

FI Group Wage Proposal Internal and External Comparators

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Table of contents

Introduction 4

A. Public Service (Internal) Comparators 5

 Overview 5

 FI-1s and Internal Comparators 6

 FI-2s and Internal Comparators 8

 FI-3s and Internal Comparators 10

 FI-4s and Internal Comparators 12

 Conclusion 13

B. Private Sector (External) Comparators 14

 Overview 14

 FI-1s and External Comparators 15

 FI-2s and External Comparators 16

 FI-3s and External Comparators 17

 FI-4s and External Comparators 18

 CPA Financial Professionals and Hay Group Study 19

 Conclusion 21

Conclusion 22

List of appendices

1. ACFO Internal Comparator Salary Analysis (2016)
2. Treasury Board of Canada Secretariat, Results from the 2007 census of EXs and feeder group (core public administration); final report (2007)
3. ACFO External Salary Comparative Analysis (2016)
4. CPA Profession Compensation Study Report (2015)
5. Incumbent System, Active FAA I & IV (December 2013)
6. Hay Group Study (2013)
7. Robert Half Salary Study (2016)
8. Historic Inflation Canada (CPI)
9. Pension contribution rate increase effective January 1, 2014
10. Pension contribution rate increase effective January 1, 2016

Introduction

1. 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.
2. The Association proposes a rate of pay increase of 3.5% per year in each year of the agreement, effective November 7, 2014.
3. The Association proposal seeks to reduce the substantial wage gap existing between its members and the relevant comparator groups, and to eliminate the gap where appropriate.
4. The rate of pay increases proposed by the Association are necessary to keep pace with other occupational groups within the federal public sector and private sector.
5. 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 federal public service comparators, and between FI-3s and FI-4s and their private sector counterparts.
6. Adjustments are required to adequately compensate FIs for the important work they perform, and to recruit and retain FIs in the public service.

A. Public Service (Internal) Comparators

Overview

7. The Association proposes 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.
8. In the ACFO salary comparative analysis attached at **Appendix 1**, the Association provides a detailed breakdown, by classification level, of the dollar variance and percentage variance between FIs and other occupational groups. Using the highest pay increment at each classification level, for all occupational groups, the comparative analysis shows that internal equity in rates of pay is needed for all FI levels.
9. The Treasury Board and the Association have referred to 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).
10. 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.¹ The Association's approach thus reflects what the Employer itself considers to be equivalent classification levels for each occupational group.
11. In considering wage differentials between occupational groups, the qualification standards and nature of work are also borne in mind.

¹ Treasury Board of Canada Secretariat, "Results from the 2007 census of EXs and feeder group (core public administration); final report" found at Appendix 2.

FI-1s and Internal Comparators

12. The annual rates of pay of FI-1s have fallen behind their natural historic internal comparators.² In 2013, the highest pay increment for the FI-1 level was \$72,282. 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 \$2,365 and \$5,812**. As demonstrated in the table below, these wages gaps create between a **-3.27%** and **-8.04%** percentage variance between the FI-1 classification level and its historic internal comparators.

| FI-1 Internal Comparators* | | | | | |
|---------------------------------------|-----------------|--|----------------------|----------------------------|----------------|
| Variance Table of Annual Rates of Pay | | | | | |
| FI-01 | Position Title | Variance as of May 2015 (ARP are effective in 2013) | | | |
| | | Maximum \$72,282 | Variance ** in \$ | Variance *** In % FI-01 | |
| 1 | EC-04 | Economics and Social Science | \$74,647 | -\$2,365 | -3.27% |
| 2 | AU-02 | Auditing Personnel Administration Group | \$79,344 | -\$7,062 | -9.77% |
| 3 | PE-3 (excluded) | Patent Examination | \$78,094 | -\$5,812 | -8.04% |
| 4 | SG-PAT-05 | Foreign Service | \$106,577 | -\$34,295 | -47.45% |
| 5 | FS-01 | Meteorology | \$66,147 | \$6,135 | 8.49% |
| 6 | MT-04 | Computer System | \$90,834 | -\$18,552 | -25.67% |
| 7 | CS-01 | Architecture, Engineering | \$69,088 | \$3,194 | 4.42% |
| 8 | ENSUR-02 | Architecture, Engineering | \$93,807 | -\$21,525 | -29.78% |
| 9 | ENG-02 | Architecture, Engineering | \$72,050 | \$232 | 0.32% |
| 10 | AR-03 | Engineering | \$85,889 | -\$13,607 | -18.82% |
| 11 | PG-03 | Audit | \$67,801 | \$4,481 | 6.20% |
| 12 | AOCAI-02 | Aircraft | \$98,349 | -\$26,067 | -36.06% |
| Average | | | | | -13.29% |

* Comparators are based on the 2008 TBS EX Equivalents Study.

