PSLRB Ref. No.: 8951-030-008

IN THE MATTER OF THE *PUBLIC SERVICE LABOUR RELATIONS ACT*
AND IN THE MATTER OF A DISPUTE REFERRED TO ARBITRATION

BETWEEN:

THE ASSOCIATION OF CANADIAN FINANCIAL OFFICERS (ACFO)

Bargaining Agent

- and -

THE TREASURY BOARD OF CANADA

Employer

SUBMISSIONS OF THE ASSOCIATION

Ronald A. Pink, Q.C. &
Kelly E. McMillan
Pink Larkin
1583 Hollis Street, 4th Floor
P. O. Box 160
Halifax, NS B3J 2M4

Solicitors for the Bargaining Agent
Association of Canadian Financial Officers

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Overview

1. This interest arbitration will set the wages and certain other terms and conditions of employment for the members of the Association of Canadian Financial Officers ("ACFO" or "the Association") employed in the financial management group in various departments and agencies of the federal public service across Canada.

2. The parties have agreed that the term of the Collective Agreement will run from November 7, 2011 to November 6, 2014.

3. The employees in this bargaining unit are specialized financial professionals. They are the heart of this country's financial well-being, responsible for ensuring the accountability, transparency and financial oversight of the federal government's operations.

4. Unfortunately, this bargaining unit has for some time resembled a "revolving door" of employees. The financial management group has been characterized by high vacancy rates and constant internal turnover. The federal public service has been unable to attract or retain the competent financial officers it needs to effectively meet its financial reporting or operational requirements.

5. In the Association's submission, this state of affairs has arisen because the employees of this bargaining unit are underpaid. Substantial wage gaps exist between these employees and their financial professional counterparts in the private sector, and in comparable occupational groups in the public service.

6. Accordingly, the Association has proposed rate of pay increases of 3.5 percent per year in each year of the agreement. It also seeks to restructure the pay grid. This restructuring would provide an additional 4 percent at the top increment effective November 7, 2011. It would also compress the grid to provide for seven increments at each FI classification level, instead of the current nine increments for FI-1s and eight increments for FI-2s.

7. In addition, the Association is requesting modest improvements to vacation entitlements, family-related leave, and bereavement leave, as well as an amendment to the sexual harassment provision to include all forms of workplace harassment.

8. The Employer is proposing economic increases of just 1.5 percent per year. Not only does this increase not even keep pace with the rate of inflation, it will further exacerbate the feeling in the bargaining unit that "no help is on the way". Financial officers' work will continue to expand without any increase in the capacity needed to keep up.

9. The Employer further seeks the elimination of call-back pay and severance pay. Severance pay provides members of the bargaining unit with a retirement allowance equal to a week's wages for every year of service to a maximum of 30 weeks. In exchange, the Employer proposes additional wage increases of 0.25 percent, 0 percent, and 0.5 percent. These increases fall far short of fair compensation for the loss of severance pay.

10. The proposal of the Employer is simply not an outcome that would have been arrived at in free collective bargaining and the right to strike. The outcome of this arbitration will be determined by what this arbitration board finds the parties likely would have achieved in free

collective bargaining. The Association would never have accepted the wage proposal advanced by the Employer, nor would it have given up severance pay without fair compensation in return.

11. The proposal of the Association is fair and reasonable. It is consistent with the bargaining history of the parties and the factors set out in the *Public Service Labour Relations Act*. It ought to be awarded by this board.

1. The Parties

12. The Association of Canadian Financial Officers is the exclusive bargaining agent for employees working across Canada in the financial management group ("FI") of the federal public service.[1]

13. The Association was created "by FIs, for FIs". It has represented the bargaining unit since October 25, 1989, when it displaced the Public Service Alliance of Canada as bargaining agent for the financial management group. All of the Association's elected officers are financial management professionals.

14. The Treasury Board of Canada represents the Government of Canada as the employer of the members of the bargaining unit.

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[1] FIs employed by the Canada Revenue Agency, Parks Canada, the House of Commons and the Canada Food Inspection Agency are not represented by the ACFO.

2. The Bargaining Unit: Who We Are and What We Do

15. The ACFO bargaining unit includes 4,205 employees[2] working in the four financial management group classifications: FI-1, FI-2, FI-3 and FI-4.

16. The bargaining unit spans over 65 federal government departments and agencies. The principal departments employing FIs are:

i. Public Works and Government Services (10.9%),
ii. Human Resources and Skills Development (9.9%),
iii. National Defence (8.9%),
iv. Correctional Services (5.3%),
v. Health Canada (5.0%), and
vi. Royal Canadian Mounted Police (4.8%).

The Work of the Financial Management Group

17. The financial management group is a vital component of Canada's financial well-being. FIs are highly specialized financial management professionals, responsible for strengthening accountability and increasing the transparency and oversight of our government's operations.

18. In particular, FIs analyze financial performance information; design and implement sound risk management techniques and results-based control standards; and provide rigorous stewardship. Financial advisory services account for more than half of FI positions.[3]

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[2] The bargaining unit statistics relied upon by the Association in these Submissions are derived from the Treasury Board's *Financial Management: Demographic Data* (31 March 2012) at 5, Book of Documents of the Association (BOD), Vol 1, Tab 1. These numbers are accurate as of March 31, 2012.

[3] Affidavit of Milt Isaacs, sworn at Halifax on March 18, 2013 at para 49 [Affidavit of Milt Isaacs].

19. The *Classification Standard for the Financial Management Group (FI)* describes the work of FIs as "the planning, development, analysis, delivery or management of internal Public Service financial policies, programs, services or other related activities."[4] In particular, FIs are responsible to:

i. Develop, deliver, interpret, recommend or revise financial management policies, practices, principles, systems or techniques;
ii. Advise on the financial implications of policy and program proposals and actions, including risk management;
iii. Approve financial safeguards in programs and activities;
iv. Plan and conduct internal financial audits;
v. Develop and deliver cost accounting models; and
vi. Perform financial planning, analysis and reporting.

This list of FI responsibilities is far from exhaustive.

20. Moreover, the responsibilities of FIs are constantly evolving. Over the past twenty years, the Government of Canada has overhauled its approach to financial management. It has adopted the accounting principles and systems that are commonly applied by private sector accountants, such as "accrual accounting". It has also broadened its understanding of financial management to include performance information, of which results-based reporting is but one example.[5]

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[4] See Appendix A, *Classification Standard for the Financial Management Group (FI)*.

[5] Affidavit of Milt Isaacs at paras 26-44; Exhibit "A", Financial Management and Control Study (1976) at 3, 8, 18; Exhibit "B", Royal Commission on Financial Management and Accountability (1979) at 21, 25, 27-29; Exhibit "C", Report of the Auditor General of Canada, "Financial Information Strategy: Departmental Readiness' (2001) at 3, 16-17; Exhibit "D", Treasury Board Secretariat, *Results for Canadians: A Management Framework for the Government of Canada* at 10-13, 25.

21. Most recently, the importance of the work performed by FIs was affirmed by the introduction of the *Federal Accountability Act*, SC 2006, c 9. This legislation has mandated stronger reporting and financial management leadership—in which FIs play the principal role.

22. The financial management work performed by FIs today is very different from that which existed when the ACFO began representing these employees in 1989. Today's work is increasingly analytical and strategic, requiring special expertise.

Training and Expertise

23. The ACFO bargaining unit is composed of financial professionals who hold positions requiring specialized education.

24. As the work and responsibilities of FIs have expanded over the years, the educational qualifications required of members of the financial management group have been raised significantly.[6]

25. Today, the minimum standard for an entry-level financial management position (FI-1) consists of two years of post-secondary education with specialization in accounting, finance, business, commerce or economics; <u>or</u> a Government of Canada Financial Management Certificate.[7]

26. Most FI-1s, however, are hired through post-secondary recruitment programs specific to the financial management group, such as the CA Student Training (CAST) program[8] and the

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[6] Affidavit of Milt Isaacs at paras 50-61.

[7] Appendix B, *Financial Management (FI) Group Qualification Standard.*

[8] Ann Marie Sahagian, *CA Student Training Program: An Overview* (Office of the Comptroller General), BOD Vol 1, Tab 24.

Financial Officer Recruitment and Development (FORD) program.[9] These university graduates rotate through different FI-1 positions within the public service over a 12 or 24-month period. During this time, participants are expected to obtain a professional designation, such as chartered accountant (CA), certified management accountant (CMA), or certified general accountant (CGA).[10]

27. The minimum standard for positions classified at the FI-2, FI-3 and FI-4 levels is a degree from a recognized university with a specialization in accounting, finance, business administration, commerce or economics; as well as related professional experience or a professional designation such as CA, CMA, or CGA.[11]

28. These minimum qualification standards exceed those required of comparable occupational groups within the public service, as will be detailed later in these Submissions.[12]

29. In essence, however, these standards for FIs are largely an illusion.

30. In practice, members of the financial management group hold qualifications in excess of the minimum standards. In 2009, 95 percent of FIs between the ages of 25 and 29 held at least a bachelor's degree.[13] Over 90 percent of candidates for the Financial Officer Recruitment and Development (FORD) program – which recruits post-secondary graduates into FI-1 positions – held accounting designations.[14]

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[9] Treasury Board Secretariat, "What is the FORD/IARD Program?" BOD, Vol 1, Tab 2. Eighty FI-1s are hired each year through the FORD program alone.

[10] Statistics Canada, *Financial Officer Recruitment and Development Program Training Manual* at 5, 37-42, BOD, Vol 1, Tab 3.

[11] Appendix B, *Financial Management (FI) Group Qualification Standard*.

[12] See *infra* at paras 154-166.

[13] Affidavit of Milt Isaacs at para 58; "Exhibit K", Treasury Board Secretariat, *2009 Financial Management Community Survey* (11 April 2010).

[14] Affidavit of Milt Isaacs at para 60; "Exhibit N", Dr Philémon Paquette, *Classification Reform for the Financial Administration (FI) Group in the Public Service of Canada* (16 December 2002).

31. In addition, the Employer regularly adopts more stringent eligibility requirements for specific financial management positions. The employer has often demanded professional accounting designations and/or masters degrees in recent job postings, for instance.[15]

32. In a 2011 presentation to financial officers, the Office of the Comptroller General (OCG) set out what it considers to be "qualifications needed for promotion" in the FI group. These are higher than the minimum standards. In particular, the OCG considers professional designations to be "desirable" at the FI-1 and FI-2 levels and "essential" at the FI-3 and FI-4 levels.[16]

33. These higher qualifications have, in turn, been adopted for appointment processes. For instance, the Department of National Defense (DND) adopts the OCG's higher standards when appointing FI-2s from amongst FORD "graduates".[17] The DND employs 9 percent of the bargaining unit and is the largest participant in the FORD program.

Demographics

34. The financial management group is an extremely young bargaining unit, reflecting the recruitment and retention problems that will be detailed later in this brief. Approximately 56 percent of bargaining unit members have less than ten years of service.[18]

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[15] Appendix C, "Essential Qualifications on FI Job Postings"; Email communication from Helene Caron, Administrative Coordinator, Treasury Board Secretariat (5 Dec 2006), BOD Vol 1, Tab 4; Email communication from Lincoln Wong , Regional Comptroller (Ontario) (2 Nov 2012), BOD Vol 1, Tab 5; *Publiservice* Job Advertisement #13-DND-INA-HALFX-371617, BOD Vol 1, Tab 6; ACFO, "FI Competitions – Educational Requirements – Raw Data", BOD Vol 1, Tab 7.

[16] Juliet S Woodfield CA, Office of the Comptroller General, "Interested in Learning More about the Financial Officer Career Path from FI to CFO?" (24 November 2011) at 7, BOD Vol 1, Tab 8.

[17] Email from Julie Laghi, CMA, Acting Director Corporate Submissions and Financial Arrangements, Department of National Defense (21 November 2012), BOD Vol 1, Tab 9.

[18] Treasury Board, *Financial Management: Demographic Data* (31 March 2012) Table 3 at 1, BOD Vol 1, Tab 1.

35. Women represent 57 percent of the ACFO bargaining unit, which is 2 percent higher than the public service average.[19] Visible minorities are also more strongly represented in this bargaining unit than in the federal public service as a whole.[20]

36. While this bargaining unit has members situated across Canada, approximately 70 percent are employed in the National Capital Region.[21]

3. Bargaining History

37. The parties' collective bargaining agreement expired on November 6, 2011.

38. Prior to the expiry of the agreement, the ACFO and the Treasury Board Secretariat engaged in exploratory discussions between August 9 and 12, 2011 aimed at renewing the collective agreement. Unfortunately, the parties were unable to agree on key issues including rates of pay and the removal of voluntary severance.

39. The ACFO delivered notice to bargain on August 12, 2011.

40. Bargaining began on February 21 to 23, 2012, when the parties met and exchanged proposals. The ACFO advised the Employer of its mandate to improve pay structure, leave benefits, and professional development for the financial management group.

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[19] Treasury Board, *Financial Management: Demographic Data* (31 March 2012) Table 1 at 5, BOD Vol 1, Tab 1.

[20] Treasury Board, *2009 Financial Management Community Survey* at 2, BOD Vol 1, Tab 10.

[21] Treasury Board, *Financial Management: Demographic Data* (31 March 2012) Table 5, BOD Vol 1, Tab 1.

41. Negotiations continued through May 1-3, June 5-7, and September 11, 2012. The parties were successful in dealing with most minor and technical items. They signed off on a total of forty-four articles during these sessions. However, discussions stalled on monetary issues.

42. On October 10, 2012, the Treasury Board Secretariat tabled a proposal reflecting the pattern settlement that has been offered to many other public service bargaining units in recent months. This offer includes below-inflation monetary increases. This offer had been previously discussed and rejected during exploratory discussions in August 2011.

43. ACFO again rejected this offer. It is the ACFO's position that the work performed by the financial management group is already undervalued; the Employer's offer would widen the existing wage gap rather than close it.

44. The ACFO responded to the proposals the Employer had made; however, the Employer did not accept the ACFO's counter-offer.

45. Despite several rounds of negotiations and agreement on several issues, it became apparent that the parties would not reach an agreement on other key issues without assistance. A number of items remain outstanding, including annual rates of pay. The parties therefore submitted the matter to an arbitration board for assistance as provided for under the *Public Service Labour Relations Act*.

4. Legal Considerations

46. The principles applicable to compulsory interest arbitration in the federal public sector are well settled. The task of an arbitration board is to replicate as closely as possible the agreement the parties would have reached if they had engaged in free collective bargaining with the right to resort to a work stoppage.[22]

47. In reaching this determination, the arbitration board should consider what would be a fair and reasonable outcome for both parties. What is fair and reasonable is assessed in light of the statutory criteria mandated by section 148 of the *Public Service Labour Relations Act*, including recruitment and retention; objective internal and external comparators; the nature of the qualifications, work and responsibilities of the bargaining unit; and the economic climate.[23]

48. These general principles are described in further detail below.

Replication

49. The task of the arbitration board is to determine how the parties would have resolved the outstanding matters, acting reasonably in free collective bargaining. This is the meaning of the principle of replication.

50. Arbitrators have long recognized replication as the objective of interest arbitration under the *Public Service Labour Relations Act* and its predecessor statutes. In an award governing the Canadian Military Colleges Faculty Association and the Treasury Board, Arbitrator

[22] *Canadian Military Colleges Faculty Association v Treasury Board*, unreported, 10 April 1995 (Outhouse) at 2 [*Canadian Military Colleges Faculty Association*], Association's Book of Authorities (BOA) Tab 2.

[23] *Canadian Military Colleges Faculty Association, supra* at 4, BOA Tab 2.

Outhouse defined the task of the arbitration board as being "to impose a just and reasonable settlement on the parties".[24]

51. Since then, the replication approach has been affirmed and applied by subsequent arbitration boards appointed under the *Public Service Labour Relations Act*.[25]

52. What constitutes a "just and reasonable settlement" according to the replication principle will be assessed in light of the objective evidence presented by the parties.[26]

53. In evaluating the bargain the parties might have reached, the impact of a strike or lockout on negotiations must also be considered. Where, as here, the services provided by the bargaining unit are critical to society at large, such that a work stoppage would be unacceptable, interest arbitration is the substitute for economic sanctions. Thus, an arbitration board must pay close attention to the bargaining history between the parties, including the rejection of previous proposals or memoranda in bargaining.[27]

54. Employer proposals to eliminate longstanding entitlements or to fundamentally alter collective agreements contradict the principle of replication.

55. For instance, in a recent award pursuant to the *Public Service Labour Relations Act*, Arbitrator Archibald denied an employer proposal to substantially reduce overtime rates of dockyard chargehands. He instead maintained the "status quo" on the basis of the replication

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[24] *Canadian Military Colleges Faculty Association, supra* at 4, BOA Tab 2.

[25] See *Federal Government Dockyard Chargehands Association v Treasury Board of Canada*, unreported, 15 October 2012 (Archibald) at paras 6-7, BOA Tab 3; *Public Service Alliance of Canada v Staff of the Non-Public Funds, Canadian Forces*, [2008] CPSLRB No 254 (QL) (Foley) at paras 11-12, BOA Tab 4.

[26] *Re Halifax (Regional Municipality) and IAFF, Local 268*, [1998] NSLAA No 12 (QL) (Kuttner) at para 24, citing *Re Regina (City) and Regina Professional Firefighters Association, IAFF Local 181*, unreported, 11 July 1991, BOA Tab 5.

[27] *Thames Emergency Medical Services Inc and OPSEU* (2004), 129 LAC (4th) 192 (Burkett) at 200, BOA Tab 6.

principle: these overtime rates had existed since the parties' first collective agreement in 1989.[28]

56. In a 2005 interest arbitration award for Registered Nurses at the Capital District Health Authority in Nova Scotia, Arbitrator Christie also relied on the replication principle to reject an employer proposal to eliminate the nurses' unit premiums. The premiums had existed in predecessor collective agreements since 1980. Arbitrator Christie noted that "[o]ver many years both the amount of the premiums and the units designated have been freely negotiated."[29]

57. Similarly, Arbitrator Ashley rejected an Employer's proposal to fundamentally change the method of payment of employees where "it [was] most unlikely that the parties would have agreed to [that proposal] in bargaining ..."[30]

Statutory Context

58. The arbitration board will consider the replication principle in light of the factors set out in the statute. In other words, an arbitration board arrives at a just and reasonable settlement by asking itself "with respect to each issue how [the issue] ought to have been resolved by the parties themselves acting reasonably in a free collective bargaining situation and bearing in mind the criteria established in s.67 [now s. 148] of the *Public Service Staff Relations Act*..."[31]

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[28] *Federal Government Dockyard Chargehands Association v Treasury Board of Canada*, unreported, 15 October 2012 (Archibald) at para 6, BOA Tab 3.

[29] *Capital District Health Authority v NSGEU (Registered Nurses)*, unreported, 27 September 2005 (Christie) at 18-19, BOA Tab 7.

[30] *Canadian Merchant Service Guild v Marine Atlantic Inc*, unreported, 19 August 2002 (Ashley) at para 20, BOA Tab 8.

[31] *Canadian Military Colleges Faculty Association, supra* at 4, BOA Tab 2.

59. The arbitrator's jurisdiction in the instant case is governed by section 148 of the *Public Service Labour Relations Act*, which reads:

> 148. In the conduct of its proceedings and in making an arbitral award, the arbitration board must take into account the following factors, in addition to any other factors that it considers relevant:
>
> (a) the necessity of attracting competent persons to, and retaining them in, the public service in order to meet the needs of 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;
>
> (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;
>
> (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
>
> (e) the state of the Canadian economy and the Government of Canada's fiscal circumstances.

The enumerated factors are not exhaustive. The Act states that an arbitrator may consider "any other factors that it considers relevant".

Comparability: Equal Pay for Equal Work

60. Along with the principle of replication, the principle of comparability is the other pillar of the "received arbitral wisdom developed over many decades" of interest arbitration.[32] That

[32] *Re PARI-MP and Queen Elizabeth II Hospital et al*, unreported, 1 March 2013 (Kuttner) at para 71, BOA Tab 9.

is: Where two groups of employees perform the same work, arbitrators have long found that the two groups should be paid the same level of wages.

61. Arbitration boards are now legislatively mandated to consider comparability pursuant to subsections 148(b) and (c) of the Act.

62. The principle of comparability enshrined at subsections 148(b) and (c) may require arbitrators to award significant wage increases where the evidence establishes that employees' wages have fallen substantially behind the comparator group.

63. Arbitration boards have not shied away from awarding wage increases based on comparability.[33] For instance, in a decision concerning employees of the Canadian Forces, an arbitration board awarded a 9.5 percent retroactive increase to administrative support and operational employees whose salaries had fallen behind comparators in the federal public service and other Canadian bases.[34]

64. Similarly, Justice O'Keefe of the Federal Court recently upheld a decision of Arbitrator Bendel awarding compensatory overtime pay for lawyers in the federal public service. In so doing, Justice O'Keefe noted that federal government lawyers are paid less than lawyers in the private sector or in the provincial public sector. He accepted overtime pay as a reasonable

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[33] *Public Service Alliance of Canada and the Staff of the Non-Public Funds, Canadian Forces* (CFB Bagotville, Quebec), unreported, April 14, 1994 (Tremblay), BOA Tab 10; *Public Service Alliance of Canada and Treasury Board (Financial Administration Group, Administrative and Foreign Service Category)*, unreported, 7 March 1986 (Bendel) at para 45, BOA Tab 11; *Association of Law Officers of the Crown v Ontario (Management Board of Cabinet) (Salaries Grievance)*, [2000] OLAA 790 (QL) (Kaplan), BOA Tab 12; *CDHA and NSGEU*, unreported, 18 August 2004 (Kaplan), BOA Tab 13; *Canadian Union of Public Employees, Local 1840 v Province of New Brunswick*, unreported, 6 June 2001 (Outhouse) at para 45, BOA Tab 14.

[34] *Public Service Alliance of Canada and the Staff of the Non-Public Funds, Canadian Forces (CFB Bagotville, Quebec)*, unreported, 14 April 1994 (Tremblay) at 7, BOA Tab 4.

means of meeting the requirements of subsection 148(b) to offer compensation comparable to employees in similar occupations.[35]

65. A similar outcome was reached by Arbitrator Kaplan in a 2000 award ordering a substantial increase to Crown lawyers in Ontario; their salaries had fallen significantly behind the relevant comparator groups over the years.[36]

66. Also based on the comparability principle, Arbitrator Outhouse awarded court stenographers in New Brunswick an immediate, retroactive increase of 6 percent in addition to annual salary increments that had been given to other public servants. The purpose of the additional increase was to rectify a wage gap between the court stenographers and employees performing comparable work for the New Brunswick Department of Justice, as well as between the court stenographers and their counterparts in Nova Scotia and Prince Edward Island.[37]

67. In *Re Halifax Municipality and Municipal Association of Police Personnel*, Chairperson Michel Picher of this arbitration board also awarded a substantial pay increase to police officers based on the comparability principle. The increase was required to "rationalize differences, sometimes substantial, separating similar sworn ranks and civilian employees among the three predecessor police forces" in a context where parties were emerging from a period of wage freezes.[38] In doing so, Chairperson Picher applied the "well-established principle" that "police should be compared to police", observing that "resort should be had to comparing the wage rates of other police forces, rather than having recourse to more general wage trends in other

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[35] *Canada (Attorney General) v Association of Justice Counsel* (2011), 203 ACWS (3d) 79 at para 83 BOA Tab 15, affirming *Re Canada (Treasury Board) and Association of Justice Counsel* (2009), 99 CLAS 355 (Bendel), BOA Tab 16.

