



**SUBMISSION OF THE  
TREASURY BOARD TO THE  
PUBLIC INTEREST COMMISSION  
IN RESPECT OF THE  
AIRCRAFT OPERATIONS GROUP**

**CHAIRPERSON: Mr. Yvon Tarte**

**MEMBERS: Mr. Anthony Boettger  
Mr. Frederick Von Veh**

**OTTAWA October 29-31, 2012**

IN THE MATTER OF *THE PUBLIC SERVICE LABOUR RELATIONS ACT* and a dispute affecting THE CANADIAN FEDERAL PILOTS ASSOCIATION and HER MAJESTY IN RIGHT OF CANADA AS REPRESENTED BY THE TREASURY BOARD, in respect of all of the employees of the Employer in the Aircraft Operations Group bargaining unit as determined in a certificate issued by the Public Service Staff Relations Board on the fourteenth (14<sup>th</sup>) day of January 2001.

## **FOREWORD**

This brief is presented without prejudice to the Employer's right to present any additional facts or arguments it considers appropriate and relevant during the proceedings of the Board.

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>vi</b>
<b>PART I GENERAL INFORMATION .....</b>	<b>1</b>
INTRODUCTION.....	2
AIRCRAFT OPERATIONS GROUP DEFINITION .....	3
Inclusions .....	3
Exclusions .....	4
BARGAINING UNIT CHARACTERISTICS .....	5
PREVIOUS ROUNDS OF BARGAINING .....	9
RECENT SETTLEMENTS IN THE PUBLIC SERVICE.....	11
EMPLOYER'S SUBMISSION ON RATES OF PAY .....	13
<b>PART II CURRENT NEGOTIATIONS .....</b>	<b>18</b>
CURRENT ROUND OF BARGAINING.....	19
EMPLOYER BARGAINING TEAM .....	20
MATTERS RESOLVED.....	21
<b>PART III RATES OF PAY.....</b>	<b>23</b>
1.0 POLICY FRAMEWORK FOR THE MANAGEMENT OF COMPENSATION .....	24
<i>Public Service Labour Relations Act (PSLRA) and the Compensation Policy Framework</i> .....	24
2.0 ECONOMIC AND FISCAL CIRCUMSTANCES .....	27
ECONOMIC TRENDS .....	27
ECONOMIC UNCERTAINTY .....	29
GOVERNMENT FISCAL CIRCUMSTANCES.....	30
3.0 RECRUITMENT AND RETENTION .....	34
3.1 Hirings.....	34
3.2 Separations .....	34
3.3 Hirings to Separations Ratio .....	36

3.4 External Job Advertisements .....	36
4.0 EXTERNAL RELATIVITY .....	38
4.1 Comparison of External Cumulative Increases .....	38
5.0 INTERNAL RELATIVITY .....	39
5.1 Comparison of Internal Cumulative Increases .....	39
5.2 Comparison of Salary Ranges .....	40
6.0 TOTAL COMPENSATION .....	41
<b>PART IV OTHER OUTSTANDING ISSUES .....</b>	<b>46</b>
ARTICLE 2 – INTERPRETATION AND DEFINITIONS .....	48
ARTICLE 3 – APPLICATION.....	50
ARTICLE 18 – HOURS OF WORK .....	51
ARTICLE 19 – OVERTIME.....	53
ARTICLE 20 – TRAVELLING TIME.....	56
ARTICLE 21 – PAY ADMINISTRATION.....	60
ARTICLE 23 – VACATION LEAVE.....	64
ARTICLE 25 – OTHER LEAVE WITH OR WITHOUT PAY.....	68
ARTICLE 28 – SEVERANCE PAY .....	72
<b>Comparison on Severance benefit provision .....</b>	<b>79</b>
ARTICLE 34 – AVIATION AIRCREW ALLOWANCE (AAA) .....	81
ARTICLE 43 – CALL-BACK .....	83
ARTICLE 46 – EXTRA DUTY ALLOWANCE.....	85
ARTICLE 47 – PROFESSIONAL AVIATION CURRENCY .....	87
ARTICLE 52 – JOB SECURITY .....	89
ARTICLE 54 – DURATION AND RENEWAL.....	90
(New) XX – TI TERMINABLE ALLOWANCE.....	91
(New) MEMORANDUM OF UNDERSTANDING -TERMS AND CONDITIONS OF EMPLOYMENT FOR CERTAIN EMPLOYEES OF THE PROGRAM MANAGEMENT (PM) AND TECHNICAL INSPECTORS (TI) CATEGORY .....	93

(NEW ) – APPENDIX B – MEMORANDUM OF UNDERSTANDING – SALARY  
PROTECTION.....95

**APPENDICES..... 98**

## EXECUTIVE SUMMARY

This Brief presents the Employer's perspective concerning the unresolved issues in this round of bargaining for the Aircraft Operations (AO) bargaining unit, which will be summarized in the next few pages. The characteristics of the AO bargaining unit, as of September 30, 2010, can be summarized as follows:

Number of Employees:	419
Average Salary:	\$92,811
Payroll:	\$43,064,127
% Male Employees	91.2
% Female Employees	8.8%
Average Age	51.7
Average Years of Service	10.9
Expiry Date of Agreement:	January 25, 2011

The parties have renewed or signed off a considerable number of articles. Sixteen (16) existing articles, one new Appendix, and two new proposals, in addition to pay, are being brought before this board. Information on these can be found in Part III of this brief.

Recent economic and compensation indicators, as well as the current economic situation, suggest that modest economic increases would be appropriate for settlements concluded in the near to medium term for the AO Group.

This assessment is consistent with the legislated factors provided in Section 175 of the *Public Service Labour Relations Act*, as follows:

***“the state of the Canadian economy and the Government of Canada’s fiscal circumstances”***

- The Canadian economy is operating below capacity. Forecasters expect that a fragile global economic environment will continue to be reflected in only modest growth in Canada over the near term. In addition, the outlook is now characterized mainly by risk and uncertainty. There are significant risks to the outlook which could quickly derail the economic recovery, resulting in a weakening of labour markets and wage growth. Specifically, the unsustainable fiscal situation of Canada’s trading partners in Europe and the U.S. has the potential to significantly derail global growth.
- In the current environment, affordability has become a dominant consideration in all aspects of government operation. The government is committed to restoring balanced budgets, in order to establish the conditions necessary for sustained economic growth and be prepared for any future deterioration in the global economic outlook. At the federal government level, expected deficits from 2008-09 to 2014-15 will reach a cumulative \$152 billion and the federal debt will climb to almost \$614 billion. The government needs to exercise more fiscal restraint to protect against the risk of a further economic deterioration, and, if needed, to preserve the flexibility to stimulate the economy again.
- Given the uncertain economic and fiscal context, most provincial and territorial governments have also announced specific restraint measures to ensure sound management of public sector spending. In Ontario, for example, Budget 2012 included a commitment to manage public sector compensation by seeking an agreement from unions for a two-year compensation freeze. The Government has also proposed reforms to the framework of government public-sector defined benefit pension plans to make public sector plans more sustainable and affordable for plan members as well as all Ontarians. In order to reduce the growth in the cost of providing these benefits, the Ontario government is seeking to move all jointly sponsored pension plans to 50-50 funding between employers and employees. Several other reforms are also being proposed, including, in the

case of a deficit, a requirement to reduce future benefits or ancillary benefits before further increasing employer contributions. Details on restraint measures taken by the provincial/territorial governments are provided in Appendix A.

- Recognizing the economic and fiscal risks that confront it, the federal government has taken action across the full range of its responsibilities to restore fiscal balance and ensure sound public finances. This includes tax integrity measures that will generate over \$2.5 billion in annual savings by 2014-15, placing transfers to the provinces and territories on a sustainable track, making changes to the Old Age Security Program (OAS) to ensure that it remains sustainable, and taking action to reduce the rate of growth of its operating expenditures.
- In contrast to many provinces, the federal government has taken a measured approach to managing compensation growth, guided by the principle of bringing federal public service compensation in line with that of private and other public sector employers. The elimination of any further accumulation of severance pay benefits for voluntary resignation and retirement is one example of how the government aims to achieve this goal.
- On March 12, 2009, in response to the global economic recession, the Expenditure Restraint Act (ERA) came into force ensuring that compensation for the federal public sector would reflect the current economic and fiscal situation (i.e. affordable and appropriate). The economic increases provided to the AO group in their latest agreement were consistent with the rates as set out under the ERA.
- In the fall of 2010, in order to bring predictability to employees and departments and agencies, the government engaged in expedited bargaining with bargaining agents. Agreements have been reached and signed with a number of bargaining agents, representing about 234,000 unionized and non-unionized federal government employees, including members of the Royal Canadian Mounted Police, the Canadian Forces and all executives in the core public administration.

The pattern of economic increases settled thus far has been 1.5% in year 1 (2011-12), 1.5% in year 2 (2012-13), and 1.5% in year 3 (2013-14). Additional to these increases are an extra 0.25% in year 1 and an additional 0.50% in year 3 to compensate for the termination of severance pay for voluntary resignation and retirement. Other federal public sector employers are pursuing similar approaches.

- Under the cost containment measures announced in Budget 2010, departmental salary and operating budgets were effectively frozen at their 2010-11 level for the 2011-12 and 2012-13 fiscal years. Departments are required to fund wage increases provided by collective bargaining agreements through reallocation, internal efficiencies and – if needed -- labour force reductions.

***“the necessity of attracting competent persons to, and retaining them in, the public service in order to meet the needs of Canadians”***

- Current evidence indicates that compensation levels for the AO group are sufficient, as evidenced by salary increases that have exceeded those of Canadian workers in general, coupled with no identifiable recruitment and retention issues. The results of the recruitment and retention analysis show that there are a sufficient number of highly quality applicants per job advertisement, a stable population, and low voluntary (non-retirement) separation rates.
- The AO group's last settlement provided gains in a three-year agreement. The general economic increases of 2.3% in 2008, 1.5% in 2009, and 1.5% in 2010, provided for wage increases above inflation, thereby ensuring growth in real wages.
- The strong growth in the number of employees in the AO Group from 2006-07 to 2010-11 further supports the notion that there are no recruitment and retention problems. For this period, the hirings into the AO population has increased by 100%, averaging 26 employees hired per year over the last five fiscal years.
- In this context, modest economic increases are appropriate for the AO group.

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

- The strong wage growth from 1998 to 2010 for the AO group (50.8%) have more than compensated for cumulative increases in public (35.6%) and private (32.8%) sector settlements (as measured by HRSDC), Average Weekly Earnings (AWE) (34.8%), and cumulative price increases as represented by the change in CPI inflation (27.4%).
- Moreover, in terms of total compensation, AO employees have generous allowances, pension and paid benefits.

***“the need to maintain appropriate relationships with respect to compensation and other terms and conditions of employment as between different classification levels within an occupation and as between occupations in the public service”***

***“the need to establish compensation and other terms and conditions of employment that are fair and reasonable in relation to the qualifications required, the work performed, the responsibility assumed and the nature of the services rendered”***

- An analysis of total cumulative increases<sup>1</sup> (Figure 3 on page 39) shows that the AO group has experienced higher increases than those received by their key comparators. From 1998 to 2010, total cumulative increases received by the AO group (approximately 50.8%) have outpaced those received by the TI (42.4%) group and the Core Public Administration (38.4%) as a whole by a wide margin.
- Furthermore, when considering our ability to recruit and retain a number of qualified employees, it is clear that the appropriate relationship exists for this group.

---

<sup>1</sup> Economic increases, restructures, terminable allowances and other pay adjustments.

**PART I**

**GENERAL INFORMATION**

## INTRODUCTION

This Public Interest Commission has been established to deal with the items in dispute between the Treasury Board and the Canadian Federal Pilots Association with respect to the Aircraft Operations bargaining unit.

As of September 30, 2010, the bargaining unit contained 419 employees with a payroll of \$43,064,127. Employees of this bargaining unit are distributed in 2 different departments only.

**Part I** of the Employer's brief contains information in relation to this bargaining unit such as:

- Group definition
- Characteristics, including payroll and group demographics

**Part II** of the brief will provide background information on the current round of bargaining.

**Part III** presents the Employer's position on rates of pay.

**Part IV** deals with all other outstanding issues in dispute between the parties.

Appendices contain supplementary information.

## **AIRCRAFT OPERATIONS GROUP DEFINITION**

The group definition below is reproduced from page 831 of the Canada Gazette Part 1, dated March 27, 1999:

The Aircraft Operations Group comprises positions that are primarily involved in inspecting, licensing and regulating aircraft, aviation personnel, air carriers, aircraft operators, airports and supporting facilities; determining certification; developing aviation legislation, standards and information and ensuring compliance with them; and piloting aircraft.

### **Inclusions**

Notwithstanding the generality of the foregoing, for greater certainty, it includes positions that have, as their primary purpose, responsibility for one or more of the following activities:

1. the performance of the following activities for which recent experience in piloting an aircraft is required:
  - a. the determination of requirements and the development of operational procedures, navigational and instrument approach facilities and landing systems;
  - b. the determination of aviation operational requirements for airports, support facilities, weather services, air traffic control services, air navigation and communication operations;
  - c. the investigation of aviation occurrences, the conduct of safety studies, and the identification of and the communication of information relating to safety deficiencies;
  - d. the enforcement of aviation legislation to ensure an adequate level of safety for the national civil air transportation system;
  - e. the validation and dissemination of aeronautical information and the planning and management of civil air transportation systems during contingency periods; and

- f. the advancement of aviation safety as provided for in the Canadian Transportation Accident Investigation and Safety Board Act and Regulations;
2. the delivery of staff training to ensure the maintenance of operational standards;
3. the conduct and management of test flights of fixed and rotary wing aircraft for the purpose of determining compliance with airworthiness standards;
4. the piloting of helicopters for shipboard or land-based helicopter operations for all Canadian Coast Guard requirements;
5. the planning, evaluation, and management of helicopter operations, systems and activities; and
6. the leadership of any of the above activities.

### **Exclusions**

Positions excluded from the Aircraft Operations Group are those whose primary purpose is included in the definition of any other group.

Also excluded are positions in which experience as an aircraft pilot and a valid pilot's licence are not mandatory.

## BARGAINING UNIT CHARACTERISTICS

### Employee Population and Payroll

The Aircraft Operations Group bargaining unit is comprised of **419** employees from three distinct sub-groups<sup>2</sup>, namely:

Civil Aviation Inspectors (**CAI**) sub-group  
 Engineering Test Pilots (**ETP**) sub-group  
 Helicopter Pilots and Supervisors (**HPS**) sub-group

For the purposes of collective bargaining the parties agreed to use payroll data and group demographics from September, 2010. The total payroll for the bargaining unit was \$38,213,521 and the average salary was \$91,202.

Level	#. of Employees	Range Minimum \$	Range Maximum \$	Mean Salary By Level \$
CAI-1	0	70,366	78,739	0
CAI-2	174	75,546	86,945	85,310
CAI-3	143	80,846	95,696	94,524
CAI-4	60	86,021	101,818	100,169
CAI-5	2	92,902	109,965	108,443
ETP-1	6	100,735	115,912	113,383
HSP-1	30	77,612	86,460	85,911
HSP-2	3	81,162	90,795	90,795
Salary Protected	1			95,696

<sup>2</sup> These sub-groups are still recognized in the collective agreement, although they have been removed from the official group definition as published under the Canada Gazette Part I, March 27, 1999

Level	#. of Employees	Range Minimum \$	Range Maximum \$	Mean Salary By Level \$
<b>Total</b>	<b>419</b>			
<b>Mean Salary \$</b>	91,202			
<b>Payroll</b>	\$ 38,213,521			

### Demographic Data

#### Geographical Distribution

The majority of the bargaining unit is employed in the Ontario and Prairies regions and as shown below with 27% of employees working the National Capital Region.

Geographical Distribution as of September 2010								
Atlantic	Quebec	Ontario	Prairies	B.C.	Terr.	Outside	Total	NCR
45	63	165	81	65	0	0	419	113
10.7 %	15.0 %	39.4 %	19.3 %	15.5 %	0 %	0%	100.0 %	30.0 %

## Departmental distribution

Members of the AO bargaining unit work in two departments; the Department of Transport and the Canadian Transportation Accident Investigation and Safety Board. The ETP and HPS sub-groups are found exclusively at Transport Canada

<b>Major Employing Departments As of September 2010</b>		
<b>Departments</b>	<b>Number of Employees</b>	<b>% of Total</b>
Department of Transport	396	94.51 %
Canadian Transportation Accident Investigation and Safety Board	23	5.49 %
<b>Total</b>	<b>419</b>	<b>100.0 %</b>

## Years of Service and Gender Distribution

The Table below indicates that 55.4% of the AO bargaining unit has less than 11 years of service in the federal government, which corresponds to the average in the Public Service.

<b>Years of Service</b>	<b># of Employees</b>	<b>% of Total</b>
Less than 1	23	5.5 %
1 - 5	104	24.8 %
6 - 10	105	25.1 %
11 - 15	73	17.4 %
16 - 20	37	8.8 %
21 - 25	64	15.3 %
26 - 30	10	2.4 %
31 +	3	0.7 %
<b>TOTAL</b>	<b>419</b>	<b>100.0 %</b>
<b>Average Years of Service</b>	<b>10.9 Years</b>	

As of September 30, 2010, the AO group was male dominant with the following distribution of employees: 91.2% males and 8.8% females.

<b>Gender Distribution as of September 2010</b>	
<b>No. of Males</b>	<b>No. of Females</b>
382	37
<b>91.2%</b>	<b>8.8%</b>

### **Age Distribution**

As of September 30, 2010, the average age for the AO group population was 51.7 years. The average age for men is 52 years old, while the average age for women is 49.5 years old. By contrast, the Public Service average age for men is 44.1, while the average age for women is 43.1. The average age group for this bargaining unit is older than the public service average despite their low number of years of service.

<b>Age</b>	<b>Number of Employees</b>	<b>% of Total</b>
21-30	2	0.5 %
31-40	41	9.8 %
41-50	125	29.8 %
51-60	201	48.0 %
61-64	30	7.1 %
65 +	20	4.8 %
<b>Total</b>	<b>419</b>	<b>100.0</b>
<b>Average Age</b>	<b>51.7 years</b>	

## **PREVIOUS ROUNDS OF BARGAINING**

Since the inception of collective bargaining in the Public Service in 1967, the parties have engaged in 14 rounds of negotiations with the Canadian Federal Pilots Association (CFPA), formerly known as the Aircraft Operations Group Association (AOGA) prior to January 2001,) as the bargaining agent for the AO group.

The AO group has mainly chosen the strike conciliation route of dispute settlement but some agreements have been reached through the arbitration route.

