



**SUBMISSION OF THE
TREASURY BOARD TO THE
ARBITRATION BOARD
IN RESPECT OF THE
SHIPS' OFFICERS GROUP**

CHAIRPERSON: Mr. Ian MacKenzie

**MEMBERS: Mr. Tony Boettger
Mr. Joe Herbert**

OTTAWA

December 20-21, 2012

**IN THE MATTER OF THE *PUBLIC SERVICE STAFF RELATIONS ACT*
and a dispute affecting the CANADIAN MERCHANT SERVICE GUILD 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 Ships' Officers bargaining unit as determined in the certificate issued by
the PUBLIC SERVICE STAFF RELATIONS BOARD on
May 31, 1999.**

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.

Executive Summary

This brief presents the Employer's perspective concerning the unresolved issues in this round of bargaining for the Ships' Officers (SO) bargaining unit.

In addition to rates of pay, there are nine (9) unresolved articles and seven (7) unresolved appendices.

The characteristics of the SO bargaining unit, as of June 30, 2010, can be summarized as follows:

Number of Employees:	1,118
Average Salary:	\$ 61,291
Payroll:	\$ 68,523,819
% Male Employees:	92.2%
% Female Employees:	7.8%
Average Age:	42.9 years
Average Years of Service:	14.3 years
Expiry Date of Agreement:	March ,2011

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. The global economic environment remains highly uncertain and the outlook is 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 commitment to manage public finances in a responsible manner is a key element of the Government's comprehensive long-term agenda to foster strong, sustainable, long-term economic growth, building on Canada's key advantages. At the federal government level, expected deficits from 2008-09 to 2015-16 will reach a cumulative \$174 billion and the federal debt will climb to over \$636¹ billion. The government needs to exercise 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. In September 2012, the Government announced it would consult on draft legislation to freeze salaries, with the intent of passing it if the negotiations with the union are unsuccessful. The Government has also proposed reforms to the framework of public-sector defined benefit pension plans to make them 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 D.

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

¹ Finance Canada, Update of Economic and Fiscal Projections, Nov. 2012

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).

In the fall of 2010, in order to bring predictability to employees, departments and agencies, the government engaged in expedited bargaining with bargaining agents. Agreements have been reached with a number of bargaining agents, representing more than 250,000 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 further accumulation 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.

Current evidence indicates that compensation levels for the SO group are sufficient, as evidenced by competitive salary levels and the Employer's ability to attract and retain a sufficient number of employees. The results of the recruitment and retention analysis show that there are a sufficient number of high quality applicants per job advertisement, population growth, and low voluntary (non-retirement) separation rates.

The SO group's last settlement provided gains in a five-year agreement. The wage increases of 2.5% in 2006-07, 2.0% in 2007-08, 2.1% in 2008-09, 1.6% in 2009-10, and 3.7% in 2010-11 provided for wage increases above inflation, thereby ensuring growth in real wages.

In this context, modest economic increases are appropriate for the SO group.

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INTRODUCTION

This Arbitration Board has been established to deal with the items in dispute between the Employer and The Canadian Merchant Service Guild with respect to the Ships' Officers Group.

Part I of the Employer's Brief gives general background information with respect to this Group such as the definition and characteristics of this Bargaining Unit including its population and payroll distribution.

Part II of the brief deals with the history of the current negotiations.

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

Part IV deals with the other remaining outstanding issues.

PART I
BACKGROUND INFORMATION

Group Definition

The Ships' Officers Group comprises positions that are primarily involved in the on-board command and control of the operation of civilian vessels requiring a certificate of competency; the operation of floating plants; the operation and maintenance of radio equipment installed on vessels engaged in marine operations; and the instruction of Nautical Sciences and Marine Engineering at the Canadian Coast Guard College.

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 on-board command and control of deck, engine room, electronic or electrical, radio or supply operations on board civilian vessels, floating plants or submersibles on a continuous or relief basis;
2. the training and preparation for continuing employment as a Ships' Officer;
3. the piloting of military vessels in and about a harbour;
4. the instruction of cadets or other officers undergoing training in the knowledge and skills related to the officer activities referred to above; and
5. the performance of related activities on a rotational basis between ship and shore.

Exclusions

Positions excluded from the Ships' Officers Group are those whose primary purpose is included in the definition of any other group or those in which one or more of the following activities is of primary importance:

1. the operation and servicing of vessels, floating plants and associated equipment in a capacity that does not require a certificate of competency unless the activities performed are as specified in the above inclusions and the position is designated as Dredgemaster, Electronic Officer, Submersible Officer, Assistant Watchkeeping Officer or Engineer or Mate on a towed dredge; and
2. the operation and servicing of vessels, floating plants and associated equipment that requires a certificate of competency other than a certificate of competency to take charge of a watch or be in a position designated as Electrical Officer or Officer of the Supply or Logistics Departments.

SUB-GROUP DEFINITIONS

Marine Operations

Positions included in this sub-group are those that meet the group definition and are located on vessels engaged in operations other than those described in other sub-groups.

Floating Plant

Positions included in this sub-group are those that meet the group definition and perform their duties on:

- vessels equipped to carry out one or more of the following tasks: dredge surveys, marine excavations, dredging, snagging, underwater drilling, removal of underwater obstructions, or the alteration, repair or removal of marine structures such as wharves, piers or breakwaters;
 - vessels equipped as floating cranes or derricks;
 - vessels whose primary function is to provide electrical power to other vessels;
 - vessels whose primary function is to flush and clean tanks and bilges;
-

- vessels equipped to assist in the degaussing of other vessels;
- vessels such as tugs, where the primary function is to provide service to floating plant.

Radio

Positions included in this sub-group are those that meet the group definition and have the primary responsibility for the operation and maintenance of radio equipment installed on vessels engaged in marine operations.

Instructor

Positions included in this sub-group are those that meet the group definition and are located in the departments of Nautical Sciences and Marine Engineering at the Canadian Coast Guard College.

VARIOUS WORK SYSTEMS

Most of the vessels managed by DND and CCG operate on a 24/7 basis, with the majority of Ships' Officers and Ships' Crew working on one of four crewing systems, three of which are variations of hourly averaging systems (the fourth is conventional – essentially the equivalent of office hours). The various systems are:

1. 40 Hours Work Week System or Conventional System
2. Lay-day Operational Crewing System
3. On-Call System – Average Forty-six point six (46.6) Hours
4. Averaging system Forty-two (42) Hours

Appendix E provides a summary description of the above 4 systems.

Bargaining Unit Characteristics

Employee Population and Payroll

For the purposes of collective bargaining, the payroll data and group demographics used is as of September 30, 2010. There were, at that time, 1,118 members of the bargaining unit employed in 2 departments. As is indicated in the following table, the bargaining unit payroll for the Group, as of September 30, 2010, is \$68,523,818. The mean salary for bargaining unit members as of that date is \$61,291. Appendix B provides a more detailed breakdown.

SHIPS' OFFICERS Group (SO) Summary of Bargaining Unit Payroll and Mean Salary As of September 30, 2010			
Sub-Group	Number of Employees	Payroll	Mean
SO-MAO	1,085	\$65,712,120	\$60,564
SO-FLP	7	\$511,408	\$73,058
SO-RAD	1	\$63,696	\$63,696
SO-INS	25	\$2,236,594	\$89,464
Total	1,118	\$68,523,818	\$61,291

Demographic Data

The following tables provide demographic information with respect to the Ships' Officers Group.

A more detailed breakdown by level and sub-group of the distribution by geographic area is provided in Appendix C. The complete distribution of employees by years of service and gender is provided in Appendix C.

Geographic Distribution

Summary of Geographic Distribution As of September 30, 2010								
	Atlantic	Québec	Ontario	Prairies	B.C.	Terr.	Out.	Total
SO-MAO								
Total	584	164	113	0	223	1	0	1,085
% of Total	53.82%	115.12%	10.41%	0.0%	20.55%	0.09%	0.0%	100.0%
SO-FLP								
Total	2	0	0	0	5	0	0	7

% of Total	28.57%	0.0%	0.0%	0.0%	71.43%	0.0%	0.0%	100.0%
SO-RAD								
Total	1	0	0	0	0	0	0	1
% of Total	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
SO-INS								
Total	24	1	0	0	0	0	0	25
% of Total	96.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
TOTAL SO	611	165	113	0	228	1	0	1,118
% of Total	54.65%	14.76%	10.11%	0.0%	20.39%	0.09%	0.0%	100.0%

Distribution By Years of Service and Gender

DISTRIBUTION BY YEARS OF SERVICE & GENDER			
As of September 30, 2010			
Years of Service	Male	Female	Total
0-7 years	376	50	426
8 – 18 years	214	23	237
19 – 29 years	329	9	338
30 or more years	112	5	117
Total	1,031	87	1,118
Weighted Average	14.7	8.6	14.3

Distribution By Department

Summary of Bargaining Unit		
Departmental Distribution – Major Employing Departments		
As of September 30, 2010		
Departments	Number of Employees	% of Total*
National Defence	84	7.51%
Fisheries & Oceans	1,034	92.49%
Total	1,118	100%

PART II
CURRENT NEGOTIATIONS

Current Negotiations

The parties agreed to meet on January 20, 2011, to have a discussion on early exploratory / expedited talks.

Exploratory discussions took place February 28, 2011. However, no agreement was reached.

The bargaining agent served notice to bargain on March 15, 2011 and the parties exchanged proposals on May 12th.

The parties met on July 6-8 and September 20 – 22, 2011.

On September 30, 2011, the Guild filed with the PSLRB for the appointment of a mediator. The Board appointed a mediator on November 22, 2011. The parties met for their mediated session on February 7, 8 and 9, 2012, but no tentative agreement to settle was reached.

The Guild filed for arbitration on March 26th, 2012, and the Arbitration Board was established with the arbitration hearing dates set for December 20 and 21, 2012.

Employer Bargaining Team

NAME	TITLE AND DEPARTMENT
Ted Leindecker	Negotiator Treasury Board Secretariat
Martine Sigouin	Analyst Treasury Board Secretariat
Steve Peck	Director, Marine Personnel Department of Fisheries and Oceans
Marie Christine Demers	Senior Labour Relations Advisor Labour Relations Department of Fisheries and Oceans
Doug Kimmett	Auxiliary Fleet Manager Department of National Defence
Lise Roberge	Officer, Collective Bargaining & Human Resource Issues Operational Crewing Management Department of Fisheries and Oceans
Lise Richard	Superintendent Marine Department of Fisheries and Oceans
Nadia Bing	Senior Labour Relations Advisor Department of National Defence

The following tables are designed to assist the Board by providing a summary overview of the status of the various proposals exchanged in this round of bargaining.

Matters Resolved

The table below contains the list of articles that were renewed by both parties.