[36] *Association of Law Officers of the Crown v. Ontario (Management Board of Cabinet) (Salaries Grievance)*, [2000] OLAA 790 (QL) (Kaplan), BOA Tab 12; *CDHA and NSGEU,* unreported, 18 August 2004 (Kaplan), BOA Tab 13.

[37] *Canadian Union of Public Employees, Local 1840 v Province of New Brunswick*, unreported, 6 June 2001, (Outhouse) at para 45, BOA Tab 14.

[38] *Re Halifax (Regional Municipality) and Municipal Association of Police Personnel*, unreported, 27 November 1997 (Picher) at 5, BOA Tab 17.

parts of the public sector". Chairperson Picher rejected the wage proposal of the Employer, as it would have placed members of the force "well behind their counterparts in other municipalities in Atlantic Canada".[39]

68. Internal equity is an extension of the comparability factor. A concern for internal equity is reflected at subsection 148(c), which requires arbitrators to consider relativity as between occupational groups in the public service, and as between different classification levels of the same occupational group.

69. In a decision involving Halifax firefighters, Arbitrator Kuttner confirmed the principle of equal compensation for work requiring similar skills and abilities within the same workplace:

> Arbitrators and arbitration boards have long recognized the principle that comparable or interrelated groups of employees performing work requiring similar skills and ability, ought to be remunerated equally. It is thus not unusual to find similarity of wage rates not only between employees of two or more employers in a single industry performing the same [tasks] to a required standard of skill and ability, but as well similarity of wage rates between groups of employees of a single employer performing disparate tasks, but of a nature which requires similar or comparable skills and ability.[40]
>
> [Emphasis added]

70. In an interest arbitration for the Senior Officers of Marine Atlantic, Arbitrator Ashley accepted and applied the principle that there should be internal equity in a workforce. She also found that the relative status and responsibility of employees should be reflected in their terms and conditions of employment. Thus, she awarded Senior Officers an "Extra Duty Allowance" and a "Senior Officers Allowance" to recognize the extra duties and responsibilities of the Senior Officers in comparison with the lower-ranking licensed engineers in the same workplace.

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[39] *Ibid* at 8-9, BOA Tab 17.

[40] *Halifax (Regional Municipality) and International Association of Firefighters, Local 268*, (1998), 71 LAC (4th) 129 (Kuttner) at para 40, BOA Tab 5.

Previously there had been, inappropriately, no appreciable difference in the take-home pay of these two groups.[41]

Recruitment and Retention

71. The principle of comparability is particularly important where a position is suffering from recruitment and retention problems.[42]

72. In the context of the federal public service, arbitration boards are directed to consider recruitment and retention challenges by the terms of subsection 148(a) of the Act. This provision seeks to ensure that competent people are attracted to and will remain in the public service.

73. Where there are difficulties in the area of recruitment and retention, subsection 148(b) then requires an arbitration board to consider the need to offer terms and conditions of employment in the public sector that are comparable to those of employees in similar occupations.[43]

74. As will be discussed presently, the recruitment and retention problem within the financial management group is significant. This is a factor which, the Association submits, weighs heavily in favour of above-pattern rate of pay increases for this bargaining unit.

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[41] *Canadian Merchant Service Guild v Marine Atlantic Inc*, unreported, 19 August 2002 (Ashley) at para 20, BOA Tab 8.

[42] See e.g., *Re NSGEU and NSNU*, 2001 CLB 14566 (Ashley) at 6, BOA Tab 18.

[43] *National Automobile, Aerospace, Transportation and General Workers' Union of Canada, Local 5454 (CAW-Canada) v Canada (Treasury Board)*, 2006 FC 989 at para 25, BOA Tab 19.

5. The Rate of Pay Award

Introduction to Pay Issues

75. The majority of employees in the bargaining unit are paid substantially less than their comparators in the federal public service and in the private sector. As a consequence, the Employer faces a serious and widespread problem recruiting and retaining FIs. At the same time, however, the demands placed on FIs have continued to increase as government has imposed new financial reporting requirements.

76. To remedy these problems, the Association submits that this arbitration board should award a rate of pay increase of 3.5 percent per year in each year of the agreement, effective November 7, 2011.

77. The Association further requests that this board restructure the rates of pay grid. The restructuring would compress the grid to six increments for all classification levels, and then provide for a seventh increment with an additional 4 percent at the top level. The restructuring would be effective November 7, 2011. It would enable FI-1s and FI-2s – who currently have nine and eight pay increments, respectively – to progress to higher pay increments more quickly.

78. The Association proposals seek to reduce the substantial wage gap existing between its members and the relevant comparator groups, and to eliminate the gap where appropriate. The Association recognizes that the requests advanced in this bargaining round may not eliminate the gap entirely.

79. The approach adopted by the Association reflects the principle of replication, which is the objective of this interest arbitration.

80. Moreover, these pay increases represent a fair and reasonable result having regard to the criteria set out at section 148 of the *Public Service Labour Relations Act*:

Statutory Criteria	Rationale for the Association's Pay Proposals
(a) recruitment & retention	The pay increases and the salary grid compression proposed by the Association are necessary to attract and retain competent financial managers in the public service. The Employer faces a widespread problem recruiting and retaining competent financial officers, demonstrated by: i. high vacancy rates; ii. low representation of FIs on priority hiring lists, despite significant workforce adjustment; iii. high interdepartmental mobility; and iv. federal government departments' own human resources assessments.
(b) comparability with employees in similar occupations in the private and public sectors	Members of this bargaining unit are undervalued. Wage gaps exist between financial officers in the public and private sectors, particularly at the middle-to-advanced career level. The wage gap has made it impossible to recruit and retain FIs. The proposed pay increases are necessary to keep pace with the salaries of internal and external comparator groups.
(c) relativity between different classification levels within an occupation and as between occupations in the public service	The salary grid is structured over 9 years for FI-1s and 8 years for FI-2s. It takes them longer to attain higher pay increments compared to other occupational groups with fewer increments at each level. The current salary grid must be restructured to maintain relativity between classification levels, and between occupational groups. FI-1s supervise CR-5s, yet FI-1s earning the lowest pay increment are paid less than CR-5s earning the highest pay increment. Wage increases for FI-1s are required to reestablish appropriate relativity between FI-1s and CR-5s.

(d) fairness and reasonableness in relation to the qualifications required, the work performed, the responsibility assumed and the nature of the services rendered	The AFCO bargaining unit is composed of financial professionals holding positions requiring specialized education. The responsibilities of FIs have expanded as financial accountability and reporting expectations were raised. The educational qualifications required of members of the financial management group were raised accordingly. FIs are often required to hold qualifications in excess of minimum standards (e.g., professional designations, masters degrees). Pay adjustments are required to compensate FIs for the important work they perform.
(e) the state of the Canadian economy and the Government of Canada's fiscal circumstances	The Canadian economy is performing well compared to global counterparts. There is no evidence that the state of the Canadian economy precludes the rate of pay adjustments proposed by the Association. Bargaining unit members should not be required to subsidize the community by accepting substandard wages for their work. The members of this bargaining unit do not fit within the "pattern" accepted by other federal public service bargaining units.

81. These Submissions will first address the Employer's inability to recruit and retain qualified financial officers. Then, the Association's pay grid restructuring will be explained in detail. Finally, the remaining statutory criteria, including comparability, will be analyzed.

Recruitment and Retention (s. 148(a))

82. The pay increases and the salary grid compression proposed by the Association are necessary to attract and retain competent financial managers in the public service.

83. The Employer faces a demonstrated, widespread problem recruiting and retaining competent financial officers. The problem is a longstanding one; existing programs aimed at recruiting junior financial officers have to date proven ineffective in resolving recruitment and retention challenges. The result is a severe shortage of experienced FIs, particularly at the middle and advanced classification levels (FI-2, FI-3 and FI-4).

84. This recruitment and retention crisis is demonstrated by:

i. high vacancy rates;
ii. low representation of FIs on priority hiring lists, despite significant workforce adjustment;
iii. the misallocation of FIs into other occupational groups;
iv. high interdepartmental mobility; and
v. federal government departments' own human resources assessments.

Each of these indicators will be discussed in turn.

High Vacancy Rates at all FI Levels Reflect a Recruitment and Retention Problem.

85. The high vacancy rate at all classification levels of the financial management group is evidence of the recruitment and retention problem the Employer is facing in relation to FIs.

86. Internal job advertisements represent a good indicator of the high vacancy rates. These vacancies are present due to poor FI retention.

87. Between 2010 and 2012, internal job advertisements reveal a retention problem at all levels of FIs by comparison to historical comparators such as the economics and social sciences group, or professional comparators such as the law group.[44]

88. In this three-year period, 727 FI positions were posted on the public service internal job bank, *Publiservice*. Of these advertised positions, the majority (553) were situated in the National Capital Region. The need for FIs was relatively steady across all classification levels (FI-1 to FI-4), but especially pronounced at the FI-2 and FI-3 levels.[45] ACFO membership was 4,205 in March 2012.

89. The number of FI job postings stands in contrast to the number of postings for the economics and social sciences (EC) group, a historical internal comparator to FIs. Between 2010 and 2012, the EC group experienced only 1216 postings in a bargaining unit of 12,352 members.

90. In terms of a professional comparator, the law group (LA) had only 59 postings in a bargaining unit of 2,300 members during this three-year period.

91. It should be recalled that each posting may represent more than one vacancy; these job competitions are used to create a "pool" of qualified candidates from which various vacant positions may be filled.

92. The large number of FI postings is also revealing considering that many vacancies in the federal public sector – including FI vacancies – are staffed through non-advertised processes. For instance, 86 percent of appointments in the RCMP between April 2005 and December 2007

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[44] See paragraphs 154-66 of these Submissions for a detailed analysis of the comparators adopted by the Association.

[45] See Appendix F, "Publiservice Job Advertisements – January 2010 to December 2012".

occurred by way of non-competitive and non-advertised appointment processes.[46] The RCMP employs approximately 5 percent of the ACFO bargaining unit.

93. Due to the high demand for FIs, the Association submits that many more FI vacancies existed but were not advertised, as they were staffed through non-competitive processes.

94. The high level of advertised job postings in the financial management group, by contrast to historical and professional comparators, is therefore strong evidence of the Employer's difficulty in retaining competent financial officers in their positions.

Low Levels of Surplus FIs Despite Workforce Adjustment Reveals the High Demand for FIs.

95. A further indicator of the recruitment and retention problem is the low proportion of FIs on the priority hiring list (the "Priority Information Management System (PIMS)").[47]

96. The priority hiring list is significant in the context of ongoing "workforce adjustment" in the federal public service. Workforce adjustment occurs when the services of one or more permanent employees are determined to be no longer required, for instance due to a lack of work or the discontinuance of a function.[48]

97. A priority hiring list exists within the federal public service to allow certain employees to access jobs for which they are qualified ahead of others. The list includes those employees who are surplus and or have been laid off due to workforce adjustment. (It also includes, for instance, employees returning from disability or seeking a spousal relocation.)

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[46] Public Service Commission, *Audit of the Royal Canadian Mounted Police: Appointments under the Public Service Employment Act* (May 2008) at 12, BOD Vol 1, Tab 11.

[47] "Total Population of Priority Persons by Group" (2012), BOD Vol 1, Tab 12.

[48] Treasury Board of Canada Secretariat, *Work Force Adjustment*, BOD Vol 1, Tab 13.

98. Although workforce adjustment has affected FIs along with other groups, FIs are underrepresented on the priority hiring list.

99. First, many large departments did not displace any FIs in carrying out their workforce adjustment. The Canadian Border Services Agency, the Department of Public Works and Government Services, the RCMP, and the Treasury Board all employ large numbers of FIs, yet only <u>one</u> FI, in the Department of Public Works, was affected by workforce adjustment.[49] The decision to retain FIs ahead of employees from other occupational groups reflects a high demand for FIs in the public service as a whole.

100. Second, even where FIs were affected by workforce adjustment, FIs were more quickly reabsorbed into other positions due to the systemic shortage of FIs within the public service.

101. As of February 28, 2013, 415 FIs had received final decisions in respect of how workforce adjustment would affect their positions; of these, 355 (or 85 percent) were retained in the public service. Of the only 60 FIs whose employment was severed as a result of workforce adjustment, most left voluntarily into early retirement.[50]

102. Indeed, nearly all severed FIs who want to remain within the public service are able to do so. Only <u>one</u> severed FI opted to be put on the priority list in order to seek an alternate position within the public service and has thus far been unsuccessful.[51] This particular individual is situated outside of the National Capital Region where few FI positions exist. Where mobility is

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[49] See Appendix G, "Departments and Agencies in which no FIs were affected by Workforce Adjustment".

[50] ACFO, Data Entry on Workforce Adjustment as of 28 February 2013, BOD Vol 1, Tab 14.

[51] ACFO, Data Entry on Workforce Adjustment as at 28 February 2013, BOD Vol 1, Tab 14. But note that of the sixty severed FIs, thirty-seven have not yet selected one of the three available options. They may: 1) agree to resign with a severance package (Option B), 2) take a staggered severance package in combination with an educational allowance (Option C), or 3) be placed on the priority list in order to find another position (Option A).

not an issue, FIs affected by workforce adjustment are easily able to find alternate employment within the FI group.

103. The underrepresentation of surplus FIs on the priority list is consistent with the high vacancy rate within the financial management group, discussed previously. It is another strong indicator that the Employer is having difficulties recruiting and retaining sufficient competent financial officers, due to the lack of competitiveness with their private sector counterparts.

"Misallocation" of FIs into other Occupational Groups

104. The difficulty attracting and retaining FIs is also evidenced by the "misallocation" of financial management positions to other occupational groups which have lesser qualification requirements. Misallocation occurs when work that would normally fall within the financial management group is instead classified under another occupational group. Misallocation is essentially a manipulation of the classification system to achieve a particular staffing result.

105. As already explained, the public service has found it increasingly difficult to recruit and retain qualified financial officers. This is particularly true at higher classification levels for which the educational requirements have been raised in recent years (i.e., FI-2 and above).

106. In response, departments are misallocating positions involving the provision of financial services to other occupational groups and classifications. Invariably, these other classifications do not require specialized degrees in accounting or finance, or professional designations such as CA, CMA or CGA.

107. The Association has recently evaluated work descriptions from eleven different government departments. It discovered 120 work descriptions involving financial management work that were misallocated to other occupational groups, such as administrative services (AS),

program management (PM), and clerical and regulatory (CR). These 120 work descriptions represent many more individual positions or employees.[52]

108. In the Association's submission, this misallocation of FI work to non-FI classifications is a direct response to the Employer's inability to recruit sufficient qualified financial officers to perform financial management functions. Individual departments have been forced to manipulate the classification system in an effort to have this important work carried out.

109. The Association submits that the Employer's inability to otherwise attract or retain qualified financial officers is a reflection of the low wages received by members of this bargaining unit by comparison to employees in other occupational groups in the federal public service or financial professionals the private sector, having regard to their specialized education and training.

High Rates of Internal Mobility of FIs Reflects Recruitment and Retention Problems.

110. Another symptom of the recruitment and retention problem is the high level of turnover within the financial management group.

111. High vacancy levels lead to a continuous "revolving door" of FIs in the public service, as qualified FIs are quickly hired away from their positions by other government departments. FIs are often promoted to higher classification levels even though they lack the necessary experience, due to a shortage of candidates. Others move to other occupational groups where they are paid more, yet are not required to meet as stringent educational standards.

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[52] Affidavit of Milt Isaacs at paras 62-64.

112. High internal employee mobility is a challenge for the federal public service. It leads to operational inefficiencies as staffing, training and backfilling costs are accumulated. Moreover, high mobility is destabilizing and negative for employee morale.[53]

113. The following statistics reveal the extent of FI mobility issue, which is symptomatic of a larger recruitment and retention problem:

- In the 11-year period between 1997-98 and 2007-08, the average internal rate of mobility was approximately 48 percent for the financial management group, as compared to 36 percent for the public service generally.[54]
- In 2007-2008, total internal turnover of FIs had risen to a rate of 75 percent, while movement between different organizations in the public sector was 30 percent.[55]
- One out of every two FIs was in a different position on March 31, 2009 than they were in on April 1, 2008.[56]

114. As may be gleaned from the above, internal mobility rates for FIs are more than twice the public service average. This situation is a strong indicator of an unsustainable recruitment and retention problem, which the Association asks this arbitration board to address.

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[53] Public Service Commission of Canada, *Study on Mobility of Public Servants* (October 2008) at 3, BOD Vol 1, Tab 15.

[54] *Ibid* at 9 and 21, BOD Vol 1, Tab 15.

[55] *Ibid* at 21, BOD Vol 1, Tab 15.

[56] Correctional Service Canada, *Financial Management Function Human Resources Plan 2011-2014* at 8, BOD Vol 1, Tab 16.

Difficulty Recruiting FIs from the Private Sector

115. The phenomenon of high internal turnover described above is intimately related to the Employer's inability to recruit qualified FIs from the private sector. The Association submits that its proposed rate of pay increases are fair and reasonable in light of the need to attract FIs from the private sector.

116. The movement of FIs from outside the public service or from other occupational groups is limited. It ranged between 2 and 15 percent of recruitment annually between 1997-98 and 2007-08.[57]

117. This poor private sector recruitment record stands in sharp contrast to that of our historical comparators within the public sector. A report issued by Public Works and Government Services confirms the problem the Employer is facing in recruiting FIs from the private sector as compared to other occupational groups. Only 16.6 percent of FIs recruited by Public Works between 2011 and 2012 came from outside of the public service. By contrast, 55.6 percent of the economics and social sciences group (EC) and 36.3 percent of the computer science group (CS) – our historical comparators – were recruited from the private sector during the same period.[58]

118. The Association submits that these figures indicate a lack of competitiveness with the private sector, due to the low wages of members of the financial management group. These figures accordingly support the Association's proposed rate of pay adjustments.

[57] Public Service Commission of Canada, *Study on Mobility of Public Servants* (October 2008) at 21, BOD Vol 1, Tab 15.

[58] Public Works and Government Services Canada, *2011-2012 Bilan Social* at 60, BOD Vol 1, Tab 17.

Existing FI-1 Recruitment Programs Have Not Resolved the Recruitment Problem.

119. The principal manner by which FIs are recruited from the private sector is through post-secondary recruitment programs designed for the financial management group; however, these programs are not an adequate solution to FI recruitment and retention issues.

120. The CA Student Training (CAST) program and the Financial Officer Recruitment and Development (FORD) program are examples of these recruitment programs. These programs recruit university graduates with a bachelor's degree and specialization in finance or accounting. The program participants rotate through different FI-1 positions within the public service where they gain experience over a 12 or 24-month period, depending on their qualifications upon entering the program. During this time, participants are expected to obtain a professional designation, whether CMA, CGA or CA. Upon successfully meeting performance and merit requirements after 12 or 24-months, the recruits are normally promoted to the FI-2 level.[59]

121. It is apparent from the various indicators discussed above that, to date, these programs have been unsuccessful in resolving the ongoing recruitment and retention problem for FIs.

122. Moreover, the internal FI job advertisements reveal that the highest demand for FIs occurs at the middle-to-advanced classification levels (FI-2 to FI-4).[60] Entry-level recruitment does not address this demand.

123. Indeed, it may merely be exacerbating the problem. Due to the shortage of qualified candidates, lower-ranking FIs are being placed into higher classifications prematurely. For

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[59] FORD Training Manual, *supra* at 5, 37-42, BOD Vol 1, Tab 3.

[60] Appendix G, "Publiservice Job Advertisements – January 2010 to September 2012".

instance, some departments have recently placed FORD "graduates" into FI-2 hiring processes without a competition, contrary to practice.[61]

124. The Association submits the rate of pay increases and the salary grid compression it has proposed are the best solution to attracting and retaining competent financial managers in the public service, particularly those at the middle-to-advanced classification levels.

Departmental Business Plans Single Out Recruitment and Retention of FIs as a Problem.

125. Federal government departments and agencies have themselves identified the challenge of recruiting and retaining FIs as an obstacle to their operational requirements. Departmental business plans obtained by the ACFO through Access to Information requests reveal the extent of the problem from the perspective of the Employer itself.

126. Human Resources and Skills Development Canada (HRSDC) has described improved recruitment and retention within the financial management group as essential to meeting its operational requirements. In its 2010-13 business plan, the high mobility rate within the FI group is identified as "challenging the Branch's capacity to retain the necessary competencies in the area of financial resource management and also in other key areas such as procurement".[62] HRSDC plans to launch a special development program in an attempt to attract, develop and retain current junior financial officers. HRSDC employs approximately 10 percent of the ACFO bargaining unit.

127. Correctional Services Canada (CSC) has reached similar conclusions. In its 2011-14 business plan, it discusses at length the problem of FI recruitment and retention within the

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[61] Email from Julie Laghi, Acting Director Corporate Submissions and Financial Arrangements (20 December 2012), BOD Vol 1, Tab 9.

[62] Human Resources and Skills Development Canada, *CFOB Integrated Business Plan 2010-2013* at 23, BOD Vol 1, Tab 18.

public sector as a whole and CSC in particular. CSC identifies the retention of its FI workforce as a "corporate risk", and predicts that it will "not be able to continue to recruit, develop and retain and effective and representative [FI] workforce".[63] CSC employs approximately 5.3 percent of the ACFO bargaining unit.

128. Aboriginal Affairs and Northern Development Canada (AANDC) has also singled out the FI-3 and FI-4 classifications as "occupational groups with shortages". AANDC hopes to recruit a total of seventeen FIs between 2012 and 2014.[64] AANDC currently employs approximately 4.5 percent of the bargaining unit.

129. Similarly, Canada Border Services Agency (CBSA) identified a shortage of FIs in its human resources report for 2009-2012. It described the recruitment and retention of a skilled FI workforce as its "most critical challenge" going forward in all or most of its divisions or regions. In April 2010, 28 percent of FI positions in the CBSA Ottawa headquarters were vacant. CBSA predicted that this shortage "will limit the directorate's ability to achieve its business goals".[65] CBSA employs approximately 3.5 percent of the bargaining unit.

130. Transport Canada and Natural Resources Canada have reported similar challenges in retaining qualified FIs.[66] Transport Canada and Natural Resources Canada employ 3.2 and 2.3 percent of the bargaining unit, respectively.

[63] Correctional Service Canada, *Financial Management Function Human Resources Plan 2011-2014* at 8, BOD Vol 1, Tab 16.

[64] Indian and Northern Affairs Canada, *CFO Sector HR Action Plan 2011-2014* (March 2011) at 14-15, BOD Vol 1, Tab 19.