The history of negotiations cannot be adequately described without reference to the legislation introduced during this period. The statute which had the greatest impact on terms and conditions of employment in the 1990's was the *Public Sector Compensation Act* (PSCA). It ended strike action and extended all types of compensation plans in the Public Service for a period of six years, providing an increase to rates of pay of 3% in the second year of the restraint program. The *Budget Implementation Act*, 1994, further amended the *PSCA* by suspending incremental movement within salary ranges for the

period June 1994 to June 1996. And, finally, the *Expenditure Restraint Act, 2009*, which placed limits on economic increases during the restraint period, prohibited restructuring and precluded compensation in replacement of amounts that are thought to have been obtained had it not been for the ERA

The *ERA* anticipated future rounds of collective bargaining at section 57 by placing a prohibition on any compensation plan that “after the day on which this Act comes into force may provide for compensation for amounts that employees did not receive as a result of the restraint measures in this Act.” This is commonly referred to as the “no catch-up” clause.

Since the termination of the compensation restraint program, the parties have engaged in four rounds of bargaining. The first round, initiated in 1998, was settled through post-conciliation board negotiations and resulted in a two and a quarter-year agreement expiring January 25, 2001. The settlement included: economic increases of 2.5% on October 26, 1998 and 2.0% on October 26, 1999; a restructure of various groups and levels; an increase to the Extra Duty Allowance; and an increase to the Recruitment and Retention Allowance.

The second round of post-restraint bargaining was resolved in binding arbitration after the parties failed to reach an agreement through conciliation. This round provided for a three year agreement expiring on January 25, 2004. The settlement included economic increases of 3.2% on January 26, 2001, 2.8% on January 26, 2002, 2.5% on January 26, 2003; a restructure to various groups and levels for each of three years; an increase to the Extra Duty Allowance; and an increase to the Aviation Aircrew Allowance (formerly the Recruitment and Retention Allowance).

The third round of post-restraint negotiations which was initiated in 2003 was resolved in negotiations/mediation. The settlement covered a four year period expiring on January 25, 2008. The settlement included an economic increase of 2.5% on January 26, 2004, 2.25% on January 26, 2005, 2.4% on January 26, 2006 and 2.5% on January

26, 2007; an increase to the Extra Duty Allowance; and an increase to the Aviation Aircrew Allowance.

The fourth round of bargaining was resolved through a negotiated settlement. The settlement covered a three year period expiring on January 25, 2011. The settlement included an annual economic increase of 2.3%, on January 26, 2008, 1.5% on January 26, 2009, and 1.5% on January 26, 2010.

As mentioned above, Section 57 of the *Expenditure Restraint Act* also contained a “no catch-up clause” that placed a prohibition on any compensation plan which would have the effect of providing “compensation for amounts that employees did not receive as a result of the restrain measures in this Act.”

A Summary of Salary and allowance adjustments can be found in Part III of the brief.

### **RECENT SETTLEMENTS IN THE PUBLIC SERVICE**

The Employer believes that Public Interest Commissions should consider the level of settlements pertaining to groups for which the Treasury Board is the employer since the expiration of the application of the *Public Service Compensation Act* (PSCA).

This Employer's view is that Public Interest Commissions should not ignore the reality of the times nor current settlements. To do so would be a detriment to voluntary settlements achieved expeditiously without resort to third party.

Indeed, third parties should examine and give particular consideration to the trend of settlements that public sector employees have been accepting.

The table below contains a summary of settlements reached with nine (10) groups in the CPA for 2011. The increase was 1.75%, 1.5% for 2012 and 2.0% for 2013. In addition, the parties agreed to the elimination of the accrual of severance benefits for resignation and retirement.

Bargaining Agent	Group
Public Service Alliance of Canada	<ul style="list-style-type: none"> <li>• Program and Administrative Services (PA) group;</li> <li>• Operational Services (SV) group;</li> <li>• Education and Library Science (EB) group.</li> </ul>
Professional Institute of the Public Service of Canada	<ul style="list-style-type: none"> <li>• Architecture, Engineering and Land Survey (NR) group;</li> <li>• Health Services (SH) group.</li> </ul>
Canadian Military Colleges Faculty Association	<ul style="list-style-type: none"> <li>• University Teaching (UT) group</li> </ul>
Canadian Auto Workers	<ul style="list-style-type: none"> <li>• Air Traffic Control (AI) group</li> </ul>
Canadian Auto Workers, Local 2182	<ul style="list-style-type: none"> <li>• Radio Operations (RO) group</li> </ul>
Communications, Energy and Paperworkers Union of Canada	<ul style="list-style-type: none"> <li>• Non-Supervisory Printing Operations (PR (NS)) group</li> </ul>
The Association of Justice Council	<ul style="list-style-type: none"> <li>• Lawyers</li> </ul>
Professional Institute of the Public Service of Canada ( <i>Tentative</i> )	<ul style="list-style-type: none"> <li>• Computer Systems (CS) group</li> <li>• Audit, Commerce and Purchasing (AV) group</li> </ul>
The Federal Government Dockyards Trades and Labour Council ( <i>Tentative</i> )	<ul style="list-style-type: none"> <li>• Ship Repair - West (SR-W) group</li> </ul>

Finally, on July 12, 2012, an arbitral award was rendered with respect to the Economics and Social Science Services Group (EC). The economic increases were 1.75% in 2011, 1.5% in 2012 and 2.0% in 2013 for a three-year deal expiring in 2014, in addition to the elimination of the accrual of severance benefits for resignation and retirement.

On July 25, 2012, an arbitration board awarded to the Electronics Group (EL) increases of 1.5%, 1.75%, 1.5% and 2.0%, and eliminated the accrual of severance benefits for resignation and retirement. This was a four-year award, expiring in 2014 as well.

On August 10, 2012, an arbitration board awarded to the Translation Group (TR) increases of 1.75%, 1.5% and 2.0%, and eliminated the accrual of severance benefits for resignation and retirement. This was a three-year award expiring in 2014.

Finally, on October 15, 2012, an arbitration board awarded to the Ship Repair Chargehands (SR(C)) increases of 1.75%, 1.5% and 2.0%, and eliminated the accrual of severance benefits for resignation and retirement. This was a three-year award expiring 2014.

### EMPLOYER'S SUBMISSION ON RATES OF PAY

The Employer's proposal before this PIC is in keeping with the above analysis and is consistent with the overall proposal made to the Bargaining Agent in negotiations. The Employer is proposing a four (4) year duration to expire on January 25, 2015 with economic increases as follows:

Employer Proposal	Union proposal
<ul style="list-style-type: none"> <li>• Effective January 26, 2011, increase rates of pay by 1.5%.</li> <li>• Effective On January 26, 2012, increase rates of pay by 1.5%.</li> <li>• Effective On July 26, 2013, increase rates of pay by 1.5%.</li> <li>• Effective On July 26, 2014, increase rates of pay by 1.5%.</li> </ul>	<p><b><u>AO group</u></b></p> <p>Effective January 26, 2011 – increase rates of pay: 1.5%</p> <p>Effective January 26, 2012 – increase for cancellation of AAA: \$5281</p> <p>Effective January 26, 2012 – increase for cancellation of EDA: \$7480</p> <p>Effective January 26, 2012 – increase rates of pay: 1.75%</p> <p>Effective January 26, 2013 – increase rates of pay: 1.5%</p> <p>Effective January 26, 2014 – increase rates of pay: 2.0%</p>

Employer Proposal	Union proposal																																																
<p>Instead of proposing separate rates of pay for the three positions named in PSLRB decision 2008-42, the Employer proposes the inclusion MOU, which pertain to rates of pay and certain terms and conditions of employment as outlined on page 93 of the brief.</p>	<p><b><u>(New) TI-7</u></b></p> <ul style="list-style-type: none"> <li>A. Effective January 26, 2011 – increase rates of pay:1.5%</li> <li>B. Effective January 26, 2012 – increase for cancellation of TA: \$9118</li> <li>C. Effective January 26, 2012 – increase for cancellation of AAA: \$5281</li> <li>D. Effective January 26, 2012 – increase rates of pay: 1.75%</li> <li>E. Effective January 26, 2013 – increase rates of pay: 1.5%</li> <li>F. Effective January 26, 2014 – increase rates of pay: 2.0%</li> </ul> <table border="1" data-bbox="732 793 1507 1123"> <thead> <tr> <th></th> <th><u>1</u></th> <th><u>2</u></th> <th><u>3</u></th> <th><u>4</u></th> <th><u>5</u></th> </tr> </thead> <tbody> <tr> <td><u>X</u></td> <td><u>\$73278</u></td> <td><u>\$75607</u></td> <td><u>\$77946</u></td> <td><u>\$80280</u></td> <td><u>\$83491</u></td> </tr> <tr> <td><u>A</u></td> <td><u>\$74377</u></td> <td><u>\$76741</u></td> <td><u>\$79115</u></td> <td><u>\$81484</u></td> <td><u>\$84743</u></td> </tr> <tr> <td><u>B</u></td> <td><u>\$79658</u></td> <td><u>\$82022</u></td> <td><u>\$84396</u></td> <td><u>\$86765</u></td> <td><u>\$90024</u></td> </tr> <tr> <td><u>C</u></td> <td><u>\$88776</u></td> <td><u>\$91140</u></td> <td><u>\$93514</u></td> <td><u>\$95883</u></td> <td><u>\$99142</u></td> </tr> <tr> <td><u>D</u></td> <td><u>\$90330</u></td> <td><u>\$92735</u></td> <td><u>\$95151</u></td> <td><u>\$97561</u></td> <td><u>\$100877</u></td> </tr> <tr> <td><u>E</u></td> <td><u>\$91685</u></td> <td><u>\$94126</u></td> <td><u>\$96578</u></td> <td><u>\$99025</u></td> <td><u>\$102391</u></td> </tr> <tr> <td><u>F</u></td> <td><u>\$93518</u></td> <td><u>\$96009</u></td> <td><u>\$98510</u></td> <td><u>\$101005</u></td> <td><u>\$104438</u></td> </tr> </tbody> </table>		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>X</u>	<u>\$73278</u>	<u>\$75607</u>	<u>\$77946</u>	<u>\$80280</u>	<u>\$83491</u>	<u>A</u>	<u>\$74377</u>	<u>\$76741</u>	<u>\$79115</u>	<u>\$81484</u>	<u>\$84743</u>	<u>B</u>	<u>\$79658</u>	<u>\$82022</u>	<u>\$84396</u>	<u>\$86765</u>	<u>\$90024</u>	<u>C</u>	<u>\$88776</u>	<u>\$91140</u>	<u>\$93514</u>	<u>\$95883</u>	<u>\$99142</u>	<u>D</u>	<u>\$90330</u>	<u>\$92735</u>	<u>\$95151</u>	<u>\$97561</u>	<u>\$100877</u>	<u>E</u>	<u>\$91685</u>	<u>\$94126</u>	<u>\$96578</u>	<u>\$99025</u>	<u>\$102391</u>	<u>F</u>	<u>\$93518</u>	<u>\$96009</u>	<u>\$98510</u>	<u>\$101005</u>	<u>\$104438</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>																																												
<u>X</u>	<u>\$73278</u>	<u>\$75607</u>	<u>\$77946</u>	<u>\$80280</u>	<u>\$83491</u>																																												
<u>A</u>	<u>\$74377</u>	<u>\$76741</u>	<u>\$79115</u>	<u>\$81484</u>	<u>\$84743</u>																																												
<u>B</u>	<u>\$79658</u>	<u>\$82022</u>	<u>\$84396</u>	<u>\$86765</u>	<u>\$90024</u>																																												
<u>C</u>	<u>\$88776</u>	<u>\$91140</u>	<u>\$93514</u>	<u>\$95883</u>	<u>\$99142</u>																																												
<u>D</u>	<u>\$90330</u>	<u>\$92735</u>	<u>\$95151</u>	<u>\$97561</u>	<u>\$100877</u>																																												
<u>E</u>	<u>\$91685</u>	<u>\$94126</u>	<u>\$96578</u>	<u>\$99025</u>	<u>\$102391</u>																																												
<u>F</u>	<u>\$93518</u>	<u>\$96009</u>	<u>\$98510</u>	<u>\$101005</u>	<u>\$104438</u>																																												
	<p><b><u>(New) PM-6</u></b></p> <ul style="list-style-type: none"> <li>A. Effective January 26, 2011 – increase rates of pay: 1.5%</li> <li>B. Effective January 26, 2012 – increase for cancellation of AAA: \$5281</li> <li>C. Effective January 26, 2012 – increase rates of pay: 1.75%</li> <li>D. Effective January 26, 2013 – increase rates of pay: 1.5%</li> <li>E. Effective January 26, 2014 – increase rates of pay: 2.0%</li> </ul>																																																

Employer Proposal	Union proposal					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
	<b>X</b>	<b>\$84594</b>	<b>\$87812</b>	<b>\$91145</b>	<b>\$93883</b>	<b>\$96725</b>
	<b>A</b>	<b>\$85863</b>	<b>\$89129</b>	<b>\$92512</b>	<b>\$95291</b>	<b>\$98176</b>
	<b>B</b>	<b>\$91144</b>	<b>\$94410</b>	<b>\$97793</b>	<b>\$100572</b>	<b>\$103457</b>
	<b>C</b>	<b>\$92739</b>	<b>\$96062</b>	<b>\$99505</b>	<b>\$102332</b>	<b>\$105267</b>
	<b>D</b>	<b>\$94130</b>	<b>\$97503</b>	<b>\$100997</b>	<b>\$103867</b>	<b>\$106846</b>
	<b>E</b>	<b>\$96013</b>	<b>\$99453</b>	<b>\$103017</b>	<b>\$105945</b>	<b>\$108983</b>
	<p><b><u>(New) XX – TI Terminable Allowance</u></b></p> <p>A.</p> <p>(i) Incumbents in positions within the AO bargaining unit that are classified by the Employer as Technical Inspectors (TI) shall be eligible to receive the following annualized Allowance to be paid biweekly at the following rate: \$9118 until January 25, 2012.</p> <p>(ii) An employee shall be paid the Allowance for each calendar month for which the employee receives at least seventy-five (75) hours pay as an incumbent of a position in the AO bargaining unit.</p> <p>B. Part-time employees shall be entitled to the Allowance on a pro rata basis.</p> <p>C. The parties agree that disputes arising from the application of this article may be subject to consultation.</p> <p>D. Effective January 26, 2012 this allowance is cancelled.</p>					

The economic increase proposed by the Employer and Bargaining Agent effective January 26, 2011 is consistent with the limitations set out under the *Expenditure Restraint Act* (ERA).

The Employer proposes a general economic increase of one decimal five percent (1.5%) in each of the following years.

However, if the Employer's proposal regarding the severance pay is awarded by the Board, in exchange for the changes to the severance provisions the general economic

increases would be amended to reflect the wage settlement trend in the federal public sector:

**January 26, 2012 – 1.75%**

**January 26, 2013 – 1.5%**

**January 26, 2014 – 2.0%**

This round of negotiations has been hampered as the parties dealt with the outcome of PSLRB 2008-42 decision and PSLRB 2011-84 decision, attached as Appendix B which effectively allocated 3 non-AO positions to the AO bargaining unit.

As such, the Employer's and Bargaining agent's pay proposals also touch on rates of pay for three positions at Transport Canada (two TI-07 and one PM-6) whose bargaining unit allocation has been the subject of recent decisions by the PSLRB and Federal Court of Appeal.

The Union proposes economic increases consistent with the Employer's economic increases including the elimination of voluntary severance.

For the AO group, the union is also proposing the roll-in of the Aircrew Aviation Allowance and the Extra Duty Allowance effective January 26, 2012 in advance of the economic increase.

For the TI-07 positions, the union proposes a roll-in of the AAA currently paid to incumbents in the AO bargaining unit and also propose to roll-in a TI aviation allowance (found within the TC collective agreement). The Board should know that the TI allowance - as negotiated in the TC collective agreement - is not eligible to all TI employees. In fact, both TI positions impacted by the PSLRB decision were not eligible to and did not receive this TI terminable allowance, therefore the Employer is against including a roll-in of any allowance into base wages.

For the PM-06 position, the union proposes economic increases consistent with the Employer's economic increases including the elimination of voluntary severance,

however they have also proposed a roll-in of the AAA currently paid to incumbents in the AO bargaining unit.

The Employer submits that the Union's proposals are not reflective of current established settlement patterns in the federal public service. In this context, only modest economic increases would be appropriate for the AO group.

The Employer will also demonstrate, later in our brief, that the cumulative increases received by the Aircraft Operations group over a 12 year period have far surpassed those of the Core Public Administration as a whole, not to mention the cumulative increases in public and private sector settlements as measured by HRSDC, average weekly earnings (AWE) as measured by Statistics Canada and cumulative price increases as represented by the change in CPI inflation.

The Employer is prepared to discuss in greater detail its position with respect to the Bargaining Agents wage proposal through the conciliation board process.

### **The Replication Principle**

As for arbitration, the goal of a PIC is to replicate the result, as closely as possible, to that which would have been achieved had the parties negotiated a settlement.

The Employer submits that the Union's proposed economic increases do not reflect what the parties would have bargained in a period of fiscal restraint.

**PART II**

**CURRENT NEGOTIATIONS**

## **CURRENT ROUND OF BARGAINING**

The current round of bargaining can be summarized as follows:

- The current round of negotiations was initiated on September 27, 2010, when the Canadian Federal Pilots Association filed notice to bargain.
- The collective agreement expired on January 25, 2011.
- The parties exchanged bargaining proposals on February 15, 2011 and engaged in three days of negotiations.
- The talks during accelerated negotiations did not result in an agreement.
- Bargaining sessions were held in June, October and November-December 2011. While these negotiations were productive and resulted in agreement on several issues, it was apparent that settlement of all of the remaining issues, most notably rates of pay was not going to be possible.
- On December 22, 2011, the CFPA applied under Section 161 of the Public Service Labour Relations Act for the establishment of a Public Interest Commission (PIC) to resolve the dispute between the parties. On February 28, 2012, the Public Service Labour Relations Board confirmed the establishment of the PIC.
- In addition to rates of pay and duration, there are sixteen (16) articles, one Appendix and two new proposals remaining. These are detailed in Part IV of the Brief.

**EMPLOYER BARGAINING TEAM**

<b>NAME</b>	<b>TITLE AND DEPARTMENT</b>
Cynthia Nash	Negotiator Treasury Board Secretariat
Kim Hennigar	Analyst Treasury Board Secretariat
Mark Clitsome	Director of Investigations - Air Branch Transportation Safety Board of Canada
Denis Guindon	Director National Operations - Civil Aviation Transport Canada
Stephen Buckles	Director Flight Operations - Aircraft Services Directorate Transport Canada
Joseph Szwalek	Associate Director - Operations - Civil Aviation (Ontario Region) Transport Canada
Nicolas Williams	Labour Relations Advisor - Civil Aviation Transport Canada

The following tables are designed to assist the Public Interest Commission by providing an overview of the status of the various proposals exchanged in this round of bargaining.

