Collective bargaining

Consultation document on the agreement at the central table

JULY 2010

Introduction

Comrades,

The financial crisis of 2008 continues to wreak havoc around the world. In addition to all the unemployment it has caused, it triggered a series of attacks on funding for public services and the working conditions of the women and men who provide them. After spending thousands of billions of dollars to bail out banks and private enterprise, governments everywhere are applying the same old neo-liberal measures of aiming for balanced budgets and reducing deficits. Applied since the 1980s, these cuts in public spending have never prevented economic crises; instead, they have been used to reduce the role of government in the economy and to privatize public services. And then there are the human, environmental and food problems around the planet…

This was the context in which we began this last round of public-sector bargaining. This is why we decided it would be a good idea to create the largest inter-union Common Front ever around the slogan «Together for public services!» We had clear objectives: winning back our right to free collective bargaining after the 2005 decree; preventing the introduction into collective agreements of clauses that would favour privatization, the trend towards precarious, contingent jobs and rollbacks in union rights; improving the retention of personnel and reducing labour shortages; improving pay; and protecting our pension plan.

The mobilization by the members of the Common Front was outstanding! From large-scale participation in the round of visits and meetings in the regions in the fall of 2009 to the huge demonstration in March 2010, members everywhere demonstrated their support for our common strategy and directions.

Although we did not achieve all our goals, we are convinced that the Common Front proved its worth and enabled us to reach a satisfactory agreement on a number of points: the rollbacks in non-monetary clauses were avoided, the attacks on public services were thwarted, working conditions were improved, the pension plan was improved and consolidated, there will be raises in pay and we have won back our right to free collective bargaining.

Comrades, these are the tangible positive results of our union work and action in the past year. In this document, you have the recommendation from the Common Front and the four public-sector federations of the CSN to the federations' decision-making bodies, which in turn make this their recommendation to you today. Once our collective agreements are signed, defending public services will continue to be a constant priority for the labour movement and citizens' groups. Neo-liberal attacks will no doubt continue, and the apostles of privatization and lean, government will continue to use economic crises to advance their ideological goals. We will therefore have to be very vigilant in defending the gains made in this round of bargaining and continue our struggle for a fairer, more just society in which the economy services the people, not vice-versa!

We wish you all the best in your debates,

Louis Roy,

First vice-president of the Confédération des syndicats nationaux

Duration of the collective agreement

The collective agreement runs for 5 years, from April 1, 2010 to March 31, 2015.

Agreement on pay

With respect to pay, the agreement negotiated by the Common Front has some innovative provisions, in particular the introduction of a formula to give employees their share of the wealth created in Québec. In this case, the nominal Gross Domestic Product (GDP) is used to measure economic progress. The nominal GDP represents the total value of all goods and services produced on the territory of Québec, at today's prices - in other words, including inflation. The nominal GDP is not the same as the real GDP (or GDP in constant dollars), which is what the media are generally referring to when they talk about the GDP.

The nominal GDP is the best way of measuring government revenue. The government uses it for its forecasts - for example, in its plan for a return to a balanced budget. In its plan, the government predicts that the nominal GDP will grow by a total of 17% between now and 2014; we think this is a conservative estimate, used by the government to make the state of public finances look worse than it is and thus justify budget cuts and hikes in rates and fees.

The following chart compares growth of the nominal GDP and real (constant dollars) GDP for the past 10 years[1].

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
real GDP	6.4%	4.4%	1.4%	2.7%	1.2%	2.7%	1.9%	1.9%	2.2%	1%
nominal GDP	**7.4%**	**6.7%**	**3%**	**4.2%**	**3.9%**	**4.8 %**	**3.5%**	**3.7%**	**5.4%**	**1.6%**

As the chart above shows, if past trends are any indication, the nominal GDP can be reasonably expected to grow more during a period of economic recovery than what the government forecasts in its budget. In 2010, for example, the government is banking on an increase of 3.8% in the nominal GDP. But the latest projections by economists suggest that the nominal GDP will be up by at least 4.9% by the end of the year - with 2010 marking the start of economic recovery after two difficult years in 2008 and 2009.

The inclusion in collective agreements of a formula that would give employees their share of increases in collective wealth has been one of our demands for a long time now. As you will see, we succeeded in bargaining in greatly improving the government's initial offer.