[65] Canada Border Services Agency, *Financial Officer Human Resources Framework 2009-2012* (Corporate Finance CBSA, September 2011) at 4-6, BOD Vol 1, Tab 20.

[66] Transport Canada, 2011 Transport Canada Human Resources Plan (5 July 2012), BOD Vol 1, Tab 21; Department of Natural Resources, *Integrated Business Plan 2011-2012* at 59, BOD Vol 1, Tab 22.

131. This problem does not only affect the National Capital Region. Its presence regionally was confirmed by a recent Deloitte report addressing the lack of financial organizational capacity within the Federal Development Agency for Southern Ontario.[67]

132. It is clear from the above that FI recruitment and retention is a challenge faced by most – if not all -- departments and agencies of the federal public service. While the Department of Foreign Affairs and International Trade, Finance Canada, Heritage Canada, the Space Agency and Statistics Canada declined to provide their business plans to ACFO, there is already ample evidence of the recruitment and retention problem from the perspective of the Employer itself.

133. The Association therefore submits that "the necessity of attracting competent persons to, and retaining them in, the public service in order to meet the needs of Canadians" (s. 148(a)) militates heavily in favour of the rate of pay adjustments sought by the Association.

The Association's Proposal to Restructure the Pay Grid

134. The Association submits that its proposal to restructure the financial management group pay grid responds to the recruitment and retention problems faced by the Employer, described above. The restructuring will also address other issues raised by the existing pay grid. It represents a fair and reasonable outcome between these parties.

135. The Association submits that its proposal to compress the pay grid to seven increments for all classification levels is consistent with the comparability principle. Currently, FI-1 and FI-2 classification levels have nine and eight increments respectively. This number is greater than FI-3s and FI-4s, which only have seven pay increments. It is also greater than other comparable

[67] Senior Human Resource Committee, *CFO Unit Review* (23 November 2012), BOD Vol 1, Tab 23.

occupational groups in the public service.[68] The following table demonstrates the pay increments for our historical comparators:

Comparator	Classification Level	Number of Pay Increments
EC	EC-1 to EC-8	6
LA	LA-1 to LA-3	3
CO	CO-1	8
	CO-2	9
	CO-3	7
	CO-4	6
AU	AU-1	8
	AU-2	7
	AU-3 to AU-6	6
PE	PE-1	6
	PE-2 to PE-5	4
	PE-6	0 (range)

It takes FI-1s and FI-2s several years longer than these groups to attain higher pay increments. Further analysis on internal comparability will be discussed later in these Submissions.

136. The Association further submits that the CFO Transitional Allowance ought to be rolled into salary and the pay grid adjusted accordingly. Pursuant to a Memorandum of Understanding appended to the current collective agreement, the allowance is paid to FI-3 or FI-4 employees who have reached the maximum rate of pay for their level. The allowance is 1 percent of the maximum rate of pay for the FI-3 level and 2 percent of the maximum rate of pay for the FI-4 level. This allowance is not considered to form part of the employee's salary;[69] accordingly, the current pay grid currently does not include the CFO transitional allowance. This allowance creates an artificially large jump in the remuneration actually received at the top increments for FI-3s and FI-4s.

[68] Further details concerning the internal comparators historically adopted by these parties are provided at paragraphs 152-165 of these Submissions.

[69] Agreement between the Treasury Board and the Association of Canadian Financial Officers (Financial Management Group) (Expiry 6 November 2011) at Appendix B, "Memorandum of Understanding" [FI Collective Agreement], BOD Vol 2, Tab 1.

137. In order to respond to these issues, the Association proposes that this board:

i. **Roll the CFO Transitional Allowance into salary for FI-3s and FI-4s;**

ii. **Collapse the existing grid into 6 increments for all classification levels.** This means collapsing the grid by one step for FI-3s and FI-4s, and by three and two steps for FI-1s and FI-2s respectively;

iii. **Add a seventh increment to all classification levels.** This seventh increment provides for an additional 4 percent at the top increment for all classification levels;

iv. **Readjust the pay grid to provide for 4 percent increases between each increment.** This means eliminating increments at the lower end of the grid.

138. The current pay grid, effective November 7, 2010, is as follows:

	1	2	3	4	5	6	7	8	9
FI-1	48,430	50,668	52,909	55,150	57,385	59,630	61,869	64,108	67,937
FI-2	58,951	61,685	64,420	67,157	69,893	72,627	75,362	79,971	
FI-3	74,592	77,735	80,877	84,017	87,158	90,649	96,160*		
FI-4	83,308	86,840	90,379	93,919	97,457	101,384	107,547**		

*This figure does not include the 1 percent CFO Transitional Allowance.
**This figure does not include the 2 percent CFO Transitional Allowance.

139. The proposal by the Association produces the following salaries for the bargaining unit, taking into account the rolling-in of the CFO Transitional Allowance, the compression of the grid to six increments, and a 4 percent increase at the new seventh increment for each classification level:

	1	2	3	4	5	6	7
FI-1	55,839	58,072	60,395	62,811	65,324	67,937	70,654
FI-2	65,730	68,360	71,094	73,938	76,895	79,971	83,170
FI-3	79,827	83,020	86,340	89,794	93,386	97,121	101,006
FI-4	90,164	93,770	97,521	101,422	105,479	109,698	114,086

140. The Association requests that the current grid be replaced by this restructured grid effective November 7, 2011.

141. Effective November 7, 2011, bargaining unit members would be placed at the increment in the new grid that is closest to but not less than their current rate of pay. For instance, FI-1s at the fourth increment of the current grid would be placed in the first increment of the new grid.

142. In addition, the Association proposes that members receive a 3.5 percent across-the-board increase in each year of the agreement, the first increase being effective November 7, 2011. This increase would be based upon the new grid.

143. Bargaining unit members would progress to the next pay increment on their 2012 anniversary date.

144. In the Association's respectful submission, this proposal is fair and reasonable.

145. While the Association's proposal will result in disproportionate pay increases for FI-1s and FI-2s at the first four increments, the affected individuals represent a small proportion of the bargaining unit. FI-1s who would receive a larger increase as a result of the restructuring

make up only 9.1 percent of the bargaining unit; the FI-2s represent 9.2 percent; and the FI-3s 2.7 percent. At the FI-4 level, only four individual employees would receive a larger increase.[70]

146. Moreover, the Association's proposal is consistent with the collapsing process typically utilized in settlement agreements in the federal public service. For instance, the Employer and the bargaining agent for the law (LA) group recently settled upon a 10 percent pay grid restructure following the same procedure as described above.[71] A similar restructuring also occurred when the economics, sociology and statistics Group (ES) and social science support (SI) groups merged to form the economics and social sciences (EC) group.[72]

147. These increases are also supported by section 148 of the *Public Service Labour Relations Act*. As explained in detail above, the restructuring is required to recruit and retain qualified employees to the public service. As will be discussed below, the pay grid compression is also required to close the substantial wage gaps existing with other occupational groups in the public service and with financial professionals in the private sector. The comparability principle and the remaining statutory criteria will be assessed presently.

[70] Treasury Board Secretariat, "Financial Management: Salary Data as of March 2012", BOD Vol 2, Tab 2 at 1-2.

[71] See Memorandum of Agreement between Association of Justice Counsel and Treasury Board of Canada (20 June 2012, Expiry 9 May 2014) at Annex A, BOD Vol 2, Tab 3.

[72] Agreement between the Treasury Board and the Social Science Employees Association (Economics and Social Science Services Group) (Expiry 21 June 2003) at Appendix A, BOD Vol 2, Tab 4.

Comparable Wages, Terms and Conditions of Employment (s. 148(b) and (c))

148. The rate of pay increases and the compression of the pay grid proposed by the Association are necessary to keep pace with the salaries of historically comparable occupational groups within the federal public sector, as well as with their counterparts in the private sector.

149. The wage gap between FIs and both the internal and external comparators has widened significantly in recent years. The gap is significant between FI-1s and FI-2s and their internal comparators, and between FI-3s and FI-4s and their private sector counterparts.

150. Adjustments are required to adequately compensate FIs for the important work they perform, and to recruit and retain FIs in the public service.

Public Service (Internal) Comparators

151. The Association has proposed to increase the rates of pay of the financial management group in order to restore the wage relationships between FIs and other occupational groups within the public service.

152. As already explained, the Association has also proposed to restructure the pay grid of the financial management group. This salary grid, currently structured over nine and eight increments for FI-1s and FI-2s, respectively, works an injustice. It takes FI-1s and FI-2s several years longer to achieve the highest pay increment by comparison to other occupational groups, which have fewer increments at each level.

153. In its internal comparison, the Association adopts comparators that have traditionally been used in bargaining and interest arbitration between these parties.

Who are the Appropriate Internal Comparators?

154. The Treasury Board and the Association have adopted certain occupational groups as appropriate internal comparators during past bargaining rounds and in past interest arbitrations. Since at least 2000, the principal internal comparators adopted have included:

- Economics and social sciences (EC) (formerly IS and ES);
- Personnel administration (PE);
- Auditing (AU); and
- Commerce (CO).

155. The Association's comparison of classification levels within these historical, natural comparators is based on reports issued from time to time by the Treasury Board.[73] The Association's approach thus reflects what the Employer itself considers to be equivalent classification levels for each occupational group.

156. The most recent Treasury Board report includes a table situating particular occupational classifications in relation to the executive group (EX). It begins with the top classification level (e.g., "EX-01") and proceeds downward to lower classification levels (e.g., "EX minus 1", "EX minus 2").

157. In our case, "EX minus 1" is deemed to be equivalent to FI-4, which is the highest classification level in the financial management group.

158. "EX minus 2", in turn, is equivalent to the next highest classification, FI-3.

159. It then becomes necessary to work downward from the Treasury Board equivalency table to assign comparators to the FI-1 and FI-2 classifications, as the table does not assign

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[73] Treasury Board of Canada Secretariat, "Results from the 2007 census of EXs and feeder group (core public administration); final report", Appendix B at 54-55, BOD Vol 2, Tab 5.

equivalents below the "EX minus 2" level. Some estimation is required to determine FI-1 and FI-2 comparators, and to match occupational groups which have other than four classification levels.

160. The parties have used the following internal comparators, based on the Treasury Board table, over several rounds of bargaining. They ought not to be in dispute:

FI-1	**FI-2**	**FI-3**	**FI-4**
AU-2	AU-3	AU-4	AU-5
PE-3	PE-4	PE-5	PE-6
EC-4	EC-5	EC-6	EC-7
CO-1	CO-2	CO-2	CO-3

161. The Association submits that in considering wage differentials between occupational groups, the minimum qualification standards for each group must also be borne in mind.

162. Employees in the economics and social sciences (EC) group conduct economic, socio-economic and sociological research, studies, forecasts and surveys. Amongst other tasks, they research and evaluate the economic or sociological effects of projects, programs and policies. The EC group has two separate "streams" which require different educational qualifications. ECs occupying positions classified in the first stream must hold a university degree with a specialization in economics, sociology or statistics. ECs in the second stream, however, are only required to have completed two years of post-secondary education.[74]

163. Employees in the personnel administration (PE) group provide advice on human resources management or organizational management and plan, deliver and manage human resources in the federal public service.[75] Members of the PE group must hold a university

[74] Treasury Board Secretariat, *Qualification Standards* at 14, BOD Vol 2, Tab 7.

[75] Treasury Board Secretariat, *Occupational Group Definitions*, BOD Vol 2, Tab 6.

degree with acceptable specialization in human resources management, labour, industrial relations, psychology, or the like.[76]

164. Members of the auditing (AU) group apply accepted accounting principles and auditing standards to external audit programs.[77] Employees in the AU group must hold a university degree with a specialization in accounting, business administration, commerce or finance. Auditors are not required to hold a professional designation at any classification level.

165. Employees in the commerce (CO) group plan, develop, deliver and manage economic development policies, programs, services and other activities.[78] These employees are only required to have a secondary school diploma or employer-approved alternative.[79]

166. It is clear from the above that the educational standards required of members of the financial management group are higher than those of their internal comparators. The FI group is the only group, for instance, to require eligibility for a professional designation at certain classification levels (F-2, F-3 and F-4).

167. In the comparative analysis that follows, the Association has used the highest pay increment at each classification level, for all occupational groups.

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[76] Treasury Board Secretariat, *Qualification Standards* at 14, BOD Vol 2, Tab 7.

[77] Treasury Board Secretariat, *Occupational Group Definitions*, BOD Vol 2, Tab 6.

[78] Treasury Board Secretariat, *Qualification Standards*, BOD Vol 2, Tab 7.

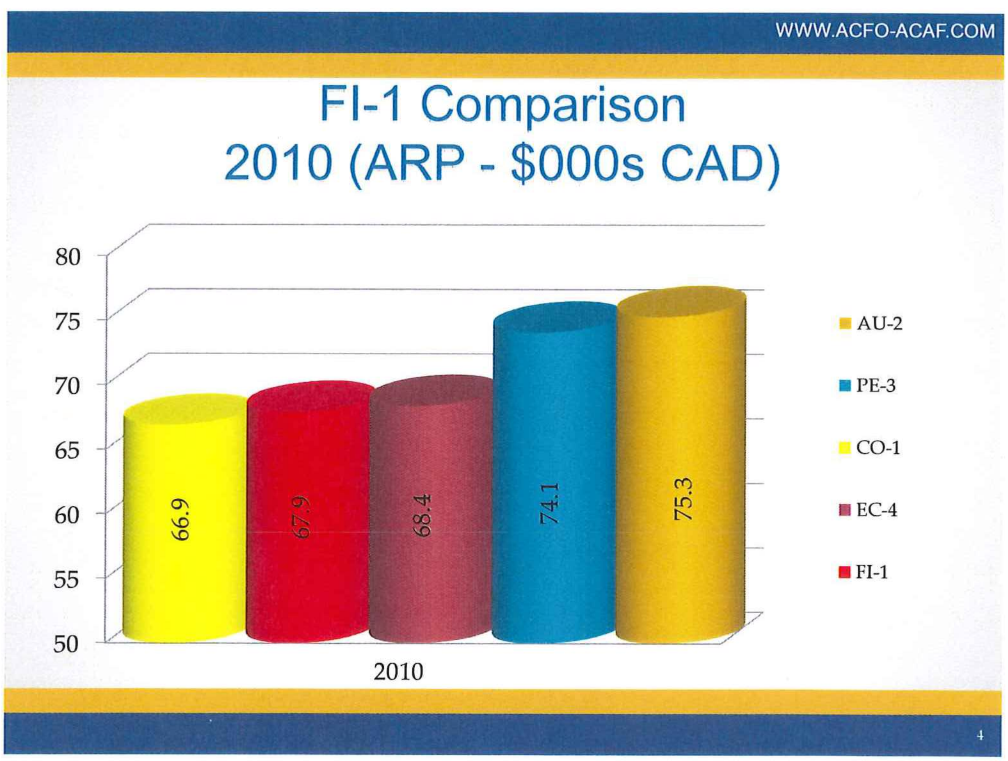
[79] Treasury Board Secretariat, *Occupational Group Definitions*, BOD Vol 2, Tab 6.

Wage Disparities with FI-1s and Internal Comparators

168. The Association submits that its proposed wage increase of 3.5 percent per year, combined with a compression of the pay grid, is needed to bring the FI-1 classification in line with its comparators in other occupational groups.

169. As explained above, the compression of the number of pay increments for the FI-1 level to seven increments is consistent with the pay grid of other occupational groups. The vast majority of comparators have fewer than nine pay increments.[80]

170. The annual rates of pay of FI-1s have fallen behind their natural historic internal comparators. In 2010, the highest pay increment for FI-1s was $67,937. In comparison with the highest increment levels in the AU-2, PE-3 and EC-4 classifications, the FI-1 classification lags behind by **between $500 and $7,400**, as illustrated below:

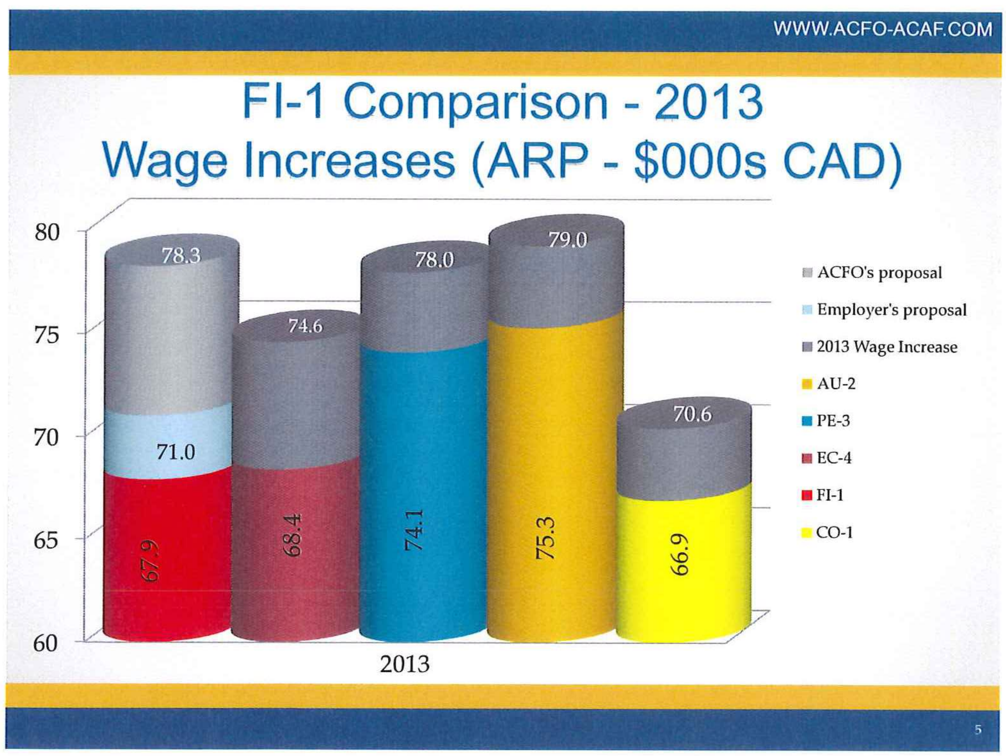


[80] See comparative table, *supra* at para 135.

171. These gaps, however, widen to **between $2,500 and $11,100** per year when the comparator groups' 2013 wage increases are taken into account.

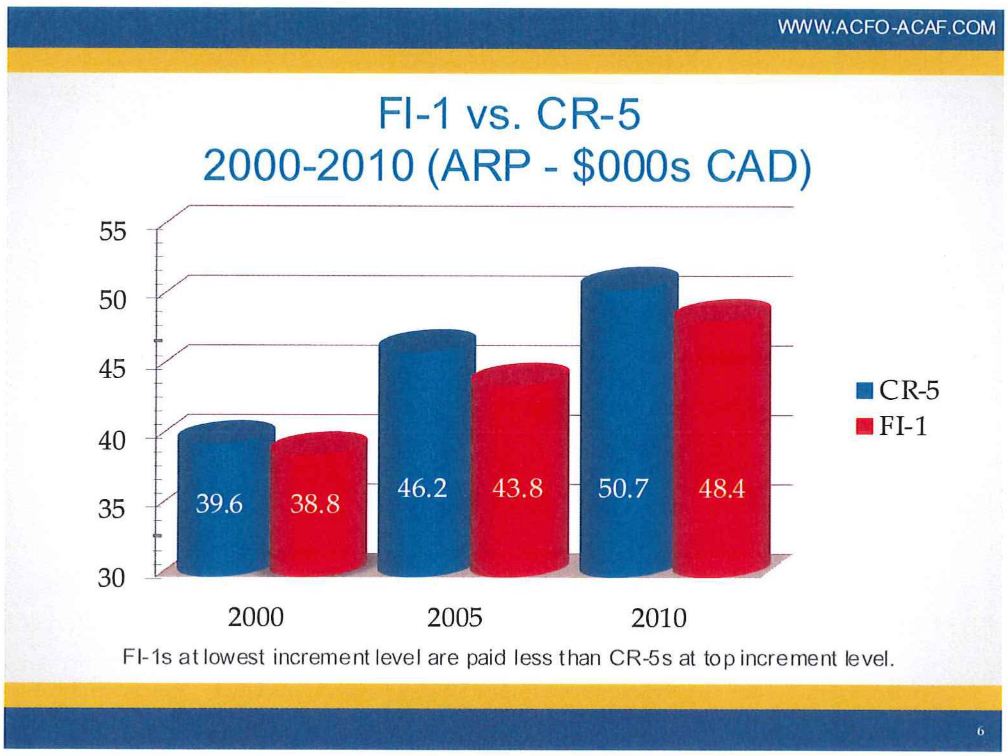
172. This wage gap would be significantly reduced should this arbitration board accept the Association's proposed rate of pay increase. The increase would bring FI-1s to $78,300 in 2013. FI-1s would then be on par with personnel administration (PE-3) and slightly above economics and social sciences (EC-4).

173. In the Association's submission, this is a fair and reasonable outcome, having regard to the comparable qualifications possessed by most FI-1s and these comparators. It is also consistent with the substantial wage grid restructure accorded to the economics and social sciences group in the most recent bargaining round.



174. By contrast, The Employer's proposal is inconsistent with the comparability principle. It would result in a top pay increment of only $71,040 for FI-1s in 2013, widening the existing wage gap between FI-1s and their internal comparators.

175. Moreover, the rate of pay increase is needed to reestablish internal equity between FI-1s and CR-5s (clerical and regulatory group). FI-1s are often called upon to supervise CR-5s, particularly outside of the National Capital Region; however, an FI-1 at the lowest increment level with an annual rate of pay of $48,000 is currently paid less than CR-5 at the top increment level with an annual rate of pay of $50,700.



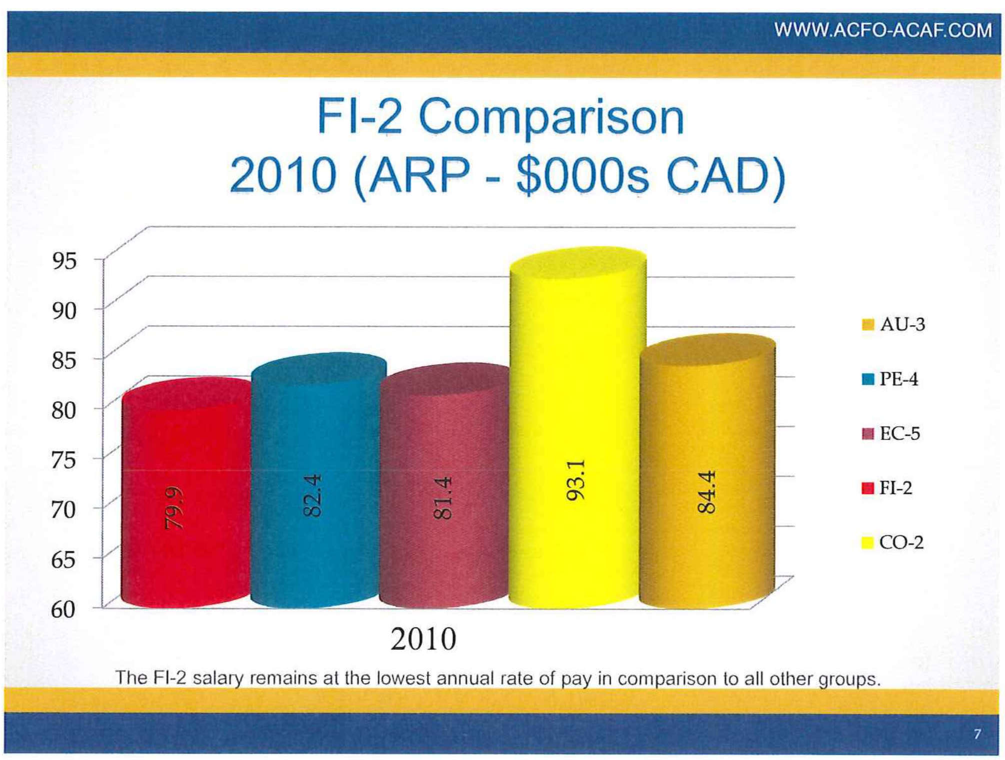
This anomaly is contrary to the principle of comparability, as it fails to reflect the additional supervisory responsibilities imposed on FI-1s.