## MATTERS RESOLVED

The table below contains the list of articles signed-off or renewed by the parties.

ARTICLE	TITLE	STATUS
Article 1	Purpose of Agreement	Renewed
Article 4	Interpretation of Agreement	Renewed
Article 5	State Security	Renewed
Article 6	Official Texts	Renewed
Article 7	Conflict Between Legislation and the Collective Agreement	Renewed
Article 8	Recognition	Renewed
Article 9	Management Rights	Renewed
Article 10	Rights of Employees	Renewed
Article 11	Appointment of Representatives	Renewed
Article 12	Time Off for Representatives	Renewed
Article 13	Access	Renewed
Article 14	Information	Signed off
Article 15	Bulletin Boards	Renewed
Article 16	Leave With or Without Pay for Union Business	Renewed
Article 22	Designated Paid Holidays	Renewed
Article 26	Discrimination	Renewed
Article 27	Leave – General	Renewed
Article 29	Employee Performance Review	Signed off
Article 30	Safety and Health	Renewed
Article 31	Immunization	Renewed
Article 32	Publications	Renewed
Article 35	Grievance Procedure	Renewed
Article 36	Joint Consultation	Renewed
Article 38	Illegal Strikes	Renewed

<b>ARTICLE</b>	<b>TITLE</b>	<b>STATUS</b>
Article 39	Agreement Re-Opener	Renewed
Article 40	Loss of Licence	Renewed
Article 41	Reimbursable Fees	Signed off
Article 42	National Joint Council Agreements	Renewed
Article 44	Standby	Renewed
Article 45	Shipboard and Special Assignment Allowance	Renewed
Article 48	Aviation Occurrence Investigation	Renewed
Article 49	Standards of Discipline	Signed off
Article 50	Development Training or Education	Renewed
Article 51	Employees on Premises of Other Employers	Renewed
Article 53	Legal Assistance	Renewed

**PART III**  
**RATES OF PAY**

## 1.0 POLICY FRAMEWORK FOR THE MANAGEMENT OF COMPENSATION

### Public Service Labour Relations Act (PSLRA) and the Compensation Policy Framework

The PSLRA provides for factors a Public Interest Commission must take into account in the conduct of its proceedings and in making a report to the Chairperson. These are contained in Section 175 of the PSLRA. As shown in the table below, those factors are clearly reflected in the Employer's Policy Framework for the Management of Compensation. The Policy Framework outlines four overarching principles that are to guide compensation decisions by the Treasury Board in its various roles: External Comparability, Internal Relativity, Affordability, and Individual/Group Performance.

PSLRA	Employer's Compensation Policy Framework
(a) the necessity of attracting competent persons to, and retaining them in, the public service in order to meet the needs of Canadians;	<b>Stated Objective of Policy Framework:</b> Compensation serves, with other key frameworks, to attract, retain, motivate and renew the workforce required to deliver results to Canadians.
(b) the necessity of offering compensation and other terms and conditions of employment in the public service that are comparable to those of employees in similar occupations in the private and public sectors, including any geographic, industrial or other variations that the public interest commission considers relevant;	<b>External Comparability:</b> Compensation should be competitive with, but not lead compensation provided for similar work in relevant external labour markets;
(c) the need to maintain appropriate relationships with respect to compensation and other terms and conditions of employment as between different classification levels within an occupation and as between occupations in the public service;	<b>Internal Relativity:</b> Compensation should reflect the relative value to the employer of the work performed;

PSLRA	Employer's Compensation Policy Framework
(d) the need to establish compensation and other terms and conditions of employment that are fair and reasonable in relation to the qualifications required, the work performed, the responsibility assumed and the nature of the services rendered; and	Addressed through the application of External Comparability and Internal Relativity principles
(e) the state of the Canadian economy and the Government of Canada's fiscal circumstances.	<b>Affordability:</b> The cost of compensation must be affordable within the context of the commitments to provide services to Canadians, the fiscal circumstances, and the state of the Canadian economy.
	<b>Individual/Group Performance:</b> Compensation should reward performance, where appropriate and practicable, based on individual or group contributions to business results.

The Policy Framework notes that these guiding principles need to take into account relevant legislation and be balanced against other government responsibilities such as its economic policy objectives, social policy objectives and public expectations and pressures. Furthermore, the Policy Framework defines compensation as a "total compensation" concept. Thus, the external comparability with relevant labour markets is based on all the elements of compensation including, for example: wages, salaries, overtime, pensions, employer-paid insurance, health, and dental premiums, as well as severance pay.

The application of the Individual/Group Performance principle is currently being explored by the Employer. At this time, it is not one of the factors used by the Employer in its decision making process.

The analysis presented in this brief has been developed in accordance with the factors and principles outlined in the PSLRA and the Employer's Framework. A copy of the Policy Framework is attached to this Brief as Appendix C.

## 2.0 ECONOMIC AND FISCAL CIRCUMSTANCES

The PSLRA identifies the state of the Canadian economy and the Government of Canada's fiscal circumstances as considerations that must be taken into account by a Public Interest Commission.

Compensation arrangements must be affordable and consistent with the broader objectives of sustainable finances and ongoing economic growth.

The global recovery is fragile. Forecasters expect that this fragile global economic environment will continue to be reflected in only modest growth in Canada over the near term. As well, the global economic outlook is particularly uncertain. There are significant risks to the outlook which could quickly derail the economic recovery, resulting in a weakening of labour markets and wage growth.

Specifically, a sovereign debt crisis in Europe has the potential to significantly derail global economic growth.

### ECONOMIC TRENDS

#### *Real GDP growth*

Real GDP growth, which is the standard measure of economic growth in Canada, provides an indication of overall demand for goods, services, and labour. Lower real GDP growth reduces demand for employment, which increases unemployment and lowers wage increases. Sharply falling real GDP leads to wage reductions and rollbacks, despite the extraordinary fiscal and monetary stimulus applied during the recession.

#### **Backgrounder: Use of Consensus Economics and the Bank of Canada Forecasts**

The employer has chosen to use the forecasts by Consensus Economics and the Bank of Canada as its principal indicator of future economic prospects.

Consensus Economics, a UK forecasting firm, develops economic forecasts for major industrialized countries by surveying the prominent economic forecasters in each country. The Canadian forecasts are based on a survey of 17 firms, including the Conference Board of Canada, JP Morgan and the University of Toronto. The Consensus Economics forecast is widely regarded as one of the most reliable and unbiased indicator of future economic prospects. By taking the average of many different viewpoints, it is not unduly influenced by the particular assumptions of individual forecasting firms. It is also transparent, as the forecasts of each firm are available.

The Bank of Canada can influence economic developments through its control of interest rates. The Bank of Canada's view on the economic outlook is a key determinant of its monetary policy. For example, the Bank is likely to raise interest rates (thereby increasing unemployment, and reducing wages) when it perceives that inflationary pressures are developing. Knowledge of the Bank's forecast is important in understanding how it might act to influence the economic outlook.

The economy was in recession in 2009, shrinking by 2.8% before returning to growth in 2010 and 2011. Looking ahead, economic growth is expected to be modest over the near term in Canada, as European markets continue to suffer from a growing debt crisis. In fact, the Bank of Canada projects that the Canadian economy will continue to operate below capacity until the second half of 2013. Consensus forecasters expect real GDP to increase by a modest 2.0% in 2012 and 2.0% in 2013.

The unemployment rate is currently higher and wage growth much lower than rates observed before the recession. In 2008, prior to the recession, the unemployment rate was 6.2%, and reached a low of 5.9% in March of that year. The forecast for the unemployment rate in 2013 is 7.2%, a full percentage point higher than the pre-recession level.

### *The Consumer Price Index*

The Consumer Price Index (CPI) tracks the price of a typical basket of consumer goods . Inflation, or the change in the CPI index, is an indication of the erosion of purchasing power experienced by consumers over a specific period. Core inflation excludes the prices of gasoline and seven of the other most volatile components of CPI and is commonly used by the Bank of Canada to see through temporary changes in total CPI inflation and to focus on underlying inflation trends, which are a better indicator of where total CPI inflation is headed.

In 2009 and 2010, average inflation as measured by the CPI, was below midpoint of the Bank of Canada's 1 to 3 per cent target range (Table 1). While inflation in 2011 was above 2%, this temporary increase in inflation was largely concentrated in energy prices. Core inflation has averaged 1.7% per year over the last four consecutive years, which indicates that inflation would have been even lower had the rapid jump in gasoline prices not occurred.

In fact, CPI inflation rose a more modest 1.2% in August 2012, as the temporary pressure resulting from the surge in gasoline prices began to ease. For the next two

years, Consensus Economics forecasters expect inflation rates of 1.8% in 2012 and 1.9% in 2013.

Table 1  
Economic and Labour Market Indicators

	2009	2010	2011	2012*	2013*
CPI (y/y %)	0.3	1.8	2.9	1.8	1.9
Core CPI (y/y %)	1.8	1.7	1.7	-	-
GDP (y/y %)	-2.8	3.2	2.6	2.0	2.0
Unemployment (%)	8.3	8.0	7.5	7.3	7.2

Source : Statistics Canada and Consensus Economics Inc. (September 2012)

Note: \* denotes forecast period

## ECONOMIC UNCERTAINTY

There are significant downside risks to the outlook. Should these risks come to light, the impact on economic growth would be significant.

Much of the risk to the Canadian economy stems from external sources. There are significant risks to future growth stemming from further deterioration in the U.S. as well as European markets. A sovereign debt crisis in Europe, fiscal austerity measures, and weakened consumer and investor confidence has resulted in ongoing and deepening global economic weakness.

The situation in Europe is changing daily. Just as investor confidence is boosted from the somewhat improved situation in Greece, the stability of the banking system in Spain and the fiscal situation in Italy come into question. The financial risks and their impact on investor confidence are fuelling further uncertainty as weakening growth prospects are making fiscal consolidation more challenging for a number of European economies.

In it's June 2012 Financial System Report, the Bank of Canada noted that if these dynamics were to intensify further and spread across Europe, the spill over effects to

Canadian financial institutions would be substantial. This scenario would result in lower demand for Canadian produced goods, lower commodity prices and therefore lower profits and income.

In addition to the risks that the Canadian economy faces from abroad, there is a risk that fallout from a sudden housing market correction in Canada could result in reduced consumer confidence and domestic demand. In fact, concern over inflated housing markets in Toronto and Vancouver in part led to the recent government decision to tighten lending standards.

All of these risks and uncertainty have led to continued revisions to the outlook over the past year. The Consensus Economics forecast for economic growth in 2012 for most western economies has been revised repeatedly downwards, including for Canada. The Consensus Economics forecast for Canadian real GDP growth in 2012 has been revised downwards from a high of 2.7% in May 2011 to just 2.0% in September 2012. The forecast for U.S. real GDP growth has also been revised down, from 3.2% to 2.2% over the same period. In addition, the Bank of Canada revised its forecast of GDP down by 0.3 percentage points in 2012 and 0.1 percentage points in 2013 in the July Monetary Policy Report.

Going forward, even slower economic growth and lower inflation remains a significant risk. If this were to be the case, labour markets and wage pressures would weaken even further than is currently expected.

## **GOVERNMENT FISCAL CIRCUMSTANCES**

### *Rationale for the government's current fiscal planning framework*

The government's medium-term fiscal plan is founded on returning to balanced budgets. Achieving a balanced budget is not an ideological commitment of a particular government, but rather it has been supported by the actions of previous governments, by other levels of government in Canada, and by a strong public consensus over the past two decades regarding the need for prudent fiscal management. It is based on an

assessment of actions required to manage current global economic uncertainty, as well as longer-term fiscal pressures that will emerge with an aging population.

Sound fiscal management, including debt reduction, provides the following benefits:

- frees up resources that would be otherwise absorbed by interest costs, which can be reinvested in other priorities such as public services or lower taxes.
- helps keep interest rates low, which will in turn encourage businesses to invest, thereby fostering long-term economic growth.
- provides room to manoeuvre when the economy is negatively affected by developments outside our borders.

Prudent fiscal management is one reason why the restraint measures required to restore balanced budgets are modest in Canada, and why Canada has avoided the severe action needed by others in the G-7. A relaxation of Canada's prudent approach to fiscal management would put Canada at risk to the same pressures that currently challenge other G-7 countries.

The fiscal forecast and government actions to achieve balanced budgets

The government is currently in a deficit position. In response to the unprecedented global crisis in 2008, the government invested massively in the economy as part of a global effort to stimulate spending and avoid another great depression. This, in combination with deteriorating economic growth, resulted in the government incurring significant budget deficits. These deficits are expected to total over \$152 billion from 2008-09 to 2014-15. In addition, program expenses-to-GDP ratio also peaked at 16 per cent in 2009-10.

The government's ability to achieve fiscal balance is based on its consistent focus on expenditure restraint and sound fiscal management:

- The stimulus measures introduced under the Economic Action Plan were temporary, and were not renewed when they expired.

- Tax integrity measures introduced in recent budgets are expected to provide \$2.5 billion in fiscal savings in 2014-15.
- Budget 2010 and 2011 included actions to restrain the growth in defence spending, cap the International Assistance Envelope, engage in strategic reviews of government spending as well as introducing a freeze on departmental operating budgets.
- The spending review introduced in the 2011 budget and subsequently announced in the 2012 budget is expected to generate ongoing savings of \$5.2 billion.

In the Parliamentary Budget Office (PBO) 2012 Fiscal Sustainability Report, the Parliamentary Budget Officer noted that in the absence of policy changes undertaken by the government such as the spending review, the federal government's fiscal finances would not have been sustainable. The PBO report also noted that other levels of government are facing significant fiscal shortfalls, which highlights the need to remain focused on fiscal responsibility which serves to leave fiscal room for other levels of government.

In the same manner that the government has taken action across all areas of its operation, it needs to ensure that public service compensation growth is modest if it is to achieve its goal of balanced budgets.

As a result of these and other measures, the budgetary balance is projected to improve from a \$24.9-billion deficit in 2011-12 to a surplus of \$7.8 billion in 2016-17. Over the medium-term, the ratio of debt to GDP is projected to fall from 33.9% in 2010-11 to 28.5% in 2016-17, which is in line with its level before the recession.

#### Implications of economic uncertainty on the government's fiscal situation

While the government is committed to achieving balanced budgets, it is important to understand how quickly the fiscal situation can be derailed by sudden economic shocks such as that which occurred in advance of the last recession.

While stimulus spending by governments was crucial to prevent a global economic catastrophe, it was not sustainable. The government has a plan to return to fiscal balance, but this plan must take account of the risks associated with the uncertain global economic outlook. This underlines the need for the government to maintain its focus on prudent fiscal management.

### **Provincial/Territorial Compensation Restraint Measures**

Given the uncertain global economic and fiscal context, provincial and territorial governments have also announced restraint measures to ensure sound management of public sector spending. A review of these actions demonstrates the reasonableness of the federal government's wage proposals.

- In Ontario, Budget 2012 included a commitment to manage public sector compensation by seeking an agreement from unions for a two-year compensation freeze. To this end, the government recently passed legislation affecting Ontario teachers that imposes wage freezes of 2 years, cuts sick days in half and bans striking for two years. The Government has also proposed reforms to the framework of government public-sector defined benefit pension plans to make public sector plans more sustainable and affordable for plan members as well as all Ontarians. In order to reduce the growth in the cost of providing these benefits, the government is seeking to move all jointly sponsored pension plans to 50-50 funding between employers and employees. Several other reforms are also being proposed, including, in the case of a deficit, a requirement to reduce future benefits or ancillary benefits before further increasing employer contributions.
- In British Columbia's 2012 Budget the Government stated that the bargaining mandate will allow public sector employees to negotiate modest compensation increases if equivalent savings can be realized within existing budgets.

Further details concerning restraint measures taken by other provincial and territorial governments are provided in Appendix A.

### 3.0 RECRUITMENT AND RETENTION

The PSLRA identifies the necessity for the public service to attract and retain competent persons to meet the needs of Canadians as a factor that must be taken into consideration by a Public Interest Commission.

An effective way to assess whether there are any recruitment and retention problems facing an employer is to examine the hirings and the separations for the occupational group being studied, as well as the changes in population levels for the group.

### 3.1 HIRINGS

Table 2 shows that the AO bargaining unit has experienced healthy levels of internal and external hirings over the last five fiscal years. From 2006-07 to 2010-11, hirings into the AO group have increased by 100%. The average number of hirings into the AO group over the last five fiscal years has been approximately 26 employees per year.

**Table 2 - AO Internal and External Hirings**

	06/07	07/08	08/09	09/10	10/11
<b><i>Aircraft Operations (AO) Group:</i></b>					
Internal Hires	2	0	0	0	1
External Hires	14	23	38	20	31
<b>Total AO Hirings (Internal and External)</b>	<b>16</b>	<b>23</b>	<b>38</b>	<b>20</b>	<b>32</b>

Note: Total Hirings refer to the total number of full-time indeterminate, seasonal full-time and term employees of three months or more (active and leave without pay, bargained and excluded; employee types A,C,G,S) hired into the AO bargaining unit

### 3.2 SEPARATIONS

Table 3 indicates that there are currently few if any separation problems with the AO group. Separations for the AO group have been lower than hirings since 2008-09, averaging 29 separations per year as compared to 30 hirings per year over the same period. Total separations from the AO group have also decreased by approximately 25% since 2007-08.

Separations are comprised of both internal separations (employees who separate from the AO group to other groups within the Core Public Administration) and external separations (AO employees leaving the Core Public Administration entirely for any reason). AO internal separations have remained low over the five fiscal years. External separations, which are comprised of voluntary separations (both retirement and non-retirement) and involuntary separations, have decreased by 41% since 2006-07.