** The variance in dollars is calculated against the FI-01.

*** The percentage variance is calculated against the FI-01.

² EC, CO, AU, PE occupational groups were deemed historical comparators to the FI group in the 2013 Interest Arbitration Award.

13. When reviewing along with other internal comparators, such as the SG-PAT-05, FS-1, MT-04, CS-01, ENSUR-2, ENG-2, AR-03, PG-3 and AOCAI-2, the FI-1 level is falling behind with an average variance of **-13.29%** in comparison. A rate of pay increase is needed to re-establish internal equity between the FI-1 classification level and other relative occupational groups.

14. Further, an FI-1 at the lowest increment level with an annual rate of pay of \$51,528 is currently paid less than CR-5 at the top increment level with an annual rate of pay of \$53,466. This anomaly is contrary to the principle of comparability, as it fails to reflect the additional supervisory responsibilities imposed on the FI-1 level.

FI-2s and Internal Comparators

15. The highest pay increment for the FI-2 classification remains one of the lowest rate of pay by comparison to historical comparators: AU-3, PE-4 and EC-5³. In 2013, the highest pay increment for FI-2s was \$85,085. This figure lags behind key internal comparators by **between \$1,739 and \$3,840**.

16. These wages gaps, create between a **-2.04%** and **-4.51%** percentage variance between the FI-2 classification level and its historic internal comparators.

17. The variance table below demonstrates the gap in wage variance between the FI-2 level and other comparators.

| FI-02 Internal Comparators* | | | | | |
|---------------------------------------|--------------------|--|-------------------------|----------------------------|---------------|
| Variance Table of Annual Rates of Pay | | | | | |
| FI-02 | Position Title | Variance as of May 2015 (ARP are effective in 2013) | | | |
| | | Maximum \$85,085 | Variance ** in \$ | Variance *** In % FI-02 | |
| 1 | EC-05 | Economics and Social Science | \$88,764 | -\$3,679 | -4.32% |
| 2 | CO-01 | Audit | \$70,565 | \$14,520 | 17.07% |
| 3 | AU-03 | Auditing | \$88,925 | -\$3,840 | -4.51% |
| 4 | PE-4 (excluded) | Personnel Administration Group | \$86,824 | -\$1,739 | -2.04% |
| 5 | SG-PAT-06 | Patent Examination | \$117,030 | -\$31,945 | -37.54% |
| 6 | FS-01/FS-02 | Foreign Service | \$98,330 | -\$13,245 | -15.57% |
| 7 | MT-05 | Meteorology | \$97,838 | -\$12,753 | -14.99% |
| 8 | AC-01 | Applied Science and Patent Examination | \$76,588 | \$8,497 | 9.99% |
| 9 | CS-02 | Computer System | \$81,222 | \$3,863 | 4.54% |
| 10 | ENSUR-03 | Architecture, Engineering | \$101,151 | -\$16,066 | -18.88% |
| 11 | ENG-03 | Architecture, Engineering | \$93,862 | -\$8,777 | -10.32% |
| 12 | AR-04 | Architecture, Engineering | \$96,837 | -\$11,752 | -13.81% |
| 13 | PG-04 | Audit | \$80,488 | \$4,597 | 5.40% |
| 14 | AOCAI-03 | Aircraft | \$107,706 | -\$22,621 | -26.59% |
| Average | | | | | -7.97% |

* Comparators are based on the 2008 TBS EX Equivalents Study.

** The variance in dollars is calculated against the FI-02.

*** The percentage variance is calculated against the FI-02.

³ EC, CO, AU, PE occupational groups were deemed historical comparators to the FI group in the 2013 Interest Arbitration Award.