Wage Disparities between FI-2s and Internal Comparators

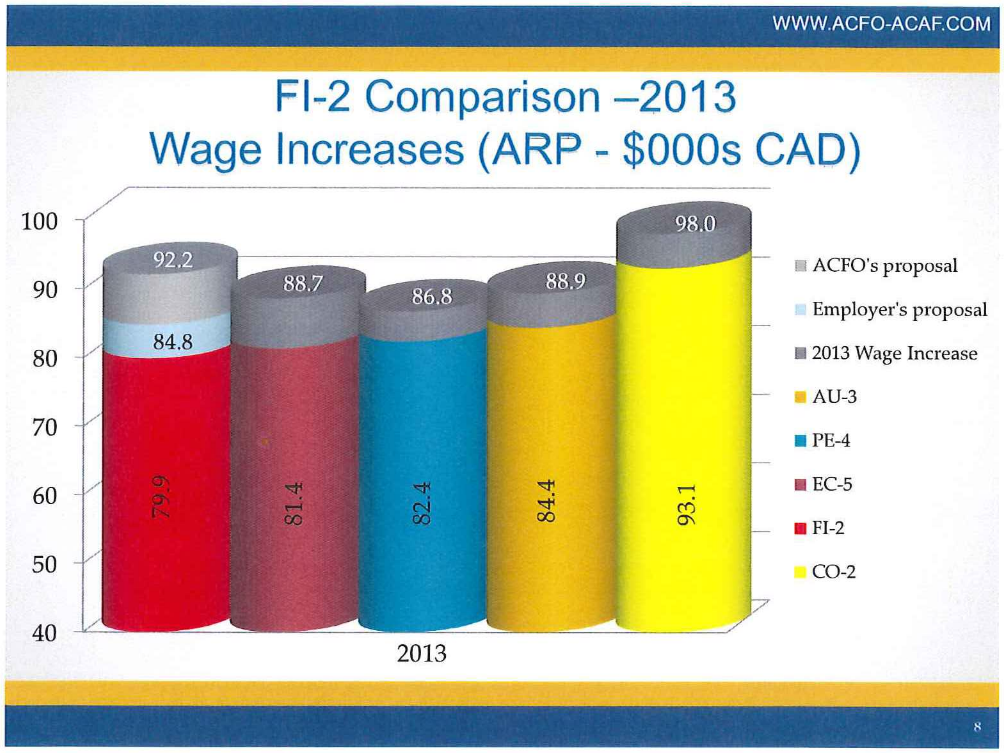
176. The Association's proposed 3.5 percent rate of pay increase and pay grid compression is also fair and reasonable for FI-2s, who have similarly fallen behind comparators in other occupational groups.

177. The compression of the number of pay increments for the FI-2 level to seven increments is consistent with other occupational groups. As explained previously, the majority of comparators have fewer than eight pay increments, allowing them to progress to higher salary levels more quickly.

178. The highest pay increment for the FI-2 classification remains the lowest rate of pay by comparison to all of the historical comparators: AU-3, PE-4, EC-5 and CO-2. In 2010, the highest pay increment for FI-2s was $79,971. This figure lags behind internal comparators by **between $1,500 and $13,200**.



179. When the comparator groups' 2013 wage increases are considered, the wage differential between FI-2s and comparators grows to **between $6,900 and $18,100** annually:



180. A rate of pay increase is thus required to bring FI-2s in line with internal comparators. After a proposed pay grid compression and 3.5 percent increase in 2011, 2012 and 2013, the highest pay increment for FI-2 would rise to $92,100 in 2013. This remains well below the highest 2013 pay increment of the CO-2 classification (by $5,800), but slightly above that of EC-5 and PE-4 classifications.

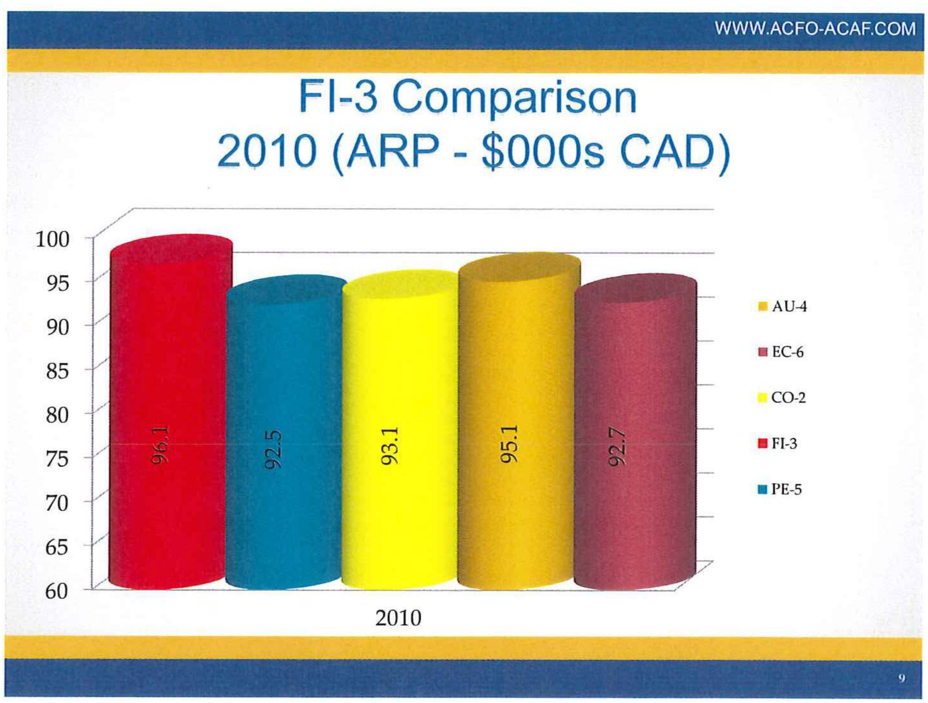
181. The Association submits that this proposal represents a fair and reasonable outcome in the circumstances. As noted above, FI-2s must be eligible for a professional accounting designation. This is not the case for ECs, PEs or AUs, who only require a university degree. Moreover, CO-2s only require a secondary school diploma or equivalent, yet their rate of pay would remain substantially higher than FI-2s in 2013.

182. By contrast, the Employer proposal of 1.5 percent increases annually would bring FI-2s to only $83,624 in 2013. Rather than addressing the lack of comparability, the Employer proposal would widen the wage gaps between FI-2s and their internal comparators.

Wage Disparities between FI-3s and Internal Comparators

183. The Association's proposal is also a fair and reasonable response to the serious recruitment and retention problem facing the employer in relation to FI-3s. As noted above, recruitment and retention challenges are most pronounced at the FI-3 and FI-4 levels.

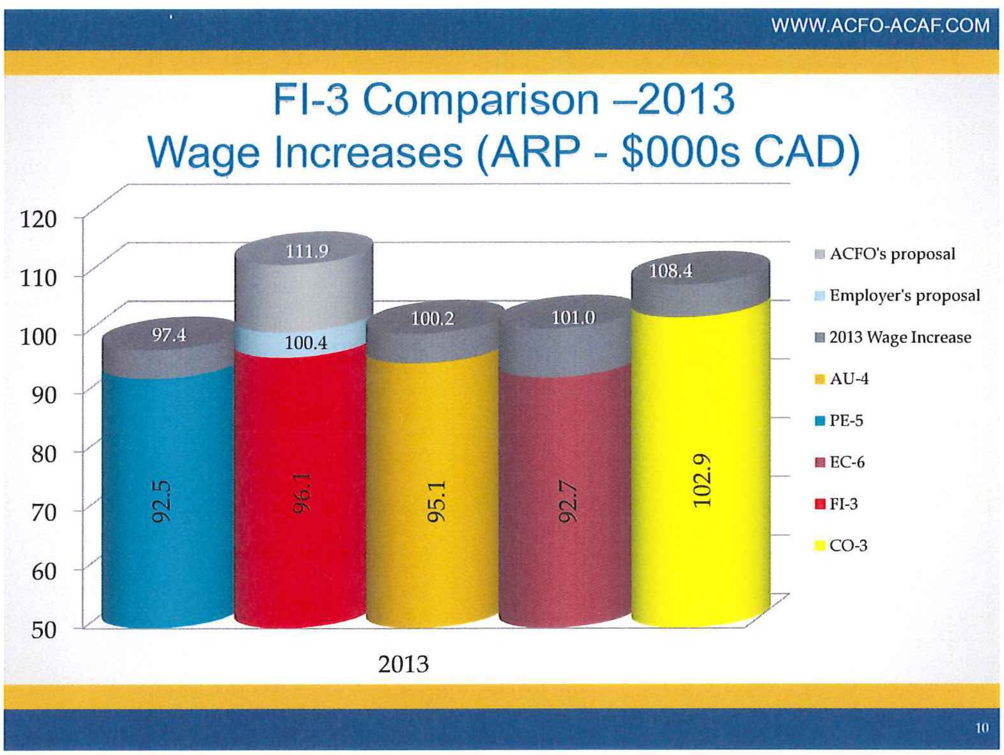
184. In 2010, the highest pay increment for FI-3s was $96,160, or $97,100 including the CFO Transitional Allowance (the "Allowance"). The Allowance is payable only to FI-3 or FI-4 employees who have reached the maximum rate of pay for their level. The Allowance is 1 percent of the maximum rate of pay for the FI-3 level and 2 percent of the maximum rate of pay for the FI-4 level. Under the current collective agreement, this Allowance is not considered to form part of the employee's salary.[81]



[81] Financial Management Group Collective Agreement at Appendix B, BOD Vol 2, Tab 1.

185. While FI-3 rates of pay were higher than internal comparators in 2010, this slight wage differential has not been sufficient to attract and retain qualified financial officers to the public service. In the submission of the Association, a more substantial pay increase is required.

186. Moreover, rate of pay adjustments are required to maintain relativity for FI-3s, consistent with subsection 148(c) of the Act. The Employer's proposal would bring FI-3s below EC-6s, due to that occupational group's recent above-pattern award. It would also widen the wage gap between FI-3s and CO-4s. The Employer's proposal is not one that would have been arrived at through free collective bargaining.



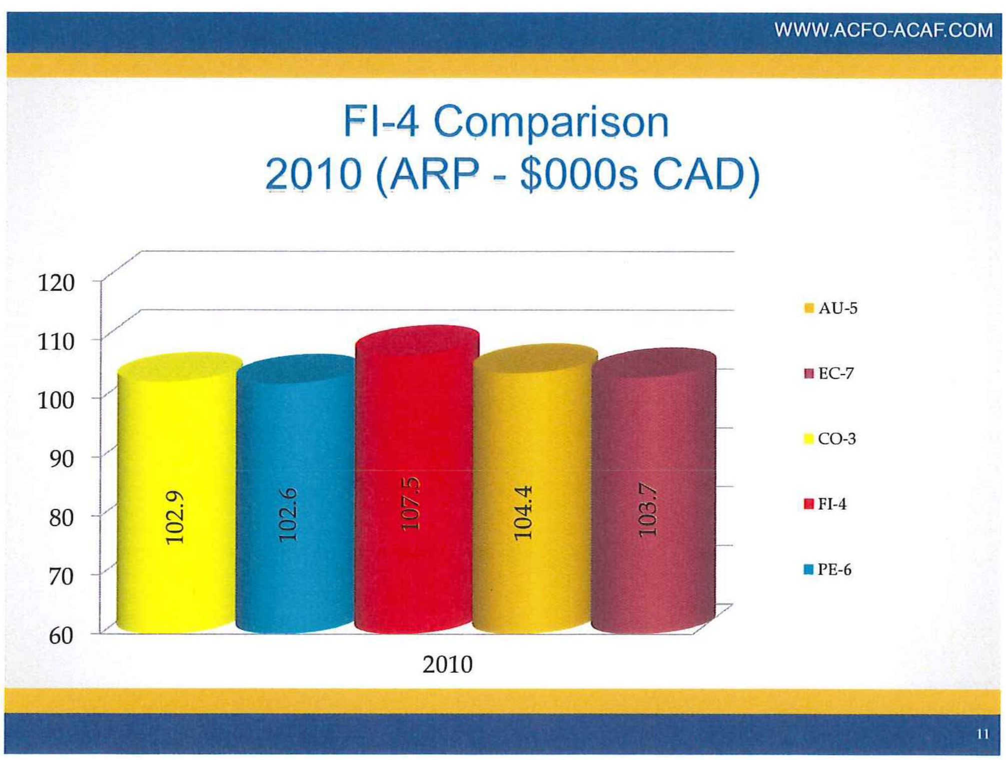
187. By contrast, if the arbitration board were to accept the Association's proposal to compress the FI pay grid and to increase rates of pay by 3.5 percent in 2011, 2012 and 2013, FI-3 wages would be brought to $111,900 in 2013. This salary remains marginally above the CO-3, AU-4, EC-6 and PE-5 classifications.

188. The Association submits that this outcome is fair and reasonable. It is consistent with the existing wage relativities between these groups. It partially addresses the significant recruitment and retention problem existing at the FI-3 level. And it reflects the higher educational qualifications of FI-3s and these comparators (who do not possess professional designations). It is the proposal that would have been arrived at through free collective bargaining with the right to strike.

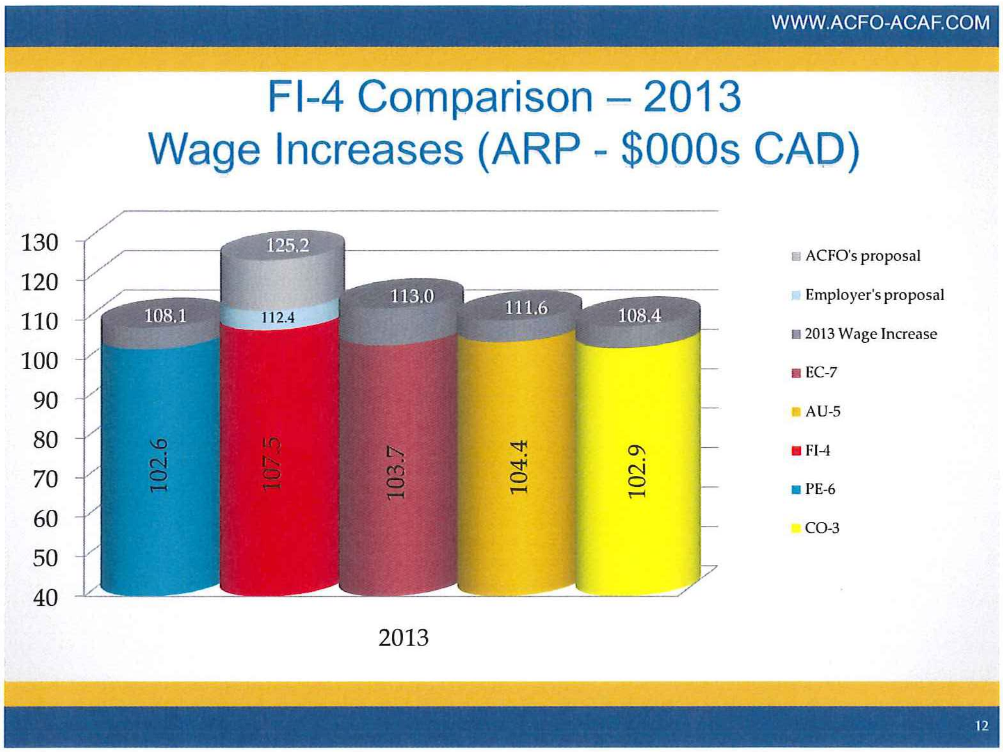
Wage Disparities between FI-4s and Internal Comparators

189. The Association further requests that the remuneration of the FI-4 members be made more competitive vis-à-vis comparators in other occupational groups.

190. In 2010, the remuneration of FI-4s at the highest pay increment ($107,547) was slightly higher than the highest pay increment of historical internal comparators.



191. The Employer's proposed 1.5 percent annual increases would upset the existing relativities between FI-4s and these internal comparators. For instance, in 2013, EC-7s, who have no professional designation, would be higher paid than FI-4s who are CAs, CMAs or CGAs.



192. The outcome envisaged by the Employer is neither fair nor reasonable. It does not respect the higher educational requirements of FI-4s, nor does it respond to the recruitment and retention problems plaguing the public service in relation to advanced-career financial officers, discussed previously.

193. Should this arbitration board accept the Association's proposals to restructure the FI pay grid and to increase rates of pay by 3.5 percent annually, FI-4s would receive $125,200 in 2013. FI-4s would become more competitive vis-à-vis other historical comparator groups, such as EC-7s and PE-6s. This outcome is entirely fair and reasonable having regard to the higher qualifications of FI-4s, and the significant recruitment and retention problems at the FI-4 level.

It is also consistent with the substantial wage restructure accorded to the economic and social sciences group in its last bargaining round.

Conclusion on Internal Comparators

194. The considerations in subsections 148(b) and (c) of the *Public Service Labour Relations Act* and in general interest arbitration case law support the Association's request for internal equality.

195. The rates of pay of these comparable occupational groups reveal that FI-1s and FI-2s, in particular, are undervalued within the public service by comparison to other occupational groups. Applying a different standard to those members of the Association is inconsistent with the principle of comparability.

196. With respect to mid- to advanced-career classifications, the Treasury Board has determined that the work performed, the responsibility assumed and the nature of the service provided requires specialized education and training. Despite their higher qualifications, FI-3s and FI-4s experience only marginal wage differentials relative to internal comparators. These differentials have not allowed the Employer to recruit or retain enough FI-3s or FI-4s to meet its operational requirements.

197. Accepting the Employer's rate of pay proposal will merely widen the wage gaps existing between FI-1s and FI-2s and their colleagues performing work of equivalent value. It will also upset existing relativities at the FI-3 and FI-4 level. This outcome would, in turn, exacerbate the recruitment and retention problem.

198. Achieving a fair and reasonable outcome in this interest arbitration instead requires that members of the Association be remunerated at a level comparable to that of other public servants and having regard to their qualifications, consistent with the Association's proposal.

Private Sector (External) Comparators

199. The Employer's difficulty recruiting and retaining financial officers may not be explained fully by reference only to internal public service comparators. Steadily increasing wage gaps with the private sector are, in the Association's submission, a primary source of the Employer's recruitment and retention challenges.

200. We have seen that wage gaps within the public service are more significant for FI-1s and FI-2s. In the private sector, however, it is the FI-3s and FI-4s who are the least competitive with their counterparts—and by a large margin.

201. The lag of public sector wages in 2008, 2009 and 2010 is partly attributable to the *Expenditure Restraint Act*. This legislation capped wage increases in the public sector at 1.5 percent annually. This wage freeze expanded an already-significant wage gap between financial professionals in the public and private sectors. It has exacerbated the difficulties faced by the federal public service in competing for a highly-skilled FI workforce.

202. Competitive wage adjustments are required to enable the Employer to recruit and retain the middle-to-advanced career financial officers it needs to meet its operational requirements.

203. The Association's proposed increases in the rates of pay are needed to restore the wage relationships between members of this bargaining unit and financial professionals employed in the private sector. Its proposed compression of the financial management group pay grid is also required to enable FI-1s and FI-2s to progress more quickly to the highest pay increment.

204. Given the current number of increments (between seven and nine), few FIs are in fact remunerated at the highest paying increment level. Rather, when FIs' actual salaries are taken

into account, the true extent of the wage gap with the private sector becomes even more apparent.

205. The following table demonstrates the significant pay gaps between FIs' mean salaries, and the salaries at the top pay increment:

ACFO-Represented Employees of the Financial Management Group (FI) As at March 2012			
Sub-Group	Population (4,205)	**Mean Salary $**	Top Pay Increment $
FI-01	1,228	**59,073**	67,937
FI-02	1,381	**72,025**	79,971
FI-03	1,172	**90,462**	96,160
FI-04	420	**105,198**	107,547

206. The Association submits that it is more accurate to consider *mean salary* rather than the *top pay increment* when comparing FIs with their private sector counterparts. This is in contrast to the approach taken in assessing internal comparators, which considered only the highest pay increment in each occupational group because the Association does not have access to the mean salary for internal comparators.

Hay Group Compensation Survey

207. In order to assist the Board with its external comparison, the ACFO has commissioned a comprehensive study from a leading compensation consulting firm, the Hay Group. As will be explained below, the Hay Group findings support the Association's rate of pay proposals. The findings reveal that employees in financial positions in the private and broader public (not-for-profit) sectors are much more highly remunerated than the members of this bargaining unit.

208. The Hay Group describes itself as the world's leading supplier of compensation information and analysis. It has developed the most widely used job evaluation methodology in the world. According to the Hay Group, over 8,000 organizations globally use its methodology to assess their compensation structure as compared to others in the same industries. The Hay

Group's Canadian compensation database holds information spanning 22 regions, 24 different industries and 44 job families. It is updated twice per year.[82]

209. The Hay Group has become a "trusted adviser" to many government departments, agencies and public sector organizations around the world.[83] The Treasury Board itself uses the Hay Group's job evaluation system to establish the executive group (EX) job classifications; it has done so since 1981.[84]

210. In the Association's submission, the Hay Group's analysis is a useful tool which can be relied upon by interest arbitrators seeking to determine external comparability.

211. The Association submits that the Hay Group Study reflects as accurately as possible the true wage gaps existing between FIs and financial professionals in the private and not-for-profit sectors across Canada. The Hay Group compared 25 representative FI job descriptions with over 250,000 equivalent financial positions in the Hay Group's compensation database. The mean 2010 salaries for FIs are compared with the total remuneration that private and not-for-profit sector counterparts actually received, including bonuses (the "total cash actual").[85]

212. The Hay Group study reveals the crux of the challenge facing the Employer: while financial officers enter the federal public service in a position that is relatively comparable to private sector counterparts, the gap widens progressively as FIs advance through their careers. The final result is salaries for FI-3 and FI-4s which lag far behind those of equivalent positions in the private and not-for-profit sectors.