1 – Source : Statistics Canada, Provincial Economic Accounts

Agreement on pay

The raises in pay are therefore a combination of fixed parameters and parameters that vary in accordance with economic growth and inflation, summarized in the following chart. The same increases apply to the various premiums and allowances, with some exceptions.

	Fixed pay parameters	Potential increases tied to the nominal GDP	Potential increase tied to inflation	Maximum potential increases
01-04-2010	0.5%			0.5%
01-04-2011	0.75%			0.75%
01-04-2012	1.0%	0.5%		1.5%
01-04-2013	1.75 %	1.5%		3.25%
01-04-2014	2.0%	1.5%		3.5%
31-03-2015			1%	1.0%
Total	**6%**	**3.5%**	**1%**	**10.5%**

Raise in pay linked to growth in the nominal GDP

The fixed raise for 2012 may be increased by up to a maximum of 0.5% if the total increase in the nominal GDP for 2010 and 2011 exceeds 8.3% (the growth in the nominal GDP forecast by the government for 2010-2111)[2].

The fixed raise in pay for 2013 may be increased by up to a maximum of 2%, minus whatever is obtained in 2012, if the total increase in the nominal GDP for 2010, 2011 and 2012 exceeds 12.7% (the growth in the nominal GDP forecast by the government for 2010-2012).

The fixed raise in pay for 2014 may be increased by up to a maximum of 3.5%, minus whatever is obtained in 2013 and 2012, if the total increase in the nominal GDP for 2010, 2011, 2012 and 2013 exceeds 17% (the growth in the nominal GDP forecast by the government for 2010- 2013).

A calculation that is to our advantage

Subject to the maximums set out above for each year, the additional increase is calculated at a ratio of 1.25:1. This means that if the nominal GDP grows 0.1% more than the government predicts, employees will receive an additional raise of 0.125%. So to reach the maximum of 3.5%, the total growth in the nominal GDP for the first four years will have to exceed the government forecast by 2.8%.

2 – Since June, clarifications have been made to the calculation of increases tied to changes in the GDP; the potential maximum is still 3.5%

Agreement on pay

Example of the impact of growth in the GDP in 2010 and 2011 on raises in pay to be paid in 2012 (the government projection is 8.3%)

if... **nominal GDP 2010+2011**	7.5%	8.3%	8.4%	8.5%	8.6%	8.7%	8.8%	9.4%
then... fixed increase + variable parameters	1% + 0%	1% + 0%	1% + 0.125%	1% + 0.25%	1% + 0.375%	1% + 0.5%	1% + 0.5%	1% + 0.5%
Total raise	**1%**	**1%**	**1.125%**	**1.25%**	**1.375%**	**1.5%**	**1.5%**	**1.5%**

The increase based on growth in the nominal GDP will apply in the same way for 2013 and 2014.

Indexation clause

Finally, if inflation over the life of the collective agreement is greater than the fixed increases plus increases tied to the GDP, pay rates would be adjusted by up to a maximum of 1% on March 31, 2015, which is the last day of the collective agreement.

So the total potential increase is 10.5% over 5 years - 4% more than the government offered originally.

Examples of pay progression 2010-2014

Raise in pay with fixed parameters only

	0.5%	0.75%	1%	1.75%	2%	0%	
Pay	01-04-2010	01-04-2011	01-04-2012	01-04-2013	01-04-2014	31-03-2015	Total increase ($)
$25 000	$25 125	$25 313	$25 567	$26 014	$26 534	$26 534	$1 534
$45 000	$45 225	$45 564	$46 020	$46 825	$47 762	$47 762	$2 762
$70 000	$70 350	$70 878	$71 586	$72 839	$74 296	$74 296	$4 296

Raise in pay with both fixed and variable parameters

	0.5%	0.75%	1.5% 1% + 0.5%	3.25% 1.75% + 1.5%	3.5% 2% + 1.5%	Adjustment for inflation (1%)	
Pay	01-04-2010	01-04-2011	01-04-2012	01-04-2013	01-04-2014	31-03-2015	Total increase ($)
$25 000	$25 125	$25 313	$25 693	$26 528	$27 457	$27 731	$2 731
$45 000	$45 225	$45 564	$46 248	$47 751	$49 422	$49 916	$4 916
$70 000	$70 350	$70 878	$71 941	$74 279	$76 879	$77 647	$7 647

Agreement on pensions

The agreement on pensions negotiated by the Common Front makes significant improvements to the RREGOP (for Régime de retraite des employés du gouvernement et des organismes publics, or Government and Public Employees Retirement Plan), which is our pension plan. After very poor yields in the wake of the 2008 financial meltdown, we had to come up with a way of sheltering workers from uncontrolled increases in contribution rates while at the same time ensuring that the plan would remain sustainable. The improvement made will have a noticeable impact for all government employees, since without this change, contributions would have risen sharply. We also took advantage of this round of bargaining to make some other important changes to the plan.

