two levels, the gap would be 11.93% and the gap between SP-06 and SP-07 would be 13.61%. There is no rationale in the job evaluation plan for such a gap between those two levels.

Long Service Pay

An issue often raised by more senior members of the bargaining unit is that there is not sufficient – or any – additional compensation for workers with more years of service, beyond annual across-the-board wage increases. What we have proposed in this round of bargaining to address this concern is Long Service Pay, modeled on what is contained in our agreement with Treasury Board for the SV group (see Exhibit12). Unlike wage scales, which are based on a certain jobs being performed and achieving a certain competency, long service pay is based on years of service, regardless of which job or classification an employee is working. This premium represents a significant tool for retaining employees, particularly those that have been at the job rate for a certain period of time.

Long Service Pay is not a foreign concept in the public sector. Many public sector employers, such as airports, municipalities, territorial governments, and others have such a premium. It is a provision found in administrative bargaining units as well as operational bargaining units. To name a few, Employer's such as the government of Manitoba, Mount Royal University (Calgary), Children's Aid Society of Toronto, School District No. 57 (Prince George), City of Oshawa, City of Saint John, Government of Northwest Territories, many airports, etc. have such an incentive. Examples of such premiums can be found in (Exhibit 12).

At CRA, more than 45% of the bargaining unit have more than 10 years, while a significant majority are at the job rate. This proposal would serve as an incentive to experienced employees to remain an employee of the Canada Revenue Agency. The Union respectfully submits that in light of the comparables presented, the concept of Long Service Pay is well established in the public sector in Canada and would serve to provide additional recognition of the service of CRA's employees.

Summary

In conclusion, the Union's proposals concerning economic adjustments for employees at CRA reflect broader economic trends both inside and outside the federal public service. As has been demonstrated here, the employer's current position with respect to wages is well below economic forecasts and inflationary patters over the last 2 years. As was reflected in a great many PIC recommendations and wage settlements over the last 2 years, the pattern with respect to compensation in the federal public service has reflected compensation for employees over and above what the CRA has tabled to date. The CRA's position in negotiations has been that its position reflects what the Union agreed to four years ago with Treasury Board. The Union believes this argument to be inaccurate. But even if it were, as has been stated earlier the brief, a great deal has changed in four years.

With respect to the Union's proposals beyond annual wage increases, they are with few exceptions modeled on what already exists elsewhere in the federal public service. With respect to the changes proposed for practices associated with acting pay, these changes would ensure that all employees working in acting assignments are treated the same, irrespective of the relationship between their substantive position that the position that they are assigned.

In light of these facts, the Union submits that its economic proposals are both fair and reasonable. Consequently the Union respectfully requests that they be included in the Commission's recommendations.

NEW ARTICLE

SOCIAL JUSTICE FUND

PSAC PROPOSAL:

The Employer shall contribute one cent (1¢) per hour worked to the PSAC Social Justice Fund and such contribution will be made for all hours worked by each employee in the bargaining unit. Contributions to the Fund will be made quarterly, in the middle of the month immediately following completion of each fiscal quarter year, and such contributions remitted to the PSAC National Office. Contributions to the Fund are to be utilized strictly for the purposes specified in the Letters Patent of the PSAC Social Justice Fund.

RATIONALE:

The PSAC's Social Justice Fund was established at its triennial Convention on May 1, 2003. PSAC has approached the Canadian Labour Congress and has joined the Labour International Development Committee (LIDC), composed of CLC affiliates with social justice funds similar to the PSAC's – i.e. the Canadian Auto Workers Social Justice Fund, the Steelworkers Humanity Fund, the CUPE Union Aid, the CEP Humanity Fund and the IWA International Solidarity Fund. The Membership in the LIDC will provide the PSAC Social Justice Fund with access to matching funding from the Canadian International Development Agency (CIDA).

In Canada today, fully 159 collective agreements between Canadian unions and large employers include funding for solidarity or humanities funds. As of December 2007, forty-one employers contribute to the Social Justice Fund.

The federal government has in the recent past committed to increasing foreign aid, and directly supports Union Humanities, Solidarity and Social Justice Funds through matching contributions from CIDA and indirectly through the Income Tax Act.

In short, the Union's proposal is consistent with the practice of large unionized private sector employers in Canada, and it is consistent with and supportive of government policy with regard to foreign aid and international development.

PART 4 - SUMMARY

Employees at CRA have paid a significant economic price over the last 3 years for the Conservative government's agenda. Employees are now paying more into their pension plan and some employees are now required to work longer to access their retirement benefit. Employees have seen significant job cuts and will be facing a more difficult health benefits regime upon retirement. All of this has taken place over the life of the current agreement, or since it has expired. In addition, the employer is seeking to end severance accumulation for the purposes of voluntary termination. In exchange for all of these sacrifices on the part of the employees, the employer's economic proposal in negotiations falls well below both current and forecasted trends in terms of inflation and CPI. As previously stated, the employer's position with respect to severance and compensation reflects what the Agency believes to have been agreed to by the Union and Treasury Board four years ago. This is inaccurate, and a great deal has changed since 2010, both in terms of the pattern that has been established with respect to wage settlements, and in terms of the attack that the Harper government has since launched on the terms and conditions of public service workers – including those in the PSAC bargaining unit at CRA.

The position taken by the Union in negotiations for this round of bargaining has been to improve protections for employees and to fix problems in the workplace. In most cases, the Union is proposing to fix problems by proposing solutions that are well established in the unionized world, including the federal public sector.

With respect to duration, the Union's proposal reflects the norm for this cycle of collective bargaining in the federal public service. Every collective agreement signed with a major federal employer has been for a minimum of three years. Several of these agreements expire in 2015, including the most recent settlement reached – a settlement that reflects what was recommended by a Public Interest Commission concerning duration.

In terms of hours of work, the Union is seeking to introduce basic protections that are common in the unionized public and private sectors. With respect to the scheduling of work hours and vacation leave, the Union's proposal are taken in some cases verbatim from core public service agreements and recent PSLRB arbitration awards and PIC recommendations.

With respect to leave, the Union's proposals serve either to protect practices that are currently in effect, or to provide enhanced work-life balance for employees – a goal espoused by the Agency on its own website.

Because of the harsh collective bargaining restrictions imposed on the employees and their Union under the PSLRA, there are serious matters that remain in dispute between the parties that are not addressed in this brief or as part of the Public Interest Proceedings. Furthermore, there are other matters that the parties are unable to address via collective bargaining altogether because of restrictions contained in the Act. The Union submits that these restrictions should also be taken into account by the panel in its deliberations concerning the content of a recommendation. The Act refers to the panel taking into account public and private sector norms. The Union points out that the draconian restrictions contained in the PSLRA do not exist under other collective bargaining regimes in Canada, in either the public or private sectors.

The Act speaks to relativity with the federal public service and the broader public sector. As has been clearly demonstrated in this brief, there are a great many areas where workers at the CRA lag behind other federal workers. Those few areas where the Union is proposing changes that are not necessarily common place in the federal public service are intended to fix problems and ensure that fair rules concerning compensation and other matters are in place.

In light of these facts, the Union respectfully submits that the proposals that it has submitted to the Public Interest Commission are fair and reasonable, are geared towards ensuring that the CRA is able to recruit and retain employees, and are consistent with public and private sector norms. Consequently the Union respectfully requests that they be included in the PIC's recommendation.

PART 5 - EXHIBITS