	06/07	07/08	08/09	09/10	10/11
<b>Aircraft Operations (AO) Group:</b>					
<b>External Separations:</b>					
Voluntary Separations (retirements) <sup>2</sup>	22	24	25	21	22
Voluntary Separations (non-retirements) <sup>2</sup>	13	11	4	2	5
Total Voluntary Separations <sup>2</sup>	35	35	29	23	27
Total Non-Voluntary Separations <sup>2</sup>	6	4	3	1	2
<b>Total External Separations:</b>	41	39	32	24	29
<b>Internal Separations<sup>3</sup>:</b>	3	1	0	0	1
<b>Total AO Separations (Internal and External)</b>	44	40	32	24	30
<b>Population</b>	484	467	473	467	468
<b>Total AO Separations Rate</b>	8.7%	8.3%	6.9%	5.1%	6.4%

**Notes:**

- Separation rates are calculated by dividing the number of separations in a given fiscal year by the number of employees ( active and LWOP employee types; all exclusion codes) as at the end of the previous fiscal year. The bargained employee types are A: Full-time indeterminate, C: Seasonal full-time, G: Specified period of 3 months or more - full-time, and S: Specified period of six months or more - full-time.
- Voluntary: non-retirements include the following reasons: resignation to outside employment; return to school; personal reasons; abandonment of position and movement to an organization where TB is not the employer.  
  
Voluntary: retirements includes all retirements due to illness, age, or elective.  
Total Non-voluntary Separations include the following reasons: resignation under the Work Force Adjustment Program; discharge or misconduct; incompetence or incapacity; rejected during probation; lay off and death.
- Internal separations include the total number of employees (bargained active and LWOP employee types; all exclusion codes).
- Source: Incumbent file as of March 31st of each year. All employees who were full-time indeterminate, full-time seasonal, or term (3 months +) are included.

Another key retention indicator is the percentage of non-retirement voluntary separations as a share of the total AO population. Table 4 shows that there are currently no voluntary attrition problems within the AO bargaining unit. In fact, the non-retirement voluntary separation rate has decreased significantly, from a high of 2.6% in 2006-07 to a low of 0.4% in 2009-10.

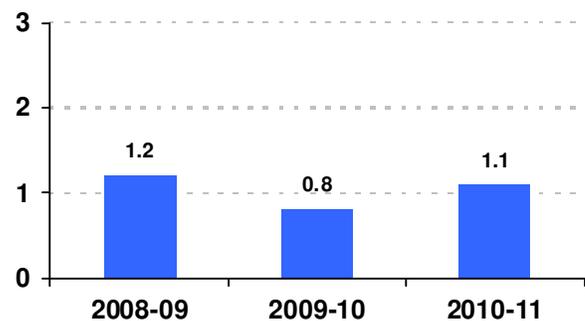
**Table 4 - AO Voluntary Separations (non-retirements)**

	06/07	07/08	08/09	09/10	10/11
<b>Total AO Voluntary Separations (non-retirements)</b>	13	11	4	2	5
<b>Total AO Voluntary (non-retirement) Separation Rate</b>	2.6%	2.3%	0.9%	0.4%	1.1%

### 3.3 HIRINGS TO SEPARATIONS RATIO

A valuable way to assess whether there are recruitment and retention pressures is to examine the evolution of the 'total hirings to total separations ratio' (all hirings from outside the CPA and from other groups within the CPA divided by all those leaving the AO group for another group within the CPA or leaving the CPA entirely, for all reasons) indicates that there are no recruitment and retention problems. When this ratio is greater than 1.0, the number of people hired is greater than those leaving; recruitment and retention problems are unlikely. Conversely, when that ratio is below 1.0, total separations are greater than total hirings, which may suggest recruitment and retention problems.

**Figure 1: Total Hirings-to-Total Separations Ratio: AO**



Source: Mobility file. All Hirings (internal, external) divided by all separations (except retirement). Indeterminate, seasonal or term (3 months +) employees (all full-time only).

As Figure 1 shows, there are no recruitment and retention problems for the AO bargaining unit. Indeed, in two of the last three fiscal years, more people were hired into the bargaining unit than people who had left. For example, in fiscal year 2010-11, for every one employee who separated from the AO group for any reason in 2010-11, 1.1 new employees were hired into the group on average.

### 3.4 EXTERNAL JOB ADVERTISEMENTS

Another way to assess whether recruitment pressures exist is to examine the average number of applications received per external job advertisement for the Aircraft

Operations (AO) group and the average number of applicants screened in per application. As Table 5 shows, the average number of applications received per external job advertisement for the AO bargaining unit has been healthy, averaging 34 from fiscal year 2006-07 to 2011-12. The average percentage of applicants meeting the essential requirements of the position has also remained strong, averaging 56.7% from 2006-07 to 2011-12, increasing from an average low of 22.6% in 2006-07 to a high of 71.5% in 2011-12.

The results suggest that the government is not having any issues with attracting a sufficient number of high quality applicants to a given job advertisement, which provides further evidence that there are no recruitment pressures within the AO group.

**Table 5 - AO External Job Advertisements**

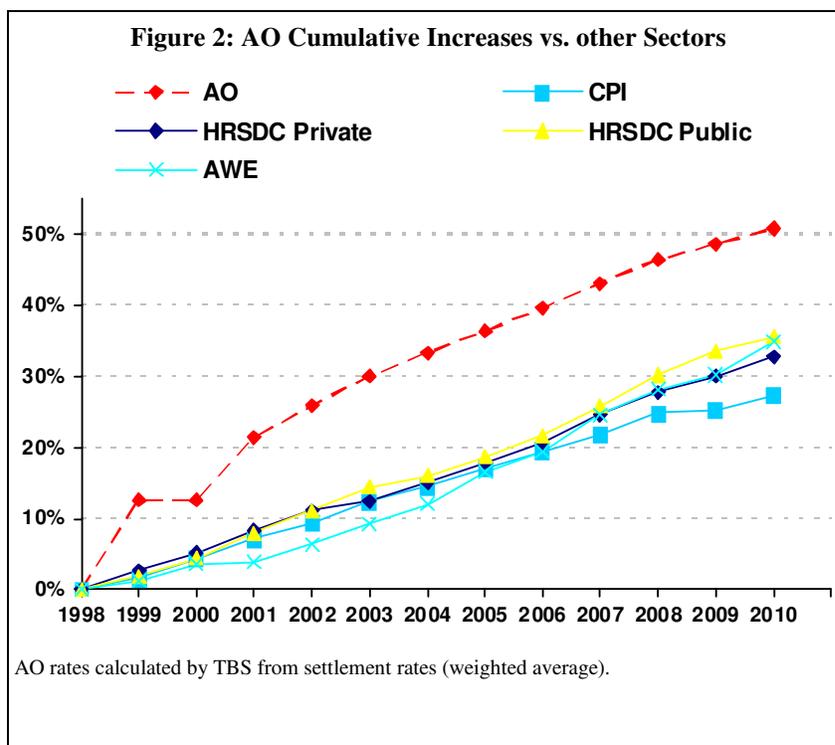
	06/07	07/08	08/09	09/10	10/11	11/12	6 Year Average
<b><i>Aircraft Operations (AO) Group</i></b>							
External Job Advertisement	5	18	19	9	10	4	11
Applications	234	389	388	302	485	130	321
Screened-In	53	196	253	185	336	93	186
Average Number of Applications per Job Advertisement	46.8	21.6	20.4	33.6	48.5	32.5	34
Percentage Screened in per Application	22.6%	50.4%	65.2%	61.3%	69.3%	71.5%	56.7%

<sup>1</sup> Source: Public Service Commission

## 4.0 EXTERNAL RELATIVITY

### 4.1 COMPARISON OF EXTERNAL CUMULATIVE INCREASES

Figure 2 shows total cumulative wage increases for the AO group<sup>5</sup> from 1998 to 2010. It is important to note that wage growth across the core public administration has been constrained by the *Expenditure Restraint Act* (ERA). The ERA set all increases prior to December 8, 2008 that had not yet been set, and provided for all increases to rates of pay due



after December 8, 2008 to 1.5% in 2008-09, 1.5% in 2009-10 and 1.5% in 2010-11.

Despite the effects of the ERA, wage growth from 1998 to 2010 in the AO group (50.8%) have more than compensated for cumulative increases in public (35.6%) and private (32.8%) sector settlements (as measured by HRSDC<sup>6</sup>), Average Weekly Earnings (AWE) (34.8%), and cumulative price increases as represented by the change in CPI inflation (27.4%).

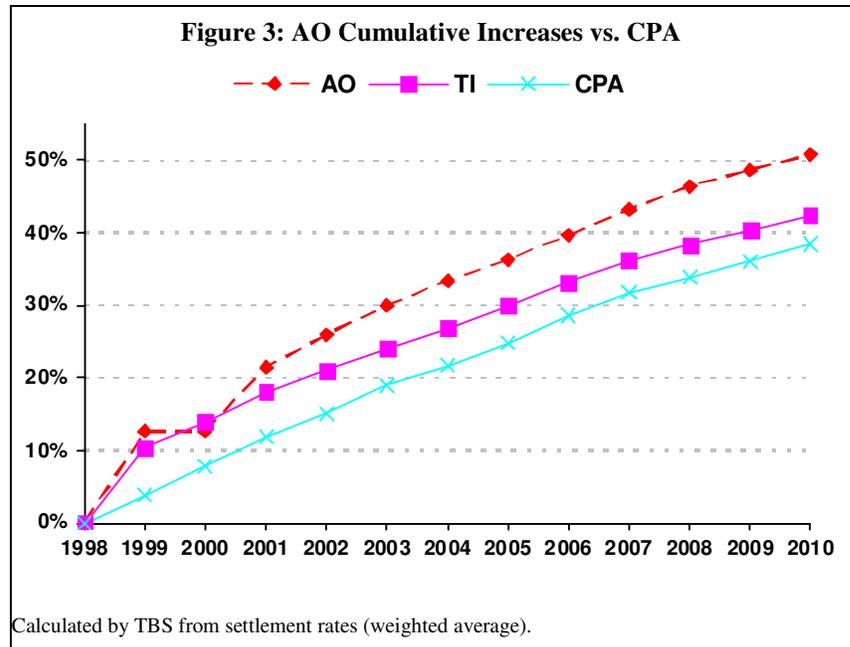
<sup>5</sup> Economic increases, restructures, terminable allowances and other pay adjustments.

<sup>6</sup> Wage settlements as reported by HRSDC for employers that have more than 500 unionized employees. These data are weighted averages of the annual percentage 'adjustments' in 'base rates' during the period covered by the settlements. The 'base rate' is the wage rate of the lowest paid classification containing a significant number of qualified workers in the bargaining unit. The 'adjustments' include such payments as restructures and estimated cost-of-living allowance.

## 5.0 INTERNAL RELATIVITY

### 5.1 COMPARISON OF INTERNAL CUMULATIVE INCREASES

An analysis of total cumulative increases<sup>7</sup> (Figure 3) shows that the AO group has experienced higher increased than those received by their key comparators. From 1998 to 2010, total cumulative increases received by the AO group (approximately 50.8%) have outpaced those received by the TI (42.4%) group and the CPA (38.4%) by a wide margin.



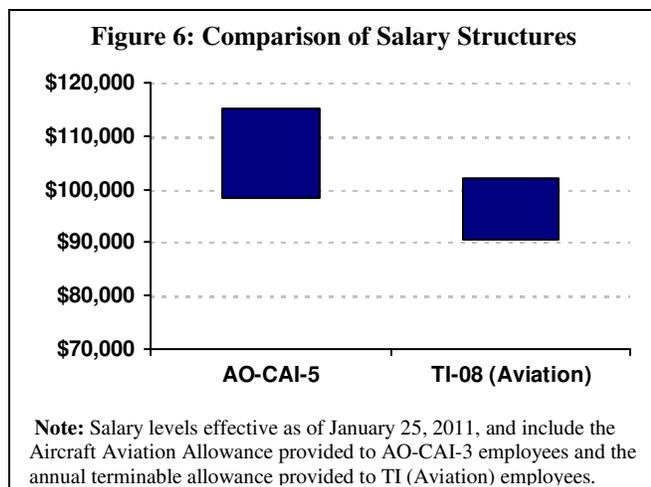
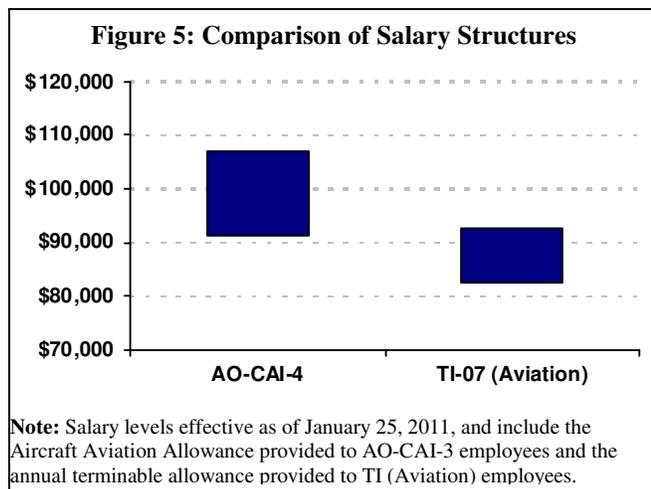
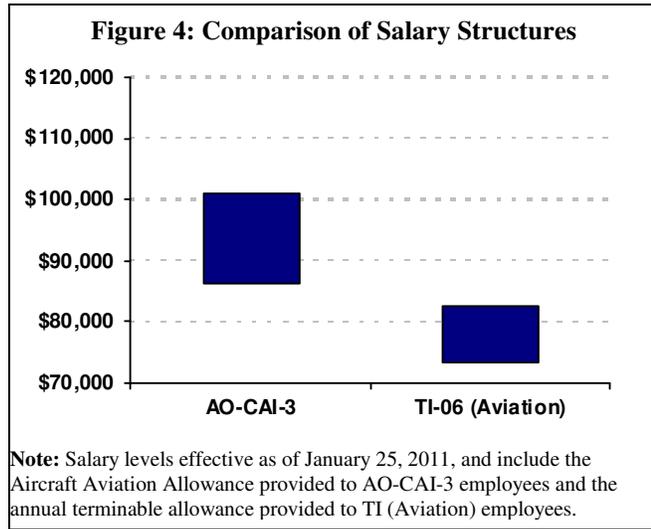
<sup>7</sup> Economic increases, restructures, terminable allowances and other pay adjustments.

## 5.2 COMPARISON OF SALARY RANGES

Though it is acknowledged that salary differences in part reflect differences in the nature of the work, salary ranges of the AO sub-groups compare favorably to negotiated salary ranges of key internal groups and levels (Figures 4 to 6), as their job rates are ahead of or competitive with each of the comparators.

The job rate for the AO-CAI-3 is ahead of that of TI-6 (Figure 4), the job rates for AO-CAI- 4 is ahead of that of the TI-06 (Figure 5), and the job rate of the AO-CAI-5 is ahead of that of the TI-8 (Figure 6).

Given the relatively strong AO salary levels, and to ensure that broad internal pay relativity is maintained, only modest increases to the AO group would be appropriate.



## 6.0 TOTAL COMPENSATION

As noted in the Policy Framework for the Management of Compensation, compensation comparisons should be based on a total compensation assessment. That is, all terms and conditions of employment – including supplementary benefits -- need to be taken into account in evaluating external comparability, even if they are not subject to negotiation.

In addition to wages, total compensation is composed of paid and unpaid non-wage benefits, such as employer contributions to pensions, other employee benefit programs (i.e., health and dental) and flexible working arrangements, such as telework, variable work hours (compressed work week), leave with income averaging, and pre-retirement transition leave.

Federal public sector workers enjoy significant advantages relative to private sector comparators, partly due to the generous pension and other benefits offered to federal employees compared to other Canadian workers.

- Pension and other paid benefits represent a higher portion of wages relative to the workers outside the federal public administration. According to Statistics Canada data, the ratio of supplementary labour income to wages and salaries was 25.0% in 2009 for the federal public administration, compared to an average of 13.8% for all other sectors.
- Since pension and benefit programs are largely homogenous across the federal public service, this ratio for the federal public administration is applicable to the AO group.

A detailed breakdown of total compensation for a typical employee in the Aircraft Operations (AO) bargaining unit, in fiscal year 2011-12, indicates that base pay represented 70% of total compensation for AO classification group (Figure 4)<sup>8</sup>.

---

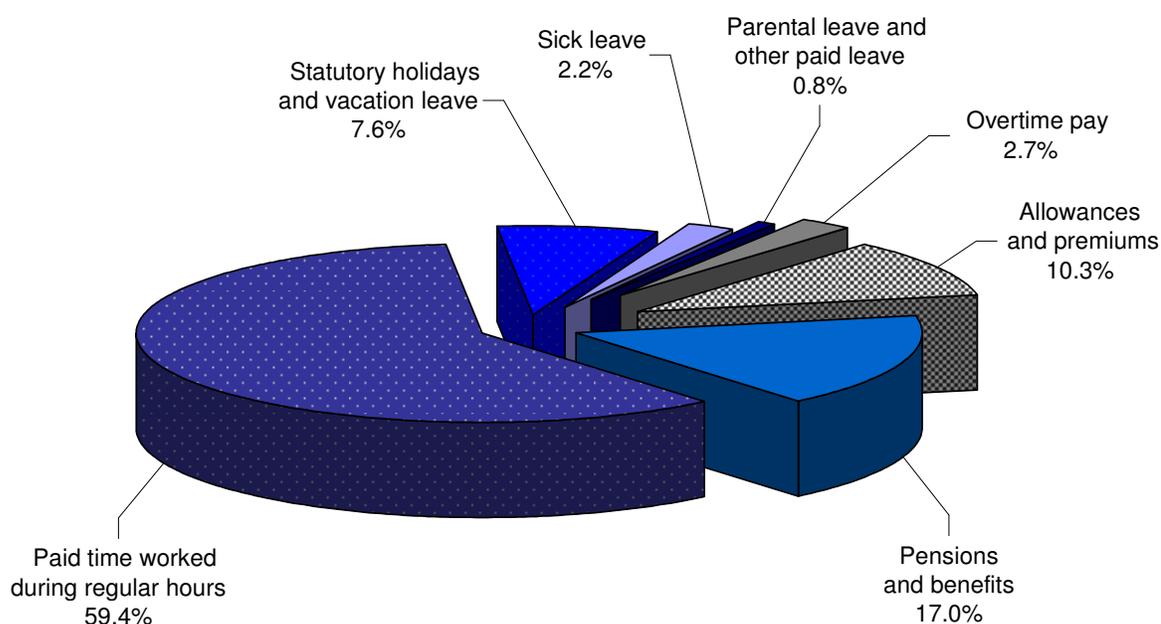
<sup>8</sup> The pay elements in Figure 4 are not directly comparable to the Statistics Canada definition of 'wages and salaries' and of 'supplementary income' cited previously, due to conceptual differences. However, a rough correspondence may be made as follows:

- The Statistics Canada definition of wages and salaries includes the following elements from Figure 4: paid time worked during regular hours, paid leave, as well as allowances and premiums. Together these comprise 80.3% of compensation for AO classification group.

- About 17% of total compensation was accounted for by pension and benefits, including life and disability insurance, health and dental plans.
- Overtime, allowances and premiums accounted for the remaining 13% of total compensation (Figure 4).

