APPENDIX K
WORK FORCE ADJUSTMENT

Changes proposed in this Appendix shall take effect on August 4, 2018

TABLE OF CONTENTS

***Bargaining Note: Consequential amendments in the body of this Appendix must be made pursuant to the above deletions.**

Definitions

Amend the definition of affected employee

Affected employee is an indeterminate employee who has been informed in writing that his/her services may no longer be required because of a work force adjustment situation **or an employee affected by a relocation**. (~~E~~**e**mployé touché)

Amend the definition of alternation

Alternation occurs when an opting employee ~~(not a surplus employee)~~ **or an employee with a twelve-month surplus priority period** who wishes to remain in the Agency **or**

core public administration exchanges positions with a non-affected employee (the alternate) willing to leave the Agency **or core public administration** with a Transition Support Measure or with an Education Allowance. (Échange de postes)

Amend the definition of Education allowance

Education Allowance is one of the options provided to an indeterminate employee affected by normal work force adjustment for whom the Chief Executive Officer cannot guarantee a reasonable job offer. The Education Allowance is a cash payment, equivalent to the Transitional Support Measure (see Annex B), plus a reimbursement of tuition from a recognized learning institution, book and mandatory equipment costs, up to a maximum of ~~$15,000~~ **twenty thousand dollars ($20,000)**. (~~l~~indemnité d'étude**s**)

Amend definition of GRJO (language redundant given 6.1.1)

Guarantee of a reasonable job offer is a guarantee of an offer of indeterminate employment within the Agency **or in the core public administration** provided by the Chief Executive Officer to an indeterminate employee who is affected by work force adjustment. The Chief Executive Officer will be expected to provide a guarantee of a reasonable job offer to those affected employees for whom he or she knows or can predict employment availability in the Agency **or core public administration**. ~~Surplus employees in receipt of this guarantee will not have access to the Options available in Part VI of this appendix.~~ (Garantie d'une offre d'emploi raisonnable)

Amend definition of reasonable job offer (redundant given new 1.1.17)

Reasonable job offer (Offre d'emploi raisonnable) is an offer of indeterminate employment within the Agency **or core public administration**, normally at an equivalent level but could include lower levels. Surplus employees must be ~~both~~ trainable ~~and mobile~~. Where practicable, a reasonable job offer shall be within the employee's normal workplace, as defined in the Parks Canada Travel Policy~~. In Alternative Delivery situations, a reasonable offer is one that meets the criteria set out in Type 1 and Type 2 of Part VII of this appendix~~. A reasonable job offer is also an offer from a Public Service employer, provided that:

(a) The appointment is at a rate of pay and an attainable salary maximum not less than the employee's current salary and attainable maximum that would be in effect on the date of the offer.

(b) It is a seamless transfer of all employee benefits including a recognition of years of service for the definition of continuous employment and accrual of benefits, including the transfer of sick leave credits, severance pay and accumulated vacation leave credits.

Work force adjustment is a situation that occurs when the Chief Executive Officer decides that the services of one or more indeterminate employees will no longer be required beyond a specified date because of a lack of work, the discontinuance of a function, a relocation in which the employee does not wish to relocate. ~~or an alternative delivery initiative~~. (Réaménagement des effectifs)

***Bargaining Note: Consequential amendments in the body of this Appendix must be made pursuant to the above concepts.**

Part 1: roles and responsibilities

1.1 **Agency**

Preamble: The Agency will not use Performance Management Assessment Tools, or a Selection of Employees for Retention or Layoff (SERLO) processes in any of its Work Force Adjustment determinations within Appendix "K" and will follow the principles, in descending order of importance, as subsections of section 1.1.1. (below):

1.1.1 Since indeterminate employees who are affected by work force adjustment situations are not themselves responsible for such situations, it is the responsibility of the Chief Executive Officer to ensure that they are treated equitably and, whenever possible, given every reasonable opportunity to continue their careers as Agency employees.

The Agency's commitment to indeterminate employees that may be subject to Workforce Adjustment provisions within Appendix K are:

a) **Establishment of seniority rights, determined by length of continuous/discontinuous employment; (last in; first out); then,**
b) **Volunteering to leave the Agency, under the auspices of Section VI of this Appendix; in order of seniority; then**
c) **Alternation with other indeterminate employees, wishing to leave the Agency; subject to Section 6.3 of this Appendix.**
d) **Agreeing to work in lower level positions, at the rate of pay of the previous occupational group and level that are unencumbered, in accordance with Section 5.1.1 of this Appendix; subject to successful retraining (if required), and willing to relocate, at Agency expense, while respecting the principles of Part III of this Appendix; then,**

e) Willingness to accept shorter weeks of season, at the rate of pay of the previous occupational group and level, and in accordance with Section 1.1.1 (d) of this Appendix.

f) Employees not accepting shorter weeks of employment, or a reduction in length of season, will be described as an Opting Employee, and exercise options found within Section VI of this appendix.

1.1.3 The Agency shall establish **joint** work force adjustment committees, where appropriate, to manage the work force adjustment situations within the Agency. Terms of reference of such committees shall include a process for addressing alternation requests.

NEW 1.1.6 (renumber current 1.1.6 ongoing)

1.1.6 When the Agency determines that the indeterminate appointment of a term employee would result in a workforce adjustment situation, the Agency shall communicate this to the employee within thirty (30) days of having made the decision, and to the union in accordance with the notification provisions in 2.3.

The Agency shall review the impact of workforce adjustment on no less than an annual basis to determine whether the conversion of term employees will no longer result in a workforce adjustment situation for indeterminate employees. If it will not, the suspension of the roll-over provisions shall be ended.