18. When comparing the FI-2 level with a broader list of comparators established by Treasury Board Secretariat⁴, such as the SG-PAT-06, FS-2, MT-05, AC-1, CS-2, ENSUR-3, ENG-3, AR-04, PG-4 and AOCAI-3, the FI-2 level is falling behind with an average variance of **-7.97%** in comparison. A rate of pay increase is needed to re-establish internal equity between the FI-2 classification level and other relative occupational groups.
19. Further, the qualifications standard requirements of the FI-2 level (i.e. eligibility for a professional accounting designation), are substantially higher than many of these other comparators, (ex. ECs, PEs or AUs only require a university degree).

⁴ Treasury Board of Canada Secretariat, "Results from the 2007 census of EXs and feeder group (core public administration); final report" found at Appendix 2.

FI-3s and Internal Comparators

20. While FI-3 rate of pay (\$101,333) is slightly higher than some of the historical internal comparators in 2013 (i.e. EC-6, CO-2, AU-4, PE-5)⁵, 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.

21. The wages difference between the FI-3 level and historical comparators is measured between **2.21%** and **5.69%** percentage variance and **\$2,285** and **\$5,875** in dollars variance in 2013.

22. When reviewing along with other internal comparators, such as the SG-PAT-07, FS-3, MT-06, AC-01, CS-3, ENSUR-4, ENG-4, AR-05, PG-5 and AOCAI-4, the FI-3 level is falling behind with an average variance of **-2.07%** in comparison. A rate of pay increase is needed to re-establish internal equity between the FI-3 classification level and other relative occupational groups.

| FI-03 Internal Comparators* | | | | | |
|---------------------------------------|---------------------|--|----------------------|----------------------------|---------|
| Variance Table of Annual Rates of Pay | | | | | |
| FI-03 | Position Title | Variance as of May 2015 (ARP are effective in 2013) | | | |
| | | Maximum \$103,333 | Variance ** in \$ | Variance *** In % FI-03 | |
| 1 | EC-06 | Economics and Social Science | \$101,048 | \$2,285 | 2.21% |
| 2 | CO-02 | Audit | \$98,073 | \$5,260 | 5.09% |
| 3 | AU-04 | Auditing | \$100,243 | \$3,090 | 2.99% |
| 4 | PE-05 (excluded) | Personnel Administration Group | \$97,458 | \$5,875 | 5.69% |
| 5 | SG-PAT-07 | Patent Examination | \$129,501 | -\$26,168 | -25.32% |
| 6 | FS-01/FS-03 | Foreign Service | \$109,583 | -\$6,250 | -6.05% |
| 7 | MT-06 | Meteorology | \$106,582 | -\$3,249 | -3.14% |
| 8 | AC-01 | Applied Science and Patent Examination | \$102,825 | \$508 | 0.49% |
| 9 | CS-03 | Computer System | \$97,322 | \$6,011 | 5.82% |
| 10 | ENSUR-04 | Architecture, Engineering | \$111,255 | -\$7,922 | -7.67% |
| 11 | ENG-04 | Architecture, Engineering | \$105,427 | -\$2,094 | -2.03% |

⁵ EC, CO, AU, PE occupational groups were deemed historical comparators to the FI group in the 2013 Interest Arbitration Award.

| | | | | | |
|----------------|----------|---------------------------|---------------|-----------|---------|
| 12 | AR-05 | Architecture, Engineering | \$108,802 | -\$5,469 | -5.29% |
| 13 | PG-05 | Audit | \$94,300 | \$9,033 | 8.74% |
| 14 | AOCAI-04 | Aircraft | \$114,252 | -\$10,919 | -10.57% |
| Average | | | -2.07% | | |

* Comparators are based on the 2008 TBS EX Equivalents Study.

** The variance in dollars is calculated against the FI-03.

*** The percentage variance is calculated against the FI-03

23. Further, the qualifications standard requirements of the FI-3 level (i.e. eligibility for a professional accounting designation), are substantially higher than other comparators, (ex. ECs, PEs or AUs only require a university degree).

FI-4s and Internal Comparators

24. The Association proposes that the remuneration of the FI-4 members be made more competitive vis-à-vis comparators in other internal occupational groups.

25. In 2013, the remuneration of FI-4s at the highest pay increment (\$116,712) was slightly higher than the highest pay increment of historical internal comparators⁶ (a percentage variance of **3.17%** to **23.81%**).