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[82] Hay Group, "Reward Information", BOD Vol 2, Tab 8.

[83] Hay Group, "Public Sector and Not-for-Profit", BOD Vol 2, Tab 9.

[84] Email correspondence from Gary Reid, Senior Director Federal Consulting, Hay Group Ltd (13 March 2013), BOD Vol 2, Tab 10.

[85] Hay Group, *Compensation Data Prepared for The Association of Canadian Financial Advisors (ACFO)* (December 2012) [*Compensation Data*] at 3, BOD Vol 2, Tab 11.

Wage Disparities between FI-1s and External Comparators

213. The mean salary of FI-1s was $59,073. This compensation was on par to that received by incumbents at the 50th percentile in the private sector ($58,759).[86] However, FI-1s were **underpaid by $4,198** annually in comparison to financial professionals working in the not-for-profit sector, as incumbents in the not-for-profit sector earned an average total amount of $63,271 including salary and bonuses.[87]

Mean Salary FI-1 March 2012	Total Cash Actual Private Sector (50th percentile)	Total Cash Actual Not-for-Profit (50th percentile)	Median Salary March 2012 - ACFO Proposal	Median Salary 2012 - TB Proposal
59,073	58,759	63,271	65,009	58,246

214. Any relative comparability apparent between FI-1s and their external comparators is short-lived; wage gaps between the public, private and not-for-profit sectors quickly begin to develop when one examines higher classification levels.

Wage Disparities between FI-2s and External Comparators

215. The Association submits that its proposed rate of pay increases are fair and reasonable having regard to the wage gaps existing between FI-2s and their external counterparts.

216. In the private sector, 50th percentile incumbents earned $78,005, including salary and bonuses or other incentive pay; this is already **$5,980 higher** than the FI-2s' mean annual salary of $72,025.[88]

217. In the not-for-profit sector, those employed in positions equivalent to FI-2s earned $76,507 including salary and bonuses: **$4,482 higher** than the FI-2 mean salary.[89]

[86] Hay Group, *Compensation Data* at 6, BOD Vol 2, Tab 11.

[87] *Ibid* at 11, BOD Vol 2, Tab 11.

[88] *Ibid*, BOD Vol 2, Tab 11.

Mean Salary FI-2 March 2012	Total Cash Actual Private Sector (50th percentile)	Total Cash Actual Not-for-Profit (50th percentile)	Median Salary March 2012 - ACFO Proposal	Median Salary March 2012 - TB Proposal
72,025	78,005	76,507	76,526	69,553

218. The Association's proposed 3.5 percent increase and the restructuring of the wage grid will not completely close the gap between FI-2s and their private sector counterparts, as the Association's proposal produces a 2012 median salary of $76,526.[90] Nonetheless, the Association's proposal is an improvement on the Employer's proposal, which would produce a 2012 median salary of only $69,553.

Wage Disparities between FI-3s and External Comparators

219. The wage gaps continue to widen when one reaches the FI-3 classification level. The Association submits that its proposed wage increase of 3.5 percent per year, combined with a compression of the pay grid, is required to increase the competitiveness of FI-3s vis-à-vis the private and not-for-profit sectors.

220. FI-3s earned a mean salary of $90,462. In the private sector, 50th percentile incumbents earned **$12,994 more**; that is, an actual salary, including bonuses and incentive pay, of $103,456.[91]

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[89] Hay Group, *Compensation Data* at 11, BOD Vol 2, Tab 11.

[90] The Association has adopted the median salary as a comparator here. The proposed restructuring of the pay grid makes it difficult to accurately predict mean salaries for 2012.

[91] Hay Group, *Compensation Data* at 6, BOD Vol 2, Tab 11.

221. Similar disparities exist between FI-3s and their counterparts in the not-for-profit sector. Those incumbents at the 50th percentile earned an actual salary including bonuses and incentive pay of $97,470, which is **$7,008 higher** than what FI-3s earned.[92]

Mean Salary FI-3 March 2012	Total Cash Actual Private Sector (50th percentile)	Total Cash Actual Not-for-Profit (50th percentile)	Median Salary March 2012 - ACFO Proposal	Median Salary March 2012 - TB Proposal
90,462	103,456	97,470	92,937	85,277

222. Once again, the Association's proposal will not completely eliminate the gap between FI-3s and their private and not-for-profit comparators. The Association's proposal would raise the median FI-3 salary to $92,937 in March 2012. The Employer's proposed 1.5 percent increase, by contrast, only produces a 2012 median salary of $85,277.

223. In the submission of the Association, its proposed pay increase of 3.5 percent per year is fair and reasonable in light of the substantial disparities at the FI-3 level. Moreover, these proposals are required to address the unsatisfied demand for FI-3s in the public service.

Wage Disparities between FI-4s and External Comparators

224. Employees at the FI-4 classification level are even more significantly underpaid in relation to both private and not-for profit counterparts, which lends further support to the Association's proposals.

225. With an actual salary including bonuses of $145,533, 50th-percentile incumbents in the private sector earned **$40,342 more** than FI-4s, who earned a mean salary of only $105,191.[93]

[92] Hay Group, *Compensation Data* at 11, BOD Vol 2, Tab 11.

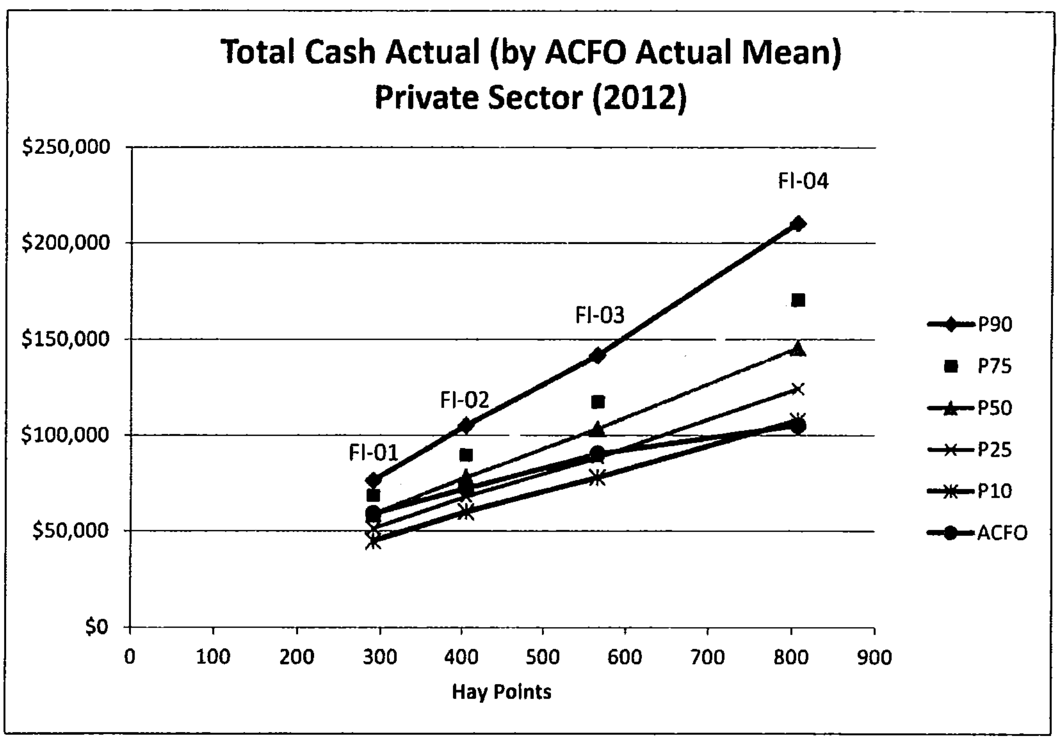
[93] *Ibid* at 6, BOD Vol 2, Tab 11.

226. In a similar vein, incumbents at the 50th percentile in the not-for-profit sector earned $142,325, which remains **$19,134 higher** than FI-4s.[94]

Mean Salary FI-4 March 2012	Total Cash Actual Private Sector (50th percentile)	Total Cash Actual Not-for-Profit (50th percentile)	Median Salary – March 2012 ACFO Proposal	Predicted Mean Salary 2012 TB Proposal
105,191	145,533	124,325	104,972	95,328

227. The Association's proposed 3.5 percent pay increase and restructuring of the pay grid produces a 2012 median salary of $104,972, which remains well below the 50th percentile actual salaries in both the private and not-for-profit sectors. By contrast, the Employer's proposed 1.5 percent increase would raise the 2012 median salary of FI-4s to only $95,328.

228. The following graphs taken from the Hay Group Study[95] illustrate the rising gaps in wages between members of the ACFO bargaining unit and their private and not-for-profit sector counterparts:



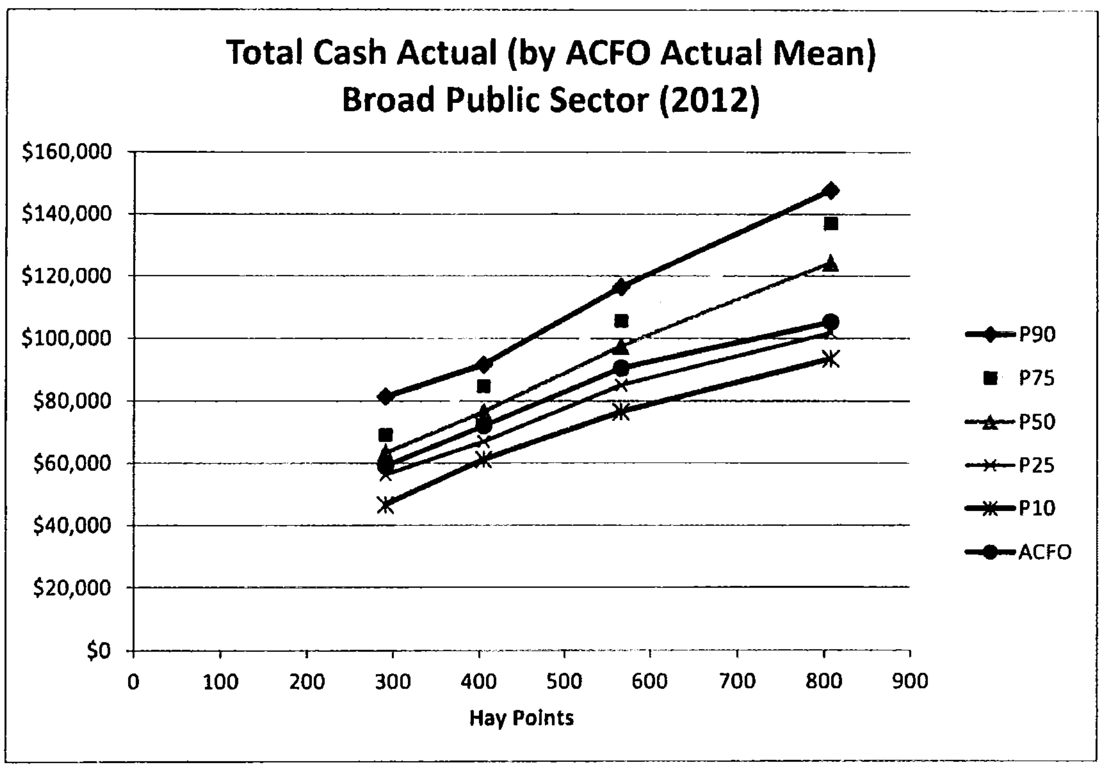
[94] Hay Group, *Compensation Data* at 11, BOD Vol 2, Tab 11.

[95] *Ibid* at 8, 13, BOD Vol 2, Tab 11.

229. The axis entitled "Hay points" represents the job evaluation tool used by the Hay Group to compare FI jobs to those in the private and broader public (not-for-profit) sectors. Higher "Hay points" correspond to increased job responsibilities and the progression from the FI-1 to FI-4 classification levels.

230. These charts demonstrate that FI-1s are on par with, or slightly below, the 50th percentile of their private and not-for-proft counterparts.

231. However, the wage gaps increase steadily as financial officers progress through their careers to higher classification levels. The FI-3s fall in line with the 25th percentile for private sector counterparts and the 30th percentile for not-for-profit counterparts. At the FI-4 level, the wage gap increases even more -- in line with the 10th percentile for private sector comparators and the 25th percentile for not-for-profit sector comparators.



Conclusion on the Hay Group Study

232. The Hay Group Study represents a comprehensive attempt to accurately reflect the substantial wage gaps existing between members of this bargaining unit and their financial professional counterparts in the private and not-for-profit sectors. While these Submissions have only broken down the data by public, private, and not-for-profit sectors, the lack of pay relativity remains unchanged when one considers the numbers in the aggregate,[96] or when one examines compensation according to organizational size or revenue level.[97]

233. This is the first time the Association has sought to place a comprehensive compensation study before an arbitration board. It is unusual for a bargaining unit to go to such lengths to prove information that ought to have been known to the Treasury Board. It is the Treasury Board which is responsible for furthering the compensation objectives reflected at section 148 of the *Public Service Labour Relations Act*. The Association has had to demonstrate remarkable ingenuity to get this material before the board.

234. In the Association's respectful submission, the Hay Group data is the best proof available of the need for substantial pay increases for this bargaining unit. Such increases are required to achieve comparability and competitiveness with external comparator groups.

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[96] Hay Group, *Compensation Data* at 16, BOD Vol 2, Tab 11.

[97] *Ibid* at 21-32, BOD Vol 2, Tab 11.

Financial Professionals in Ontario: CMAs, CGAs and CAs

235. A comparison between the remuneration of FIs and their professional counterparts in the private sector in Ontario confirms the results of the Hay Group Study data. That is, substantial wage gaps with the private sector are the principal source of this Employer's recruitment and retention problem.

236. Accounting professionals in Ontario are an obvious private sector comparator for this bargaining unit. Over 70 percent of the bargaining unit is employed in the National Capital Region. Moreover, while not all FIs necessarily have a professional designation, a great many do. As discussed previously, a professional designation or equivalent professional experience is now a requirement for positions at the FI-2, FI-3 and FI-4 levels. And as already noted, much of the work performed by financial officers in the public service is equivalent to that performed by accountants in the private sector – for instance, identical accounting techniques and systems are used.[98]

237. A recent compensation survey prepared for the Certified Management Accountants of Ontario reveals a significant wage gap between CMAs in Ontario and FIs. The average mean salary for CMAs in 2010 was $102,400, which is **$26,281 higher** than the mean salary for the ACFO bargaining unit in March 2011 ($76,119).[99] This disparity becomes even more marked when bonuses, commissions and profit-sharing are considered: the mean bonus received by CMAs increased CMA salaries by $17,000, for a total of $119,400.[100]

238. A survey prepared for the General Certified Accountants of Ontario also reveals staggering wage gaps between FIs and their CGA colleagues in the private sector. In 2011, the average annual salary for Ontario's CGAs was $94,290, in addition to an average bonus of

[98] See Affidavit of Milt Isaacs at para 37.

[99] *Incumbent System*, Active FAA I & IV, Full Time Bargained Employees (ACGS, 1-3) at 2, BOD Vol 2, Tab 12.

[100] ResearchWorks Inc, *2011 CMA Ontario Compensation Results on 2010 Income: Detailed Report* (30 June 2011), BOD Vol 2, Tab 13.

$8116 for a total of $102,406.[101] During the same period, the mean salary for FIs was only $76,119, while average overtime, call-back hours, paid holidays, travel time and compensatory leave amounted to a "bonus" of $1,545 in 2012 for a total of $77,664.[102] Taking these figures together, average compensation for CGAs in Ontario was **$24,742 higher** than that of the members of this bargaining unit.

239. The average compensation for chartered accountants (CAs) in Ontario also reflects the lack of competitiveness of the public service in attracting and retaining qualified financial professionals. In 2010, the average compensation for CAs in Ontario was $182,898.[103] This salary was **$106,779 higher** than the mean salary of this bargaining unit in March 2011.

240. Similar wage disparities exist amongst CAs across Canada, at all experience levels. Average compensation for a new CA in Canada was reported to be $67,921, which is **$8,848 higher** than the mean salary of $59,073 for an FI-1 in this bargaining unit. Canadian CAs with 25 to 29 years of post-qualifying experience were compensated, on average, $258,491-- **$153,300 higher** than the $105,191 mean salary of FI-4s.[104]

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[101] Certified General Accountants, *2011 Salary Survey for General Certified Accountants*, BOD Vol 2, Tab 14.

[102] Treasury Board, "Extra Duty Reporting System (EDRS)", *Financial Management: Demographic Data* (31 March 2012) at Table 7a, BOD Vol 1, Tab 1.

[103] QRI International, *CA Profession Compensation Survey 2011 – Summary Report*, BOD Vol 2, Tab 15.

[104] *Ibid.*

Financial Officers Represented by the ACFO at NAV Canada

241. The Association submits that its rate of pay proposals are also required to bring the financial management group closer in line with the compensation received by financial officers employed by NAV Canada. In the Association's respectful submission, NAV Canada FIs are a perfect external comparator to this bargaining unit because:

i. They perform the same work as FIs in this bargaining unit;

ii. They are also represented by the ACFO;

iii. Prior to the privatization of NAV Canada, NAV Canada FIs formed part of the federal public service; and

iv. The terms and conditions of NAV Canada FIs were negotiated in free and full collective bargaining with the right to strike.

242. NAV Canada is Canada's civil air navigation services provider. It is a private sector, non-share capital corporation. Formerly part of Transport Canada, NAV Canada was privatized in November 1996. Its employees transferred from the federal public service at that time.[105]

243. Currently, financial officers employed by NAV Canada are paid significantly more than FIs in the federal public service performing the same work. In 2010, NAV Canada FIs were paid **between 2.8 and 7.0 percent more** than FIs at the equivalent classification level in the federal public service bargaining unit. Taking NAV Canada's 2013 wage increases into account, this wage differential will expand to **between 5.9 and 10.3 percent.**[106]

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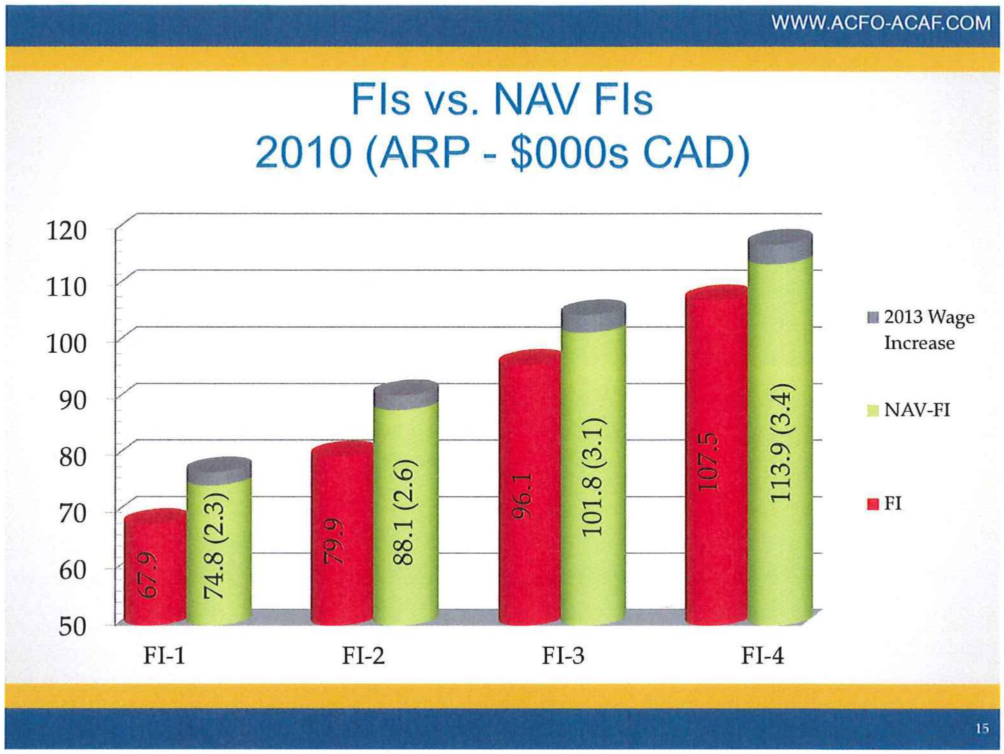
[105] John W Chricton, "NAV Canada 10 Years On: A Privatization Success Story", *Direct Route* (October 2006), BOD Vol 2, Tab 16.

[106] "Appendix A: FI Pay Scales", Agreement between the Association of Canadian Financial Officers and NAV Canada (Expiry 6 February 2014), BOD Vol 2, Tab 17.

244. The following graph illustrates these substantial wage gaps:



245. In the Association's submission, its proposed pay grid restructuring and rate of pay increases are required to close these unjustified wage gaps.

246. As already observed, the central principle of interest arbitration is to award terms and conditions that would have been achieved had the parties been free to bargain to the point of a work stoppage. If the members of this bargaining unit were allowed to strike and had bargained freely to the point of a strike, it is likely that they would have reached an agreement on wage adjustments that is similar to that achieved by the NAV Canada financial officers.

Conclusion on Private Sector (External) Comparators

247. The Association submits that the message is clear: Members of this bargaining unit, especially those at the FI-3 and FI-4, are extremely undervalued. Startling wage gaps exist between financial professionals in the public and private sector, particularly at the middle-to-

advanced career level. In the Association's submission, these gaps are the primary obstacle to recruiting and retaining qualified FIs in the federal public service.

248. Accordingly, competitive wage adjustments are required to reduce existing wage gaps and to attract and retain qualified financial professionals to Canada's public service. The Association's proposals to this effect represent a fair and reasonable outcome having regard to subsection 148(b) of the *Public Service Labour Relations Act.*

Qualifications, responsibility and nature of the work (s. 148(d))

249. The lack of value placed on employees in the financial management group is not only a question of wages. Due consideration must also be given to these employees' qualifications, heavy responsibilities, and the important nature of their work. In the submission of the Association, these factors further militate in favour of its proposed rate of pay adjustments.

250. As already discussed, FIs are financial management professionals who hold positions requiring specialized knowledge and experience. They apply the accounting principles, systems and techniques utilized by professional accountants in the private sector.

251. Indeed, the responsibilities of the members of this bargaining unit are on par with – or in many cases exceed – those of their private sector counterparts. FIs employed in the headquarters of large federal government departments can be expected to manage budgets of between $8.5 and 270 million for FI-1s, and $1.7 to 2.8 **billion** for FI-4s. Even outside departmental headquarters, FIs typically manage budgets of up to $0.5 billion. The resources of

small federal agencies are more limited, and the budgets under the control of this bargaining unit in those agencies range between $6.6 million for FI-1s and $26.3 million for FI-3s.[107]

252. These are typical figures; in certain cases, budgets managed by the financial management group far exceed these averages. For instance, one FI-2 employed with the Department of Public Works and Government Services was responsible for a budget of $227.5 billion in 2012. An FI-04 in the same department managed a $15.8 billion budget in 2005.[108]

253. The demands facing members of the financial management group have also been expanding in recent years due to increased financial reporting requirements. The Deputy Chief Financial Officers Council has determined that a "considerable increased level of effort" is required to support new reporting-related requirements imposed by the Treasury Board Secretariat. Increased effort is also required to satisfy higher expectations for "more formalized and robust financial, performance and management frameworks."[109] The Council described the cumulative impact of external reporting requirements as having reached an "'overwhelming' state".[110]

254. This increased level of effort required from FIs is felt strongly due to the shortage of FIs across the public service. The Deputy Chief Financial Officers Council has observed that the increased level of effort required by expanding reporting obligations has exceeded the capacity of the existing financial management group. It described the current situation as "not sustainable".[111]

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[107] Dr. Philemon Paquette, "A sample of typical and exceptional budgetary responsibilities (resources susceptible to influence) of Financial Managers (FIs) by level in the Public Service of Canada" (15 March 2013) at 2, BOD Vol 2, Tab 18.