ARTICLE	TITLE	MODIFICATION
1	Purpose and Scope of Agreement	Renewed
2	Interpretation And Definitions	Renewed
3	Application	Renewed
4	Illegal strike	Renewed
5	State Security	Renewed
6	Conflict between Legislation And the Collective Agreement	Renewed
7	Managerial Responsibilities	Renewed
8	Authority of the Master/Commanding Officer	Renewed
9	Recognition	Renewed
11	Officer's Representatives	Renewed
12	Statement of Duties	Renewed
15	Provision of bulletin board Space	Renewed
16	Access to Employer Property	Renewed
17	Leave for Guild Business of for other activities under the PSLRA	Renewed
18	Grievance Procedure	Renewed
19	Leave-General	Renewed
21	Designated paid Holiday	Renewed
22	Sick leave with pay	Renewed
26	Safety & Health	Renewed

ARTICLE	TITLE	MODIFICATION
27	Joint Consultation	Renewed
28	Marine Disaster	Renewed
31	Call Back Pay	Renewed
32	Reporting Pay	Renewed
33	Security Duty	Renewed
34	Technological change	Renewed
36	Officer Performance Review and Officer file	Renewed
37	Contracting Out	Renewed
38	Canadian Coast Guard Officer Cadets	Renewed
39	Agreement Re-Opener	Renewed
41	Uniform Safety & Footwear	Renewed
42	National Joint Council Agreements	Renewed
44	Travelling	Renewed
Appendix "L"	Instructors Sub-Group	Renewed
	Letters of Understanding 08-1 to 08-5	Renewed
MOU	Special Lay Day Bank	Renewed
MOU	Compensatory Leave	Renewed
MOU	Temporary Lack of Work Situation	Renewed

The table below contains the list of articles or clauses that were agreed to and signed off or withdrawn.

ARTICLE	SUBJECT	MODIFICATION
Agreed to and signed off		
Appendix I (art. 20)	Averaging System Forty-Two (42) hours	article 20 of Appendix I was amended and signed off by the parties on July 6, 2011
23	Other types of Leave with or without pay	Paragraphs 23.02 (a) and (b) were amended and signed off by the parties on July 7, 2011
Withdrawn		
24	Travelling Time	The Bargaining Agent did not submit this article to arbitration therefore the proposal is withdrawn.
25	Meals & Quarters	The Bargaining Agent did not submit this article to arbitration therefore the proposal is withdrawn.
35	Pay Administration	The Bargaining Agent did not submit this article to arbitration, therefore the proposal is withdrawn.

OUTSTANDING ISSUES

The following tables contain the list of outstanding Articles, with the exception of Pay.

Some of these outstanding articles can also be found in several of the other 26 collective agreements where there is already established language in the core public administration where the Treasury Board is the employer.

Therefore, accepting the bargaining agent's proposal may have an impact on several of the other collective agreements in the Core Public Administration.

Status of Proposals	
TITLE and ARTICLE	NATURE OF ISSUE
Article 10- check off 10.04 10.06	The Employer proposes updated language. The Bargaining Agent's proposal is linked to their proposal for article 13.
Article 13 Information 13.01	The Bargaining Agent's proposal is requesting detailed information. The Employer proposes that this article be renewed without changes.
Article 14 Information for Officers 14.01	The Employer is proposing to provide access to an electronic version of the collective agreement. The Bargaining Agent is proposing that this article be renewed without changes.
Article 20 Vacation Leave with Pay 20.02 20.03	The Employer proposes clarification language. The Bargaining Agent is proposing that this article be renewed without changes.

<p>Article 29 - Severance Pay</p>	<p>The Employer proposes the elimination of Severance Pay for voluntary departures (resignation or retirement) and enhances the severance provision for lay off.</p> <p>The Bargaining Agent proposes that this article be renewed without changes.</p>
<p>Article 30 – Hours of work and Overtime 30.05</p>	<p>The Employer is proposing to delete the clause 30.05.</p> <p>The Bargaining Agent proposes that this article be renewed without changes.</p>
<p>Article 40 Dirty Work allowance 40.01</p>	<p>The Bargaining Agent’s proposal enhances the provision.</p> <p>The Employer proposes that this article be renewed without changes.</p>
<p>Article 43- Duration and Renewal 43.01 43.02 43.03</p>	<p>Both parties are proposing a 3 year duration.</p> <p>The Bargaining Agent is also proposing to delete language that the agreement becomes effective on the date it is signed.</p> <p>The Employer is requesting a 150 days implementation period.</p>
<p>Appendix H Lay day Operational Crewing System</p>	<p>The Bargaining Agent’s proposal enhances the provision.</p> <p>The Employer proposes that this article be renewed without changes.</p>
<p>Appendix I Averaging System Forty-Two (42) Hours</p>	<p>The Employer proposes to update the article.</p> <p>The Bargaining Agent is proposing that this article be renewed without changes.</p>

<p>Appendix J</p> <p>On Call System Average System Forty-six Point six (46.6) Hours</p>	<p>The Employer is proposing to delete obsolete language.</p> <p>The Bargaining Agent proposes that this article be renewed without changes.</p>
<p>Appendix K</p> <p>40 hour work week system</p>	<p>The Bargaining Agent's proposal enhances the provision.</p> <p>The Employer is proposing to delete the reference to normal daily hours of work.</p>
<p>Multiple Articles</p> <p>Allowances</p>	<p>The Bargaining Agent is proposing that all allowances be increased by 2.9%.</p> <p>The Employer proposes that all articles of the collective agreement that deal with or relate to "allowances" be renewed without changes.</p>

PART III
RATES OF PAY

1.0 Policy Framework for the Management of Compensation

Public Service Labour Relations Act (PSLRA) and Policy Framework for the Management of Compensation

The PSLRA provides for factors an Arbitration Board must take into account in rendering an award. These are contained in Section 148 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;	Stated Objective of Policy Framework: 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 arbitration board considers relevant;	External Comparability: 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;	Internal Relativity: Compensation should reflect the relative value to the employer of the work performed.

(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.	Affordability: 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.
	Individual/Group Performance: 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.

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 in rendering an award.

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, the euro area sovereign debt and banking crisis and the possibility in the U.S. of a significant fiscal tightening, the 'fiscal cliff', have the potential to significantly derail global economic growth.

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, Toronto Dominion Bank 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.

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 can be expected to reduce demand for employment, increase unemployment and result in lower or -- in severe downturns -- negative wage growth.

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 end of 2013². Consensus forecasters expect real GDP to increase by a modest 2.0% in 2012 and 2.0% in 2013³. The International Monetary Fund (IMF) in its October 2012 World Economic Outlook forecasts even more modest growth in 2012 of 1.9%⁴. Recently released Statistics Canada data from October 31, 2012 showed that real gross domestic product by industry edged down (-0.1%) in August 2012, the first monthly decline since February 2012.

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 goods⁵. 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

² Bank of Canada, Monetary Policy Report, October 2012

³ Consensus Forecasts, November 2012.

⁴ International Monetary Fund, World Economic Outlook, October 2012.

⁵ The basket includes the following items: food, shelter, household operations, furnishings and equipment, clothing and footwear, transportation, health and personal care, recreation, education and reading, and alcoholic beverages and tobacco products. Source: Statistics Canada

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 the 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 September 2012, as the temporary pressure resulting from the surge in gasoline prices eased. For the next two years, Consensus Economics forecasters expect inflation rates of 1.8% in 2012 and 1.9% in 2013. The Bank of Canada also projects that inflation will remain below the 2.0% until the end of 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. (November 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 Euro zone recently entered into a second recession in the third quarter of 2012, with contractions in The Netherlands, Spain, Italy and Austria. Germany and France are widely expected to follow suit in the fourth quarter. 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 its October 2012 Monetary Policy Report, the Bank of Canada noted that failure to contain the crisis in Europe is the most serious risk facing the global and Canadian economies. The effects on Canada through financial, confidence and trade channels 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 external risks to the Canadian economy, on the domestic front, the main risk is the exposure of Canadian households to elevated levels of debt. According to the Department of Finance's November 2012 Update of Economic and Fiscal Projections, 'a negative external shock to the Canadian economy that would translate into higher unemployment rates could trigger deleveraging on the part of those households holding elevated levels of debt'⁶ The IMF highlighted as a priority to limit the risks related to elevated house prices and household debt levels.

⁶ Department of Finance, Update of Economic and Fiscal Projections, Nov. 2012.

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 November 2012. The forecast for U.S. real GDP growth has also been revised down, from 3.2% to 2.2% over the same period. The growth forecast for 2013 has been revised downwards as well, from a high of 2.3% in May 2012 to 2.0% in November 2012.

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; and

- 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 \$174 billion from 2008-09 to 2015-16.

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.
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- 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.

As a result of these and other measures, the budgetary balance is projected to improve from \$26.2-billion deficit in 2011-12 to a surplus of \$1.7 billion in 2016-17. Over the medium-term, the ratio of debt to GDP is projected to fall from 33.0% in 2011-12 to 28.1% in 2017-18, which is in line with its level before the recession⁷.

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.

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.

The impact of weaker than expected economic growth on the government's fiscal situation was recently demonstrated in the Update of Economic and Fiscal Projections, where federal tax revenues projected in Budget 2012 fell by \$31.7 billion from 2011-12

⁷ Department of Finance, Update of Economic and Fiscal Projections, Nov. 2012.

to 2015-16 due to lower nominal GDP growth. This has pushed back the expected date of a balanced budget by a year to 2016-17.

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. In September 2012, the Government announced it would consult on draft legislation to freeze salaries, with the intent of passing it if the negotiations with the union are unsuccessful. 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.
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- 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 D.

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 in rendering an award.

An effective way to assess whether there are any recruitment and retention problems facing an employer is to examine the hirings and 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 SO group has experienced healthy levels of internal and external hirings over the last three fiscal years. From 2006-07 to 2011-12, hirings into the SO group have shown to be strong. The average number of hirings into the SO group over the last six fiscal years has been approximately 98 employees per year. The high average number of qualified applicants per SO job advertisement since the 2009-10 fiscal year (see table 5) provides evidence that the reduction in the number of hirings over the last two fiscal years was most likely due to a reduction in the number of job advertisements, not difficulties in recruitment.

Table 2 - SO Internal and External Hirings

SO Group	06/07	07/08	08/09	09/10	10/11	11/12
Internal Hires	12	16	27	47	23	15
External Hires	63	63	73	83	85	79
Total SO Hirings (Internal and External)	75	79	100	130	108	94

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 SO group.

3.2 Separations

Table 3 indicates that there are no separation problems with the SO group. Separations for the SO group had slightly increased up until 2011-12. However, the number then decreased to its lowest amount since 2006-07 in 2011-12.

Another key retention indicator is the number of non-retirement voluntary separations. Table 3 shows that there are currently no non-retirement voluntary attrition problems within the SO Group as the figures have been consistently low.