26. When reviewing along with other internal comparators, such as the SG-PAT-08, FS-4, MT-07, AC-02, CS-4, ENSUR-5, ENG-5, AR-6, PG-6 and AOCAI-5, the FI-4 level is falling behind with an average variance of **-0.60%** in comparison. A rate of pay increase is needed to re-establish internal equity between the FI-4 classification level and other relative occupational groups.

| FI-04 Internal Comparators* | | | | | |
|---------------------------------------|----------------------|--|--|-------------------------|-------------------------------|
| Variance Table of Annual Rates of Pay | | | | | |
| FI -04 | | Position Title | Variance as of May 2015 (ARP are effective in 2013) | | |
| | | | Maximum \$116,712 | Variance ** in \$ | Variance *** In % FI-04 |
| 1 | EC-07 | Economics and Social Science | \$113,016 | \$3,696 | 3.17% |
| 2 | CO-03 | Audit | \$108,476 | \$8,236 | 7.06% |
| 3 | AU-05 | Auditing | \$109,993 | \$6,719 | 5.76% |
| 4 | PE-06 (excluded) | Personnel Administration Group | \$108,099 | \$8,613 | 7.38% |
| 5 | SG-PAT-08 (excluded) | Patent Examination | \$144,545 | -\$27,833 | -23.85% |
| 6 | FS-02/FS-04 | Foreing Service | \$123,856 | -\$7,144 | -6.12% |
| 7 | MT-07 | Meteorology | \$114,617 | \$2,095 | 1.80% |
| 8 | AC-02 | Applied Science and Patent Examination | \$122,210 | -\$5,498 | -4.71% |
| 9 | CS-04 | Computer System | \$111,639 | \$5,073 | 4.35% |
| 10 | ENSUR-05 | Architecture, Engineering | \$121,348 | -\$4,636 | -3.97% |
| 11 | ENG-05 | Architecture, Engineering | \$121,348 | -\$4,636 | -3.97% |
| 12 | AR-06 | Architecture, Engineering | \$120,251 | -\$3,539 | -3.03% |
| 13 | PG-06 | Audit | \$120,927 | -\$4,215 | -3.61% |

⁶ EC, CO, AU, PE occupational groups were deemed historical comparators to the FI group in the 2013 Interest Arbitration Award.

| | | | | | |
|----------------|----------|----------|-----------|----------|---------------|
| 14 | AOCAI-05 | Aircraft | \$122,963 | -\$6,251 | -5.36% |
| Average | | | | | -0.60% |

* Comparators are based on the 2008 TBS EX Equivalents Study.
 ** The variance in dollars is calculated against the FI-04.
 *** The percentage variance is calculated against the FI-04

27. Further, the qualifications standard requirements of the FI-4 level (i.e. eligibility for a professional accounting designation), are substantially higher than other comparators, (ex. ECs, PEs or AUs only require a university degree).

Conclusion

28. The rates of pay of these comparable occupational groups reveal internal equity is needed to for all FI levels. In particular, the FI-1 and FI-2 levels 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.

29. 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.

B. Private Sector (External) Comparators

Overview

30. There are steadily increasing wage gaps with the private sector and the FI wage rates.

31. In the ACFO External Salary Comparative Analysis attached at **Appendix 3**, the Association provides a detailed breakdown (by classification level and highest pay increment), of the dollar variance and percentage variance between public service FIs (“PS FI”) and other FIs working in agencies and for other employers.

32. The external comparators used in our analysis, have historically been recognized by Treasury Board and the Association as appropriate comparators during past bargaining rounds, They are the following:

- FI Group – Parks Canada;
- FI Group - Canada Food Inspection Agency;
- FI Group – Canada Revenue Agency; and
- FI Group - Nav Canada.

33. These external comparators show that wages of FIs in the federal public service have fallen behind.

FI-1s and External Comparators

34. In 2013, the highest pay increment for the PS FI-1 level was \$72,282.

35. The annual rates of pay of the PS FI-1 level is marginally higher than some of the historical internal comparators in 2013 (i.e. CFIA and Parks Canada), however, it lags behind between **\$108** (CRA) and **\$9,569** (Nav Canada) as demonstrated in the table below.