[108] *Ibid* at 3, BOD Vol 2, Tab 18.

[109] DCFO Council, *Reporting Burden Working Group Position Paper: Addressing the External Reporting Burden*, Draft Report (18 June 2012) at 3, BOD Vol 2, Tab 19.

[110] *Ibid* at 8, BOD Vol 2, Tab 19.

[111] *Ibid* at 4, 8, BOD Vol 2, Tab 19.

255. As the workload and responsibilities of FIs have increased over the years, the educational qualifications required of them have also been raised. Today, the official educational requirements of FIs include both university-level education as well as eligibility for professional designations such as CA, CMA and CGA.

256. As discussed previously, the movement toward an increasingly highly-qualified bargaining unit is driven also by more demanding selection criteria requiring both professional designations and, in some cases, masters degrees.[112]

257. The Association submits that the rates of pay of this group ought to be adjusted to reflect these heavy responsibilities, increased workload demands, and rising qualification requirements.

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[112] See ACFO, "FI Competitions – Educational Requirements – Raw Data", BOD Vol 1, Tab 7; Juliet S Woodfield CA, Office of the Comptroller General, "Interested in Learning More about the Financial Officer Career Path from FI to CFO?" (24 November 2011), BOD Vol 1, Tab 8; email communication from Helene Caron, Administrative Coordinator, Treasury Board Secretariat (5 Dec 2006), BOD Vol 1, Tab 4; Email communication from Lincoln Wong , Regional Comptroller (Ontario) (2 Nov 2012), BOD Vol 1, Tab 5; *Publiservice* Job Advertisement #13-DND-INA-HALFX-371617, BOD Vol 1, Tab 6.

State of the Canadian Economy (s. 148(e))

258. The Employer attempts to rely on Canada's current policy of fiscal restraint to advance its proposed lower-than-inflation pay increases. The Association submits, however, that the Employer's argument ought to be rejected.

The Canadian Economy is Performing Well

259. First, the Canadian economy is by all accounts performing well compared to its counterparts around the world. There is no evidence to suggest that the state of the Canadian economy today precludes the rate of pay adjustments proposed by the Association.

260. Prime Minister Stephen Harper discussed the state of the Canadian economy in an address to the World Economic Forum in November 2012.[113] He highlighted the following positive indicators:

- Canadian banks remain the soundest in the world, according to the World Economic Forum and several other international organizations;
- Canada's net debt-to-GDP ratio remains the lowest in the G-7, by far;
- Canada's top credit rating has been reaffirmed by all major rating agencies;
- Canada has the lowest overall tax rate on new business investment among G-7 countries;
- The Canadian economy has added more than 800,000 new jobs since July 2009.

[113] PMO, "PM delivers remarks at the World Economic Forum" (7 November 2012), BOD Vol 2, Tab 20.

261. The International Monetary Fund has projected that Canada's total government net debt-to-GDP ratio will remain the lowest among the G-7 countries in the years to come, falling to 33.3 percent in 2015. Canada's ratio is approximately one third the G-7 average.[114]

262. Another indicator of a healthy Canadian economy, according to this government, is increasingly balanced budgets. For the first nine months of the 2012–13 fiscal year, Canada had a budgetary deficit of only $13.0 billion. This figure is down significantly from the deficit of $16.1 billion reported during the same period of 2011–2012, and $27.4 billion in 2010–2011.[115] According to the government's *Economic Action Plan 2012*, budgetary deficits will continue to be reduced over the next three fiscal years, until the budget reaches a surplus in 2015-2016.[116]

263. Canada's growth in real gross domestic product (GDP) has been moderate in recent years. It was 2.5 percent in 2011,[117] 1.8 percent in 2012, and is forecasted at 2.4 percent in 2013.[118]

264. While these levels of growth are moderate, it is apparent from the above indicators, taken together, that the Canadian economy is sound. It does not stand in the way of fair and reasonable pay adjustments for members of the financial management group.

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[114] Minister of Finance, *Economic Action Plan 2012* (29 March 2012) at 232, BOD Vol 2, Tab 21.

[115] Department of Finance, *The Fiscal Monitor – December 2012* (22 February 2013), BOD Vol 2, Tab 22; *The Fiscal Monitor – December 2011* (February 2012, Archived), BOD Vol 2, Tab 23.

[116] Minister of Finance, *Economic Action Plan 2012* (29 March 2012), BOD Vol 2, Tab 21.

[117] Department of Statistics Canada, *Canadian Economic Accounts* (2 March 2012), BOD Vol 2, Tab 24.

[118] *RBC Economic and Financial Market Outlook* (December 2012) at 7, BOD Vol 2, Tab 25; *TD Economics* (1 March 2013), BOD Vol 2, Tab 26.

The Members of this Bargaining Unit ought not be Required to Subsidize the Community

265. Moreover, members of this bargaining unit should not be required to subsidize the government's financial planning and oversight by accepting substandard wages for this work.

266. This arbitration board must consider the statutory criteria in light of the "received wisdom" of decades of interest arbitration jurisprudence, which has accepted the principle that "[p]ublic sector employees should not be required to subsidize the community by accepting substandard wages and working conditions". [119] In other words, arbitrators have been guided by the philosophy that where the community needs and demands a particular public service, it must bear the cost to provide fair and equitable wages to government employees.[120]

267. In a decision issued in March 2013, Arbitrator Kuttner affirmed and applied this statement of principle when he awarded substantial economic increases to medical residents in the Maritime provinces. He observed: "[A] tax averse citizenry cannot relieve government of its obligation to be a good and fair employer."[121]

268. While the arbitration board must consider Canada's fiscal circumstances and the state of the Canadian economy, its overarching objective remains to award wages and benefits that are fair and reasonable in the circumstances.[122] In the Association's respectful submission, the other four factors enumerated at section 148, and analyzed in detail previously in this brief, prevail over any argument for applying fiscal restraint policies to this bargaining unit.

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[119] *Re General Truck Drivers and Helpers Union Local 31 and British Columbia Railway Company*, unreported at 5 (Shimes), cited in *New Brunswick Union of Public and Private Employees v New Brunswick*, [2010] NBLAA No 9 at para 11, BOA Tab 20; *Re McMaster University and McMaster University Faculty*, 12 LAC (4th) 1999 at para 17 (Shimes), BOA Tab 21; *Re PARI-MP and Queen Elizabeth II Hospital et al*, unreported, 1 March 2013 (Kuttner), BOA Tab 9.

[120] *Ibid.*

[121] *Re PARI-MP and Queen Elizabeth II Hospital et al*, unreported, 1 March 2013 (Kuttner) at para 76, BOA Tab 9.

[122] *Ibid* at para 112, BOA Tab 9.

The Employer Rate of Pay Proposal and the Pattern Settlement

269. The Employer proposes an increase of just 1.5 percent per year. It also offers an additional 0.75 percent over the life of the agreement, which it claims is compensation for the elimination of voluntary severance pay. This proposal results in increases of 1.75 percent, 1.5 percent and 2.0 percent.

270. The Employer says its proposal is in line with other public service agreements. This position, which seeks to follow the settlements reached by PSAC bargaining units, must be rejected. The pattern reached in relation to occupational groups dominated by largely administrative employees is inappropriate to the distinct circumstances of this bargaining unit, which is composed primarily of financial professionals with specialized education and training.

271. For instance, an analysis of the appropriate comparators and the recruitment and retention problem plaguing the financial management group does not support the Employer's position. The Employer's proposal will only widen the already substantial wage gaps which exist between FIs and their comparators in the public and private sectors. This outcome is neither fair nor reasonable in light of the increasing financial reporting demands placed on FIs, and the debilitating recruitment and retention problem.

272. The arbitration board ought to consider, as well, the bargaining history of these parties. The financial management group separated out from PSAC in 1989. It did so precisely because of its unique community of interests, and its frustration with the pattern settlements applicable to an administrative-employee majority. This professional bargaining unit faces unique professional and economic pressures which make the "pattern" settlement inappropriate.

273. Other occupational groups more similarly situated to the financial management group have recently received settlements or awards over and above the "pattern".

274. For instance, the economics and social science services (EC) group is a historical comparator to the financial management group which received wage adjustments over and above the pattern in an arbitral award issued in June 2012. The EC group, like the FI group, is considered to be an occupational group that is in high demand in the federal public service. While ECs have experienced high vacancy levels and internal mobility,[123] the problem has not been as pronounced in the EC group as it has been in the FI group, as is apparent from the comparative evidence described previously in this brief. Nonetheless, the ECs were awarded:

- 1.75 percent pay adjustment retroactive to June 22, 2011;
- 1.5 percent pay adjustment retroactive to June 22, 2012;
- 3.45 percent increment added to the top of each of the eight EC pay lines, effective June 22, 2013;
- 2.0 percent pay adjustment effective June 22, 2013.[124]

275. Similarly, the law (LA) group experienced a significant break pattern in its settlement dated June 2012. The LA group is a historical comparator for the FI group, particularly at the FI-3 and FI-4 levels. The LA settlement included the pattern annual increases, but also a 10 percent pay restructure effective May 10, 2013 for all levels of the LA group except Toronto.[125]

276. Clearly, this arbitration board is not bound by previous "pattern" agreements in the public service. In a decision issued in March 2013, Arbitrator Kuttner described the wage restraint pattern characteristic of settlements and interest awards in the Nova Scotia public

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[123] Public Service Commission, *Study on Mobility of Public Servants* (October 2008) at 3, BOD Vol 1, Tab 15.

[124] Agreement between the Treasury Board and the Canadian Association of Professional Employees (Economics and Social Sciences Group (EC)) (Expiry 21 June 2014), BOD Vol 3, Tab 20.

[125] See Memorandum of Agreement between Association of Justice Counsel and Treasury Board of Canada (20 June 2012, Expiry 9 May 2014) at Annex A, BOD Vol 2, Tab 3.

sector as a "blunt instrument" which "undermine[s] good labour relations".[126] According to Arbitrator Kuttner, allowing the fiscal policies of government to dictate the outcome of an interest arbitration would improperly fetter the discretion vested in the arbitration board, both by legislation and by the parties.[127] He commented:

> 114 When wage freezes and wage restraints are wielded as instruments of public policy rather than imposed by legislation, governments reserve to themselves some flexibility in their application, e.g. the well-known 'recruitment and retention' exception.
>
> ...
>
> 115 ... [P]atterns discernible because of broadly implemented wage freezes or wage restraints remain just that – patterns. It is for that reason that they cannot bind, for arbitrators must take into consideration those labour relations factors unique to the particular bargaining relationship before them which may well soften their effect.[128]

277. While the government in the past felt the need to implement wage restraint legislation through the *Expenditure Restraint Act*, that legislation is not in effect during this round of bargaining. The peek era of fiscal restraint has passed, and the government is now willing to accept whatever agreements the parties may reach in free collective bargaining or through interest arbitration.

278. The Association submits that, for the reasons already discussed, the members of this bargaining unit do not fit within the "pattern" accepted by other federal public service bargaining units. The Employer's proposed increases should not be awarded here. Rather, the Association's proposed increases of 3.5 percent per year should be awarded, in addition to the compression of the rate of pay grid.

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126 *Re PARI-MP and Queen Elizabeth II Hospital et al*, unreported, 1 March 2013 (Kuttner) at para 113, BOA Tab 9.

127 *Re PARI-MP and Queen Elizabeth II Hospital et al*, unreported, 1 March 2013 (Kuttner) at para 112, BOA Tab 9.

128 *Ibid* at paras 114-15, BOA Tab 9.

6. Outstanding Issues

279. We now turn to the other issues that have been referred to arbitration by the Association and the Employer.

280. The Association's proposals include modest improvements to vacation leave, family-related leave, and bereavement leave. The Association also seeks an amendment to the definition of harassment.

281. The Employer's proposals include the elimination of call-back pay and severance pay.

The Association's Proposals

Vacation Leave with Pay (Article 29)

282. ACFO proposes to improve vacation entitlements for new employees, providing them with four weeks of vacation leave instead of the current three.

283. According to this proposal, employees will enjoy four weeks of vacation until their sixteenth year of service. Previously, employees' vacation entitlement did not increase to four weeks until their eighth year of service.

284. After the sixteenth year of service, vacation entitlements will continue to increase according to the terms of the current collective agreement:

> ***29.02 ACCUMULATION OF VACATION LEAVE CREDITS***
>
> *An employee shall earn vacation leave credits at the following rate for each calendar month during which the employee receives pay for at least seventy-five (75) hours:*
>
> *a) ~~Nine point three seven five (9.375)~~ **twelve point five (12.5)** hours, until the month in which the anniversary of the employee's ~~eight (8th)~~ **sixteenth (16th)** year of service occurs;*

~~b) twelve point five (12.5) hours, commencing with the month in which the employee's eight (8th) anniversary of service occurs;~~

c) thirteen point seven five (13.75) hours, commencing with the month in which the employee's sixteenth (16th) anniversary of service occurs;

d) fourteen point three seven five (14.375) hours, commencing with the month in which the employee's seventeenth (17th) anniversary of service occurs;

e) fifteen point six two five (15.625) hours, commencing with the month in which the employee's eighteenth (18th) anniversary of service occurs;

f) sixteen point eight seven five (16.875) hours, commencing with the month in which the employee's twenty-seventh (27th) anniversary of service occurs;

g) eighteen point seven five (18.75) hours, commencing with the month in which the employee's twenty-eighth (28th) anniversary of service occurs;

h) for the purpose of clauses 29.02 and 29.15 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 employee who receives severance pay on lay-off and is reappointed to the Public Service within one (1) year following the date of lay-off.

Rationale for the Proposal

285. Vacation leave provides employees with necessary rest and diversion from work demands.

286. An increase in vacation entitlement for new employees is required to recruit and retain qualified financial officers who have already served lengthy careers in the private sector. It allows them to do so without losing the benefit of the vacation entitlements to which they may have been accustomed in their previous positions. As already noted in these Submissions, the federal public service has been unable to attract or retain financial officers in their mid-to-late careers. The result of this recruitment and retention problem has been a high proportion of younger, less experienced employees; high vacancy and turnover rates; and operational inefficiencies.

287. Improvement to the current vacation leave provision is also fair and reasonable because it promotes internal equality. This proposal would bring the financial management group's collective agreement in line with other public service agreements:

- Both the research group (RE) and the air traffic control group (AI) benefit from four weeks of vacation per year immediately upon hiring.[129]
- The health services group (SH) earns three weeks of vacation leave in the first year of service, increasing to four weeks in the second year until the sixteenth year of service.[130]
- Amongst our historical comparators, the law group (LA) earns three weeks of vacation in the first five years, followed by four weeks of vacation until the sixteenth year.[131]

288. FIs therefore work with employees who have received additional benefits.

289. While the Association's vacation leave proposal will significantly improve recruitment and retention prospects and further internal comparability, it will impose only a modest cost on the Employer. 1,953 bargaining unit members would be affected by this change. [132]

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[129] Agreement between the Treasury Board and The Professional Institute of the Public Service of Canada (Research Group (RE)) [*Research Group Collective Agreement*] at Article 16.02, BOD Vol 3, Tab 1; Agreement between the Treasury Board and the National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada) (Air Traffic Control (AI)) [*Air Traffic Control Collective Agreement*] at Article 26.01, BOD Vol 3, Tab 2.

[130] Agreement between the Treasury Board and the Professional Institute of the Public Service of Canada (SH) (Expiry 30 September 2014) at Article 15 [*Health Services Collective Agreement*], BOD Vol 3, Tab 3.

[131] Agreement between the Treasury Board and the Association of Justice Counsel (Law Group (LA)) (Expiry 9 May 2011) at Article 17, BOD Vol 3, Tab 4.

[132] *Demographic,* Table 1 at 5, BOD Vol 1, Tab 1.

Leave with Pay for Family-Related Responsibilities (Article 37)

290. Should this arbitration board accept the Employer's proposal with respect to "Article 25 – Severance Pay", ACFO puts forward Article 37.03 as an additional term to be considered:

LEAVE WITH PAY FOR FAMILY-RELATED RESPONSIBILITIES

37.01 *For the purpose of this Article, family is defined as spouse (or common-law partner), children (including foster children or children of spouse or common-law partner), parents (including step-parents or foster parents), or any relative permanently residing in the employee's household or with whom the employee permanently resides.*

37.02 *The total leave with pay which may be granted under this Article shall not exceed thirty-seven decimal five (37.5) hours in a fiscal year.*

37.03 *Subject to clause 37.02, the Employer shall grant leave with pay under the following circumstances:*

a) to take a family member for medical or dental appointments, or for appointments with school authorities or adoption agencies, if the supervisor was notified of the appointment as far in advance as possible;

b) to provide for the immediate and temporary care of a sick member of the employee's family and to provide an employee with time to make alternate care arrangements where the illness is of a longer duration;

c) to provide for the immediate and temporary care of an elderly member of the employee's family;

d) for needs directly related to the birth or to the adoption of the employee's child.

e) <u>seven decimal five (7.5) hours out of the thirty-seven decimal five (37.5) hours stipulated in clause 37.02 above may be used:</u>

i) <u>to attend school functions, if the supervisor was notified of the functions as far in advance as possible;</u>

ii) <u>to provide for the employee's child in the case of an unforeseen closure of the school or daycare facility;</u>

iii) <u>to attend an appointment with a legal or paralegal representative for non-employment related matters, or with a financial or other professional representative, if the supervisor was notified of the appointment as far in advance as possible.</u>

37.04 Where, in respect of any period of compensatory leave, an employee is granted leave with pay for illness in the family under 37.03(b) above, on production of a medical certificate, the period of compensatory leave so displaced shall either be added to the compensatory leave period, if requested by the employee and approved by the Employer, or reinstated for use at a later date.

Rationale for the Proposal

291. The Association submits that this proposal is required to allow bargaining unit members to better balance family demands with their work responsibilities. It would allow members to obtain leave with pay for family-related responsibilities such as unforeseen child-care issues related to school or daycare closures.

292. The Association's family leave proposal reflects the unique demographics of the FI group. This is a young bargaining unit with young families. Nearly half the bargaining unit is under the age of forty, and 57.1 percent are women. These figures should be considered against the fact that 16.3 percent of Canadian families have a single parent.[133]

293. Workplace absences due to personal and family demands are on the increase; this is particularly true for families with preschool-aged children.[134]

294. Moreover, as Canada's population continues to age,[135] our members have increasing responsibilities caring for elderly parents.

[133] Maria Dabboussy and Sharanjit Uppal, "Work absences in 2011" (20 April 2012), BOD Vol 3, Tab 5.

[134] *Ibid*, BOD Vol 3, Tab 5.

[135] Statistics Canada "2012 Canada (Code 01) (table)", *Census Profile 2011*; Statistics Canada, Catalogue No. 98-316-XWE (Ottawa, 24 October 2012), BOD Vol 3, Tab 6.

295. Currently, the lack of flexibility built into the family-related leave has made this benefit a hollow one for members of this bargaining unit. On average, FIs used only 2.28 out of their permitted 5 days in 2010-2011, which is below the 2.53 days used by other public service employees.[136]

296. Broadening the scope of the family leave provisions will allow FIs more flexibility in using this leave for family purposes, but does not increase the leave entitlement itself. The current entitlement of 37.5 hours remains in place.

297. The Association submits that this increased flexibility is unlikely to impose significant financial burdens on the Employer.

298. This proposal is also consistent with the principle of comparability. It would bring the FI collective agreement in line with other public service agreements containing more flexible family leave provisions, such as audit, commerce and purchasing (AV)[137]; air traffic control (AI); health services (SH); education and library science (EB, ED, LS, EU); operational services (SV); and program and administrative services (AS, CM, CR, DA, IS, OE, PM, ST, WP).

Bereavement Leave (Article 40)

299. Should this arbitration board accept the Employer's proposal with respect to "Article 25 – Severance Pay", ACFO puts forward Article 40.02 as an additional term to be considered:

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[136] See Appendix I, "Financial Management Group Family-Related Leave Usage".

[137] Professional institute of the Public Service, "Summary of AV Group Tentative Agreement" (16 October 2012) and Agreement between the Treasury Board and the Professional Institute of the Public Service of Canada (Audit, Commerce and Purchasing Group (AV)), BOD Vol 3, Tab 7.

BEREAVEMENT LEAVE WITH PAY

40.01 For the purpose of this Article, immediate family is defined as father, mother (or alternatively stepfather, stepmother, or foster parent), brother, sister, spouse (including common-law partner), child (including child of common-law partner), stepchild or ward of the employee, grandchild, grandparent, father-in-law, mother-in-law, and relative permanently residing in the employee's household or with whom the employee permanently resides.

*40.02 When a member of the employee's immediate family dies, an employee shall be entitled to a bereavement period of ~~five (5)~~ **seven (7)** consecutive calendar days. Such bereavement period, as determined by the employee, must include the day of the memorial commemorating the deceased or must begin within two (2) days following the death. During such period the employee shall be paid for those days which are not regularly scheduled days of rest for the employee. In addition, the employee may be granted up to three (3) days' leave with pay for the purpose of travel related to the death.*

40.03 An employee is entitled to one (1) day's bereavement leave with pay for the purpose related to the death of his or her son-in-law, daughter-in-law, brother-in-law or sister-in-law.

40.04 If, during a period of sick leave, vacation leave or compensatory leave, an employee is bereaved in circumstances under which he or she would have been eligible for bereavement leave with pay under clauses 40.02 and 40.03, the employee shall be granted bereavement leave with pay and his or her paid leave credits shall be restored to the extent of any concurrent bereavement leave with pay granted.

Rationale for the Proposal

300. The Association requests an increase in bereavement leave to allow employees the necessary time to grieve, commemorate and travel for funerals. During 2010-2011, FIs used on average only 0.35 days of bereavement leave; accordingly, this proposal is unlikely to impose significant costs on the Employer.