- **Better protection against the risks of stock markets**
- **Better contribution formula**
- **Indexation of benefits for 1982-1999 years**
- **Possibility for employees to increase their pension benefits**

Better protection for employees

1

- Stabilization of pension contributions
- More secure benefits

Currently, following a full actuarial valuation (done once every 3 years), the contribution rate required by the valuation is generally applied without taking into account the magnitude of the change required.

From now on, when there is a deficit - or surplus - in the participants' fund, the contribution rate will fluctuate annually within guidelines that are reasonable and agreed upon. For 2011, 2012 and 2013, the maximum variation in the contribution rate will be limited to 0.5%. For subsequent years, the maximum variation will be the difference between the required contribution and the current contribution divided by 3 (3 being the number of years between two full actuarial valuations).

For example, if we hadn't changed the valuation method, the contribution rate for 2011 would in all likelihood have gone up to 11% of pay or even slightly more, given the poor yields in 2008. With the introduction of the new method, combined with staged variations in contribution rates, the maximum contribution rate for 2011 will be the current contribution rate of 8.19%, plus 0.5%, for a maximum of 8.69%. For 2012, the rate will go up to 9.19%, and so on until the next actuarial valuation that will determine the next required rate.

Agreement on pensions

Change in the contribution formula

2

The portion of earnings exempt from contributions, now equal to 35% of Maximum Pensionable Earnings (MPE), will gradually be reduced to 25% of MPE. The transition will be phased in gradually over 5 years, starting on January 1, 2012. This is a significant improvement for employees who earn more than the MPE, because it will reduce their contributions.

Other employees won't be affected by this change. We have obtained an agreement that employees earning less than the MPE will not pay any more in contributions on the part exceeding 25% of the MPE than they would have paid on the part exceeding 35% of the MPE.

Another positive aspect is that the shortfall in contributions in the participants' fund will be absorbed either through savings made in the pension plan itself or by the government.

Indexation

3

We have come up with a formula that should eventually enable us to index pension benefits earned during the period form 1982 to 1999.

After each actuarial valuation, if the surplus is of more than 20% of liabilities and is enough to cover the costs imputable to the participants' fund, there will be indexation. It will cover years of contributions between July 1, 1982 and December 31, 1999 (CPI – 3%), in accordance with the formula used for years of contributions since January 1, 2000 (CPI – 3%, with a minimum of 50% of the CPI).

The government does not undertake in advance to index the part of benefits imputable to it.

Notes

Agreement on pensions

Possibility of contributing for more than 35 years to increase benefits

4

- This is a voluntary measure.
- Introduction on January 1, 2011 of a new cap of 38 years of effective service, enabling employees to earn pension benefits of up to a maximum of 76% of pay. No retroactive contributions or buybacks will be allowed.
- Years earned between 35 and 38 of contributory service will not be coordinated with the Québec Pension Plan, meaning that they will be recognized in full at 2%, even after the pensioner turns 65.
- There is no change to the criteria for retiring after 35 years of service.
- A person on long-term salary insurance benefits cannot accumulate more than 35 years of service to be credited for the purpose of calculating pension benefits.

Updating of the tables of rates for buying back service

5

The tables of rates for buying back years of service will be revised after each full actuarial valuation (every 3 years). Tables will be established age by age. The new tables will be applicable as of January 1, 2011. A buyback more than six months after a return to work will cost at least as much as it would have cost if it had been done within six months of a return to work.

Notes

Agreement on pensions

Use of the bank of 90 days

6 Given that since 2000, employees can contribute to the RREGOP for all absences, use of the bank of 90 days will be limited to parental leave for years of service after January 1, 2011.

Pension credits

7 Pension credits were used in particular to buy back years worked before the RREGOP was created in 1973. People who are now eligible to buy back years worked before 1973 may do so until December 31, 2010. As of January 1, 2011, it will no longer be possible to acquire these pension credits.