| FI-01 External Comparators* | | | | | | |
|---------------------------------------|--------------------------|-----------------------|------------------------------|-------------|--------------|---------------|
| Variance Table of Annual Rates of Pay | | | | | | |
| FI -01 | Position Title | Effective date of ARP | Variance as of February 2016 | | | |
| | | | Maximum | Variance ** | Variance *** | |
| | | | \$72,282 | in \$ | In % | |
| 1 | FI-1 Parks Canada (PSAC) | Financial Officer | 2013 | \$71,644 | \$638 | 0.88% |
| 2 | FI-1 CFIA (PSAC) | Financial Officer | 2014 | \$71,661 | \$621 | 0.86% |
| 3 | FI-1 CRA (PIPSC) | Financial Officer | 2013 | \$72,390 | -\$108 | -0.15% |
| 4 | FI-1 NAV CANADA (ACFO) | Financial Officer | 2017 | \$81,851 | -\$9,569 | -13.24% |
| Average | | | | | | -2.91% |

*Please see Hay Group Study for an extensive analysis.

** The variance in dollars is calculated against the FI-01.

*** The percentage variance is calculated against the FI-01.

36. These wages gaps, create between a **-2.91%** percentage average variance between the PS FI-1 classification level and historic external comparators, mainly influenced by the lack of pay relativity between the PS FI-1 classification level and Nav Canada FI-01 classification level.

FI-2s and External Comparators

37. In 2013, the highest pay increment for the PS FI-1 level was \$85,085.

38. The PS FI-2 level has similarly fallen behind other FI group external comparators by **-2.94%** in percentage variance, largely due to FI-2 counterparts at Nav Canada.

| FI-02 External Comparators* | | | | | | |
|---------------------------------------|--------------------------|-------------------|-----------------------|------------------------------|----------------------|----------------------|
| Variance Table of Annual Rates of Pay | | | | | | |
| FI -02 | | Position Title | Effective date of ARP | Variance as of February 2016 | | |
| | | | | Maximum \$85,085 | Variance ** in \$ | Variance *** In % |
| 1 | FI-2 Parks Canada (PSAC) | Financial Officer | 2013 | \$84,335 | \$750 | 0.88% |
| 2 | FI-2 CFIA (PSAC) | Financial Officer | 2014 | \$84,352 | \$733 | 0.86% |
| 3 | FI-2 CRA (PIPSC) | Financial Officer | 2013 | \$85,318 | -\$233 | -0.27% |
| 4 | FI-2 NAV CANADA (ACFO) | Financial Officer | 2017 | \$96,345 | -\$11,260 | -13.23% |
| Average | | | | | | -2.94% |

*Please see Hay Group Study for an extensive analysis.

** The variance in dollars is calculated against the FI-02.

*** The percentage variance is calculated against the FI-02.

39. In comparison with the highest increment levels in the external FI Groups, the PS FI-2 classification lags behind between **\$233** (CRA) and **\$11,260** (Nav Canada).

FI-3s and External Comparators

40. While PS FI-3 rate of pay (\$101,333) is slightly higher than some of the historical internal comparators in 2013 (i.e. CFIA, CRA and Parks Canada), this slight wage differential has not been sufficient to attract and retain qualified senior financial officers to the public service. In the submission of the Association, a more substantial pay increase is required due to significant wage gaps when comparing to a larger sample of external comparators (i.e. found in 2013 Hay Group analysis).

| FI-03 External Comparators* | | | | | | | | |
|---------------------------------------|--------------------------|-------------------|-----------------------|------------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| Variance Table of Annual Rates of Pay | | | | | | | | |
| FI-03 | | Position Title | Effective date of ARP | Variance as of February 2016 | | | | |
| | | | | Maximum \$103,333 | 1% CFOTA ** N/A | ARP + CFOTA N/A | Variance *** in \$ | Variance **** In % |
| 1 | FI-3 Parks Canada (PSAC) | Financial Officer | 2013 | \$101,407 | 1.0% | \$102,421 | \$912 | 0.88% |
| 2 | FI-3 CFIA (PSAC) | Financial Officer | 2014 | \$101,283 | 1.0% | \$102,296 | \$1,037 | 1.00% |
| 3 | FI-3 CRA (PIPSC) | Financial Officer | 2013 | \$102,281 | N/A | N/A | \$1,052 | 1.02% |
| 4 | FI-3 NAV CANADA (ACFO) | Financial Officer | 2017 | \$111,390 | N/A | N/A | -\$8,057 | -7.80% |
| Average | | | | | | | | -1.22% |

*Please see Hay Group Study for an extensive analysis.