Table 3 - SO Separations¹

	06/07	07/08	08/09	09/10	10/11	11/12
SO Group						
Voluntary Separations (retirements) ²	20	42	42	31	47	36
Voluntary Separations (non-retirements) ²	8	23	23	15	13	16
Non-Voluntary Separations ²	27	27	29	40	39	25
Internal Separations ³	13	19	22	20	24	14
Total SO Separations (Internal and External)	68	111	116	106	123	91

Notes:

¹ 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.

² 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.

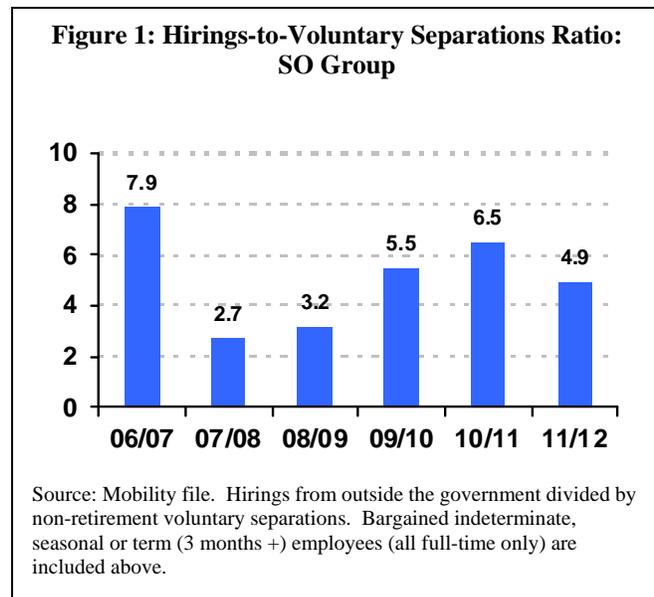
³ Internal separations include the total number of employees (bargained active and LWOP employee types; all exclusion codes).

⁴ 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.

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 'voluntary separations ratio' (all hirings from outside the CPA divided by all those voluntarily leaving the SO group). When this ratio is greater than 1.0, the number of people hired is greater than those voluntarily leaving; recruitment and retention problems are unlikely. Conversely, when that ratio is below 1.0, voluntary separations are greater than external hirings, which may suggest recruitment and retention problems.

As Figure 1 shows, there are no recruitment and retention problems for the SO group. Indeed, from 2006-07 to 2011-12, more people were hired into the bargaining unit than people who had left voluntarily. For example, in 2011-12, for every one SO employee who voluntarily left the public service, 4.9 employees were hired from outside the Government 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 SO group and the average number of applicants screened in per application. As Table 4 shows, the average number of applications received per external job advertisement for the SO group has averaged 1,501 over the last six fiscal years. The average percentage of applicants meeting the essential requirements of the position has also been very high, averaging 83.2% over the same period.

Table 4 - SO External Job Advertisements

	06/07	07/08	08/09	09/10	10/11	11/12	6 Year Average
SO Group							
External Job Advertisement	30	39	35	19	7	5	23
Applications	1,419	1,030	1,073	2,901	1,586	998	1,501
Screened-In	1,108	553	843	2,874	1,467	969	1,302
Average Number of Applications per Job Advertisement	47	26	31	153	227	200	114
Percentage Screened in per Application	78.1%	53.7%	78.6%	99.1%	92.5%	97.1%	83.2%

¹ Source: Public Service Commission

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

3.5 Population

As shown in Table 5, the SO group population has increased each year since 2008-2009. If a group is experiencing recruitment and retention issues, a reduction in the population over time would be expected. The stable population figures in the SO group further supports the notion that there are no recruitment and retention problems.

Table 5 - SO Population

	06/07	07/08	08/09	09/10	10/11	11/12
SO Group	1,060	1,083	1,077	1,108	1,165	1,177

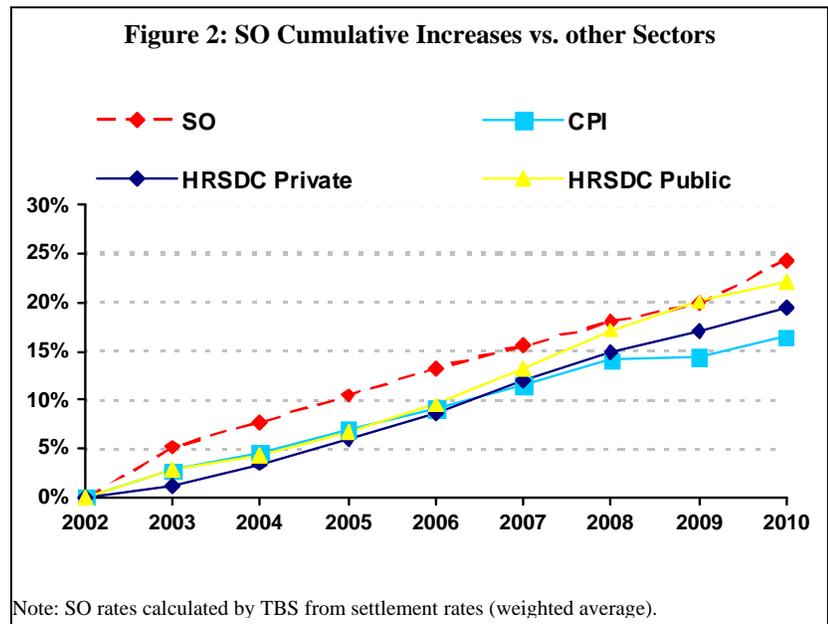
Source: Incumbent file as of March 31st of each year. All employees who were full-time indeterminate, full-time seasonal, or term (3 months +) are included above.

4.0 External Comparability

The analysis indicates that the SO group salary levels, as well as recent salary growth, compare well to those of their external comparators. As a result, SO salaries have outpaced inflation and would continue to compare very favourably to the external market with moderately low monetary increases.

4.1 Comparison of External Cumulative Increases

Figure 2 shows total cumulative wage increases for the SO group⁸ from 2002 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.



However, in terms of the SO restructures previously outlined in the arbitral award dated June 27, 2008, section 33 of the ERA provided for an exemption for the group and these increases have remained.

Despite the effects of the ERA on economic increases, wage growth from 2002 to 2010 in the SO group (24.3%) have outpaced cumulative increases in public and private sector settlements (as measured by HRSDC⁹), and cumulative price increases as represented by the change in CPI inflation.

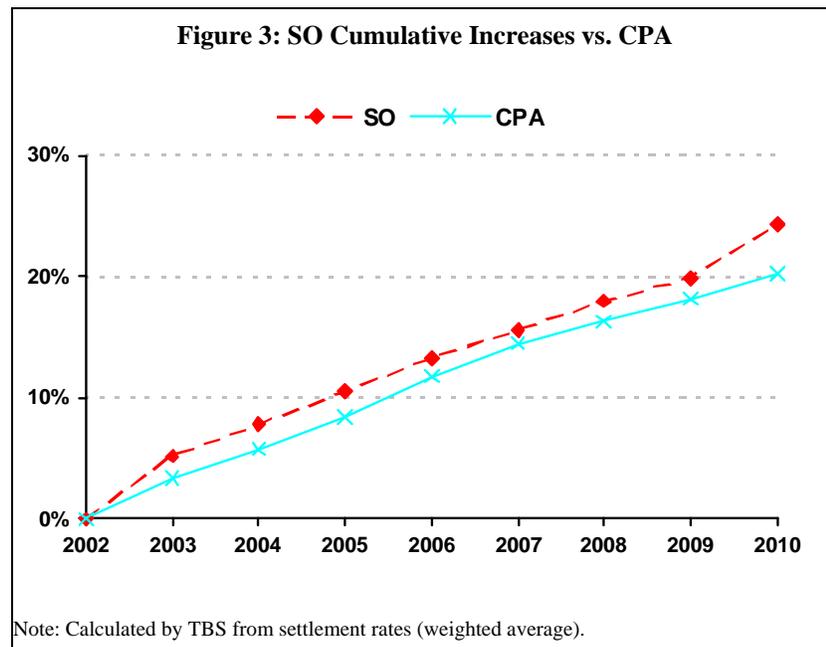
⁸ Economic increases, restructures, terminable allowances and other pay adjustments.

⁹ 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 increases¹⁰ (Figure 3) shows that the SO group has experienced higher increases than those received by the average CPA employee. From 2002 to 2010, total cumulative increases received by the SO group (approximately 24.3%) have been higher than those received by the average CPA (20.3%).



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.

¹⁰ Economic increases, restructures, terminable allowances and other pay adjustments.

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 SO group.

A detailed breakdown of total compensation for a typical employee in the Ships' Officers (SO) bargaining unit, in fiscal year 2011-12, indicates that base pay represented 72% of total compensation for Ships' Officers classification group (Figure 4)¹¹.

- About 19% of total compensation was accounted for by pension and benefits, including life and disability insurance, health and dental plans for a typical SO employee.

¹¹ 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:

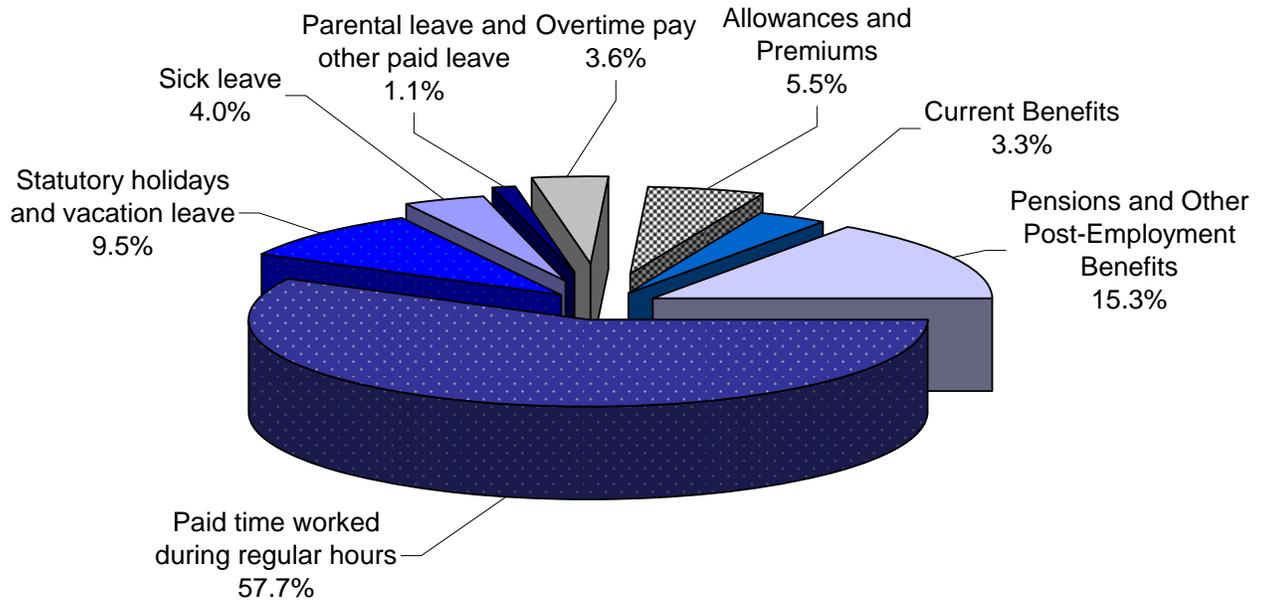
- The Statistics Canada definition of wages and salaries includes the following elements from Figure 4: paid time worked during regular hours, paid leave, as well as allowances and premiums. Together these comprise 77.8% of compensation for SO classification group.
- The Statistics Canada definition of supplementary labour income includes pensions and benefits from Figure 4, which represents 18.6% of total compensation for SO 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 is 24% for SO employees ($0.239 = 18.6/77.8$).