Employer demands withdrawn

8

- Management withdrew its demand for an actuarial penalty for people retiring with 35 years of service but who have not yet turned 55.
- Management withdrew its demand to raise the actuarial penalty from 4% to 6% per year of early retirement.
- Management withdrew its demand for stricter clauses on employees going back to work.

Notes

Agreement on parental rights

The agreement on parental rights consists of updates on parental rights to bring collective agreements into line with:

- the *Act respecting labour standards*,
- the *Act respecting parental insurance* and
- the *Employment Insurance Act*.

We also reviewed some court rulings involving the Charter of Human Rights and Freedoms that could have an impact on contract language, and proposed some remedies.

Changes to collective agreements

Collective agreements will therefore incorporate:

- additional grounds for splitting maternity, paternity or adoption leave set out in the *Act respecting labour standards*;
- the possibility of splitting parental leave (52 weeks) on the same grounds;
- an extension of the length of time that a suspension of maternity, paternity, adoption or parental leave can last;
- 3 weeks' advance notice to be given for taking paternity, adoption or parental leave.

Notes

Agreement on parental rights

From now on, collective agreements will provide for the same compensation for paternity leave and adoption leave (father or mother), i.e.:

- five days paid 100%;
- five weeks paid 100%, under the Québec Parental Insurance Plan or Employment Insurance Plan, to be taken within 52 weeks of the birth or adoption of the child, with the same possibilities of extensions as now exist.

Benefits maintained during leave: :

- life insurance;
- health insurance, if the employee pays his or her share;
- accumulation of vacation time;
- accumulation of sick leave;
- accumulation of seniority;
- accumulation of experience;
- accumulation of uninterrupted service for job security purposes;
- employees returning from paternity or adoption leave will have the same rights as employees returning from adoption or maternity leave.

Notes

Agreement on parental rights

Leave for parental responsibilities becomes leave for family responsibilities (extended to cover the father, mother, spouse, etc.), and the number of days of leave goes from 6 to 10. The parties agreed, however, that this leave should come under another part of the collective agreement, not parental rights.

We succeeded in having various irritants removed, such as the obligation to pay back benefits to the employer when an adoption does not go through. As well, certain inconsistencies in the calculation of benefits when an employee works for more than one employer were ironed out.

Finally, the parties at the central table recommend that the sectoral parties incorporate the family leave provided under the *Act respecting labour standards* into collective agreements, with the same rights as for parental rights.

Notes

Agreement on skilled workers

At the Common Front's request, the government agreed to set up a working group on skilled workers in health care and social services, education and the public service, with the following terms and conditions:

• This joint inter-sectoral working group will be composed of 5 union representatives and 5 employer representatives. Its mandate is to examine the situation regarding the attraction and retention of personnel in the skilled worker job titles in the public and parapublic sector that appear on the list below. The working group will clarify the nature of the problems and issues identified, as the case may be.

• The working group will file joint or separate recommendations no later than December 31, 2011.

The following job titles are covered by this process:

- Pipe and boiler insulator
- Heavy vehicle driver / Vehicle and mobile equipment driver Cl. II
- Vehicle and mobile equipment driver Cl. I
- Body worker / painter
- Cabinetmaker / Carpenter-cabinetmaker
- Electrician
- Tinsmith
- Bricklayer-mason
- Machinist (millwright) / Millwright / Machinist
- Master electrician / Senior electrician / Head electrician
- Refrigeration machinery master mechanic
- Master plumber / Master pipefitter
- Class I mechanic
- Garage mechanic / Class II mechanic
- Stationary engineer
- Refrigeration machinery mechanic / Refrigeration engineer / Refrigeration mechanic
- Carpenter / Shop carpenter / Framing carpenter
- General handyman / Certified handyman
- Painter
- Plasterer
- Plumber / Pipefitter / Pipefitter - heating
- Airport attendant
- Locksmith
- Welder / Blacksmith-welder
- Glazier - installer-mechanic

As well, the Conseil du trésor has sent letters to the Régie des installations olympiques and the Société des traversiers informing them of our request for a local working committee on this issue.

Notes

WITH NEGOTIATIONS:
EVERYBODY
WINS

WWW.SECTEURPUBLIC.INFO

CSN