301. Moreover, the Association's proposal is consistent with the principle of internal comparability; it would bring this collective agreement in line with other public service

agreements which provide for seven consecutive calendar days for bereavement, including the audit (AU), commerce (CO) and purchasing (PG) group.[138]

Sexual Harassment (Article 47)

302. Article 47 of the Collective Agreement is currently restricted to sexual harassment. The Association seeks to extend this provision to all forms of workplace harassment, by incorporating the definition of harassment that exists in the Treasury Board's current anti-harassment policy:

> ***~~SEXUAL~~ HARASSMENT***
>
> *47.01 The Association and the Employer recognize the right of employees to work in an environment free from ~~sexual~~ harassment and agree that ~~sexual~~ harassment will not be tolerated in the work place.*
>
> ***For the purposes of this Article, harassment is defined as***
>
> > ***improper conduct by an individual, that is directed at and offensive to another individual in the workplace, including at any event or any location related to work, and that the individual knew or ought reasonably to have known would cause offence or harm. It comprises objectionable act(s), comment(s) or display(s) that demean, belittle, or cause personal humiliation or embarrassment, and any act of intimidation or threat. It also includes harassment within the meaning of the Canadian Human Rights Act (i.e. based on race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, disability and pardoned conviction).***
>
> ***Harassment is normally a series of incidents but can be one severe incident which has a lasting impact on the individual.***

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[138] Professional institute of the Public Service, "Summary of AV Group Tentative Agreement" (16 October 2012) and Agreement between the Treasury Board and the Professional Institute of the Public Service of Canada (Audit, Commerce and Purchasing Group (AV)) (Expiry 21 June 2014), BOD Vol 3, Tab 7; *Air Traffic Control Collective Agreement*, *supra* at Article 33.02, BOD Vol 3, Tab 2; Agreement Between the Treasury Board and the Professional Institute of the Public Service of Canada (Architecture and Engineering Group (AR/EN)) (Expiry 30 September 2014) at Article 17.02, BOD Vol 3, Tab 8; *Health Services Collective Agreement*, *supra* at Article 17.02, BOD Vol 3, Tab 3; Agreement Between the Treasury Board and the Public Service Alliance of Canada (Education and Library Science Group (ED, LS, EU)) (Expiry 30 June 2014) at Article 22.02, BOD Vol 3, Tab 9; Agreement between the Treasury Board and the Public Service Alliance of Canada (Operational Services Group (SV)) (Expiry 4 August 2014) at Article 46.01, BOD Vol 3, Tab 10; Agreement Between the Treasury Board and the Public Service Alliance of Canada (Program and Administrative Services Group (AS, CM, CR, DA, IS, OE, PM, ST, WP)) (Expiry 20 June 2014) at Article 46.01, BOD Vol 3, Tab 11.

47.02

a) Any level in the grievance procedure shall be waived if a person hearing the grievance is the subject of the complaint.

b) If by reason of paragraph (a) a level in the grievance procedure is waived, no other level shall be waived except by mutual agreement.

Rationale for the Proposal

303. The Association seeks to incorporate the Treasury Board's existing *Policy on Harassment Prevention and Resolution*[139] and *Directive on the Harassment Complaint Process*[140] into the collective agreement. It also seeks to make workplace harassment subject to the collective agreement grievance procedure.

304. By the terms of the Employer's existing anti-harassment policy, employees already have the right to a workplace free from personal harassment.

305. The current policy is inadequate, however, to respond to the problem of workplace harassment in the public service. According to a recent survey, 29 percent of public servant respondents self-identified as having been the victim of workplace harassment within the past two years.[141] Harassment is therefore a serious problem within the public service which requires a response by this arbitration board.

306. The Association submits that its proposal is required to provide bargaining unit members with an effective recourse to respond to workplace harassment. The existing Treasury Board policy lacks a dispute-resolution process before an external, neutral third party.

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[139] Treasury Board, *Policy on Harassment Prevention and Resolution* (1 October 2012), BOD Vol 3, Tab 12.

[140] Treasury Board, *Directive on the Harassment Complaint Process* (1 October 2012), BOD Vol 3, Tab 13.

[141] Treasury Board of Canada, *2011 Public Service Employee Survey: Diagnostic Report* (2 February 2012), BOD Vol 3, Tab 14; Elizabeth Thompson, "'Disturbing' level of harassment in the federal public service" *IPolitics.ca* (17 October 2012), BOD Vol 3, Tab 15.

307. Further, this policy is subject to alteration at the discretion of the Treasury Board. Accordingly, the ACFO cannot rely on it to preserve the right of employees to a harassment-free workplace.

308. Indeed, the risk that the Employer would alter its harassment policy post-bargaining is a real one; this bargaining unit has experienced such alterations in the past. For instance, prior to April 1, 2009, the Employer's "Leave with Pay Policy" accorded employees paid leave to attend medical appointments.[142] During bargaining, the Association sought to incorporate this policy as a term in the collective agreement; however, the Employer assured the Association that its policy was working well and would not be altered. Shortly thereafter the Employer did rescind its policy, without consultation. It implemented a new directive that dramatically changed employee benefits; employees are now required to use sick leave to attend medical appointments related to an illness or injury.[143]

309. The Association's proposal is therefore required to create certainty between the parties around the definition of, and appropriate response to, workplace harassment.

310. In addition, the Association's proposal will further the objective of internal equality. It will bring the financial management group collective agreement in line with other public service agreements which include a general prohibition on workplace "harassment". These include the university teachers group (UT) and the collective agreement governing financial officers employed by NAV Canada.[144]

311. The Association's proposal is fair and reasonable. The Treasury Board already has a duty to provide a harassment-free workplace. Moreover, the Association's proposal adopts the

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[142] Treasury Board of Canada, "Leave with Pay Policy" (rescinded 1 April 2009) at 2.2.3, BOD Vol 3, Tab 16.

[143] Treasury Board of Canada, "Directive on Leave and Special Working Arrangements" (1 April 2009), BOD Vol 3, Tab 17.

[144] Agreement Between the Treasury Board and the Canadian Military Colleges Faculty Association (University Teaching (UT)) (Expiry 30 June 2014) at Article 10, BOD Vol 3, Tab 18.

Treasury Board's own definition of harassment as adopted in its policy. The proposal ought to be awarded by this board.

The Association's Position on the Employer's Proposed Amendments

Call-Back (Article 20)

312. The current call-back provision accords an employee who is called back to work the greater of:

   i. a minimum of 3-hours' pay at the overtime rate for each call-back, to a maximum of eight hours in an eight-hour period; or
   ii. the applicable overtime rate for time worked.

313. The Employer seeks to eliminate all but the first three-hour minimum payment for each eight hour period. The Employer has thus far refused to provide any explanation to the Association as to the rationale behind its request.

314. The Association does not agree to the Employer's proposed removal of call-back pay. It seeks the status quo of Article 20.

315. ACFO submits that Article 20 as currently drafted is required to provide a disincentive to the disruption of employee's personal time. It appears to have been successful in achieving this

goal, as the total utilization of call-back by FIs was only 34 hours. This figure represents an average annual usage per member of 0.01 hours.[145]

Severance Pay (Article 25)

316. The Employer also seeks to eliminate severance pay as set out in Article 25 of the Collective Agreement. This allowance provides a payment to members of the bargaining unit upon retirement equal to one week's pay for every year of service accumulated to a maximum of 30 weeks in the case of retirement. Upon resignation, the benefit is 0.5 week's pay for every year of service to a maximum of 26 years (13 weeks' benefit).

317. In exchange for ending this valuable benefit, the Employer is offering a 0.75 percent pay increase.

318. The Association does not agree to the Employer's proposal to remove voluntary severance pay upon resignation or retirement. Severance pay is extremely important to members of this bargaining unit. It has existed in its collective agreements since the inception of collective bargaining.

319. Further, the Association denies that the Employer's proposed 0.75 percent increase is adequate consideration for this benefit. Rather, the value of severance pay is equal to one week's wages for each year of service. One week's wages is equal to approximately 2 percent of annual salary in any given year. The actual value of severance upon retirement, however, is

[145]Treasury Board Secretariat, *Financial Management (FI) Demographic Data* (31 March 2012), BOD Vol 1, Tab 1.

greater than this estimate, as severance is calculated based on the salary at the time of retirement.[146]

320. The elimination of this longstanding benefit represents a fundamental change to the terms of the collective agreement, and is contrary to the interest arbitration principle of replication. The Association would not have accepted the elimination of severance in free collective bargaining without adequate compensation.[147]

321. For these reasons, ACFO submits that this board should maintain the status quo in relation to severance pay; the Employer's proposal ought to be rejected.

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[146] See severance pay calculations in ACFO's BOD Vol 3, Tab 19.

[147] See e.g., *Capital District Health Authority v NSGEU (Registered Nurses)*, unreported, 27 September 2005 (Christie) at 18-19, BOA Tab 7; *Canadian Merchant Service Guild v Marine Atlantic Inc*, unreported, 19 August 2002 (Ashley) at para 20, BOA Tab 8.

Conclusion

322. The position of the Association in this interest arbitration is that the rates of wage increase should be commensurate with a fair and reasonable settlement. Economic increases of 3.5 percent per year, as well as a compression of the rate of pay grid, are necessary to maintain fair wage relativities with respect to other occupational groups within the public service. They are also required enhance competitiveness vis-à-vis the private sector, in order to attract and retain qualified financial officers to the federal public service.

323. The proposal of the Employer, in contrast, fails to recognize the qualifications required, the work performed, the responsibility assumed and the nature of the services rendered by these financial professionals. Instead of addressing the substantial wage gaps that have created a significant recruitment and retention problem for this Employer, the Employer's proposals will simply widen those gaps. Its wage proposal fails even to keep pace with inflation.

324. The Employer's proposal, moreover, grossly fails to account for the loss to the Association members of the value of severance pay.

325. A fair and reasonable result in this case is one based on the principle of replication. The proposal by the Employer would never have been agreed to in collective bargaining and the Association respectfully submits that it should be dismissed. The proposal by the Association, in contrast, is consistent with the factors identified in the PSLRA and represents a reasonable result for both the parties.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 21st DAY of MARCH, 2013.

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Ronald A. Pink, Q.C.

____

Kelly E. McMillan

Pink Larkin
1583 Hollis Street, 4th Floor
P. O. Box 160
Halifax, NS B3J 2M4

Solicitors for the Bargaining Agent
Association of Canadian Financial Officers

APPENDIX A

Financial Administration (FI) Classification Standard[148]

Group definition

The Financial Management Group comprises positions that are primarily involved in the planning, development, analysis, delivery or management of internal Public Service financial policies, programs, services or other related activities.

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 development, delivery, interpretation, recommendation or revision of financial management policies, practices, principles, systems or techniques;
2. the provision of advice on the financial implications of policy and program proposals and actions, including risk management and performance information and management, and the approval of the adequacy of financial safeguards in programs and activities;
3. the planning and conduct of internal financial audits;
4. the development and delivery of cost accounting models;
5. the financial planning, analysis and reporting;
6. the financial operations and services, such as the management of the accounting process and reporting of expenditures, revenues, assets or liabilities;
7. the provision of services in two or more administrative fields, one of which is financial, when the financial work is, in the opinion of the employer, of primary importance. In allocating a position to the appropriate group, the purpose of the position must be assessed according to all of the following criteria:
    a. the impact of the financial aspects of the advice and recommendations made on the overall achievement of the organization's programs and objectives;
    b. the degree of responsibility and complexity of the financial work of the position, including the availability of, and the need to provide, financial functional direction; and
    c. the degree of specialized knowledge, skill and experience required in the work; and
8. the leadership of any of the above activities.

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[148] Treasury Board Secretariat, "Financial Administration (FI) Classification Standard", online: <http://www.tbs-sct.gc.ca/cla/def/FI-eng.asp>.

Exclusions

Positions excluded from the Financial Management 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 provision of administrative services in support of Public Service policies, programs, services or other activities dealing with financial management;
2. the planning, development, delivery or management of the internal comprehensive audit of the operations of Public Service departments and agencies; and
3. the application of a comprehensive knowledge of generally accepted accounting principles and auditing standards to the auditing of the accounts and financial records of individuals, businesses, non-profit organizations, or provincial or municipal governments to determine their accuracy and reasonableness, to establish or verify costs, or to confirm the compliance of transactions with the provisions of statutes, regulations, agreements or contracts

APPENDIX B

Financial Management (FI) Group Qualification Standard[149]

Level: FI-1

Education

The minimum standard for positions classified at the FI-1 level is:

- successful completion of two years of a post-secondary program with specialization in accounting, finance, business administration, commerce or economics; or
- possession of the Government of Canada Financial Management Certificate.

Additional information (see Section 2, Part 1, Alternatives to Education).

Level: FI-2 and above

The minimum standard for positions classified at the FI-2 level and above is always met through either education or occupational certification.

Education

Graduation with a degree from a recognized university with specialization in accounting, finance, business administration, commerce or economics AND experience related to positions in the Financial Management Group.

Additional Information (see Section 2, Part 1, Education and Section 2, Part 1, Alternatives to Education).

Occupational Certification

Eligibility for a recognized professional accounting designation (i.e., CA, CMA or CGA).

NOTES:

1. It is the recognized educational institution that determines if the courses taken by a candidate correspond to two years of a post-secondary program at that institution.

2. The term "specialization" refers to a significant number of courses in a particular field of study as determined by the manager. These courses must have been taken in a recognized educational institution (for the FI-1 level) or university (for FI-2 and above) but not necessarily within a post-secondary or degree program in the required specialization (see Section 2, Part 1, Education).

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[149] Treasury Board Secretariat, "Financial Management (FI) Group Qualification Standard", *Qualification Standards*, online: <http://www.tbs-sct.gc.ca/gui/squn01-eng.asp#alt3>.

3. Indeterminate incumbents of FI positions and of positions at Indian Oil and Gas Canada and the Office of the Superintendent of Financial Institutions that are equivalent to FI Group positions on August 1st, 2004 who do not possess the education level prescribed above are entitled to the following grand-parenting provisions:
   a. Incumbents of FI-1 positions are deemed to meet the minimum education standard for the FI-1 level based on their education, training and/or experience. They must possess the formal education for appointment to higher levels.

   b. Incumbents of FI-2 or higher positions are deemed to meet the minimum education standard for those levels based on their education, training and/or experience.

4. This note also applies to persons appointed or deployed, for an indeterminate period, to positions in the FI Group after that date as the result of staffing transactions started before August 1st, 2004.

5. The positions at Indian Oil and Gas Canada and at the Office of the Superintendent of Financial Institutions that are equivalent to FI Group positions are those that meet the Treasury Board Group and Level definitions for the FI occupational group.

6. The grand-parenting provisions in Notes 3(a) and 3(b) also apply to employees who were grand-parented as a result of the FI conversion on June 23rd, 1987. Employee entitlement to grand-parenting protection is based on their last classification level in the FI Group.

APPENDIX C

Essential Qualifications Required on FI Group Job Postings: 2010-2011

Class.	Essential Qualifications	Count of Essential Qualifications	Count of Essential Qualifications2
FI-01	2 yrs post sec. Or GoC Fin. Mgt Cert.	100	81.3%
	2 yrs post secondary	1	0.8%
	Undergraduate	8	6.5%
	Undergraduate and Designation	1	0.8%
	Undergraduate or Designation	12	9.8%
	Undergraduate or GoC Fin. Mgt Cert.	1	0.8%
FI-01 Total		**123**	**100.0%**
Grand Total		**123**	**100.0%**

Class.	Essential Qualifications	Count of Essential Qualifications	Count of Essential Qualifications2
FI-02	Designation	1	0.6%
	Undergraduate	21	11.6%
	Undergraduate and Designation	5	2.8%
	Undergraduate or Designation	154	85.1%
FI-02 Total		**181**	**100.0%**
Grand Total		**181**	**100.0%**

Class.	Essential Qualifications	Count of Essential Qualifications	Count of Essential Qualifications2
FI-03	Designation	5	2.9%
	Undergraduate	25	14.4%
	Undergraduate and Designation	14	8.0%
	Undergraduate or Designation	130	74.7%
FI-03 Total		**174**	**100.0%**
Grand Total		**174**	**100.0%**

Class.	Essential Qualifications	Count of Essential Qualifications	Count of Essential Qualifications2
FI-04	Designation	5	4.9%
	Undergraduate	9	8.7%
	Undergraduate and Designation	29	28.2%
	Undergraduate or Designation	60	58.3%
FI-04 Total		**103**	**100.0%**
Grand Total		**103**	**100.0%**

APPENDIX D

Current Collective Agreement

Financial Management (FI) Annual Rates of Pay (in dollars)

$) Effective November 7, 2008

A) Effective November 7, 2009

B) Effective November 7, 2010

FI - Development - Annual Rates of Pay (in dollars)

Effective Date	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
$) November 7, 2008	25135	to	46209					
A) November 7, 2009	25512	to	46902					
B) November 7, 2010	25895	to	47606					

FI-1 - Annual Rates of Pay (in dollars)

Effective Date	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9
$) November 7, 2008	47009	49181	51357	53532	55701	57881	60054	62228	65944
A) November 7, 2009	47714	49919	52127	54335	56537	58749	60955	63161	66933
B) November 7, 2010	48430	50668	52909	55150	57385	59630	61869	64108	67937

FI-2 - Annual Rates of Pay (in dollars)

Effective Date	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
$) November 7, 2008	57222	59875	62530	65187	67842	70497	73151	77625
A) November 7, 2009	58080	60773	63468	66165	68860	71554	74248	78789
B) November 7, 2010	58951	61685	64420	67157	69893	72627	75362	79971

FI-3 - Annual Rates of Pay (in dollars)

Effective Date	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
$) November 7, 2008	72404	75454	78504	81552	84601	87989	93339
A) November 7, 2009	73490	76586	79682	82775	85870	89309	94739
B) November 7, 2010	74592	77735	80877	84017	87158	90649	96160

FI-4 - Annual Rates of Pay (in dollars)

Effective Date	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
$) November 7, 2008	80864	84293	87727	91164	94598	98410	104392
A) November 7, 2009	82077	85557	89043	92531	96017	99886	105958
B) November 7, 2010	83308	86840	90379	93919	97457	101384	107547

APPENDIX E

Association Proposal

Financial Management (FI) Annual Rates of Pay (in dollars)

Pay Grid Restructure

Effective November 7, 2011

	1	2	3	4	5	6	7
FI-1	55,839	58,072	60,395	62,811	65,324	67,937	70,654
FI-2	65,730	68,360	71,094	73,938	76,895	79,971	83,170
FI-3	79,827	83,020	86,340	89,794	93,386	97,121	101,006
FI-4	90,164	93,770	97,521	101,422	105,479	109,698	114,086

3.5 percent Across-the-Board Increase

Effective November 7, 2011

	1	2	3	4	5	6	7
FI-1	57,793	60,105	62,509	65,009	67,610	70,315	73,127
FI-2	68,031	70,753	73,582	76,526	79,586	82,770	86,081
FI-3	82,621	85,926	89,362	92,937	96,655	100,520	104,541
FI-4	93,320	97,052	100,934	104,972	109,171	113,537	118,079

Effective November 7, 2012

	1	2	3	4	5	6	7
FI-1	59,816	62,208	64,697	67,285	69,977	72,776	75,686
FI-2	70,412	73,229	76,158	79,204	82,372	85,667	89,094
FI-3	85,513	88,933	92,490	96,190	100,037	104,038	108,200
FI-4	96,586	100,449	104,467	108,646	112,992	117,511	122,212

Effective November 7, 2013

	1	2	3	4	5	6	7
FI-1	61,910	64,385	66,961	69,640	72,426	75,323	78,335
FI-2	72,876	75,792	78,823	81,976	85,255	88,665	92,212
FI-3	88,506	92,046	95,727	99,556	103,539	107,680	111,987
FI-4	99,966	103,964	108,123	112,448	116,946	121,624	126,489

APPENDIX F

Publiservice Job Advertisements – January 2010 to December 2012

Job Postings: Financial Management (FI) Group

	Pacific Region	Central Prairies	Ontario & NCR	Quebec	Maritimes	Territories	Total
2010							
FI 01	3	7	30	9	6	2	57
FI 02	4	11	66	7	3	0	91
FI 03	1	5	68	2	7	3	86
FI 04	1	1	34	4	3	1	44
2010 Total	9	24	198	22	19	6	278
2011							
FI 01	5	9	39	3	5	1	62
FI 02	6	5	57	8	5	2	83
FI 03	2	5	69	3	1	0	80
FI 04	1	1	47	1	1	0	51
2011 Total	14	20	212	15	12	3	276
2012							
FI 01	6	1	16	2	4	0	29
FI 02	1	2	47	1	1	0	52
FI 03	3	2	49	2	1	1	58
FI 04	1	0	31	1	1	0	34
2012 Total	11	5	143	6	7	1	173
3-yr Total - FI	**34**	**49**	**553**	**43**	**38**	**10**	**727**

Job Postings: Economics and Social Sciences (EC) and Law (LA) Groups

	Pacific Region	Central Prairies	Ontario & NCR	Quebec	Maritimes	Territories	Total
EC (All Levels)							
2010	21	25	345	150	20	5	566
2011	23	26	321	110	9	3	492
2012	5	7	103	37	5	1	158
3-yr total EC	**49**	**58**	**769**	**297**	**34**	**9**	**1216**
LA (All levels)							
2010	0	0	15	0	0	3	18
2011	1	2	11	3	3	2	22
2012	1	2	10	2	4	0	19
3-yr total LA	**2**	**4**	**36**	**5**	**7**	**5**	**59**

APPENDIX G

Departments and Agencies in which no FIs were affected by Workforce Adjustment

Departments	Number of FIs in the department	Number of FIs Workforce Adjusted**
CBSA	122	0
ENV Can	123	0
PWGSC	474	1 FI**
TBS	151	0
RCMP	205	0
Canada Industrial Relations Board	1	0
Canadian Environmental Assessment Agency	4	0
Canadian Dairy Commission	4	0
Canadian Forces Grievance Board	2	0
Canadian Grain Commission	8	0
Canadian Human Rights Commission	8	0
Canadian Human Rights Tribunal	1	0
Canadian International Trade Tribunal	1	0
Canadian Space Agency	33	0
Canadian Transportation Accident Investigation and Safety Board	4	0
Canadian Transportation Agency	4	0
Courts Administrative Service	12	0
Economic Development Agency for QC	23	0
Elections	48	0
Federal Economic Development Agency for Southern Ontario	12	0
Hazardous Materials Information Review Commission	2	0
Immigration and Refugee Board	10	0
International Joint Commission	1	0
Library and Archives	19	0
National Parole Board	9	0
Office of Infrastructure	20	0
Office of the Commissioner for Federal Judicial Affairs	2	0

Office of the Commissioner of Lobbying	1	0
Office of the Commissioner of Official Languages	3	0
Office of the Co-ordinator Status of Women	2	0
Office of the Governor General's Secretary	4	0
Office of the Registrar of the Supreme Court of Canada	7	0
Offices of the Information and Privacy Commissioners	8	0
Passport	35	0
Patented Medicine Prices Review Board	2	0
Public Prosecutions	14	0
Public Safety and Emergency Preparedness	26	0
Public Service Commission	22	0
Registry of the Specific Claims Tribunal	1	0
Registry of the Competition Tribunal	1	0
Statistics	95	0

APPENDIX H

FI Annual Rates of Pay: Internal Comparators

FI Annual Rates of Pay : Internal Comparators

ACFO-ACAF

Methodology

1. The short form "ARP" stands for Annual Rate of Pay.
2. The highest increment level was used as the ARP of the following groups : FI, PE, CO, EC, AU and CR.
3. Internal comparators and levels are based on the Employer's List of EX Feeder Groups.