- Overtime, allowances and premiums accounted for the remaining 9% of total compensation for SO classification group (Figure 4).

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

2011-12 population: 1,170



Note: This pie chart does not include Employment Insurance, Workers Compensation, and employer-paid taxes.
Sources: Incumbent System, Entitlement and Deductions System, Leave Reporting System, Pensions and Benefits Sector.

Employer's submission for rates of Pay and Duration

The Employer's proposal before this Arbitration Board 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 three (3) year duration to expire on March 31, 2014, with economic increases as follows:

Employer Proposal	Union proposal
<p>On April 1, 2011, increase rates of pay by 1.5%.</p> <p>On April 1, 2012, increase rates of pay by 1.5%.</p> <p>On April 1, 2013 increase rates of pay by 1.5%.</p>	<p>2.9% increases in all wage scales in each year of a 3 year term:</p> <ul style="list-style-type: none"> • Effective April 1, 2011, increase rates of pay by 2.9%. • Effective April 1, 2012, increase rates of pay by 2.9%. • Effective April 1, 2013, increase rates of pay by 2.9%.

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

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:

April 1, 2011 – 1.75%

April 1, 2012 – 1.5%

April 1, 2013 – 2.0%

The Union proposes economic increases of 2.9% in all wage scales in each year of a 3 year term. The Employer submits the Union's proposals are not reflective of current established settlement patterns in the federal public service. In this context and in line

with the CPA agreements recently agreed upon or obtained as a result of arbitration, only modest economic increases would be appropriate for the SO group.

The Replication Principle

The goal of arbitration 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 IV
OTHER ISSUES

Article 10 Check-off

Current Provision	Employer Proposal	Union Proposal
<p>10.04 An officer who satisfies the Employer to the extent and declares in an affidavit that the officer is a member of a religious organisation whose doctrine prevents the officer as a matter of conscience from making financial contributions to an employee organization and that the officer will make contributions to a charitable organization registered pursuant to the <i>Income Tax Act</i>, equal to dues, shall not be subject to this Article, provided that the affidavit submitted by the officer is countersigned by an official representative of the religious organisation involved.</p>	<p>10.04 An officer who satisfies the Employer to the extent and declares in an affidavit that the officer is a member of a religious organisation whose doctrine prevents the officer as a matter of conscience from making financial contributions to an employee organization and that the officer will make contributions to a charitable organization registered pursuant to the <i>Income Tax Act</i>, equal to dues, shall not be subject to this Article, provided that the affidavit submitted by the officer is countersigned by an official representative of the religious organisation involved. The Guild will inform the Employer accordingly.</p>	<p>Status quo</p>
<p>10.06 The amount deducted in accordance with clause 10.01 shall be remitted to the Secretary-Treasurer of the Guild by cheque within a reasonable period of time after deductions are made and shall be accompanied by particulars identifying each officer and the deductions made on his/her behalf.</p>	<p>Status quo</p>	<p>10.06 The amount deducted in accordance with clause 10.01 shall be remitted to the Secretary-Treasurer of the Guild by cheque within a reasonable period of time after deductions are made and shall be accompanied by particulars identifying each officer in accordance with Clause 13.01 and the deductions made on his/her behalf.</p>

Remarks:**10.04**

- The Employer is proposing to amend the language so that an Officer must satisfy the Guild that the officer is a member of a religious organization whose doctrine prevents the officer from paying union dues to the Guild.
- The Rand formula makes the payment (deduction) of union dues mandatory. The formula was designed to ensure that employees could not opt out of union dues while maintaining the benefits of the union's collective bargaining efforts. (The Supreme Court of Canada has found that the Rand formula does not violate section 2(d), the freedom of association, of the *Canadian Charter of Rights and Freedoms*.)
- It does not make sense that the Employer would be responsible to decide the validity of the employee's affidavit since it is not the Employer that benefits from the contribution (dues) nor is it the Employer's privilege to collect such a contribution.
- It is clearly the union's responsibility to make such a decision. The Employer's only role is to ensure the deduction is made and directed to the appropriate cause.
- The Employer has successfully negotiated this change in 24 of 27 collective agreements.
- The Employer recommends that the Board award this new language.

10.06

- The bargaining agent's proposal is closely linked to their proposal for article 13.
 - The Employer recommends that the Board renew the current language.
-

Article 13 Information

Current Provision	Employer Proposal	Union Proposal
<p>13.01 The Employer agrees to supply the Guild on a quarterly basis with a list of all officers in the bargaining unit. The list shall contain the following information:</p> <ul style="list-style-type: none"> a. officer's name; b. employing department; c. home port or the geographic location to which an officer is normally assigned; d. classification. 	<p>Status quo</p>	<p>13.01 The Employer agrees to supply the Guild on a quarterly basis with a list in alphabetic order of all officers in the bargaining unit. The list shall contain the following information:</p> <ul style="list-style-type: none"> a. officer's first and last name including middle initial if applicable; b. employing department; c. home port or the geographic location to which an officer is normally assigned; d. classification. <p>The Employer will notify the Guild on a monthly basis of the name, classification and work location of officers who have been hired, retired, dismissed, transferred in or out of the bargaining unit, resigned or deceased.</p>

Remarks:

- The bargaining agent is proposing new language
- The information that is provided to each of the 27 bargaining agents is currently done in a consistent form and manner. If the Employer were to start providing information in an “alphabetic” order then conceivably all 26 other bargaining agents could begin asking for information to be provided in different formats. Our electronic systems DO NOT have the capacity to make these changes – this has been confirmed to us by Public Works and Government Services.

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- The information provided by the Employer is in an electronic text format using Microsoft Secure Technology that can be downloaded to any system and be manipulated in whatever format that is suitable, e.g. alphabetical.
 - Currently, the remittance is sent alphabetically by pay list/pay office. Combining a number of these into one alphabetical order would destroy the geographic location information contained in the pay list/pay office.
 - The system DOES NOT have the capability to create a list of name that include the first name. It only allows for so many characters and they are used to capture the last name and first/second initial – providing first name cannot be done.
 - Under Article 10 – Check-Off, the Employer already remits a monthly statement to the Guild regarding particulars identifying each officer and the deductions made on his/her behalf. Creating monthly information lists is administratively cumbersome and remittance
 - The Employer proposes that the Board renew the current language.
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Article 14 Information for Officers

Current Provision	Employer Proposal	Union Proposal
<p>14.01 The Employer agrees to supply each officer with a copy of the Collective Agreement and will endeavour to do so within one (1) month after receipt from the printer.</p>	<p>14.01 The Employer agrees to supply each officer with a copy of the Collective Agreement and will endeavour to do so within one (1) month after receipt from the printer.</p> <p>For the purpose of satisfying the Employer's obligation under this clause, employees may be given electronic access to this Agreement. Where electronic access to the Agreement is unavailable or impractical, the employee shall be supplied, on request, with a printed copy of the Agreement.</p>	<p>Status quo</p>

Remarks:

- The Employer is proposing new language that allows for electronic access to the collective agreement as an alternative to hard-copy (printed).
- The language recognizes that in situations where an electronic copy is not available or feasible then the employee can make a request for an individual printed copy.
- This is in recognition of electronics as an acceptable and reliable medium to provide this information.
- This is also in recognition of greening and our ongoing efforts to contribute to the environmental footprint.
- The Employer recommends that the Board award this new language.

Article 20 Vacation leave with pay

Current Provision	Employer Proposal	Union Proposal
<p>20.02 Accumulation of Vacation Leave Credits</p> <p>Effective April 1, 2010, an officer who has earned at least eighty (80) hours' pay during any calendar month of a vacation year shall earn vacation leave credits at the following rates provided he/she has not earned credits in another bargaining unit with respect to the same month:</p> <ul style="list-style-type: none"> a. fourteen (14) hours per month until the month in which the anniversary of his/her sixteenth (16th) year of continuous employment occurs; or b. fourteen decimal six seven (14.67) hours per month commencing with the month in which his/her sixteenth (16th) anniversary of continuous employment occurs; or c. fifteen decimal three (15.33) hours per month commencing with the month in which his/her seventeenth (17th) anniversary of continuous employment occurs; or d. sixteen decimal six seven (16.67) hours per month commencing with the month in which the officer's eighteenth (18th) anniversary of continuous employment occurs; or e. eighteen (18) hours per month commencing with the month in which the officer's twenty-seventh 	<p>20.02 Accumulation of Vacation Leave Credits</p> <p>Effective April 1, 2010, an officer who has earned at least eighty (80) hours' pay during any calendar month of a vacation year shall earn vacation leave credits at the following rates provided he/she has not earned credits in another bargaining unit with respect to the same month:</p> <ul style="list-style-type: none"> a. fourteen (14) hours per month until the month in which the anniversary of his/her sixteenth (16th) year of continuous employment service occurs; or b. fourteen decimal six seven (14.67) hours per month commencing with the month in which his/her sixteenth (16th) anniversary of continuous employment service occurs; or c. fifteen decimal three (15.33) hours per month commencing with the month in which his/her seventeenth (17th) anniversary of continuous employment service occurs; or d. sixteen decimal six seven (16.67) hours per month commencing with the month in which the officer's eighteenth (18th) anniversary of continuous employment service occurs; or e. eighteen (18) hours per 	<p>Status quo</p>

<p>(27th) anniversary of continuous employment occurs; or f. twenty (20) hours per month commencing with the month in which the officer's twenty-eighth (28th) anniversary of continuous employment occurs.</p>	<p>month commencing with the month in which the officer's twenty-seventh (27th) anniversary of continuous employment service occurs; or f. twenty (20) hours per month commencing with the month in which the officer's twenty-eighth (28th) anniversary of continuous employment service occurs.</p>	
<p>20.03 For the purpose of clause 20.02 only, all service within the Public Service, whether continuous or discontinuous, shall count toward vacation leave except where a person who, on leaving the Public Service, takes or has taken severance pay. However, the above exception shall not apply to an Officer who receives severance pay on lay-off and is reappointed to the Public Service within one year following the date of lay-off.</p>	<p>20.03 For the purpose of clause 20.02 only, all service within the Public Service, whether continuous or discontinuous, shall count toward vacation leave except where a person who, on leaving the Public Service, takes or has taken severance pay. However, the above exception shall not apply to an Officer who receives severance pay on lay-off and is reappointed to the Public Service within one year following the date of lay-off.</p> <p>For greater certainty, severance termination benefits taken under clauses 29.10 to 29.13, or similar provisions in other collective agreements, do not reduce the calculation of service for employees who have not left the public service.</p>	<p>Status quo</p>

Remarks:

20.02

- The Employer is proposing to amend the language by deleting the reference to continuous employment and adding “service”.
- “Continuous employment” means one or more periods of service in the Public Service, as defined in the *Public Service Superannuation Act*, with allowable breaks only as provided for in the terms and conditions of employment applicable to the employee.
- “Service” provides a broader definition and includes service that may have been broken (e.g. a one day break in service that interrupts the continuous service for the purpose of accumulating vacation leave).