**Figure 4: Total Compensation for a typical AO position in FY 2011-12**

2011-12 population: 450



**Sources:** Incumbent System, Entitlement and Deductions System, Leave Reporting System, Pensions and Benefits Sector

- The Statistics Canada definition of supplementary labour income includes pensions and benefits from Figure 4, which represents 17.0% of total compensation for AO classification group. In addition, the Statistics Canada definition includes employer payments for Employment Insurance and Workers Compensation, which are not shown in Figure 4.

Even with employer payments for Employment Insurance and Workers Compensation excluded, the ratio of supplementary labour income to wages and salaries for a typical Aircraft Operations employee is 21% ( $0.212 = 17.0/80.3$ ). The exclusion of employer-paid premiums from the calculation, as well as the use of different time periods, accounts for the remaining difference with the Statistics Canada estimate.

## **Restructure and Harmonization of Rates**

There are a couple of factors that have contributed to the maintenance of the level of AO salaries relative to other Public Service groups. As was described under Previous Rounds of Bargaining in Part I of the Brief, the past several rounds of negotiations for this group have resulted in several restructures of the salary ranges, including the “harmonization” of the Extra Duty Allowance and the Aviation Aircrew Allowance amongst the CAI, ETP and HSP groups.

For ease of reference, a summary of the increases to annual salaries and other monetary adjustments negotiated during the four rounds of collective bargaining is shown in the following table.

Round of Bargaining	Date of Increase	Salary & Allowance Increases	
<b>Expiry: January 25, 2001</b>	October 26, 1998	2.5%	Increase to all rates
	October 26, 1999	2.0% 2.8%	Increase to all rates <b>Restructure:</b>
	October 1, 1999		1 step added to range maxima for CAI-01 to CAI-03, ETP-01 and HPS-01 and HPS-02 2 steps added to range maxima for CAI-04 and CAI-05 Deletion of bottom step in all ranges
	October 26, 1999 to January 25, 2001		<b>Extra Duty Allowance</b> Increased to \$6,300 for CAI subgroup (an increase of \$2,100 for CAI-02 and CAI-03, \$3,300 for CAI-04 and \$3,900 for CAI-05) <b>Recruitment and Retention Allowance</b> \$4,200 per annum for approximately half of the bargaining unit; \$1,800 per annum for the remainder.
<b>Expiry: January 25, 2004</b>	January 26, 2001	3.2% 3.09%	Increase to all rates <b>Restructure:</b>
			1 step added to range maxima Deletion of bottom step in all ranges
	January 26, 2002	2.8% 1.29%	Increase to all rates <b>Restructure:</b>
			1 step added to range maxima of CAI-02 1 step added to range maxima of CAI-02
	January 26, 2003	2.5% 0.83%	Increase to all rates <b>Restructure:</b>
		1.77%	1 step added to range maxima of CAI-03 <b>Extra Duty Allowance</b> Increased to \$6,800 to be paid to all employees

Round of Bargaining	Date of Increase	Salary & Allowance Increases	
		3.09%	<b>Aviation Aircrew Allowance</b> (formerly <b>Recruitment and Retention Allowance</b> ) Increased allowance to \$4,800 to be paid to all employees
Expiry: January 25, 2008	January 26, 2004	2.5%	Increase to all rates <b>Extra Duty Allowance</b> Increased to \$6,970 <b>Aviation Aircrew Allowance</b> Increased to \$4,920
	January 26, 2005	2.25%	Increase to all rates <b>Extra Duty Allowance</b> Increased to \$7,127 <b>Aviation Aircrew Allowance</b> Increased to \$5,031
	January 26, 2006	2.4%	Increase to all rates <b>Extra Duty Allowance</b> Increased to \$7,298 <b>Aviation Aircrew Allowance</b> Increased to \$5,152
	January 26, 2007	2.5%	Increase to all rates <b>Extra Duty Allowance</b> Increased to \$7,480 <b>Aviation Aircrew Allowance</b> Increased to \$5,281
Expiry: January 25, 2011	January 26, 2008	2.3%	Increase to all rates
	January 26, 2009	1.5%	Increase to all rates
	January 26, 2010	1.5%	Increase to all rates

**PART IV**

**OTHER OUTSTANDING ISSUES**

The following sixteen (16) existing articles, one new Appendix, and two new CFPA proposals, in addition to pay, are being brought before this board:

ARTICLE	TITLE
Article 2	Definitions
Article 3	Application
Article 18	Hours of Work
Article 19	Overtime
Article 20	Travelling Time
Article 21	Pay Administration
Article 23	Vacation Leave
Article 24	Sick Leave
Article 25	Other Leave with or without Pay
Article 28	Severance Pay
Article 34	Aviation Aircrew Allowance
Article 43	Call-back
Article 46	Extra Duty Allowance
Article 47	Professional Aviation Currency
Article 52	Job Security
Article 54	Duration
Appendix A	Annual Rates of Pay
New XX	TI Terminable Allowance
New Appendix B	Memorandum of Understanding – Salary Protection
New	MOU – Terms and Conditions of Employment for certain employees of the Program Management (PM) and Technical Inspectors (TI) category.

The outstanding issues and the positions of the parties are described below. In each case, the proposed amendments to the article are indicated in **bold type**.

## ARTICLE 2 – INTERPRETATION AND DEFINITIONS

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
<p><b>2.01</b> For the purpose of this Agreement:</p> <p>"continuous employment" has the same meaning as specified in the <i>Public Service Terms and Conditions of Employment Regulations</i>;</p>	<p><b>2.01</b> For the purpose of this Agreement:</p> <p>(d) "continuous employment" has the same meaning as specified in the <del><i>Public Service Terms and Conditions of Employment Regulations Directive on Terms and Conditions of Employment</i></del></p>	<p><b>2.01</b> For the purpose of this Agreement:</p> <p>(d) "Continuous Employment" has the same meaning as specified in <del>the <i>Public Service Terms and Conditions of Employment Regulations</i></del> Part 5 of the Appendix to the Treasury Board Directive on Terms and Conditions of Employment that was effective on 1 April 2009.</p> <p><b>XX "Higher Classification Level"</b> is, in relations to an acting appointment, a level where the maximum annual rate of pay and applicable allowances exceeds the maximum annual rate of pay and applicable allowances of the person's substantive level.</p>

### Remarks:

- The Employer is proposing an amendment that is merely editorial in nature.
- Effective April 1, 2009, as a result of a Policy Suite Renewal, the Employer's policy on "Public Service Terms and Conditions of Employment Regulations" was rolled into a new "Directive on the Terms and Conditions of Employment."
- In advance of the new Directive coming into force, lengthy consultations were held with the Bargaining Agents. The Chair should know that CFPA was invited to participate in these consultations and nominated a representative to attend.

- The definition of “continuous employment” found in the previous Employer policy and current Employer's *Directive on the Terms and Conditions of Employment* has not changed. A comparison has been attached as Appendix D.
- It is also important to note that the current language either has, or is in the process of being updated in all twenty-seven (27) collective agreements to which the Employer is party to.
- However, in an effort to negotiate in good faith, the Employer would be willing to amend the language to the following:

*“continuous employment” has the same meaning as specified in the Directive on the Terms and Conditions of Employment on the date of the signing of the collective of this Agreement.*
- Finally, the Bargaining Agent is proposing to introduce language to protect AO allowances should the employee act in a higher classification (ex. EX position)
- Salary protection is covered in the Employer's *Directive on Terms and Conditions of Employment*, however as allowances are incumbent based and not deemed to form part of salary, they are not salary protected.
- Therefore the Employer asks that the PIC not include this demand in its report.

**ARTICLE 3 – APPLICATION**

<b>COLLECTIVE AGREEMENT</b>	<b>UNION PROPOSAL</b>
<p><b>3.01</b> The provisions of this Agreement apply to the Union, employees and the Employer.</p> <p><b>3.02</b> Throughout this Agreement, words importing the masculine gender shall include the feminine gender.</p>	<p><b>3.01</b> The provisions of this Agreement apply to the Union, employees and the Employer.</p> <p><b>3.02</b> Throughout this Agreement, words importing the masculine gender shall include the feminine gender.</p> <p><b>3.03 Except where otherwise specified in this Agreement the provisions of the Treasury Board Directive on Terms and Conditions of Employment, effective 1 April 2009 shall apply.</b></p>

**Remarks:**

- This proposal is not acceptable to the Employer as there are no collective agreements in the federal public service that contain language of this nature.
- The *Directive on the Terms and Conditions of Employment* is an Employer policy. As such, while the Employer agrees to consult on changes, the Employer reserves the right to amend Employer policies.
- Therefore the Employer asks that the PIC not include this demand in its report.

**ARTICLE 18 – HOURS OF WORK**

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL
<p><b>18.01</b></p> <p>a. The work week of employees shall be thirty-seven decimal five (37.5) hours consisting of five (5) consecutive days, Monday to Friday inclusive, and the normal scheduled hours of work each day shall be a continuous period of seven decimal five (7.5) hours between the hours of 0700 and 1800 exclusive of an unpaid meal break and shall be documented between every employee and their manager. Except as provided in paragraph (c) below, such hours shall not vary from day to day. Notwithstanding the above, for shipborne helicopter pilots, the provisions of Article 45 shall apply.</p> <p>b. At the request of the employee, the Employer may vary the daily hours of work to make provision for a compressed work week.</p> <p>c. The Employer may change an employee's normal scheduled hours of work within 0700 hours and 1800 hours and where less than twelve (12) working days notice is given such changes shall only be made by mutual agreement between the employee and the Employer.</p> <p>d. The Employer will endeavour to give at least two (2) weeks notice to helicopter pilots assigned to shipboard operations of sailing dates and times and anticipated crew change dates, and as much notice as possible of any revisions to such dates and times.</p>	<p><b>18.01</b></p> <p>a. The work week of employees shall be thirty-seven decimal five (37.5) hours consisting of five (5) consecutive days, Monday to Friday inclusive, and the normal scheduled hours of work each day shall be a continuous period of seven decimal five (7.5) hours between the hours of <del>0700</del> <b>0600</b> and <del>1800</del> <b>2200</b> exclusive of an unpaid meal break and shall be documented between every employee and their manager. Except as provided in paragraph (c) below, such hours shall not vary from day to day. Notwithstanding the above, for shipborne helicopter pilots, the provisions of Article 45 shall apply.</p> <p>b. At the request of the employee, the Employer may vary the daily hours of work to make provision for a compressed work week.</p> <p>c. The Employer may change an employee's normal scheduled hours of work within <del>0700</del> <b>0600</b> hours and <del>1800</del> <b>2200</b> hours and where less than <del>twelve (12)</del> <b>five (5)</b> working days notice is given such changes shall only be made by mutual agreement between the employee and the Employer.</p> <p>d. The Employer will endeavour to give at least two (2) weeks notice to helicopter pilots assigned to shipboard operations of sailing dates and times and anticipated crew change dates, and as much notice as possible of any revisions to such dates and times.</p>

**Remarks:**

- The Employer is proposing to amend language to allow greater flexibility in scheduling hours of work in order to meet unforeseen operational requirements.
- This will also address the fact that employees have requested flex hours outside of the 0700 to 1800 hours of work.
- The Employer is also proposing to amend the notification period for a change in hours of work. The current 12 days is operationally too long and denies management's flexibility to manage its staff and react to unforeseen operational requirements. The proposed amendment from 12 to "5 working days notice" is felt to be sufficient notice.

## ARTICLE 19 – OVERTIME

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL
<p><b>19.02</b> When an employee has been required by the Employer to work overtime on his or her normal day of rest, the employee shall be compensated on the basis of:</p> <ul style="list-style-type: none"> <li>a. time and one-half (1 1/2) for the first seven decimal five (7.5) hours worked; and</li> <li>b. double-time (2) for all hours worked thereafter within any contiguous period;</li> <li>c. except, an employee shall be compensated on the basis of double (2) time for each hour worked on the second and each subsequent day of rest.</li> </ul> <p>Second or subsequent day of rest means the second or subsequent day in an unbroken series of consecutive and contiguous calendar days of rest.</p> <p><b>19.04</b></p> <ul style="list-style-type: none"> <li>a. All overtime, premium pay or allowances earned under Article 19-Overtime, Article 20-Travelling Time, Article 22-Designated Paid Holidays, Article 43-Callback, Article 45-Shipboard and Special Assignment Allowance, and Article 44-Standby, with the exception of the one-hour of compensation under article 44(b), shall accumulate as compensatory leave at the sub-group and level at which it is earned. Such accumulated compensatory leave shall be held in reserve to be scheduled in leave and/or paid in cash at the request of the employee and the discretion of the Employer.</li> </ul>	<p><b>19.02</b> When an employee has been required by the Employer to work overtime on his or her normal day of rest, the employee shall be compensated on the basis of:</p> <ul style="list-style-type: none"> <li>a. time and one-half (1 1/2) for the first seven decimal five (7.5) hours worked; and</li> <li>b. double-time (2) for all hours worked thereafter within any contiguous period;</li> <li>c. except, an employee shall be compensated on the basis of double (2) time for each hour worked on the second and each subsequent day of rest.</li> </ul> <p>Second or subsequent day of rest means the second or subsequent day in an unbroken series of consecutive and contiguous calendar days of rest.</p> <p><b>19.04</b></p> <ul style="list-style-type: none"> <li>a. All overtime, premium pay or allowances earned under Article 19-Overtime, Article 20-Travelling Time, Article 22-Designated Paid Holidays, Article 43-Callback, Article 45-Shipboard and Special Assignment Allowance, and Article 44-Standby, with the exception of the one-hour of compensation under article 44(b), shall accumulate as compensatory leave at the sub-group and level at which it is earned. Such accumulated compensatory leave shall be held in reserve to be scheduled in leave and/or paid in cash <b>at the direction of the Employer, or</b> at the request of the employee and the discretion of the Employer. <b>The</b></li> </ul>

	<b>Employer will reserve its right to direct employees to take compensatory leave when it is of the opinion that the employee requires an adequate rest period before going back to work.</b>
--	---

**Remarks:**

- The Aircraft Services Directorate (ASD) generates a large amount of overtime because of the types of operations they conduct beyond normal working hours and on weekends such as Coast Guard helicopter operations on ship and shore, and night-time simulator training.
- Not having the ability to direct the usage of compensatory time off is creating a liability towards the salary envelope. For example, National Operations has close to 120K in leave and compensatory commitment which equates to approximately one full time equivalent (FTE).
- In fiscal year 2010/11, 218 AO employees cashed out compensatory leave at a total cost to the Employer of \$875,796.00; in fiscal year 2011/12, 215 AO employees cashed out compensatory leave at a total cost to the Employer of \$734,959.00.
- With the current budget constraint felt by both departments, this ongoing liability could translate in a Workforce adjustment (WFA) situations next year unless management can lower the financial impact by directing the usage of compensatory time. So far, management has been able to get the support from some employees to use the compensatory time during the fiscal year however it would be beneficial to see this addressed within the collective agreement.
- In ASD, there are some periods of low workload. As a result, unless employees voluntarily take time off, employees are in the office with little to do. By having the flexibility to schedule compensatory leave during these periods, management

would reduce their overtime cost associated with the payment of accumulated compensatory time at year-end.

- Finally, there are occasions when management would like employees to take time off to ensure they are properly rested before going back to work. However, unless they voluntarily take time off, management has no way of ensuring that adequate rest periods are maintained.

**ARTICLE 20 – TRAVELLING TIME**

<b>COLLECTIVE AGREEMENT</b>	<b>EMPLOYER PROPOSAL</b>	<b>UNION PROPOSAL</b>
<p><b>20.01</b> Where an employee is required to travel to or from his or her headquarters area, as normally defined by the Employer, the employee's method of travel shall be determined by the Employer and the employee shall be compensated in the following manner:</p> <p>a. On a normal working day on which the employee travels but does not work, the employee shall receive his or her regular pay for the day.</p> <p>b. On a normal working day on which the employee travels and works, the employee shall earn:</p> <p style="padding-left: 40px;">(i) his or her regular pay for the day for a combined period of travel and work not exceeding seven decimal five (7.5) hours,</p> <p style="padding-left: 80px;">and</p> <p style="padding-left: 40px;">(ii) the applicable overtime rate for additional travel time in excess of seven decimal five (7.5) hour period of work and travel, with a maximum payment for such additional travel time not to exceed 12 hours' pay at the</p>	<p><b>20.01</b> Where an employee is required to travel to or from his or her headquarters area, as normally defined by the Employer, the employee's method of travel shall be determined by the Employer and the employee shall be compensated in the following manner:</p> <p>a. On a normal working day on which the employee travels but does not work, the employee shall receive his or her regular pay for the day.</p> <p>b. On a normal working day on which the employee travels and works, the employee shall earn:</p> <p style="padding-left: 40px;">(i) his or her regular pay for the day for a combined period of travel and work not exceeding seven decimal five (7.5) hours,</p> <p style="padding-left: 80px;">and</p> <p style="padding-left: 40px;">(ii) the applicable overtime rate for additional travel time in excess of seven decimal five (7.5) hour period of work and travel, with a maximum payment for such additional travel time not to exceed 12 hours' pay at the</p>	

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
<p style="text-align: center;">straight-time hourly rate of pay.</p> <p>c. On a day of rest or on a designated paid holiday, the employee shall be paid at the applicable overtime rate for hours travelled to a maximum of twelve (12) hours' at the straight-time hourly rate of pay.</p> <p>d. if an employee is required to travel outside Canada or Continental USA:</p> <p style="padding-left: 20px;">(i) on a normal working day on which the employee travels and works, he shall be paid:</p> <p style="padding-left: 40px;">A. his regular pay for the day for a combined period of travel and work not exceeding his regular scheduled working hours, and</p> <p style="padding-left: 40px;">B. at the applicable overtime rate for additional travel time in excess of seven decimal five (7.5) hour period of work and travel, with a maximum payment for such additional travel time not to exceed fifteen (15) hours pay at the straight-time hourly rate of pay,</p> <p style="padding-left: 20px;">(ii) ii. on a day of rest or on a designated paid</p>	<p style="text-align: center;">straight-time hourly rate of pay.</p> <p>c. On a day of rest or on a designated paid holiday, the employee shall be paid at the applicable overtime rate for hours travelled to a maximum of twelve (12) hours' at the straight-time hourly rate of pay.</p> <p>d. if an employee is required to travel outside Canada or Continental USA:</p> <p style="padding-left: 20px;">(i) on a normal working day on which the employee travels and works, he shall be paid:</p> <p style="padding-left: 40px;">A. his regular pay for the day for a combined period of travel and work not exceeding his regular scheduled working hours, and</p> <p style="padding-left: 40px;">B. at the applicable overtime rate for additional travel time in excess of seven decimal five (7.5) hour period of work and travel, with a maximum payment for such additional travel time not to exceed <del>fifteen (15)</del> <b>twelve (12)</b> hours pay at the straight-time hourly rate of pay,</p> <p style="padding-left: 20px;">(ii) on a day of rest or on a designated paid</p>	