** CFOTA was rolled into salary following interest arbitration award in 2013 for ACFO FIs.

*** The variance in dollars is calculated against the FI-03.

**** The percentage variance is calculated against the FI-03.

41. The wages difference between the PS FI-3 level and historical comparators shows an average variance of **-1.22%** in comparison, due to the Nav Canada comparator. A rate of pay increase is needed to re-establish external equity between the PS FI-3 classification level and the Nav Canada FI-3 classification level.

FI-4s and External Comparators

42. The Association proposes that the remuneration of the FI-4 members be made more competitive vis-à-vis FI group comparators in external agencies and organizations.

43. In 2013, the remuneration of FI-4s at the highest pay increment (\$116,712) was slightly higher than some historical external comparators (i.e. CRA, CFIA and Parks Canada) at a percentage variance of **0.88%** to **1.96%**.

44. However, when considering the Nav Canada rates of pay for work of equal value and level, the PS FI-4 level is falling behind with an average variance of **-6.74% (\$7,868)** in comparison. A rate of pay increase is needed to re-establish equity between these two comparators which are part of the same bargaining unit.

| FI-04 External Comparators* | | | | | | | | |
|---------------------------------------|--------------------------|-------------------|-----------------------|------------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| Variance Table of Annual Rates of Pay | | | | | | | | |
| FI -04 | | Position Title | Effective date of ARP | Variance as of February 2016 | | | | |
| | | | | Maximum \$116,712 | 2% CFOTA ** N/A | ARP + CFOTA N/A | Variance *** in \$ | Variance **** In % |
| 1 | FI-4 Parks Canada (PSAC) | Financial Officer | 2013 | \$113,415 | 2.0% | \$115,683 | \$1,029 | 0.88% |
| 2 | FI-4 CFIA (PSAC) | Financial Officer | 2014 | \$113,305 | 2.0% | \$115,571 | \$1,141 | 0.98% |
| 3 | FI-4 CRA (PIPSC) | Financial Officer | 2013 | \$114,430 | N/A | N/A | \$2,282 | 1.96% |
| 4 | FI-4 NAV CANADA (ACFO) | Financial Officer | 2017 | \$124,580 | N/A | N/A | -\$7,868 | -6.74% |
| Average | | | | | | | | -0.73% |

*Please see Hay Group Study for an extensive analysis.

** CFOTA was rolled into salary following interest arbitration award in 2013 for ACFO FIs.

*** The variance in dollars is calculated against the FI-04.

**** The percentage variance is calculated against the FI-04.

CPA Financial Professionals and Hay Group Study

45. A comparison between the remuneration of FIs and their professional counterparts in the private sector confirms the results of the Hay Group Study data. That is, substantial wage gaps with financial officers working in the private sector.

46. A 2015 compensation survey commissioned by CPA Canada⁷ reveals a significant wage gap between CPAs across Canada and FIs. In 2014, the mean salary for CPAs working in the public sector (federal, provincial, first nations or municipal government and agencies) was \$110,000 which is **\$24,704 higher** than the mean salary for the ACFO bargaining unit in December 2013 (\$85,296).⁸ Further, the overall mean salary for all CPAs was \$151,000 which is **\$65,704 higher** than the mean salary for the ACFO bargaining unit in December 2013 (\$85,296).⁹ This disparity becomes even more marked when bonuses, commissions and profit-sharing are considered.

47. These findings are also in line with the 2013 Hay Group Study¹⁰ commissioned by ACFO for the purpose of interest arbitration. The Hay Group findings continue to 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.

48. Further, according to Robert Half Canada, accounting and finance professionals can expect about a 4% salary increase in 2016 which is in line with ACFO's pay proposal.¹¹ This percentage increase is consistent with the need to maintain real value of the pay structure over time.

⁷2015 CPA Profession Compensation Study Report available in Appendix 4 and online:

http://www.cpasource.com/General/CPA_Canada_2015_Member_Compensation_Report_EN.pdf.

⁸Incumbent System, Active FAA I & IV, Full Time Bargained & Excluded Employees (ACGS, 1-3), retrieved in February 2014 at p.3 of 3 found in Appendix 5.

⁹Incumbent System, Active FAA I & IV, Full Time Bargained & Excluded Employees (ACGS, 1-3), retrieved in February 2014 at p.3 of 3 found at Appendix 5.

¹⁰2013 Hay Group Study found at Appendix 6.