-
- This is for clarity and is consistent with the language found at 20.03, i.e. “all service within the Public Service, whether continuous or discontinuous, counts towards vacation leave.
 - This leaves no question or discretion to not include “discontinuous” periods of employment in the in the years of service of an employee for the calculation of vacation leave credits.
 - The Employer recommends that the Board award this new language

20.03

- The Employer proposes clarification language linked with the termination of voluntary severance pay
 - The Employer asks that the Board include this proposal in its report.
-

Article 29 Severance Pay

Current Provision	Employer Proposal	Union Proposal
<p>29.01 For the purpose of this Article, the terms:</p> <p>a. "Employer" includes any organization, service with which is included in the calculation of "continuous employment";</p> <p style="text-align: center;">**</p> <p>b. "weekly rate of pay", subject to Appendices "H", "I" and "J", means the officer's hourly rate of pay as set out in Appendices "A", "B", "C" and "D" multiplied by forty (40) or as provided for in Article 29 of the applicable appendix, applying to the officer's classification, as shown in the instrument of appointment.</p>	<p>Effective on date of signing, paragraphs 29.03 and 29.04 are deleted from the collective agreement.</p> <p>29.01 For the purpose of this Article, the terms:</p> <p>c. "Employer" includes any organization, service with which is included in the calculation of "continuous employment";</p> <p style="text-align: center;">**</p> <p>d. "weekly rate of pay", subject to Appendices "H", "I" and "J", means the officer's hourly rate of pay as set out in Appendices "A", "B", "C" and "D" multiplied by forty (40) or as provided for in Article 29 of the applicable appendix, applying to the officer's classification, as shown in the instrument of appointment.</p>	<p>Status quo</p>
<p>29.02 Lay-off An officer with one (1) or more years of continuous employment who is laid off after October 28, 1969, shall be paid severance pay based on completed years of continuous employment less any period within the period of continuous employment in respect of which the officer was granted a termination of employment benefit paid by the Employer. It shall be calculated at the rate of:</p> <p>a. On the first (1st) lay-off two (2) weeks' pay for the first (1st) year of continuous employment</p>	<p>29.02 Lay-off An officer with one (1) or more years of continuous employment who is laid off after October 28, 1969, shall be paid severance pay based on completed years of continuous employment less any period within the period of continuous employment in respect of which the officer was granted a termination of employment benefit paid by the Employer. It shall be calculated at the rate of:</p> <p>a. On the first (1st) lay-off two (2) weeks' pay for the first (1st) complete year of continuous employment, two (2)</p>	

<p>and one (1) week's pay for each succeeding completed year of continuous employment.</p> <p>b. On second (2nd) or subsequent lay-offs one (1) week's pay for each completed year of continuous employment less any period in respect of which the officer was granted severance pay under this clause.</p>	<p>week's pay, or three (3) week's pay for officers with ten (10) or more and less than twenty (20) years of continuous employment, or four (4) week's pay for officers with 20 or more years of employment, plus and one (1) week's pay for each succeeding completed 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>b. On second (2nd) or subsequent lay-offs one (1) week's pay for each completed year of continuous employment and, in the case of a partial year of continuous employment divided by three hundred and sixty-five (365), less any period in respect of which the officer was granted severance pay under this clause.</p>	
<p>29.03 Resignation</p> <p>a. An officer who has ten (10) or more years of continuous employment on resignation shall be paid severance pay calculated by multiplying half the officer's weekly rate of pay on resignation by the number of completed years of continuous employment to a maximum of twenty-six (26) years less any period within that period of continuous employment in respect of which the officer was granted a termination of employment benefit paid</p>	<p>29.03 Resignation</p> <p>a. An officer who has ten (10) or more years of continuous employment on resignation shall be paid severance pay calculated by multiplying half the officer's weekly rate of pay on resignation by the number of completed years of continuous employment to a maximum of twenty-six (26) years less any period within that period of continuous employment in respect of which the officer was granted a termination of employment benefit paid</p>	

<p>by the Employer.</p> <p>b. Notwithstanding paragraph 29.03(a), an officer who resigns to accept an appointment with an organization listed in Schedule V of the <i>Financial Administration Act</i> may choose not to be paid severance pay provided that the appointing organization will accept the officer's Schedules I and IV of the <i>Financial Administration Act</i> service for its severance pay entitlement.</p>	<p>by the Employer.</p> <p>b. Notwithstanding paragraph 29.03(a), an officer who resigns to accept an appointment with an organization listed in Schedule V of the <i>Financial Administration Act</i> may choose not to be paid severance pay provided that the appointing organization will accept the officer's Schedules I and IV of the <i>Financial Administration Act</i> service for its severance pay entitlement.</p>	
<p>29.04 Retirement An officer who is entitled to an immediate annuity or an officer who is entitled to an immediate annual allowance under the <i>Public Service Superannuation Act</i> and resigns shall be paid severance pay calculated by multiplying the officer's weekly rate of pay on termination of employment by the number of completed years of continuous employment less any period within that period of continuous employment in respect of which the officer was granted a termination of employment benefit paid by the Employer 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 365 (three-hundred-sixty-five), to a maximum of thirty (30) week's pay.</p>	<p>29.04 Retirement An officer who is entitled to an immediate annuity or an officer who is entitled to an immediate annual allowance under the <i>Public Service Superannuation Act</i> and resigns shall be paid severance pay calculated by multiplying the officer's weekly rate of pay on termination of employment by the number of completed years of continuous employment less any period within that period of continuous employment in respect of which the officer was granted a termination of employment benefit paid by the Employer 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 365 (three-hundred-sixty-five), to a maximum of thirty (30) week's pay.</p>	
<p>29.05 Death Regardless of any other payment to an officer's estate, if the officer dies there shall be paid to the estate, severance pay calculated by multiplying the officer's weekly rate of pay at the time of death by the number of completed years of continuous</p>	<p>29.05 Death Regardless of any other payment to an officer's estate, if the officer dies there shall be paid to the estate, severance pay calculated by multiplying the officer's weekly rate of pay at the time of death by the number of completed years of continuous employment less</p>	

<p>employment less any period within that period of continuous employment in respect of which the officer was granted a termination of employment benefit paid by the Employer and, in the case of a partial year of continuous employment, one (1) weeks pay multiplied by the number of days of continuous employment divided by 365 (three hundred-sixty-five), to a maximum of thirty (30) week's pay.</p>	<p>any period within that period of continuous employment in respect of which the officer was granted a termination of employment benefit paid by the Employer and, in the case of a partial year of continuous employment, one (1) weeks pay multiplied by the number of days of continuous employment divided by 365 (three hundred-sixty-five), to a maximum of thirty (30) week's pay.</p>	
<p>29.06 Termination for Cause for Reasons of Incapacity</p> <p>An officer who has completed more than one (1) year of continuous employment and who is released by reason of termination for cause for reasons of incapacity pursuant to Section 12(1)(e) of the <i>Financial Administration Act</i> shall be paid severance pay calculated by multiplying the officer's weekly rate of pay on termination by the number of completed years of continuous employment to a maximum of twenty-eight (28) years less any period within that period of continuous employment in respect of which the officer was granted a termination of employment benefit paid by the Employer.</p>	<p>29.06 Termination for Cause for Reasons of Incapacity</p> <p>An officer who has completed more than one (1) year of continuous employment and who is released by reason of termination for cause for reasons of incapacity pursuant to Section 12(1)(e) of the <i>Financial Administration Act</i> shall be paid severance pay calculated by multiplying the officer's weekly rate of pay on termination by the number of completed years of continuous employment to a maximum of twenty-eight (28) years less any period within that period of continuous employment in respect of which the officer was granted a termination of employment benefit paid by the Employer.</p>	
<p>29.07 Rejection on Probation</p> <p>An officer with more than one (1) year of continuous employment who ceases to be employed for reasons of rejection during his/her probationary period shall be paid severance pay calculated by multiplying the officer's weekly rate of pay on rejection during probation by the number of completed years of continuous employment to a maximum of twenty-seven (27) years less any period within that period of continuous employment in respect of which the officer was</p>	<p>29.07 Rejection on Probation</p> <p>An officer with more than one (1) year of continuous employment who ceases to be employed for reasons of rejection during his/her probationary period shall be paid severance pay calculated by multiplying the officer's weekly rate of pay on rejection during probation by the number of completed years of continuous employment to a maximum of twenty-seven (27) years less any period within that period of continuous employment in respect of which the officer was granted a termination of employment</p>	

<p>granted a termination of employment benefit paid by the Employer.</p>	<p>benefit paid by the Employer.</p>	
<p>29.08 Under no circumstances shall the maximum severance pay provided under this Article be pyramided.</p>	<p>29.08 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>For greater certainty, payments made pursuant to 29.10 to 29.13 or similar provisions in other collective agreements shall be considered as a termination benefit for the administration of 29.08.</p>	
	<p>29.09 Appointment To A Separate Agency</p> <p>An officer who resigns to accept an appointment with an organization listed in Schedule V of the <i>Financial Administration Act</i> shall be paid all severance payments resulting from application of 29.03 (a) (prior to date of signing) or 29.10 – 29.13 (commencing on the date of signing).</p>	
	<p>29.10 Severance Termination</p> <p>(a) Subject to 29.08 above, indeterminate officers on the date of signing, shall be entitled to severance termination benefits equal to one (1) week’s pay for each completed year of continuous employment and, in the case of a partial year of continuous employment divided by three hundred sixty-five (365), to a maximum of thirty (30) weeks.</p> <p>(b) Subject to 29.08 above, term officers on date of signing , shall be entitled to severance termination benefits equal to one (1) week’s pay for each</p>	