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
<p>holiday, the employee shall be paid at the applicable overtime rate for hours traveled to a maximum of fifteen (15) hours' pay at the straight-time hourly rate of pay.</p> <p><b>20.04 Travel Status Leave</b></p> <p>a. An employee who is required to travel outside his or her headquarters area on government business, as these expressions are defined by the Employer, and is away from his permanent residence for forty (40) nights during a fiscal year shall be granted seven decimal five (7.5) hours of time off with pay. The employee shall be credited with an additional seven decimal five (7.5) hours of time off for each additional twenty (20) nights that the employee is away from his or her permanent residence to a maximum of eighty (80) nights.</p> <p>b. The maximum number of days off earned under this clause shall not exceed thirty-seven decimal five (37.5) hours in a fiscal year and shall accumulate as compensatory leave with pay.</p> <p>c. This leave with pay is deemed to be compensatory leave and</p>	<p>holiday, the employee shall be paid at the applicable overtime rate for hours traveled to a maximum of <b>fifteen (15) twelve (12)</b> hours' pay at the straight-time hourly rate of pay.</p>	<p><b>20.04 Travel Status Leave</b></p> <p>a. An employee who is required to travel outside his or her headquarters area on government business, as these expressions are defined by the Employer, and is away from his permanent residence for <b>forty (40) twenty (20)</b> nights during a fiscal year shall be granted seven decimal five (7.5) hours of time off with pay. The employee shall be credited with an additional seven decimal five (7.5) hours of time off for each additional twenty (20) nights that the employee is away from his or her permanent residence to a maximum of eighty (80) nights.</p> <p>b. The maximum number of days off earned under this clause shall not exceed thirty-seven decimal five (37.5) hours in a fiscal year and shall accumulate as compensatory leave with pay.</p> <p>c. This leave with pay is deemed to be compensatory leave and</p>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
<p>is subject to paragraph 19.04(a), (b) and (c).</p> <p>The provisions of this clause do not apply when the employee travels in connection with courses, training sessions, professional conferences and seminars.</p>		<p>is subject to paragraph 19.04(a), (b) and (c).</p> <p>The provisions of this clause do not apply when the employee travels in connection with courses, training sessions, professional conferences and seminars, <b>unless the employee is required to attend by the Employer.</b></p>

**Remarks:**

- The Employer's proposal is self explanatory. The proposed amendments under 20.01 (d) i) B) and 20.01 (d) ii) is to align language found in other collective agreements, such as the FS, RO, SR-C, SR-E, TC, and SR-W.
- Under 20.04 the union is proposing, changes consistent with those found in the TC collective agreement.
- Should the board recommend that proposed amendments under 20.04, the Aircraft Operations Article 20 – Travelling Time benefits would exceed those found in all other collective agreements within the Core Public Administration.

**ARTICLE 21 – PAY ADMINISTRATION**

<b>COLLECTIVE AGREEMENT</b>	<b>EMPLOYER PROPOSAL</b>	<b>UNION PROPOSAL</b>
<p><b>21.01</b> Except as provided in this article, the terms and conditions governing the application of pay to employees are not affected by this Agreement.</p> <p><b>21.02</b> An employee is entitled to be paid, for services rendered, at:</p> <ul style="list-style-type: none"> <li>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</li> <li>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.</li> </ul>	<p><b>21.01</b> Except as provided in this article, the terms and conditions governing the application of pay to employees are not affected by this Agreement.</p> <p><b>21.02</b> An employee is entitled to be paid, for services rendered, at:</p> <ul style="list-style-type: none"> <li>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</li> <li>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.</li> </ul>	<p><b>21.01</b> Except as provided in this article, the terms and conditions governing the application of pay to employees are not affected by this Agreement.</p> <p><b>21.02</b> An employee is entitled to be paid, for services rendered, at:</p> <ul style="list-style-type: none"> <li>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</li> <li>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.</li> </ul>
<p><b>21.03</b></p> <ul style="list-style-type: none"> <li>a. The rates of pay set forth in Appendix "A" shall become effective on the dates specified.</li> <li>b. Where the rates of pay set forth in Appendix "A" have an effective date prior to the date of signing of this</li> </ul>	<p><b>21.03</b></p> <ul style="list-style-type: none"> <li>a. The rates of pay set forth in Appendix "A" shall become effective on the dates specified</li> <li>b. Where the rates of pay set forth in Appendix "A" have an effective date prior to the date of</li> </ul>	<p><b>21.03</b></p> <ul style="list-style-type: none"> <li>a. The rates of pay set forth in Appendix "A" shall become effective on the dates specified.</li> <li>b. Where the rates of pay set forth in Appendix "A" have an effective date prior to the date of</li> </ul>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
<p>Agreement, the following shall apply:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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 group during the retroactive period;</li> <li>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 immediately below the rate of pay being received prior to the revision;</li> <li>iv. for promotions, demotions, deployments, transfers or acting situations effective during the retroactive period, the rate of pay shall be recalculated, in accordance with the <i>Public Service Terms</i></li> </ul>	<p>signing of this Agreement, the following shall apply:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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 group during the retroactive period;</li> <li>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 immediately below the rate of pay being received prior to the revision;</li> <li>iv. for promotions, demotions, deployments, transfers or acting situations effective during the</li> </ul>	<p>signing of this Agreement, the following shall apply:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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 group during the retroactive period;</li> <li>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 immediately below the rate of pay being received prior to the revision;</li> <li>iv. for promotions, demotions, deployments, transfers or acting situations effective during the retroactive period, the rate of pay shall be recalculated, in accordance with the</li> </ul>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
<p><i>and Conditions of Employment Regulations</i>, 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 immediately below the rate of pay being received prior to the revision;</p> <p>v. no payment or no notification shall be made pursuant to paragraph 21.03(b) for one dollar (\$1.00) or less.</p>	<p>retroactive period, the rate of pay shall be recalculated, in accordance with the <del><b>Public Service Terms and Conditions of Employment Regulations Directive on Terms and Conditions of Employment</b></del>, 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 immediately below the rate of pay being received prior to the revision;</p> <p>v. no payment or no notification shall be made pursuant to paragraph 21.03(b) for one dollar (\$1.00) or less.</p>	<p><i>Public Service Terms and Conditions of Employment Regulations</i>, 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 immediately below the rate of pay being received prior to the revision;</p> <p>v. no payment or no notification shall be made pursuant to paragraph 21.03(b) for one dollar (\$1.00) or less.</p> <p><b>21.06 When the employee agrees to substantially perform the duties of a position with a lower pay level the employee is to be compensated with the pay and allowances that apply to their</b></p>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
		<b>substantive position.</b>

**Remarks:**

- As with the Employer's proposal under Article 2.01, this proposal is merely to update the reference to the "Public Service Terms and Conditions of Employment Regulations" to that of the *Directive on Terms and Conditions of Employment*. The Employer asks that the PIC include this demand in its report.
- The Bargaining Agent is proposing incorporate language currently found in the Employer's policy into the collective agreement.
- No other collective agreement in the CPA contains language of this nature. This would create a precedent not only for the entrenchment of this policy in the collective agreements, but, eventually, the inclusion of any human resource policies that currently exist in the public service.
- Again, salary protection is covered in the Employer's *Directive on Terms and Conditions of Employment*, however allowances are incumbent based, do not form part of salary and therefore are not protected.
- The Employer strongly opposes the inclusion of this demand in the collective agreement.

**ARTICLE 23 – VACATION LEAVE**

<b>COLLECTIVE AGREEMENT</b>	<b>EMPLOYER PROPOSAL</b>	<b>UNION PROPOSAL</b>
<p><b>Accumulation of Vacation Leave Credits</b></p> <p><b>23.02</b> An employee shall earn vacation leave credits at the following rate for each calendar month during which the employee receives pay for at least seventy-five (75) hours:</p> <ul style="list-style-type: none"> <li>a. nine decimal three seven five (9.375) hours until the month in which the anniversary of the employee's eighth (8th) year of continuous employment occurs;</li> <li>b. twelve decimal five (12.5) hours commencing with the month in which the employee's eighth (8th) anniversary of continuous employment occurs;</li> <li>c. thirteen decimal seven five (13.75) hours commencing with the month in which the employee's sixteenth (16th) anniversary of continuous employment occurs;</li> <li>d. fourteen decimal four (14.4) hours commencing with the month in which</li> </ul>	<p><b>Accumulation of Vacation Leave Credits</b></p> <p><b>23.02</b> An employee shall earn vacation leave credits at the following rate for each calendar month during which the employee receives pay for at least seventy-five (75) hours:</p> <ul style="list-style-type: none"> <li>a. nine decimal three seven five (9.375) hours until the month in which the anniversary of the employee's eighth (8th) year of continuous employment occurs;</li> <li>b. twelve decimal five (12.5) hours commencing with the month in which the employee's eighth (8th) anniversary of continuous employment occurs;</li> <li>c. thirteen decimal seven five (13.75) hours commencing with the month in which the employee's sixteenth (16th) anniversary of continuous employment occurs;</li> <li>d. fourteen decimal four (14.4) hours commencing with the month in which the employee's seventeenth (17th) anniversary of</li> </ul>	<p><b>Accumulation of Vacation Leave Credits</b></p> <p><b>23.02</b> An employee shall earn vacation leave credits at the following rate for each calendar month during which the employee receives pay for at least seventy-five (75) hours:</p> <ul style="list-style-type: none"> <li>a. nine decimal three seven five (9.375) hours until the month in which the anniversary of the employee's eighth (8th) year of continuous employment occurs;</li> <li>b. twelve decimal five (12.5) hours commencing with the month in which the employee's eighth (8th) anniversary of continuous employment occurs;</li> <li>c. thirteen decimal seven five (13.75) hours commencing with the month in which the employee's sixteenth (16th) anniversary of continuous employment occurs;</li> <li>d. fourteen decimal four (14.4) hours commencing with the month in which the employee's seventeenth (17th)</li> </ul>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
<p>the employee's seventeenth (17th) anniversary of continuous employment occurs;</p> <p>e. fifteen decimal six two five (15.625) hours commencing with the month in which the employee's eighteenth (18th) anniversary of continuous employment occurs;</p> <p>f. sixteen decimal eight seven five (16.875) hours commencing with the month in which the employee's twenty-seventh (27th) anniversary of continuous employment occurs;</p> <p>g. eighteen decimal seven five (18.75) hours per month commencing with the month in which the employee's twenty-eighth (28th) anniversary of continuous employment occurs.</p>	<p>continuous employment occurs;</p> <p>e. fifteen decimal six two five (15.625) hours commencing with the month in which the employee's eighteenth (18th) anniversary of continuous employment occurs;</p> <p>f. sixteen decimal eight seven five (16.875) hours commencing with the month in which the employee's twenty-seventh (27th) anniversary of continuous employment occurs;</p> <p>g. eighteen decimal seven five (18.75) hours per month commencing with the month in which the employee's twenty-eighth (28th) anniversary of continuous employment occurs.</p> <p><b>For the purpose of clause 23.02 only, all service within the public service, whether continuous or discontinuous, shall count toward vacation leave except where a</b></p>	<p>anniversary of continuous employment occurs;</p> <p>e. fifteen decimal six two five (15.625) hours commencing with the month in which the employee's eighteenth (18th) anniversary of continuous employment occurs;</p> <p>f. sixteen decimal eight seven five (16.875) hours commencing with the month in which the employee's twenty-seventh (27th) anniversary of continuous employment occurs;</p> <p>g. eighteen decimal seven five (18.75) hours per month commencing with the month in which the employee's twenty-eighth (28th) anniversary of continuous employment occurs.</p>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
	<p>person who, on leaving the public service, takes or has taken severance pay. However, the above exception shall not apply to an AO who receives severance pay on lay-off and is reappointed to the public service within one (1) year following the date of lay-off.</p> <p>For greater certainty, severance payments taken under clauses 28.06 to 28.09, or similar provisions in other collective agreements, do not reduce the calculation of service for AOs who have not yet left the public service.</p>	<p>23.16 Notwithstanding the definition of “continuous employment” in Article 2 and exclusively for the purposes of determining vacation leave accrual in accordance with Article 23.02(a) and Article 23.02(b) only, an employee shall be provided credit for up to eight years of professional pilot experience upon provision of standardized documentation to the satisfaction of the employer.</p>

**Remarks:**

- Under 23.03, the Employer's proposed change of language should be considered in conjunction with the Employer's proposal to eliminate severance for voluntary departures. The introduction of such language will confirm the current application and as such, will eliminate questions or confusion. The Employer asks that the PIC include this demand in its report.
- Under 23.16, the Union's proposal under vacation leave is not acceptable to the Employer. As the matter of continuous service, has been dealt with at the Federal Court, the union's proposal is merely a way to circumvent the definition and increase the vacation leave entitlement for the group.
- The vacation entitlement currently afforded to the AO group is in line with language which exists in almost all collective agreements within the Core Public Administration. It is competitive and adequate and as such, is sufficient as it stands. The practice of a higher benefit level of vacation leave upon entering the Public Service is normally reserved for those groups requiring substantial education upon entry such as Medical Doctors, University Teachers, Scientific Research and Lawyers.
- For this reason, the Employer does not support their request and strongly recommends that the Public Interest Commission not include this in its report.

**ARTICLE 25 – OTHER LEAVE WITH OR WITHOUT PAY**

<b>COLLECTIVE AGREEMENT</b>	<b>UNION PROPOSAL</b>
<p><b>25.02 Bereavement Leave With Pay</b></p> <p>For the purpose of this clause, immediate family is defined as father, mother (or alternatively stepfather, stepmother, or foster parent), brother, sister, spouse, (including common-law spouse resident with the employee), child (including child of common-law spouse), stepchild or ward of the employee, grandparent, father-in-law, mother-in-law, grandchild and relative permanently residing in the employee's household or with whom the employee permanently resides.</p> <p>a. When a member of the employee's immediate family dies, an employee shall be entitled to a bereavement period of four (4) consecutive calendar days. Such bereavement period, as determined by the employee, must include the day of the memorial commemorating the deceased, or must begin within two (2) days following the death. During such period the employee shall be paid for those days which are not regularly scheduled days of rest for that employee. In addition, the employee may be granted up to three (3) days' leave with pay for the purpose of travel related to the death.</p> <p>b. An employee is entitled up to one (1) day's bereavement leave with pay for the purpose related to the death of the employee's son-in-law, daughter-in-law, brother-in-law or sister-in-law.</p> <p>c. It is recognized by the parties that the circumstances which call for leave in respect of bereavement are based on individual circumstances. On request, the deputy head of a department may, after considering the particular</p>	<p><b>25.02 Bereavement Leave With Pay</b></p> <p>For the purpose of this clause, immediate family is defined as father, mother (or alternatively stepfather, stepmother, or foster parent), brother, sister, spouse, (including common-law spouse resident with the employee), child (including child of common-law spouse), stepchild or ward of the employee, grandparent, father-in-law, mother-in-law, grandchild and relative permanently residing in the employee's household or with whom the employee permanently resides.</p> <p>a. When a member of the employee's immediate family dies, an employee shall be entitled to a bereavement period of <del>four (4)</del> <b>seven (7)</b> consecutive calendar days. Such bereavement period, as determined by the employee, must include the day of the memorial commemorating the deceased, or must begin within two (2) days following the death. During such period the employee shall be paid for those days which are not regularly scheduled days of rest for that employee. In addition, the employee may be granted up to three (3) days' leave with pay for the purpose of travel related to the death.</p> <p>b. An employee is entitled up to one (1) day's bereavement leave with pay for the purpose related to the death of the employee's son-in-law, daughter-in-law, brother-in-law or sister-in-law</p> <p>c. It is recognized by the parties that the circumstances which call for leave in respect of bereavement are based on individual circumstances. On request, the deputy head of a department may, after considering the particular</p>

COLLECTIVE AGREEMENT	UNION PROPOSAL
<p>circumstances involved, grant leave with pay for a period greater than that provided for in sub-clauses 25.02(a) and (b).</p>	<p>circumstances involved, grant leave with pay for a period greater than that provided for in sub-clauses 25.02(a) and (b).</p> <p>d. <b>If, during a period of sick leave, vacation leave or compensatory leave, an employee is bereaved in circumstances under which he or she would have been eligible for bereavement leave with pay under this Article, the employee shall be granted bereavement leave with pay and his or her paid leave credits shall be restored to the extent of any concurrent bereavement leave with pay granted.</b></p>
<p><b>25.16 Leave With Pay for Family-Related Responsibilities</b></p> <p>a. For the purpose of this clause, family is defined as spouse (or common-law spouse resident with the employee), children (including children of legal or common-law spouse), parents (including stepparents or foster parents), or any relative permanently residing in the employee's household or with whom the employee permanently resides.</p> <p>b. The Employer shall grant leave with pay under the following circumstances:</p> <p>i. an employee is expected to make every reasonable effort to schedule medical or dental appointments for family members to minimize or preclude the employee's absence from work, however, when alternate arrangements are not possible an employee shall be granted up to one-half (1/2) day for a medical or dental appointment when</p>	<p><b>25.16 Leave With Pay for Family-Related Responsibilities</b></p> <p>a. For the purpose of this clause, family is defined as spouse (or common-law spouse resident with the employee), children (including children of legal or common-law spouse), parents (including stepparents or foster parents), or any relative permanently residing in the employee's household or with whom the employee permanently resides.</p> <p>b. The Employer shall grant leave with pay under the following circumstances:</p> <p>i. <del>an employee is expected to make every reasonable effort to schedule medical or dental appointments for family members to minimize or preclude the employee's absence from work, however, when alternate arrangements are not possible an employee shall be granted up to one-half (1/2) day for a medical or dental appointment when the dependent family member is incapable of attending the</del></p>

COLLECTIVE AGREEMENT	UNION PROPOSAL
<p>the dependent family member is incapable of attending the appointment by himself or herself, or for appointments with appropriate authorities in schools or adoption agencies. An employee requesting leave under this provision must notify his or her supervisor of the appointment as far in advance as possible;</p> <p>ii. leave with pay to provide for the immediate and temporary care of a sick member of the employee's family and to provide an employee with time to make alternate care arrangements where the illness is of a longer duration;</p> <p>iii. one (1) day's leave with pay for needs directly related to the birth or to the adoption of the employee's child. This leave may be divided into two (2) periods and granted on separate days;</p>	<p><del>appointment by himself or herself, or for appointments with appropriate authorities in schools or adoption agencies. An employee requesting leave under this provision must notify his or her supervisor of the appointment as far in advance as possible;</del></p> <p>ii. <del>leave with pay to provide for the immediate and temporary care of a sick member of the employee's family and to provide an employee with time to make alternate care arrangements where the illness is of a longer duration;</del></p> <p>iii. <del>one (1) day's leave with pay for needs directly related to the birth or to the adoption of the employee's child. This leave may be divided into two (2) periods and granted on separate days;</del></p> <p>i. to take a family member for medical or dental appointments, or for appointments with school authorities or adoption agencies, if the supervisor was notified of the appointment as far in advance as possible;</p> <p>ii. to provide for the immediate and temporary care of a sick member of the employee's family and to provide the employee with time to make alternative care arrangements where the illness is of a longer duration;</p> <p>iii. to provide for the immediate and temporary care of an elderly member of the</p>

COLLECTIVE AGREEMENT	UNION PROPOSAL
<p>c. The total leave with pay which may be granted under sub-clause (b)(i), (ii) and (iii) shall not exceed thirty-seven decimal five (37.5) hours in a fiscal year.</p>	<p><b>employee's family;</b></p> <p><b>iv. for needs directly related to the birth or the adoption of the employee's child;</b></p> <p><b>v. to attend school functions, if the supervisor was notified of the functions as far in advance as possible;</b></p> <p><b>vi. to provide for the employee's child in the case of an unforeseeable closure of the school or daycare facility;</b></p> <p><b>vii. to attend an appointment with a legal or paralegal representative for non-employment related matters, or with a financial or other professional representative, if the supervisor was notified of the appointment as far in advance as possible.</b></p> <p>c. The total leave with pay which may be granted under <del>sub-clause (b)(i), (ii) and (iii)</del> <b>this Article</b> shall not exceed thirty-seven decimal five (37.5) hours in a fiscal year.</p>

**Remarks:**

- The Union is proposing a modification to the language that was negotiated by the employer and other unions in recent settlements. This clause is tied to the severance pay proposal.
- If the Employer's proposal regarding the severance pay is agreed to, the Employer is willing to replicate the language found under the Program and Administrative Services agreement including their proposal of 25.02 d).