Recent Wage Trends

PE GROUP - MARCH 24, 2011 APPROVAL DATE (2011 TO 2013) :

- 1.5% pay adjustment retroactive to October 1, 2011
- 1.5% pay adjustment retroactive to October 1, 2012
- 1.5% pay adjustment effective October 1, 2013

EC GROUP - JUNE 2012 ARBITRAL AWARD (2011 TO 2013):

- 1.75% pay adjustment, retroactive to June 22, 2011
- 1.5% pay adjustment, retroactive to June 22, 2012
- 3.45% increment added to the top of each of the eight EC pay lines, effective June 22, 2013
- 2.0% pay adjustment, also effective June 22, 2013

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Recent Wage Trends

LA GROUP – JUNE 2012 AGREEMENT (2011 TO 2013) :

- 1.75% pay adjustment, retroactive to May 10, 2011
- 1.5% pay adjustment, retroactive to May 10, 2012
- 2.0% pay adjustment effective May 10, 2013
- 10% pay restructure effective May 10, 2013

CO and AU Groups – October 1st, 2012 Agreement (2011 to 2013) :

- 1.75% pay adjustment, retroactive to June 22, 2011
- 1.5% pay adjustment, retroactive to June 22, 2012
- 2.0% pay adjustment, retroactive to June 22, 2013

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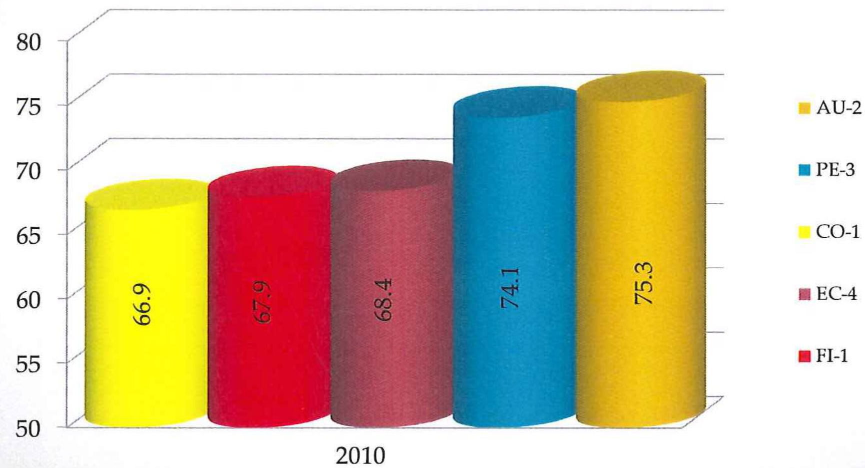
FI-1 Comparison 2010 (ARP - $000s CAD)



4

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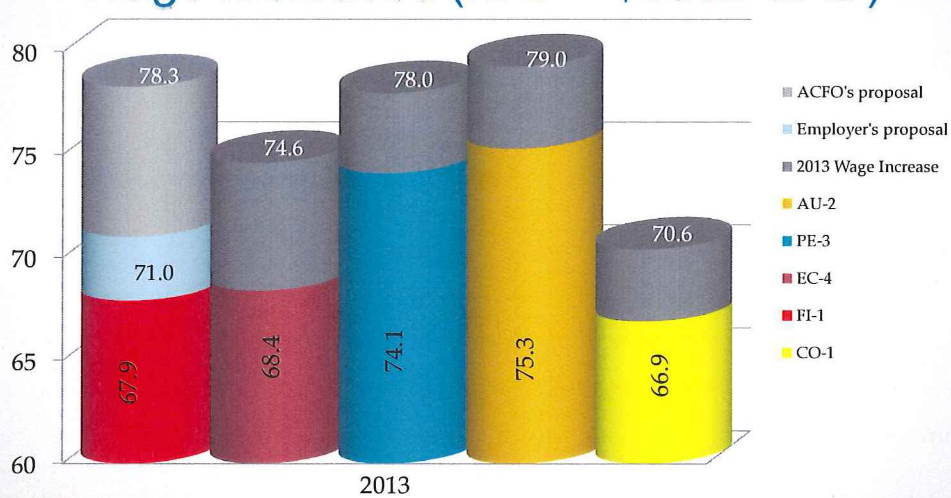
FI-1 Comparison - 2013 Wage Increases (ARP - $000s CAD)



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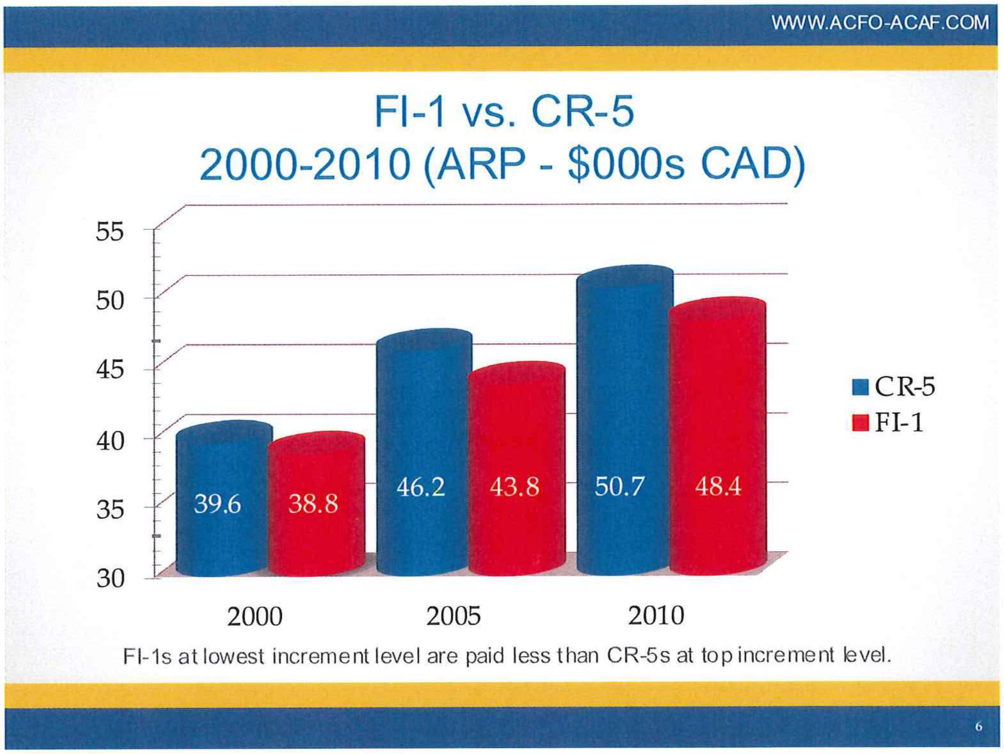
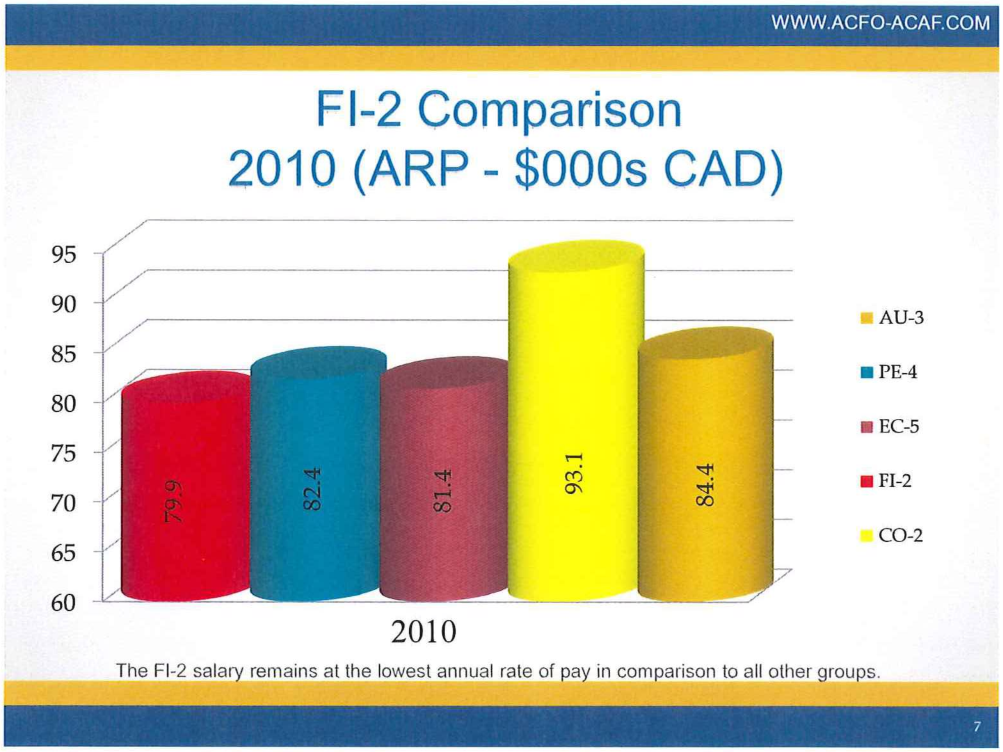
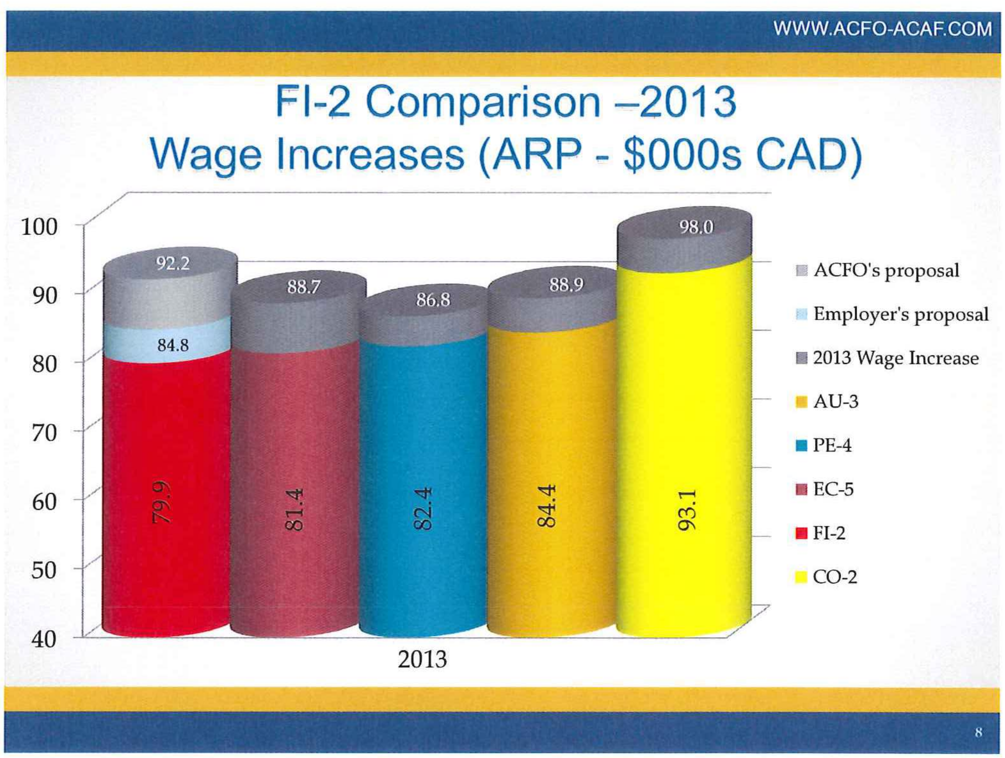
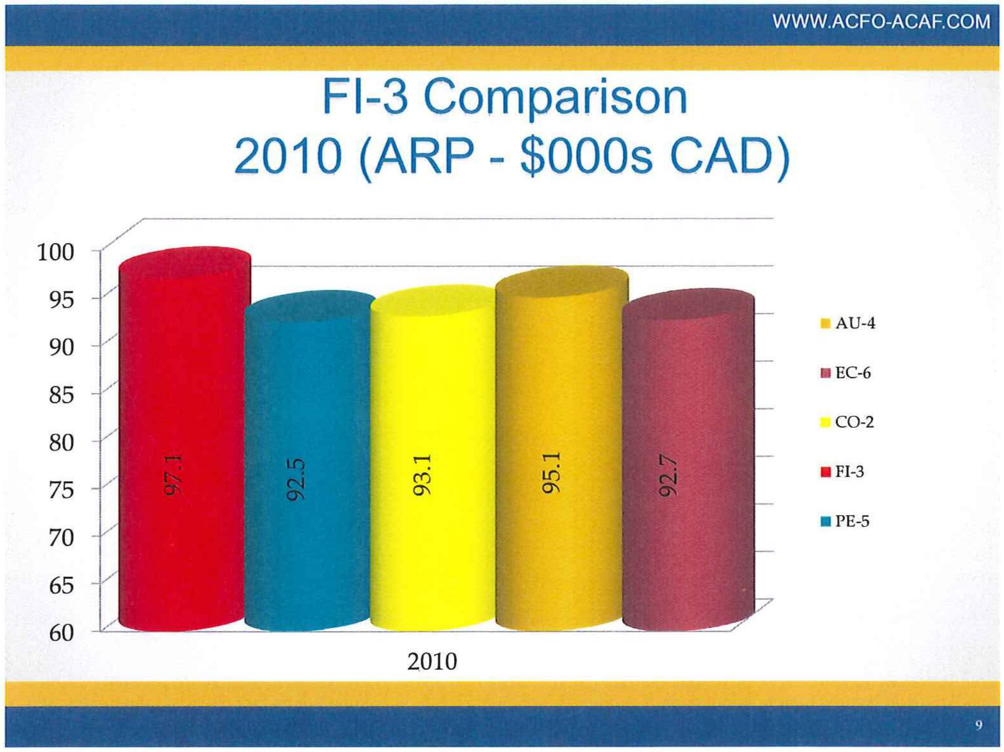
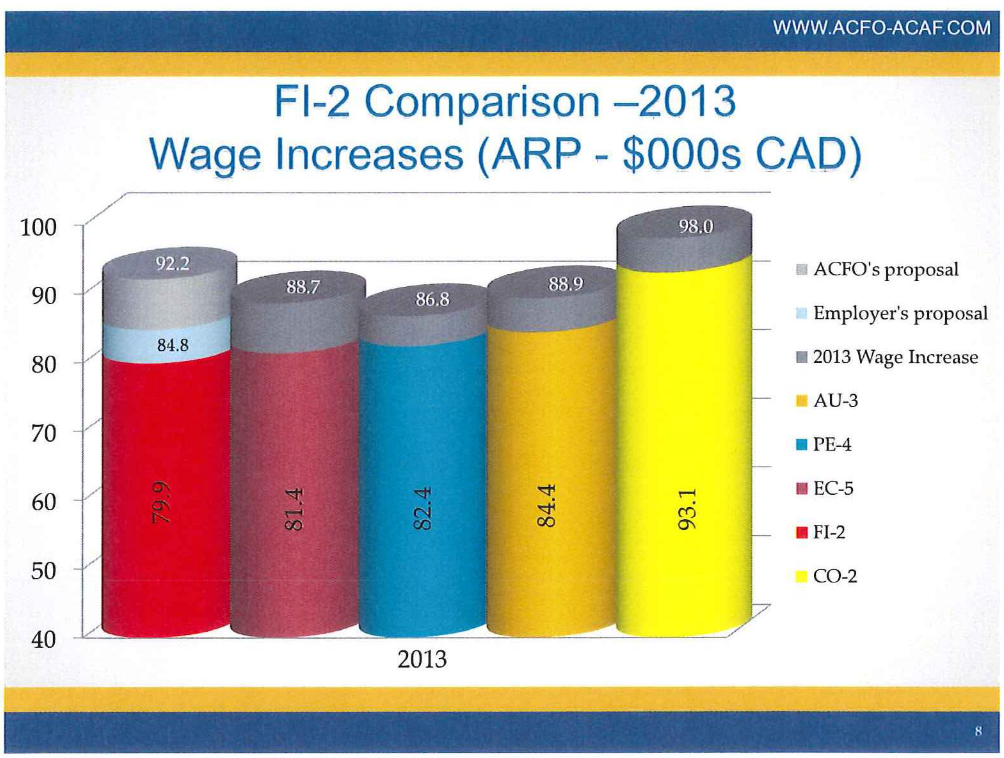

WWW.ACFO-ACAF.COM
FI-1 vs. CR-5
2000-2010 (ARP - $000s CAD)
55
50
45
40
35
30
39.6
38.8
46.2
43.8
50.7
48.4
CR-5
FI-1
2000
2005
2010
FI-1s at lowest increment level are paid less than CR-5s at top increment level.
6


WWW.ACFO-ACAF.COM
FI-2 Comparison
2010 (ARP - $000s CAD)
95
90
85
80
75
70
65
60
79.9
82.4
81.4
93.1
84.4
AU-3
PE-4
EC-5
FI-2
CO-2
2010
The FI-2 salary remains at the lowest annual rate of pay in comparison to all other groups.
7


WWW.ACFO-ACAF.COM
FI-2 Comparison –2013
Wage Increases (ARP - $000s CAD)
100
90
80
70
60
50
40
92.2
84.8
79.9
88.7
81.4
86.8
82.4
88.9
84.4
98.0
93.1
ACFO's proposal
Employer's proposal
2013 Wage Increase
AU-3
PE-4
EC-5
FI-2
CO-2
2013
8


WWW.ACFO-ACAF.COM
FI-3 Comparison
2010 (ARP - $000s CAD)
100
95
90
85
80
75
70
65
60
97.1
92.5
93.1
95.1
92.7
2010
AU-4
EC-6
CO-2
FI-3
PE-5
9


WWW.ACFO-ACAF.COM
FI-2 Comparison –2013
Wage Increases (ARP - $000s CAD)
100
90
80
70
60
50
40
92.2
84.8
79.9
88.7
81.4
86.8
82.4
88.9
84.4
98.0
93.1
2013
ACFO's proposal
Employer's proposal
2013 Wage Increase
AU-3
PE-4
EC-5
FI-2
CO-2
8

FI-4 Comparison 2010 (ARP - $000s CAD)

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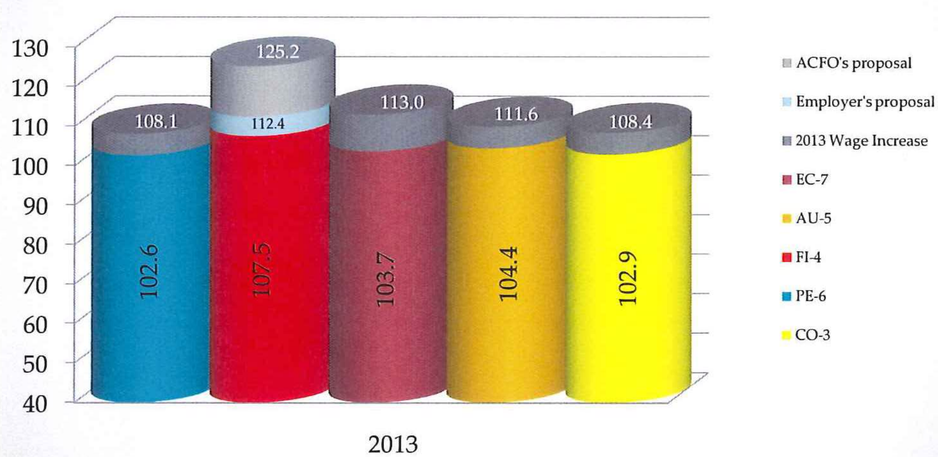
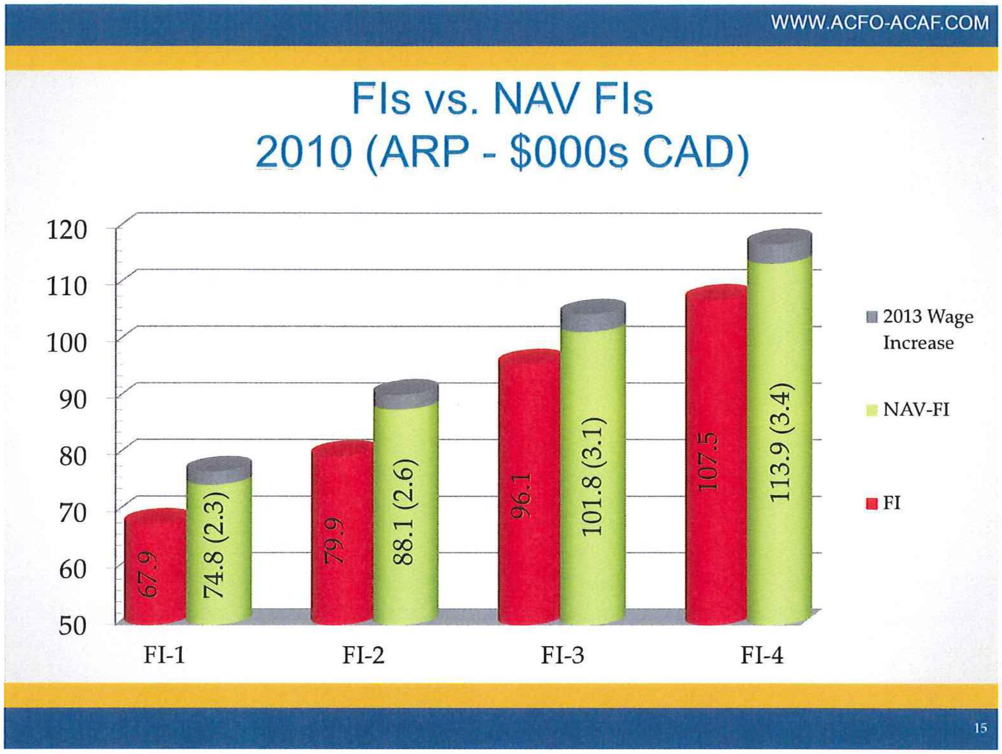
FI-4 Comparison – 2013 Wage Increases (ARP - $000s CAD)




WWW.ACFO-ACAF.COM
FIs vs. NAV FIs
2010 (ARP - $000s CAD)
120
110
100
90
80
70
60
50
67.9
74.8 (2.3)
79.9
88.1 (2.6)
96.1
101.8 (3.1)
107.5
113.9 (3.4)
FI-1
FI-2
FI-3
FI-4
2013 Wage Increase
NAV-FI
FI
15

APPENDIX I

Financial Management Group – Family-Related Leave Usage

Leave with Pay for Family Related Responsibilities				
Type of Leave	Average – All Employees		Average - Users	
	FI Group	Public Service	FI Group	Public Service
Appointment	0.99	0.98	1.90	1.92
Illness	1.02	1.16	2.32	2.52
Birth	0.03	0.02	2.74	2.77
Adoption	0.00	0.00	2.25	1.11
Marriage	0.00	0.00	2.50	2.08
School Functions	0.00	0.00	0.67	0.68
Unforeseen School/Day Care Closure	0.00	0.00	1.00	0.98
Appointment with Professional	0.00	0.00	0.88	0.72
Other	0.24	0.37	1.69	2.01
Total	2.28	2.53	15.95	14.79