	<p>complete year of continuous employment, to a maximum of thirty (30) weeks.</p>	
	<p><u>Terms of Payment</u></p> <p>29.11 Options</p> <p>The amount to which an officer is entitled shall be paid, at the officer's discretion, either:</p> <p>(a) as a single payment at the rate of pay of the officer's substantive position as of the date of signing , or</p> <p>(b) as a single payment at the time of the officer's termination of employment from the core public administration, based on the rate of pay of the officer'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 29.12 (c).</p>	
	<p>29.12 Selection of Option</p> <p>(a) The Employer will advise the officer 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 officer 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 officer who opts for the option described in 29.11 (c) must specify the number of complete weeks to be paid out pursuant to 29.11 (a) and the remainder shall be paid out pursuant to 29.11 (b).</p>	

	<p>(d) An officer who does not make a selection under 29.12 (b) will be deemed to have chosen option 29.11 (b).</p>	
	<p>29.13 Appointment from a Different Bargaining Unit</p> <p>This clause applies in a situation where an officer is appointed into a position in the SO bargaining unit from a position outside the SO bargaining unit where, at the date of appointment, provisions similar to those in 29.03 and 29.04 are still in force, unless the appointment is only on an acting basis.</p> <p>(a) Subject to 29.08 above, on the date an indeterminate employee becomes subject to this Agreement after the date of signing, he or she shall be entitled to severance termination benefits 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 29.08 above, on the date a term employee becomes subject to this Agreement after the date of signing, he or she shall be entitled to severance termination benefits equal to</p>	

	<p>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 the day preceding the appointment.</p> <p>(c) An employee entitled to severance termination benefits under paragraph (a) or (b) shall have the same choice of options outlined in 29.11, however the selection of which option must be made within three (3) months of being appointed to the bargaining unit.</p> <p>(d) An employee who does not make a selection under 29.13 (c) will be deemed to have chosen option 29.11 (b).</p>	
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Remarks:

- 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*¹², 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).
- Eliminating the accumulation of severance benefits for voluntary resignation and retirement will bring federal public compensation in line with that of other public

¹² “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.”

and private sector employers, such, as the Ontario Provincial Government and those subject to the Canada Labour Code.

- For this round of bargaining, nine (9) 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.
 - 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.
 - Further, four (4) recent arbitral awards have been rendered that relate specifically to the Core Public Administration – the Electronics (EL) Group, the Economics and Social Science Services (EC) Group, the Translation (TR) Group and the Ship Repair Chargehands (SR-C) Group . All four (4) awards have eliminated the voluntary severance provisions, as well as awarding the Employer’s proposed economic increases
 - In addition, tentative settlements have been reached with three (3) more groups: the Computer Systems (CS) Group, the Audit, Commerce and Purchasing (AV) Group, and the Law (LA) Group. These three (3) tentative settlements include the elimination of the voluntary severance provisions.
 - 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 less than ten (10) years of continuous employment are not entitled to Severance Pay 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 (\$10,540). Under the Employer’s proposal for severance termination, the employee would now be entitled to 20 weeks, or \$21,080.</p>
<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 half (½) week’s pay 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 one (1) week’s pay 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 a doubling of their accumulated entitlement.</p>
<p>Term employees are not eligible to receive severance pay when their terms come to an end.</p>	<p>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>

	<p>Severance pay provisions for Lay-off are enhanced:</p> <ul style="list-style-type: none">➤ Employees with over 10 years of employment will get an additional week's pay of severance in the event of lay-off;➤ Employees with over 20 years of employment will get two additional week's pay of severance on lay-off.
	<p>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.</p>

Article 30 Hours of Work and Overtime

Current Provision	Employer Proposal	Union Proposal
<p>Hours of Work 30.01 Except as otherwise provided in Appendices "H", "I", "J" and "K", hours of work shall be designated so that officers:</p> <ul style="list-style-type: none"> a. work eight (8) hours per day, and b. work an average of forty (40) hours and five (5) days per week. 	<p>Hours of Work 30.01 Except as otherwise provided in Appendices "H", "I", "J" and "K", hours of work shall be designated so that officers:</p> <ul style="list-style-type: none"> c. work eight (8) hours per day, and d. work an average of forty (40) hours and five (5) days per week. 	
<p>30.02 Unless otherwise provided in this Article officers assigned to the Lay-Day Crewing System are subject to Appendix "H", officers assigned to the Averaging System Forty-Two (42) hours are subject to Appendix "I", officers assigned to the On-Call System Average Forty-Six Point Six (46.6) Hours are subject to Appendix "J", and all other officers are subject to Appendix "K".</p>	<p>30.02 Unless otherwise provided in this Article officers assigned to the Lay-Day Crewing System are subject to Appendix "H", officers assigned to the Averaging System Forty-Two (42) hours are subject to Appendix "I", officers assigned to the On-Call System Average Forty-Six Point Six (46.6) Hours are subject to Appendix "J", and all other officers are subject to Appendix "K".</p>	
<p>30.03</p> <ul style="list-style-type: none"> a. Meal periods shall not constitute a part of any work period. b. However, the provisions of clause 30.03(a) above does not apply to officers who are required to eat during their work period. 	<p>30.03</p> <ul style="list-style-type: none"> c. Meal periods shall not constitute a part of any work period. d. However, the provisions of clause 30.03(a) above does not apply to officers who are required to eat during their work period. 	
<p>30.04</p> <ul style="list-style-type: none"> a. Any work which appears to be necessary for the safety of the vessel, passengers or crew shall be performed at any time on immediate call by all officers and, 	<p>30.04</p> <ul style="list-style-type: none"> c. Any work which appears to be necessary for the safety of the vessel, passengers or crew shall be performed at any time on 	

<p>notwithstanding any provisions of this Agreement which might be construed to the contrary, in no event shall overtime be paid for work in connection with such emergency duties, of which the Master/Commanding Officer shall be the sole judge.</p> <p>b. The Master/Commanding Officer may require any officer to participate in lifeboat or other emergency drills without the payment of overtime.</p>	<p>immediate call by all officers and, notwithstanding any provisions of this Agreement which might be construed to the contrary, in no event shall overtime be paid for work in connection with such emergency duties, of which the Master/Commanding Officer shall be the sole judge.</p> <p>d. The Master/Commanding Officer may require any officer to participate in lifeboat or other emergency drills without the payment of overtime.</p>	
<p>30.05 The Employer may apply Appendix "I" to operations other than those presently operating under Appendix "I" upon mutual agreement being reached between the Guild and the Employer.</p>	<p>30.05 The Employer may apply Appendix "I" to operations other than those presently operating under Appendix "I" upon mutual agreement being reached between the Guild and the Employer.</p>	

Remarks:

30.05

- The Employer is proposing to delete the language at clause 30.05
- This article is no longer pertinent with the implementation of single rate of pay / elimination of the 2.1 vacation leave factor for the lay-day crewing system.
- Deletion of the current clause will provide Employer with further flexibility to change crewing systems on vessels to meet operational requirements and increase the effective use of its resources, without needing agreement from the Guild.
- More fundamentally, this type of constraint on the Department’s ability to utilise a multi-million dollar piece of equipment, such as a vessel is, in the manner it determines is most appropriate is not defensible. The bargaining agent has a legitimate role in determining through the bargaining process what should be the

terms and conditions of employment for employees. They do not have a legitimate role in deciding whether a vessel should be utilised in one way or another.

- The Employer recommends that the Board award this proposed change.
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Article 40 Dirty Work Allowance

Current Provision	Employer Proposal	Union Proposal
<p>40.01 When an officer is required to:</p> <ul style="list-style-type: none"> a. work in bilges and spaces below the bottom floor plates for periods in excess of fifteen (15) minutes, or b. repair or maintain ships' sewage disposal tanks and associated piping, pumps and valves, including any part of a vessel's sewage system, which necessitates the officer to come into contact with effluent, or system components which are downstream from the fixture connection and contain effluent. The grey water system is not considered to be a part of the sewage disposal system, or c. work on top of boilers while steam pressure is being maintained, or d. work inside water tanks or work inside oil tanks that have contained oil, or work in the fire side of boiler furnaces, combustion chambers, or in air heater space. The grey water tank shall be considered to be a water tank for the purpose of the administration of clause 40.01(d). Work on the exhaust manifolds of the opposed piston Fairbanks-Morse engines (punching carbon) shall be considered to be the equivalent of work on the fire side of combustion chambers, or 		<p>40.01 When an officer is required to:</p> <ul style="list-style-type: none"> a. work in bilges and spaces below the bottom floor plates for periods in excess of fifteen (15) minutes, or b. repair or maintain ships' sewage disposal tanks and associated piping, pumps and valves, including any part of a vessel's sewage system, which necessitates the officer to come into contact with effluent, or system components which are downstream from the fixture connection and contain effluent. The grey water system is not considered to be a part of the sewage disposal system, or c. work on top of boilers while steam pressure is being maintained, or d. work inside water tanks or work inside oil tanks that have contained oil, or work in the fire side of boiler furnaces, combustion chambers, or in air heater space. The grey water tank shall be considered to be a water tank for the purpose of the administration of clause 40.01(d). Work on the exhaust manifolds of the opposed piston Fairbanks-Morse engines (punching carbon) shall be considered to be the equivalent of work on the fire side of combustion chambers, or e. come in physical contact with the pollutant while

<p>e. come in physical contact with the pollutant while engaged in the cleaning up of oil spills in excess of two hundred (200) litres which resulted from a marine disaster, mechanical failure, bunkering or fuel transfer operations, or</p> <p>f. repair or maintain the ships' grey water system, including holding tanks, associated piping, pumps and valves, provided the officer is required to come into direct contact with the grey water. Cleaning of clogged drains shall not constitute dirty work.</p> <p>the officer shall receive, in addition to the appropriate rate of pay, an additional one (1) hours pay the officer's straight-time rate for each hour worked.</p> <p>An officer is entitled to the above compensation on a prorata basis for each completed fifteen (15) minute period worked.</p>		<p>engaged in the cleaning up of oil spills in excess of two hundred (200) litres which resulted from a marine disaster, mechanical failure, bunkering or fuel transfer operations, or</p> <p>f. repair or maintain the ships' grey water system, including holding tanks, associated piping, pumps and valves, provided the officer is required to come into direct contact with the grey water. Cleaning of clogged drains shall not constitute dirty work.</p> <p>the officer shall receive, in addition to the appropriate rate of pay, an additional one half (½) the officer's straight time rate for every fifteen (15) minute period, or part thereof worked. (1) hours pay the officer's straight-time rate for each hour worked.</p> <p>An officer is entitled to the above compensation on a prorata basis for each completed fifteen (15) minute period worked.</p>
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Remarks:

- The bargaining agent is proposing to add new language to the collective agreement to increase the premium for dirty work.
- The Guild is proposing to double the quantum providing triple pay for this type of work and further enhance the entitlement on a prorata basis for any portion of a fifteen (15) minute period worked.
- The current language is consistent with the majority of collective agreements, which compensates employees sufficiently for this type of work, which equates to double their regular rate of pay.
- The Employer feels the 15 minute period of “completed” work is also sufficient. To quantify periods of time worked that are less than 15 minutes would be very difficult, especially in a supervisory capacity where a simple instruction can count as work.
- The Employer proposes the Board renew the current language without any changes.