**ARTICLE 28 – SEVERANCE PAY**

<b>COLLECTIVE AGREEMENT</b>	<b>EMPLOYER PROPOSAL</b>
<p><b>Lay-off</b></p> <p><b>28.01</b></p> <p>i. On the first (1st) lay-off two (2) weeks' pay for the first (1st) complete year of continuous employment and one (1) week's pay for each additional complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365).</p> <p>ii. On second (2nd) or subsequent lay-off one (1) week's pay for each complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365), less any period in respect of which the employee was granted severance pay under sub-paragraph (i).</p> <p><b>Resignation</b></p> <p><b>28.02</b> On resignation, subject to clause 28.05 and with ten (10) or more years of</p>	<p><b>Effective January 27, 2012, paragraphs 28.02 and 28.03 are deleted from the collective agreement.</b></p> <p><b>Lay-off</b></p> <p><b>28.01</b></p> <p>i. On the first (1st) lay-off <del>two (2) weeks' pay</del> for the first (1st) complete year of continuous employment, <b>two (2) weeks' pay, or three (3) weeks' pay for employees with ten (10) or more and less than twenty (20) years of continuous employment, or four (4) weeks' pay for employees with twenty or more years of continuous employment, plus and</b> one (1) week's pay for each additional complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365).</p> <p>ii. On second (2nd) or subsequent lay-off one (1) week's pay for each complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365), less any period in respect of which the employee was granted severance pay under sub-paragraph (i).</p> <p><b>Resignation</b></p> <p><b>28.02</b> On resignation, subject to clause 28.05 and with ten (10) or more years of</p>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL
<p>continuous employment, one-half (1/2) week's pay for each complete year of continuous employment up to a maximum of twenty-six (26) years with a maximum benefit of thirteen (13) weeks' pay.</p> <p><b>Retirement</b></p> <p><b>28.03</b></p> <ul style="list-style-type: none"> <li>i. On retirement, when an employee is entitled to an immediate annuity under the <i>Public Service Superannuation Act</i> or when the employee is entitled to an immediate annual allowance, under the <i>Public Service Superannuation Act</i>, or</li> <li>ii. a part-time employee, who regularly works more than thirteen decimal five (13.5) but less than thirty (30) hours a week, and who, if he or she were a contributor under the <i>Public Service Superannuation Act</i>, would be entitled to an immediate annuity thereunder, or who would have been entitled to an immediate annual allowance if he or she were a contributor under the <i>Public Service Superannuation Act</i>,</li> </ul> <p>a severance payment in respect of the employee's complete period of continuous employment, comprised of one (1) week's pay for each complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365), to a maximum of thirty (30) weeks' pay.</p>	<p>continuous employment, one-half (1/2) week's pay for each complete year of continuous employment up to a maximum of twenty-six (26) years with a maximum benefit of thirteen (13) weeks' pay.</p> <p><b>Retirement</b></p> <p><b>28.03</b></p> <ul style="list-style-type: none"> <li>i. On retirement, when an employee is entitled to an immediate annuity under the <i>Public Service Superannuation Act</i> or when the employee is entitled to an immediate annual allowance, under the <i>Public Service Superannuation Act</i>, or</li> <li>ii. a part-time employee, who regularly works more than thirteen decimal five (13.5) but less than thirty (30) hours a week, and who, if he or she were a contributor under the <i>Public Service Superannuation Act</i>, would be entitled to an immediate annuity thereunder, or who would have been entitled to an immediate annual allowance if he or she were a contributor under the <i>Public Service Superannuation Act</i>,</li> </ul> <p>a severance payment in respect of the employee's complete period of continuous employment, comprised of one (1) week's pay for each complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365), to a maximum of thirty (30) weeks' pay.</p>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL
<p><b>Severance Pay on Death</b></p> <p><b>28.04</b> If an employee dies, there shall be paid to the employee's estate a severance payment in respect of the employee's complete period of continuous employment, comprised of one (1) week's pay for each complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365), to a maximum of thirty (30) weeks' pay, regardless of any other benefit payable.</p> <p><b>28.05</b> Severance benefits payable to an employee under this article shall be reduced by any period of continuous employment in respect of which the employee was already granted any type of termination benefit. Under no circumstances shall the maximum severance pay provided under this article be pyramided.</p>	<p><b>Severance Pay on Death</b></p> <p><b>28.04</b> If an employee dies, there shall be paid to the employee's estate a severance payment in respect of the employee's complete period of continuous employment, comprised of one (1) week's pay for each complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365), to a maximum of thirty (30) weeks' pay, regardless of any other benefit payable.</p> <p><b>28.05</b> Severance benefits payable to an employee under this <del>a</del>Article shall be reduced by any period of continuous employment in respect of which the employee was already granted any type of termination benefit. Under no circumstances shall the maximum severance pay provided under this <del>a</del>Article be pyramided.</p> <p><b>For greater certainty, payments made pursuant to 28.06 and 28.09 or similar provisions in other collective agreements shall be considered as a termination benefits for the administration of 28.05.</b></p> <p><b>28.06 Severance Termination</b></p> <p>a. <b>Subject to 28.05 above, indeterminate AOs on January 27, 2012 shall be entitled to a severance payment equal to one (1) week's pay for each complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365), to a</b></p>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL
	<p>maximum of thirty (30) weeks.</p> <p>b. Subject to 28.05 above, term AOs on January 27, 2012 shall be entitled to a severance payment equal to one (1) week's pay for each complete year of continuous employment, to a maximum of thirty (30) weeks.</p> <p><b>Terms of Payment</b></p> <p><b>28.07 Options</b></p> <p>The amount to which an AO is entitled shall be paid, at the AO's discretion, either:</p> <p>a. as a single payment at the rate of pay of the AO's substantive position as of January 27, 2012, or</p> <p>b. as a single payment at the time of the AO's termination of employment from the core public administration, based on the rate of pay of the AO's substantive position at the date of termination of employment from the core public administration, or</p> <p>c. as a combination of (a) and (b), pursuant to 28.08(c).</p> <p><b>28.08 Selection of Option</b></p> <p>a. The Employer will advise the AO of his or her years of continuous employment no later than three (3) months following the official date of signing of the collective agreement.</p> <p>b. The AO shall advise the Employer of the term of payment option selected within six (6) months from the official date of signing of the collective agreement.</p> <p>c. The AO who opts for the option described in 28.07(c) must specify</p>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL
	<p>the number of complete weeks to be paid out pursuant to 28.07(b).</p> <p>d. An AO who does not make a selection under 28.08(b) will be deemed to have chosen option 28.07(b).</p> <p><b>28.09 Appointment from a Different Bargaining Unit</b></p> <p><b>This clause applies in a situation where an employee is appointed into a position in the AO bargaining unit from a position outside the AO bargaining unit where, at the date of appointment, provisions similar to those in 28.02 and 28.03 are still in force, unless the appointment is only on an acting basis.</b></p> <p>a. Subject to 28.05 above, on the date an indeterminate employee becomes subject to this Agreement after January 27, 2012, he or she shall be entitled to severance payment equal to one (1) week's pay for each complete year of continuous employment and, in the case of a partial year of continuous employment, one (1) week's pay multiplied by the number of days of continuous employment divided by three hundred and sixty-five (365), to a maximum of thirty (30) weeks, based on the employee's rate of pay of his substantive position on the day preceding the appointment.</p> <p>b. Subject to 28.05 above, on the date a term employee becomes subject to this Agreement after January 27, 2012, he or she shall be entitled to severance payment equal to one (1) week's pay for each complete year of continuous employment, to a maximum of thirty (30) weeks, based on the employee's rate of pay of his substantive position on</p>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL
	<p>the day preceding the appointment.</p> <p>c. <b>An employee entitled to a severance payment under paragraph (a) or (b) shall have the same choice of options outlined in 28.07, however the selection of which option must be made within three (3) months of being appointed to the bargaining unit.</b></p> <p>d. <b>An employee who does not make a selection under 28.09(b) will be deemed to have chosen option 28.07(b).</b></p>

### **Remarks:**

- The Union has indicated that acceptance of the employer's multi-faceted proposal related to the elimination of the Severance Pay for Voluntary Separation is contingent on an acceptable combination of provisions that satisfy the union's interest.
- The Employer proposes to delete severance pay provisions for voluntary resignation and retirement and offers a severance termination pay-out.
- This is in line with the Federal Government budget, *Economic Action Plan 2012 – A Plan for Jobs, Growth and Long-Term Prosperity*<sup>9</sup>, and is no different than implementing other provisions that Parliament has provided such as the Compassionate Care benefits and increases to the maternity and parental provisions ( Employment Insurance Act).

<sup>8</sup> “The Government is also taking specific action to bring federal public service compensation in line with that of other public and private sector employers. This includes eliminating the accumulation of severance benefits for voluntary resignation and retirement, which to date has been eliminated for about 230,000 unionized and non-unionized federal government employees, including members of the Royal Canadian Mounted Police, the Canadian Forces and all executives in the core public administration. Other federal public sector employers are pursuing similar approaches.”

- Eliminating the accumulation of severance benefits for voluntary resignation and retirement will bring federal public compensation in line with that of other public and private sector employers, such, as the Ontario Provincial Government and those subject to the *Canada Labour Code*.
- The goal of arbitration is to replicate the results, as closely as possible, which would have been achieved had the parties negotiated a settlement and must base the award on objective factors, such as the terms and conditions of employment freely negotiated within the relevant community and the economic situation.
- For this round of bargaining, ten (10) new collective agreements have been ratified, all of which have accepted the elimination of severance benefits for voluntary separation, namely for retirement or resignation. This means that more than 100,000 unionized employees in the Core Public Administration have accepted the elimination of severance benefits for voluntary separation. The Treasury Board subsequently eliminated severance benefits for voluntary separation for approximately 13,000 executives and non-represented employees for a total of approximately 115,700 employees in the core public administration. Further, this benefit has been eliminated for the Canadian Forces and RCMP members. A pie chart illustrating these results is attached to this Brief as Appendix E.
- Of those 115,700 employees, 83,000 employees (71.73%) have opted for an immediate single payment of their entitlement. As of February 2012, more than 90,000 payments have been processed for employees who have opted for an immediate single or partial severance payment.
- The Employer's proposes the following:
  - Severance pay for retirement or resignation will cease to accumulate for employees on date of signing or date the arbitral award is rendered.

- Severance pay continues to accumulate for reasons of death, lay-off, or termination for reasons of incapacity or incompetence.
- The Employer also proposes to enhance severance pay for Lay-off reasons.
- Under the severance termination proposal employees will have the option of immediately cashing out the severance accumulated, or keep the accumulated severance and have it paid out at termination of employment, or immediately cash out part of the accumulated severance and keep the balance to be paid out at termination of employment.
- Indeterminate employees and term employees will be entitled to a severance payment.

### Comparison on Severance benefit provision

Under the Current Severance Provision	Proposal on Severance Provision
<p>Indeterminate employees with <b>less than ten (10) years</b> of continuous employment are <b>not entitled to Severance Pay</b> other than in circumstances of retirement with an immediate annuity.</p> <p>Employees who resign before reaching 10 years of continuous employment are not entitled to a severance pay.</p>	<p>Indeterminate employees will have access to severance Pay, in proportion to their years of continuous employment.</p> <p>Indeterminate employees with less than one year of continuous employment are entitled to a pro-rated week for their partial year of continuous employment.</p> <p>For example, with the current provision, an indeterminate employee who has 9 years of continuous employment and resigns is not entitled to severance pay. Under the Employer's proposal for severance termination, that employee who is earning \$50,000 per year would be entitled to an immediate single payment of \$8,625.</p> <p>Under the current provision, an indeterminate employee with 20 years of continuous employment earning \$55,000 per year who resigns is entitled to 10 weeks severance pay</p>

Under the Current Severance Provision	Proposal on Severance Provision
	(\$10,540). Under the Employer's proposal for severance termination, the employee would now be entitled to 20 weeks, or \$21,080.
<p>Currently, employees who resign with less than 10 years of continuous employment receive no severance at all.</p> <p>If they resign with 10 years or more, they receive <b>half (½) week's pay</b> for each year of continuous employment to a maximum of 13 weeks' pay.</p>	<p>Indeterminate and term employees with at least one year of continuous employment will receive a severance payment equal to <b>one (1) week's pay</b> at their substantive pay rate for each complete year of continuous employment.</p> <p>For indeterminate employees with 10 years or more of continuous employment who would have resigned before retirement, this represents <b>a doubling of their accumulated entitlement.</b></p>
Term employees are not eligible to receive severance pay when their terms come to an end.	Term employees who have completed one full year of continuous employment will be eligible for payment in lieu of severance under the severance termination provision.
	<p>Severance pay provisions for Lay-off are enhanced:</p> <ul style="list-style-type: none"> <li>➤ Employees with over 10 years of employment will get an additional week's pay of severance in the event of lay-off;</li> <li>➤ Employees with over 20 years of employment will get two additional week's pay of severance on lay-off.</li> </ul>
	Severance payments taken under the service termination proposal do not reduce the calculation of service for persons who have not yet left the public service. What this means is that vacation leave entitlements will not be affected.

### ARTICLE 34 – AVIATION AIRCREW ALLOWANCE (AAA)

COLLECTIVE AGREEMENT	UNION PROPOSAL
<p><b>34.03</b> Application</p> <p>A.</p> <p>i. Incumbents of positions identified above shall be eligible to receive the following annualized Aviation Aircrew Allowance to be paid biweekly:</p> <ul style="list-style-type: none"> <li>▪ Effective January 26, 2008: \$5,281;</li> <li>▪ Effective January 26, 2009: \$5,281;</li> <li>▪ Effective January 26, 2010: \$5,281;</li> </ul> <p>ii. The Allowance specified above does not form part of an employee's salary.</p> <p>iii. An employee shall be paid the Allowance for each calendar month for which the employee receives at least seventy-five (75) hours pay as an incumbent of a position in the AO bargaining unit.</p> <p>B. Part-time employees shall be entitled to the Allowance on a pro rata basis.</p> <p>C. The parties agree that disputes arising from the application of this article may be subject to consultation.</p>	<p><b>34.03</b> Application</p> <p>A.</p> <p>i. Incumbents of positions identified above shall be eligible to receive the following annualized Aviation Aircrew Allowance to be paid biweekly:</p> <ul style="list-style-type: none"> <li>▪ <del>Effective January 26, 2008: \$5,281;</del></li> <li>▪ <del>Effective January 26, 2009: \$5,281;</del></li> <li>▪ <del>Effective January 26, 2010: \$5,281;</del></li> </ul> <p><b>\$5281 until January 25, 2012.</b></p> <p>ii. <del>The Allowance specified above does not form part of an employee's salary.</del></p> <p>iii. An employee shall be paid the Allowance for each calendar month for which the employee receives at least seventy-five hours pay as an incumbent of a position in the AO bargaining unit.</p> <p>B. Part-time employees shall be entitled to the Allowance on a pro rata basis.</p> <p>C. The parties agree that disputes arising from the application of this article may be subject to consultation.</p> <p><b>D. Effective January 25, 2012 this allowance is cancelled.</b></p> <p><i>Note: This proposed article is contingent on the acceptance by the employer of proposal at Appendix A – Effective January 26, 2012 – increase for cancellation of AAA: \$5281</i></p>

**Remarks:**

- The Aviation Aircrew Allowance is paid biweekly to every employee in the Aircraft Operations bargaining unit. The allowance is currently pensionable but does not form part of salary.

- As of fiscal year 2008/09, each employee accumulated on average greater than 90 hours of overtime. In fiscal year 2010/11 overtimes costs alone (excluding call-back, standby etc.) totalled roughly 1 million dollars; in fiscal year 2011/12 overtime costs online (excluding call-back, standby etc.) totalled approximately \$775,000.00.
- Should the allowance be rolled into the base salary, costs to other salary related remuneration (such as overtime, call-back pay, standby pay, severance pay and cash-out of various leave provisions ) would increase substantially.
- The Employer submits there ought to be restraint on any additional cost increases recommended by the Board and that significant weight be given to the current economic climate, the government's call for spending cuts in all federal department and total compensation.
- The Employer submits that the Union's proposal does not reflect what the parties would have bargained in a period of fiscal restraint and recommends the Board renew the current entitlement.