¹¹2016 Robert Half Salary Study can be found at Appendix 7 and is also available online:

https://www.roberthalf.com/sites/default/files/Media_Root/images/at-pdfs/robert_half_2016_salary_guide.pdf

49. The annual average inflation rates in Canada have continued to rise at a rate between 1.91% (2014), 1.13% (2015), 1.40% (2016) and expected rate of 2.0% in 2017.¹² To keep pace with inflation, economic wage increase must increase with the Canadian Consumer Price Index overtime to maintain real value.

50. Further, economic wage increase for FI have not maintained real value in keeping pace with increased pension plan contributions.

51. As demonstrated in the table below, economic wage increases of 4.0% are needed for FI rates of pay to maintain a real value.

| | 2014 | 2015 | 2016 | 2017 |
|---|---------------------------|---------------------------|-----------------------------|------------------------|
| CPI | 1.91% | 1.13% | 1.80%* | 2.10%* |
| *Projected CPI as at May 23 rd , 2016 | | | | |
| Difference between CPI and ACFO economic increase (2010-2013) | +0.28% | +1.41% | +0.02% | -1.06% |
| *Overall catch-up of 2,45% is needed | (CPI 2010: 1.78% - 1.5%) | (CPI 2011: 2.91%-1.75%) | (CPI 2012: 1.52%-1.5%) | (CPI 2013: 0.94%-2.0%) |
| Increased Pension Contributions (2013 ¹³ - 2017 ¹⁴) | + 0.65 % | +0.65% | +0.90 % | TBD |
| *Maximum earnings - \$52,500-\$54,900 (Rate A) - all FIs are impacted. ¹⁵ | (6.85% 2013 - 7.50% 2014) | (7.50% 2014 -8.15% 2015) | (8.15% 2015 -9.05% 2016) | |
| *Above maximum earnings of \$52,500-54,900 (Rate A) - 4,031 FIs are impacted (out of 4079 - all FIs). ¹⁶ | + 0.60 % | + 0.60 % | + 0.64 % | (Estimated at 1.5%) |
| *Overall catch-up of 4.04% is needed in additional to the estimate 1.25%. | (9.20% 2013 -9.80% 2014) | (9.80% 2014 -10.40% 2015) | (10.40% 2015 -% 11.04 2016) | |
| Economic Increase to maintain real value: | = 3.44% | = 3.79% | = 3.36% | = 2.54% |
| Proposed ACFO economic Increase: | 3.50% | 3.50% | 3.50% | 3.50% |

¹²Historic Inflation Canada (CPI) are available at Appendix 8 and also available online at: <http://www.inflation.eu/inflation-rates/canada/historic-inflation/cpi-inflation-canada.aspx>

¹³Pension contribution rate increase effective January 1, 2014 found at Appendix 9: <https://www.tbs-sct.gc.ca/psm-fpfm/pensions/publications/notices-avis/2013-12-23-eng.asp>

¹⁴Pension contribution rate increase effective January 1, 2016 found at Appendix 10: <https://www.tbs-sct.gc.ca/psm-fpfm/pensions/publications/notices-avis/2016-01-01-eng.asp>.

¹⁵Incumbent System, Active FAA I & IV, Full Time Bargained & Excluded Employees (ACGS, 1-3), retrieved in February 2014 at p.3 of 3 found in Appendix 5.

¹⁶Incumbent System, Active FAA I & IV, Full Time Bargained & Excluded Employees (ACGS, 1-3), retrieved in February 2014 at p.3 of 3 found in Appendix 5.

Conclusion

52. 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 at Parks Canada, Canada Revenue Agency, Canadian Food Inspection Agency and Nav Canada.

53. The wage disparity is even more evident in comparing rates of pay between CPA professionals working the broader public service (federal, provincial, first nations or municipal government and agencies) and the FI group. This situation is exacerbated when considering the average mean salary of all CPA members, leaving the FI group behind by significantly in terms of dollar variances.

Conclusion

54. Economic wage increases of 3.5% per year, are necessary to maintain fair wage relativities with respect to other occupational groups within the public service. They are also required to enhance competitiveness vis-à-vis the private sector, in order keep pace with market wages.
55. Addressing the substantial wage gaps between FIs and their internal and external comparators is also needed to maintain relativity and recruit top talent. The demands and challenges placed on the finance professional are increasingly complex and require effective and creative solutions. Investing in the FI group and keeping pace with its comparators is needed to attract the best talent.
56. 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.