Article 43 Duration and Renewal

Current Provision	Employer Proposal	Union Proposal
43.01 The provisions of this Agreement will expire on March 31, 2011.	43.01 The provisions of this Agreement will expire on March 31, 2011 2014 .	43.01 The provisions of this Agreement will expire on March 31, 2011 2014 .
43.02 Unless otherwise expressly stipulated, the Agreement shall become effective on the date it is signed.	Status quo	43.02 Unless otherwise expressly stipulated, the Agreement shall become effective on the date it is signed. All benefits and monetary items, including all allowances, shall be effective retroactive to April 1, 2011
	43.03 The provisions of this collective agreement shall be implemented by the parties within a period of one hundred fifty (150) days from the date of the signing.	Status quo

Remarks:

43.02

- The bargaining agent is proposing to delete the language that gives effect to the provisions of the collective agreement on the date of signing, and adding new language that guarantees retroactive pay on all monetary items and wages.
- The Employer is opposed to this proposal since wages due for past services are typically provided for newly negotiated rates of pay only where wage negotiations extend beyond that last date of the previous agreement. This has been the practice of the Employer in the past and has been fairly applied to all recent negotiated settlements and arbitral awards.
- The Employer's approach for all 17 Bargaining Agents, representing all employees and 27 Bargaining Units covering over 150,000 employees, is to apply, to the best of its ability, a common approach and level of entitlement with regard to retroactivity.

- The Employer proposes the Board renew the current language without any changes.

43.03

- The Employer is proposing that the provisions of the new collective agreement be implemented by the parties within a period of one hundred fifty (150) days from the date of the signing.
 - Extending the implementation period provides the Employer and the effected departments a reasonable period of adjustment to make the necessary administrative changes as a result of any modifications or amendments to the current collective agreement provisions.
 - The Employer proposes the Board award this proposal.
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Appendix "H" Lay-Day Operational Crewing System

Current Provision	Employer Proposal	Union Proposal
<p>Lay-Days</p> <p>General</p> <p>c. The workday will consist on-duty-cycle of twelve (12) hours of work per day. For each day worked or for each on-duty-cycle day on which an officer is on authorized leave with pay other than compensatory leave and vacation leave with pay, an officer shall earn one (1) lay-day in addition to the officer's Lay-Day rate of pay.</p>		<p>Lay-Days</p> <p>General</p> <p>c. The workday will consist on-duty-cycle of twelve (12) hours of work per day. For each day worked or for each on-duty-cycle day on which an officer is on authorized leave with pay other than compensatory leave and vacation leave with pay, an officer shall earn one decimal one seven (1.17) lay-days in addition to the officer's Lay-Day rate of pay.</p>

Remarks:

Introduction of the Lay Day Operational Manning System

- The lay-day system is a time-on/time-off system which recognizes the continuous nature of marine operations and the consequent need to treat one day like any other day. Under this concept, every day is a working day; there are therefore no days of rest (i.e. weekends) *per se* and therefore there is no premium pay for working over weekends.
- This is in contrast to the Conventional Crewing System whereby operations may be discontinuous and the employer consequently recognizes the need to pay a premium for work performed during days of rest, such as weekends.
- Overtime can be earned on the lay-day system when the employee works over 12 hours per day while on the On cycle. The major advantage of the lay-day system for the employee is a better work/life balance (the typical cycle is 28 days On and 28 days Off).
- The lay- day system is based typically on a 28 day on/off cycle (56 days total): two crews rotate every 28 days. For example the Red Crew works 28 days (On

cycle), earning 1.17 lay days per day worked, while the White Crew uses 28 lay days from their lay day bank (Off cycle). Then the two crews rotate and the Red Crew begins their On cycle and the White Crew starts their Off cycle.

- 1.17 lay days were earned per day over the 28-day On cycle and one lay day was deducted per day during the Off cycle, leaving 0.17 lay days times 28 days per full 56-day cycle
- Therefore, the Ships' Officers' lay day banks accumulated .17 lay days x 28 days (4.76 lay days) for each complete 56-day On/Off cycle. These additional lay days, if not taken as additional leave, could be cashed in at time and a half

Reduction of the Lay Day Factor from 1.17 to 1.0

- Under the lay-day system annual (and most other leave) is taken during the On cycle.
- Regional Fleet Management has always endeavoured to ensure Ships' Officers could be deployed to other ships when the vessel on which they had been serving is laid up for a period of time (for example extended refit), or they were scheduled for annual leave. There was therefore little need to use the excess lay days accumulated in their banks (i.e. 0.17 lay days times 28 days while on the On cycle).
- The 1991-1994 Collective Agreement addressed this issue by increasing the annual rate of pay for officers on the lay day system by 12.75% in exchange for reducing the lay day factor from 1.17 to 1.0.

Implications of re-introducing the Layday Factor of 1.17 for Ships' Officers

- During negotiations, the Bargaining Agent mentioned that the leave banks were depleting.
 - *However looking at the actual leave banks as of (info from Lise) the leave banks are presently healthy ...*
 - The total number of lay days earned, with adjustments (i.e. to convert partial lay-days), by Ships' Officers from 1 April 2010 to 31 March 2011 were multiplied by 1.17 to project the number of lay-days that would have been accumulated if the 1.17 factor were to be re-introduced. The results are summarised here:
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Total Lay Days Earned in FY 2010-2011:

Applying the Layday Factor of 1.17

Lay Days Earned	111,059		
Lay Day Adjustments	<u>+ 1,211</u>	Increase	Difference
Total Lay Days	112,270	131,356	<u>19,086</u>

- Increasing the lay-day factor from 1.0 to 1.17 would place Management in the same situation which existed in 1984: Ships' Officers on the lay-day system would accumulate excess lay-days and cash them in at time-and-a-half. Moreover they were already compensated for the original reduction from 1.17 to 1.0 by a 12.75% increase to their annual rate of pay.
- The goal of arbitration is to replicate the results, as closely as possible, to that 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 negotiated within the relevant community and the economic situation.
- 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 to renew the current entitlement.

Appendix "I" Averaging System Forty-Two (42) Hours

Current Provision	Employer Proposal	Union Proposal
<p>Article 22 - Sick Leave with Pay An officer shall have his or her accrued hours of sick leave with pay adjusted by an hourly credit by multiplying the number of hours under Article 22 by a factor of one decimal four-seven (1.47).</p> <p>Should an employee leave the Ships Officers group or the Appendix "I" operating system, the employee's credits will be converted to hours by applying the formula in reverse.</p> <p>Sick leave with pay may be granted only on those days that are, otherwise, scheduled days of work.</p> <p>Sick Leave with Pay shall be granted on an hourly basis, with the hours debited for each day of sick leave being equal to twelve decimal twenty-eight (12.28) hours per day.</p> <p>Where an officer has insufficient or no credits to cover the granting of sick leave with pay under the provisions of clause 22.05, sick leave with pay may, at the discretion of the Employer, be granted: (...)</p>	<p>Article 22 - Sick Leave with Pay An officer shall have his or her accrued hours of sick leave with pay adjusted by an hourly credit by multiplying the number of hours under Article 22 by a factor of one decimal four-seven (1.47).</p> <p>Should an employee leave the Ships Officers group or the Appendix "I" operating system, the employee's credits will be converted to hours by applying the formula in reverse.</p> <p>Sick leave with pay may be granted only on those days that are, otherwise, scheduled days of work.</p> <p>Sick Leave with Pay shall be granted on an hourly basis, with the hours debited for each day of sick leave being equal to twelve decimal twenty-eight (12.28) hours per day. Where an officer has insufficient or no credits to cover the granting of sick leave with pay under the provisions of clause 22.05, sick leave with pay may, at the discretion of the Employer, be granted: (...)</p>	<p>Status quo</p>

Remarks:

- This Article still contains the factors which should be removed as per Article 20 of the same Appendix.
- An officer should be earning sick leave credits at the rate prescribed for in Article 22 of the collective agreement, i.e. 10 hours for each calendar month for which the officer receives at least eighty (80) hours' pay.

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- The proposed amendments relating to Sick leave, again, are consistent with the approach dealing with vacation leave credits that was taken in the last round, and were changed accordingly as part of the arbitral award (June 27, 2008). Since both benefits (vacation and sick leave) are credit based, it would seem evident that there should be consistency in treatment.
 - Employees should earn and use these credits by the same prescribed rate as other employees. Under the current wording an employee earns sick leave credits by a factor of 1.47 times the prescribed rate and applies for sick leave at the rate of 12.28 hours/shift regardless of the hours of work.
 - For our situation, we have employees who work alternating shifts of 12 hours and 8 hours shifts, and are expected to submit 12.28 hours sick leave for a day off. This is confusing to administer.
 - The Employer asks that the Board award this change.
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Appendix "J"

On-Call System – Average Forty-Six Point Six (46.6) Hours

Current Provision	Employer Proposal	Union Proposal
<p>This is to confirm the understanding reached between the Employer and the Canadian Merchant Service Guild with respect to the operation of vessels on the On Call System average forty-six point six (46.6) hours.</p> <p>Class 400 vessels will operate under this work system and shall not be placed under another work system except by mutual agreement between the parties.</p> <p>Notwithstanding the provisions of the Ships' Officers collective agreement, the following shall apply:</p> <p>(...)</p>	<p>This is to confirm the understanding reached between the Employer and the Canadian Merchant Service Guild with respect to the operation of vessels on the On Call System average forty-six point six (46.6) hours.</p> <p>Class 400 vessels will operate under this work system and shall not be placed under another work system except by mutual agreement between the parties.</p> <p>Notwithstanding the provisions of the Ships' Officers collective agreement, the following shall apply:</p> <p>(...)</p>	<p>Status quo</p>

Remarks:

- The Employer is proposing to delete obsolete language.
- The two Type 400 vessels in Pacific Region are being replaced by 47' Motor Life Boats on the 46.6 On Call Average system.
- The two remaining Type 400's in Central & Arctic Region will continue to operate on the lay day system to support the Marine Security Enforcement Program (as agreed to in an annual MOU between CCG and the Guild) until they are replaced by the new Midshore Patrol Vessels.
- In any case, the type of constraint imposed by this language on the Department's ability to utilise a multi-million dollar piece of equipment, such as a vessel in the manner it determines is inappropriate. The bargaining agent has a legitimate role in determining through the bargaining process what should be the terms and conditions of employment for employees. They do not have a legitimate role in deciding whether a vessel should be utilised in one way or another.
- The Employer proposes the Board award this change.