**ARTICLE 43 – CALL-BACK**

<b>COLLECTIVE AGREEMENT</b>	<b>EMPLOYER PROPOSAL</b>
<p><b>43.01</b> If an employee on a designated holiday or a day of rest or after he or she has completed his or her work for the day and has left his or her place of work is called back to work and returns to work he or she shall be entitled to the greater of:</p> <ul style="list-style-type: none"> <li>a. compensation at the applicable overtime rate for any time worked,</li> <li>b. compensation equivalent to four (4) hours' pay at the straight-time rate.</li> </ul> <p>Time spent by an employee reporting to work or returning to his or her residence shall not constitute time worked.</p> <p><b>43.02</b> An employee who receives a call to duty or responds to a telephone or data line call on a designated holiday or a day of rest or after he or she has completed his or her work for the day, may, at the discretion of the Employer, work at the employee's residence or at another place to which the Employer agrees. In such instances, the employee shall be paid the greater of:</p> <ul style="list-style-type: none"> <li>a. compensation at the applicable overtime rate for any time worked, or</li> <li>b. compensation equivalent to one (1) hour's pay at the straight-time rate, which shall apply only the first time an employee performs work during an</li> </ul>	<p><b>43.01</b> If an employee on a designated holiday or a day of rest or after he or she has completed his or her work for the day and has left his or her place of work is called back to work and returns to work he or she shall be entitled to the greater of:</p> <ul style="list-style-type: none"> <li>a. compensation at the applicable overtime rate for any time worked,</li> </ul> <p><b>or</b></p> <ul style="list-style-type: none"> <li>b. compensation equivalent to four (4) hours' pay at the straight-time rate <b>except that this minimum shall only apply once during a single eight (8) hour period, starting when the employee first commences the work;</b></li> </ul> <p><b>Provided that the period worked by the employee is not contiguous to the employee's normal hours of work.</b></p> <p>Time spent by an employee reporting to work or returning to his or her residence shall not constitute time worked.</p> <p><b>43.02</b> An employee who receives a call to duty or responds to a telephone or data line call on a designated holiday or a day of rest or after he or she has completed his or her work for the day, may, at the discretion of the Employer, work at the employee's residence or at another place to which the Employer agrees. In such instances, the employee shall be paid the greater of:</p> <ul style="list-style-type: none"> <li>a. compensation at the applicable overtime rate for any time worked, or</li> <li>b. compensation equivalent to one (1) hour's pay at the straight-time rate, which shall apply only the first time an employee performs work during an</li> </ul>

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL
eight-hour period, starting when the employee first commences the work.	eight-hour period, starting when the employee first commences the work. <b>Provided that the period worked by the employee is not contiguous to the employee's normal hours of work.</b>

**Remarks:**

- The Employer is proposing to apply a 4 hour compensation at the applicable straight time rate the first time the employee is called back within an 8-hr period and providing that the period worked by the employee is not contiguous to the employee's normal hours of work.
- The principle behind this proposal is that an employee is being inconvenienced by the first time that he or she has to report back to work and a different compensation should be applicable.
- The call-back provision when working from a remote location already exists in the AO collective agreement. The Employer is proposing to maintain the entitlement with modified language, *"provided that the period worked by the employee is not contiguous to the employee's normal hours of work"*.
- If the hours were contiguous to the employee's normal hours of work this would only count for overtime pay only, not call back.
- This language is consistent with the language found in the TC collective agreement; their comparator group.

## ARTICLE 46 – EXTRA DUTY ALLOWANCE

COLLECTIVE AGREEMENT	UNION PROPOSAL
<p><b>46.01</b></p> <p>a. Subject to clause (b) of this article, all employees in the bargaining unit shall be paid the following Extra Duty Allowance:</p> <p style="padding-left: 40px;">Effective January 26, 2008: \$7,480;</p> <p style="padding-left: 40px;">Effective January 26, 2009: \$7,480;</p> <p style="padding-left: 40px;">Effective January 26, 2010: \$7,480.</p> <p>b. The requirements for eligibility to receive Extra Duty Allowance and the timing of payments shall be the same as those contained in Transport Canada's Professional Aviation Currency Program for Civil Aviation Inspectors (formerly referred to as the Professional Currency Programs for Civil Aviation Inspectors) and the TSB Policy on CAI Professional Aviation Currency.</p> <p>c. Extra Duty Allowance shall form part of pay for purposes of the Public Service Superannuation Act (PSSA), Disability Insurance Act (DI) and the Public Service Management Insurance Plan (PSMIP).</p>	<p><b>46.01</b></p> <p>a. Subject to clause (b) of this article, all employees in the bargaining unit shall be paid the following Extra Duty Allowance:</p> <p style="padding-left: 40px;"><del>Effective January 26, 2008: \$7,480;</del></p> <p style="padding-left: 40px;"><del>Effective January 26, 2009: \$7,480;</del></p> <p style="padding-left: 40px;"><del>Effective January 26, 2010: \$7,480.</del></p> <p><b>\$7480 until January 25, 2012.</b></p> <p><b>Effective January 26, 2012 this allowance is cancelled.</b></p> <p><i>NOTE: this proposed article is contingent on the acceptance by the employer of proposal at APPENDIX A – Effective January 26, 2012 – increase for cancellation of EDA: \$7480</i></p> <p>b. The requirements for eligibility to receive Extra Duty Allowance and the timing of payments shall be the same as those contained in Transport Canada's Professional Aviation Currency Program for Civil Aviation Inspectors (formerly referred to as the Professional Currency Programs for Civil Aviation Inspectors) and the TSB Policy on CAI Professional Aviation Currency.</p> <p>c. Extra Duty Allowance shall form part of pay for purposes of the Public Service Superannuation Act (PSSA), Disability Insurance Act (DI) and the Public Service Management Insurance Plan (PSMIP).</p>

**Remarks:**

- The Extra Duty Allowance (EDA), a pensionable allowance, is paid to those employees who maintain their aviation currency. Therefore, it is possible that not all employees receive the Extra Duty Allowance.
- For the above reasons, the union's proposal to roll in the entire allowance into base salary is inappropriate.
- As with the Aircrew Aviation Allowance (AAA), should the allowance be rolled into the base salary, costs to other salary related remuneration (such as overtime, call-back pay, standby pay, severance pay and leave cash out) would increase substantially.
- The Employer submits there ought to be restraint on any additional cost increases recommended by the Board and that significant weight be given to the current economic climate, the government's call for spending cuts in all federal department and total compensation.
- The Employer submits that the Union's proposal does not reflect what the parties would have bargained in a period of fiscal restraint and recommends the Board renew the current entitlement.
- The Employer asks that the PIC not include this demand in its report

**ARTICLE 47 – PROFESSIONAL AVIATION CURRENCY**

<b>COLLECTIVE AGREEMENT</b>	<b>EMPLOYER PROPOSAL</b>
<p><b>47.03</b> Professional Aviation Currency is deemed to have been met as a minimum, by the possession and maintenance of the Airline Transport Pilot Licence (ATPL) and Group 1 or Group 4 Instrument Rating/Pilot Proficiency Check or a Commercial Helicopter Pilot Licence and Group 4 Instrument Rating/Pilot Proficiency Check.</p>	<p><b>47.03</b> Professional Aviation Currency is deemed to have been met as a minimum, by the possession and maintenance of the Airline Transport Pilot Licence (ATPL) and Group 1 or Group 4 Instrument Rating/<del>Pilot Proficiency Check</del> or a Commercial Helicopter Pilot Licence and Group 4 Instrument Rating/<del>Pilot Proficiency Check</del>.</p>

**Remarks:**

- Employees do not require a pilot proficiency check in order to carry out their duties.
- As part of both Transport Canada's and Transportation Safety Board's Professional Aviation Currency Policy (PACP), some alternate flying programs were developed with the concurrence of the CFPA where a Pilot Proficiency Check (PPC) is not required. For example if you were to maintain your currency on a military aircraft, an instrument rating is required, but not a PPC; if a CAI completes training and a checkout on an operator's aircraft as part of the alternate flying program, they will not receive a PPC.
- It is the Employer's belief that members of the bargaining unit want this flexibility, as does the Employer.
- Removing this reference would free up resources to be spent on more task specific aircraft training.
- If the reference to PPC is removed from the collective agreement, the requirement for PPC can still form part of the Professional Aviation Currency Policy (PACP) if the PACP Steering Committee chooses to do so. As an equal

member of the PACP Steering Committee, the CFPA would have the opportunity to negotiate any changes made to the PACP.

**ARTICLE 52 – JOB SECURITY**

<b>COLLECTIVE AGREEMENT</b>	<b>UNION PROPOSAL</b>
<p><b>52.01</b> Subject to the willingness and capacity of individual employees to accept relocation and retraining, the Employer will make every reasonable effort to ensure that any reduction in the work force will be accomplished through attrition.</p>	<p><b>52.01</b> Subject to the willingness and capacity of individual employees to accept relocation and retraining, the Employer will make every reasonable effort to ensure that any reduction in the work force will be accomplished through <b>alternation and</b> attrition.</p> <p><b>52.02 The employer agrees to allocate positions in accordance with the Treasury Board Policy on Classification system and Delegation of Authority.</b></p> <p><b>52.03 An employee whose services will no longer be required because of a work force adjustment situation shall be subject to the provisions of the WorkForce Adjustment Directive that forms part of this collective agreement.</b></p>

**Remarks:**

- Clearly, the Employer opposes the inclusion of these demands in the collective agreement as no such language exists in all 27 collective agreements.
- Alternation and the rules surrounding eligibility to alternation are found in the Workforce Adjustment Directive (WFAD) which is negotiated at the National Joint Council to which CFPA is a member.
- The WFAD – as with all the NJC Directives – form part of this collective agreement. Any negotiation to the languages found within those Directives take place at that forum.

**ARTICLE 54 – DURATION AND RENEWAL**

COLLECTIVE AGREEMENT	EMPLOYER PROPOSAL	UNION PROPOSAL
<p><b>54.01</b> The duration of this Collective Agreement shall be from the date it is signed to January 25, 2011.</p>	<p><b>54.01</b> The duration of this Collective Agreement shall be from the date it is signed to January 25, <del>2011</del></p>	<p><b>54.01</b> The duration of this Collective Agreement shall be from the date it is signed to January 25, <del>2011</del> <b>2015</b>.</p>

**Remarks:**

- As clearly identified by both parties in their submission to the Public Interest Commission, an expiry date of January 25, 2015 is proposed and as such, we can assume that a four (4) year agreement is agreed to by the Bargaining Agent and the Employer.
- The Employer further notes that every single agreement that has been negotiated or gone to arbitration has resulted in an expiry date in 2014/15.

**(New) XX – TI TERMINABLE ALLOWANCE****UNION PROPOSAL****A.**

**(i) Incumbents in positions within the AO bargaining unit that are classified by the Employer as Technical Inspectors (TI) shall be eligible to receive the following annualized Allowance to be paid biweekly at the following rate:**

**\$9118 until January 25, 2012.**

**(ii) An employee shall be paid the Allowance for each calendar month for which the employee receives at least seventy-five (75) hours pay as an incumbent of a position in the AO bargaining unit.**

**B. Part-time employees shall be entitled to the Allowance on a pro rata basis.**

**C. The parties agree that disputes arising from the application of this article may be subject to consultation.**

**D. Effective January 26, 2012 this allowance is cancelled.**

**Remarks:**

- The Employer opposes the inclusion of this demand in the collective agreement.
- Within the Technical Services (TC) collective agreement - Appendix P - TI Terminal Allowance (attached as Appendix F), not all TI's receive the TI terminal allowance. Within the TC collective agreement , the particulars for TI's within civil aviation are as follows:
  - *air investigators, civil aviation safety inspectors and aircraft inspectors who have extensive aircraft maintenance engineering experience and who possess a valid Aircraft Maintenance Engineer licence.*
  - *civil aviation safety inspectors holding a university degree, college certificate or a current membership in the American Society for Quality Control, with six (6) to ten (10) years of manufacturing process experience. Non-destructive specialist having ten (10) years in the field of non-destructive testing, preferably with an aircraft background and a C.G.S.B certification covering Radiography (Aircraft Structures), Magnetic Particle, Liquid Penetrant and Eddy Current inspection are also employed.*

- It is the Employer's understanding that both TI positions identified by the PSLRB decision 2008-42 were not eligible and did not receive the TI terminable allowance.
- Therefore the Employer strongly opposes the inclusion of this demand in the collective agreement.

**(New) MEMORANDUM OF UNDERSTANDING -TERMS AND CONDITIONS OF  
EMPLOYMENT FOR CERTAIN EMPLOYEES OF THE PROGRAM MANAGEMENT  
(PM) AND TECHNICAL INSPECTORS (TI) CATEGORY**

**EMPLOYER PROPOSAL**

The purpose of this memorandum is to confirm the understanding reached in negotiations between the parties with respect to the rates of pay and terms and conditions of employment applicable to incumbents of position numbers identified in the PSLRB decision 2008 PSLRB 42 dated June 20 2008.

It is agreed that positions identified by the board decision shall have their rates of pay and terms and conditions of employment adjusted as per those set forth in the Program and Administrative Services (PA) collective agreement between the Treasury Board and the Public Service Alliance of Canada and the Technical Services (TC) collective agreement between the Treasury Board and the Public Service Alliance of Canada

SIGNED at OTTAWA, this \_\_\_ day of \_\_\_\_\_, 2012.

**THE CANADIAN FEDERAL  
PILOTS ASSOCIATION**

**THE TREASURY BOARD  
OF CANADA**

**Remarks:**

- During this round the Bargaining Agent and Employer have struggled with how best to deal with the 2008 PSLRB 42 decision.
- To date, a s.58 complaint remains outstanding before the Board with a hearing scheduled in February 2013.
- The status regarding the positions are as follows:
  - PRAL 19826;
    - Work description was reviewed, sent to a Classification Committee and classified on 01-Apr-2010; **classification reconfirmed as TI-7**

- New title: Technical Team Lead, Civil Aviation Safety Operations, Specialties
- subsequently the position deleted on June 11, 2012
- NCRL 21198
  - Work description was reviewed, sent to a Classification Committee and classified on 01-Dec-2010; **classification reconfirmed as PM-06**
  - New title: Chief, Civil Aviation Contingency Operations (CACO) Division
- PRAL 18476 - Superintendent Aviation Enforcement (TI-07)
  - Work description to be reviewed and classified in the next few months
  - Position is filled on an acting basis
- That being said, it is necessary to incorporate language in the collective agreement pertaining to the three positions named in the original 2008 board decision.
- Therefore, the Employer seeks to include an MOU on rates of pay pertaining to these three specific positions. They remain classified as PM and TI positions.
- Although represented by the CFPA for now, the Employer firmly believes that their rates of pay should be identical to those of their comparator TI and PM classified colleagues currently represented by the Alliance.
- Therefore, the Employer is proposing the inclusion of an MOU which - for these three positions - points to rates of pay and terms and conditions of employment set forth in the PA and TC collective agreement.

**(NEW ) – APPENDIX B – MEMORANDUM OF UNDERSTANDING – SALARY PROTECTION**

**UNION PROPOSAL**

**GENERAL**

- 1. This Memorandum of Understanding shall remain in effect until amended or cancelled by mutual consent of the parties.**
- 2. This Memorandum of Understanding supersedes the Directive on Terms and Conditions of Employment respecting Pay on Reclassification or Conversion where the Directive on Terms and Conditions of Employment is inconsistent with this Memorandum of Understanding.**
- 3. Where the provisions of any collective agreement differ from those set out in this Memorandum of Understanding, the conditions set out in this Memorandum of Understanding shall prevail.**
- 4. This Memorandum of Understanding will form part of the AO collective agreement to which the Canadian Federal Pilots Association and Treasury Board are parties, with effect from January 26, 2011.**

**Part I**

**Part I of the Memorandum of Understanding shall apply to the incumbent of any position which is reclassified to a group and/or level having a lower attainable maximum rate of pay after the date this Memorandum of Understanding becomes effective.**

**NOTE: The terms “attainable maximum rate of pay” means the maximum rate of pay including all allowances.**

- 1. Prior to a position being reclassified to a group and/or level having a lower attainable maximum rate of pay, the incumbent shall be notified in writing.**
- 2. Downward reclassification notwithstanding, an encumbered position shall be deemed to have retained for all purposes the former group and level. In respect to the pay of the incumbent, this may be cited as Salary Protection Status and subject to Section 3(b) below shall apply until the position is vacated or the attainable maximum rate of pay of the reclassified level, as revised from time to time, becomes greater than that applicable, as revised from time to time, to the former classification level.**
- 3.**
  - (a) The Employer will make a reasonable effort to transfer the incumbent to a position having a level equivalent to that of the former group and/or level of the position,**
  - (b) In the event that an incumbent declines an offer to transfer to a position as in (a) above in the same geographic area, without good and sufficient reason, that incumbent shall be immediately paid at the rate of pay for the reclassified position.**

**4. Employees subject to Section 3 will be considered to have transferred (as defined in Treasury Board Directive on Terms and Conditions of Employment) for the purpose of determining increment dates and rates of pay.**

#### **Part II**

**Part II of the Memorandum of Understanding shall apply to incumbents of positions who are in holding rates of pay on the date this Memorandum of Understanding becomes effective.**

**1. An employee whose position has been downgraded prior to the implementation of this memorandum and is being paid at a holding rate of pay on the effective date of an economic increase and continues to be paid at that rate on the date immediately prior to the effective date of a further economic increase, shall receive a lump sum payment equal to 100% of the economic increase for the employee's former group and level (or where a performance pay plan applied to the incumbent, the adjustment to the attainable maximum rate of pay) calculated on his annual rate of pay.**

**2. An employee who is paid at a holding rate on the effective date of an economic increase, but who is removed from that holding rate prior to the effective date of a further economic increase by an amount less than he would have received by the application of paragraph 1 of Part II, shall receive a lump sum payment equal to the difference between the amount calculated by the application of paragraph 1 of Part II and any increase in pay resulting from his removal from the holding rate.**

#### **Remarks:**

- The Employer opposes the inclusion of this demand in the collective agreement.
- The union has included an MOU which is currently found in the Technical Services (TC) and Program and Administrative Service (PA) collective agreement. The MOUs in those two collective agreements have been in place since Dec 13, 1981.
- In proposing this MOU, the union is attempting to protect the two allowances that they have - the AAA and the EDA allowances - should an employee be reclassified outside of the AO group.
- The Alliance MOU pertains only to reclassifications within the Alliance groups as a whole.

- Unfortunately, the MOU as drafted, would only cover the AO group and therefore if they were reclassified outside of that group the MOU would be of no benefit.
- Additionally, they have to meet the provisions of the collective agreement pertaining to eligibility. Allowances do not form part of salary and are specific to incumbents; therefore the allowances would not follow the employee if they were reclassified outside of the AO group.

## **APPENDICES**