Appendix "K" 40 Hour Work Week System

Current Provision	Employer Proposal	Union Proposal
<p>Article 30 - Hours of Work and Overtime Hours of Work</p> <p>(...)</p> <p>d. For officers who regularly work five (5) consecutive days per week on "non-watchkeeping" vessels the hours of work shall be consecutive, except for meal periods, and The normal daily hours of work shall be between 0600 hours and 1800 hours. and Officers shall be given forty-eight (48) hours notice of any change in scheduled starting time.</p> <p>e. Reporting for Sailing (...)</p> <p>Overtime Compensation</p> <p>f. An officer is entitled to compensation at double (2) time:</p> <ol style="list-style-type: none"> 1. for overtime worked following eight (8) hours of overtime worked in excess of his normal daily hours of work; 2. for overtime worked on his/her days of rest in excess of the officer's normal daily hours of work; and 3. when the officer is required by the Employer to work on two (2) or more 	<p>Article 30 - Hours of Work and Overtime Hours of Work</p> <p>(...)</p> <p>d. For officers who regularly work five (5) consecutive days per week on "non-watchkeeping" vessels the hours of work shall be consecutive, except for meal periods, and The normal daily hours of work shall be between 0600 hours and 1800 hours. and Officers shall be given forty-eight (48) hours notice of any change in scheduled starting time.</p> <p>e. Reporting for Sailing</p> <p>(...)</p>	<p>Status quo for section d.</p> <p>Overtime Compensation</p> <p>f. An officer is entitled to compensation at double (2) time:</p> <ol style="list-style-type: none"> 1. for overtime worked following eight (8) hours of overtime worked in excess of his normal daily hours of work; 2. for overtime worked on his/her days of rest in excess of the officer's normal daily hours of work; and 3. when the officer is required by the Employer to work on

<p>consecutive and contiguous days of rest, for each hour worked on the second (2nd) and each subsequent day of rest. Second (2nd) or subsequent day of rest means the second (2nd) or subsequent day in an unbroken series of consecutive and contiguous calendar days of rest.</p>		<p>two (2) or more consecutive and contiguous days of rest, for each hour worked on the second (2nd) and each subsequent day of rest. Second (2nd) or subsequent day of rest means the second (2nd) or subsequent day in an unbroken series of consecutive and contiguous calendar days of rest. For all overtime worked by an officer on the officer's second and subsequent day of rest, provided the days of rest are consecutive.</p>
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Remarks:

Article 30(d)

- The Employer is proposing to delete the reference to normal daily hours of work between 0600 hours and 1800 hours and the requirement to provide 48 hours notice of a shift change.
- This clause is not realistic in a marine organization - it is imperative that the Department respond to operations in any portion of the 24 hour period in support of naval operations, which do not follow normal hours of work.
- This notice period is not realistic since it is the primary function of non-watchkeeping vessels to respond to naval operations. The department must be able to sail vessels on no or short notice and at various times of the day.
- The Employer asks that the Board award this change.

30(f) - Overtime Compensation

- With the existing language, double time is paid on a second (or subsequent) day of rest consecutive and contiguous to a first day of rest **only** if the first day of rest has been worked (in part or in total). This proposed change would favour overtime work on a 2nd day of rest over the 1st day of rest
- By proposing that the second day of rest should always be paid at double time the consequence would be to arbitrarily give the second day of rest a greater value

than the first day of rest. From the Employer's perspective, the payment of a higher premium on the second day of rest should be as a consequence of the employee having had to work on the first day of rest. The Employer is prepared to pay a greater incentive for requesting that an employee give up two consecutive days of rest.

- In summary, the Bargaining Agent's proposal is not something the Employer wishes to support, as is evident in our proposals currently at certain other bargaining tables to change the language to provide double time only when the employee works two consecutive and contiguous days of rest. Thus our position is to renew this clause.
 - The Employer proposes that this clause be renewed without changes
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Multiple Appendices

The union is proposing an increase of 2.9% to all allowances in each year of a 3 year term.

In its submission to the PSLRB, in response to the Guilds application for the establishment of the arbitration board, the Employer submitted its position on this matter in form 12. The Guild had an opportunity to respond to the Employer's position through form 13. They did not refute the Employer's response so their blanket proposal must be limited to those allowances as defined in article 2 Interpretation and Definitions.

Article 2 Interpretation and Definitions

2.01 For the purpose of this Agreement:

"allowance"

means compensation payable for the performance of special or additional duties, or in the case of a Canadian Coast Guard Officer Cadet an amount payable to help defray expenses incurred as a Cadet.

The Employer submits the Union's proposals are not reflective of current established settlement patterns in the federal public service.

The goal of arbitration 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 allowance increases do not reflect what the parties would have bargained in a period of fiscal restraint.

The following appendices have allowances that meet the definition noted in article 2:

APPENDIX E CANADIAN COAST GUARD OFFICER CADETS

5. A Cadet shall receive a training allowance as set out below:

Monthly Allowance (in dollars)				
Duration	April 1, 2010 current	April 1, 2011 Proposed 2.9% increase	April 1, 2012 Proposed 2.9% increase	April 1, 2013 Proposed 2.9% increase
1st period (August 1st to June 30th)	359	369	380	391
2nd period (July 1st to June 30th)	424	436	449	462
3rd period (July 1st to June 30th)	489	503	518	533
4th period (July 1st to June 30th)	556	572	589	606

6. Where a Cadet proceeds on sea training he/she shall receive, in addition to the allowance specified in paragraph 5 above, a monthly sea training allowance as set out below.

Monthly Sea Training Allowance (in dollars)				
Duration	April 1, 2010 Current	April 1, 2011 Proposed 2.9% increase	April 1, 2012 Proposed 2.9% increase	April 1, 2013 Proposed 2.9% increase
1st Sea Training Period	1078	1109	1141	1175
2nd Sea Training Period	1532	1576	1622	1669

Remarks:

- The Canadian Coastguard College offers a curriculum with emphasis on the four (4) year Officer Cadet Training Program that, at its conclusion, provides certification and a recognized university degree.
- At the conclusion of the Officer Cadet Training Program, the Cadet receives a Bachelor of Technology Nautical Sciences from the University College of Cape Breton in association with the College, a diploma of Natural Sciences either in navigation or engineering from the College itself, together with a Transport Canada certification known as a Watch Keeping Certificate (C) for those involved

- in the navigation component or a fourth class Motor Marine certificate for those involved in the engineering component of the program.
- These permit an Officer to direct a watch at sea either as an Officer, or as an Engineer, and qualifies the Officer or Engineer for advanced standing in further certifications towards their Master Mariner Certificate or their First Class Engineering Certificate. The four year program is a combination of four academic years, with periods of time spent at sea.
 - This curriculum and subsequent conclusion that results in a Bachelor's degree and guarantee of employment is at the expense of the Employer.
 - The Employer provide a monthly allowance while they are attending courses at the College, unlike other students.
 - Also, Cadets are provided the Sea Training Allowance when they are receiving practical on-the-job-training aboard vessels. The Employer believes that this is an appropriate way in which to compensate Cadets. It is reflective of the fact that they are not functional employees at this stage of their learning program. Cadets do not receive a salary since they are, notwithstanding that they are on the vessel, not performing in a fully functional capacity.
 - Each year the Employer's recruiting program sets out to fill approximately 65 new seats at the college. They receive 1200 – 1500 applications and through it screening process they fill the required seats – there are no recruitment or retention issues (outside of normal drop-out).
 - Given the lucrative employment opportunity provided to these Cadets, the Employer is opposed to any increase in the current allowances provided.
 - The Employer asks that the Board not award this increase.
-

Appendix "F" Special Allowances

Type	April 1, 2010 Current	April 1, 2011 Proposed 2.9% increase	April 1, 2012 Proposed 2.9% increase	April 1, 2013 Proposed 2.9% increase
Rescue Specialist Allowance	130\$	134\$	138\$	142\$
Fisheries Enforcement Allowance	293\$	302\$	311\$	320\$
Armed Boarding Allowance	175\$	180\$	185\$	190\$
Diving Duty Allowance	821\$	845\$	870\$	895\$
Nuclear Emergency Response Team	150\$	154\$	159\$	164\$

Remarks:

It is worth noting that both SO employees and SC employees are entitled to receive the same allowances, and in some cases less or no allowance. The allowances as they are currently for SO's are noted above. In this regard, the Board should be aware of the level benefit that applies to SC employees (collective agreement expiry date August 4, 2014). The following table is instructive:

ALLOWANCES	SHIPS' OFFICERS	SHIPS CREWS
Rescue Specialist Allowance	\$130	\$130
Fisheries Enforcement Allowance	\$293	\$250
Armed Boarding Allowance	\$175	\$150
Diving Duty Allowance	\$821	\$821
Nuclear Emergency Response Team	\$150	nil

As one may see, SO's currently receive a level of benefit that globally exceeds the level of benefit that Ships Crews receive for the same circumstances.

The Employer respectfully suggests that given the circumstances there is no justification for increasing the level of the benefit available to Ships' Officers for the allowances noted above.

Appendix "G" Extra Responsibility Allowance

Extra Responsibility Allowance (in dollars)				
Sub-Group and Level	April 1, 2010	April 1, 2011 Proposed 2.9% increase	April 1, 2012 Proposed 2.9% increase	April 1, 2013 Proposed 2.9% increase
SO-MAO-12	16,819	17,307	17,809	18,326
SO-MAO-11	15,431	15,879	16,340	18,814
SO-MAO-10	14,014	14,420	14,838	15,268
SO-MAO-9	12,854	13,227	13,611	14,006
SO-MAO-8	11,944	12,342	12,700	13,068
SO-MAO-7	11,352	11,681	12,020	12,369
SO-MAO-6	10,934	11,251	11,577	11,913
SO-MAO-5	10,484	10,788	11,101	11,423

Remarks:

- The current allowance is outlined above. It is worth noting that the extra responsibility allowance is paid to officers described above to recognize the additional responsibilities involved in the performance of the regular duties of the position. This also accounts for the fact that, notwithstanding the Hours of Work and Overtime provisions of the Agreement, the normal hours for the identified Officers extend beyond those described by the Article.
- As such, unlike other allowances, the extra responsibility allowance is considered as part of pay for the purposes of the Public Service Superannuation Act (PSSA), Disability Insurance (DI), the Public Service Management Insurance Plan (PSMIP) and Severance Pay (Article 29).
- As the level of responsibility has remained the same, the Employer respectfully suggests that given the circumstances there is no justification for increasing the level of the benefit available to Ships' Officers for the allowances noted above.
- The increase that the Guild is proposing amounts to compounded benefit of approximately 9% over the life of the contract – an amount which far exceeds what has been given to the other bargaining agents for allowances in this round of bargaining. The Officers will far outpace the rest of the employees in the CPA in terms of gains in total compensation.
- The Employer asks that the Board renew the current extra duty allowance without change.

APPENDICES