If an employee is still employed with the Agency more than three (3) years after the calculation of the cumulative working period for the purposes of converting an employee to indeterminate status is suspended the employee shall be made indeterminate or be subject to the obligations of the Workforce Adjustment appendix as if they were.

NEW 1.1.17 (renumber current 1.1.17 ongoing)

1.1.17

a) The Agency shall make every reasonable effort to provide an employee with a reasonable job offer within a forty (40) kilometre radius of his or her work location.

b) In the event that reasonable job offers can be made within a forty (40) kilometre radius to some but not all surplus employees in a given work

location, such reasonable job offers shall be made in order of seniority.

c) In the event that reasonable job offers can be provided to some but not all surplus employees in a given province or territory, such reasonable job offers shall be made in order of seniority.

d) In the event that a reasonable job offer cannot be made within forty (40) kilometres, every reasonable effort shall be made to provide the employee with a reasonable job offer in the province or territory of his or her work location, prior to making an effort to provide the employee with a reasonable job offer in the broader public service.

e) An employee who chooses not to accept a reasonable job offer which requires relocation to a work location which is more than sixteen (16) kilometres from his or her work location shall have access to the options contained in section 6.4 of this Appendix.

1.1.9 The Agency shall advise and consult with the Alliance representatives as completely as possible regarding any work force adjustment situation as soon as possible after the decision has been made and throughout the process and will make available to the Alliance the name, **occupational group and level, position number, municipality,** and work location of affected employees.

1.1.14 Appointment of surplus employees to alternative positions, whether with or without retraining shall normally be at a level equivalent to that previously held by the employee, but this does not preclude appointment to a lower level. The Agency shall avoid appointment to a lower level except where all other avenues have been exhausted. **The Agency will "salary protect" any such employees.**

1.1.24 The Agency shall review the use of private temporary employment services, consultants, contractors, employees appointed for a specified period (terms) and all other non-indeterminate employees, **including casual hires, students and volunteers**. Where practicable, the Agency shall not re-engage such temporary employment services personnel, consultants or contractors nor renew the employment of such employees referred to above where such action would facilitate the appointment of surplus employees or laid-off persons.

1.1.36 The Agency will review the status of each affected employee ***monthly*** ~~annually~~, ~~or earlier~~, from the date of initial notification of affected status and determine whether the employee will remain on affected status or not**.**

Part II: Official Notification

2.1 In any work force adjustment situation involving indeterminate employees covered by this Appendix, the Chief Executive Officer shall notify the National President of the Alliance. Such notification is to be in writing, in confidence and at the earliest possible date and under no circumstances **less than thirty (30)** ~~two (2~~) working days before any employee is notified of the workforce adjustment situation.

2.2 Such notification will include the identity and location of the work unit(s) involved, the expected date of the announcement, the anticipated timing of the workforce adjustment situation and the number, **occupational** group and level of the employees who are likely to be affected by the decision.

NEW 2.3

2.3 When the Agency determines that specified term employment in the calculation of the cumulative working period for the purposes of converting an employee to indeterminate status shall be suspended to protect indeterminate employees in a workforce adjustment situation, the Agency shall:

(a) inform the PSAC or its designated representative, in writing, at least 30 days in advance of its decision to implement the suspension and the names, classification and locations of those employees and the date on which their term began, for whom the suspension applies. Such notification shall include the reasons why the suspension is still in place for each employee and what indeterminate positions that shall be subject to work force adjustment if it were not in place.

(b) inform the PSAC or its designated representative, in writing, once every 12 months, but no longer than three (3) years after the suspension is enacted, of the names, classification, and locations of those employees and the date on which their term began, who are still employed and for which the suspension still applies. Such notification shall include the reasons why the suspension is still in place for each employee and what indeterminate positions that shall be subject to work force adjustment if it were not in place.

(c) inform the PSAC no later than 30 days after the term suspension has been in place for 36 months, and the term employee's employment has not been ended for a period of more than 30 days to protect indeterminate employees in a workforce adjustment situation, the names, classification, and locations of those employees and the date on which their term began and the date that they will be made indeterminate. Term employees shall be made indeterminate within 60 days of the end of the three-year suspension.

Part IV: retraining

4.1 General

4.1.1 To facilitate the redeployment of affected employees, surplus employees, and laid-off persons, the Agency shall make every reasonable effort to retrain such persons for:

(a) existing vacancies, or

b) anticipated vacancies identified by management.

c) any position in (a) or (b) above, that requires language training to meet the requirements of the position.

4.1.2. It is the responsibility of the employee and the Agency to identify retraining opportunities**, including language training opportunities,** pursuant to subsection 4.1.1.

4.1.3 When a retraining opportunity has been identified, the Chief Executive Officer shall approve up to two (2) years of retraining. **Opportunities for retraining, including language training, shall not be unreasonably denied.**

Part VI: options for employees

6.1 General

6.1.1 The Agency will be expected to provide a guarantee of a reasonable job offer for those affected employees for whom they know or can predict employment availability. If the Chief Executive Officer cannot provide such a guarantee, he or she shall provide his or her reasons in writing, if requested by the employee. **Except as specified in 1.1.17 (e), employees** ~~Employees~~ in receipt of this guarantee would not have access to the choice of Options **in 6.4** below.

6.3 Alternation

6.3.2 Only ~~an~~ opting **and surplus employees who are surplus as a result of having chosen Option A** ~~employee, not a surplus one,~~ may alternate into an indeterminate position that remains in the Agency **or core public administration**.

6.3.5 The opting employee moving into the unaffected position must meet the requirements of the position, **and meet the minimum language requirements within a 2 year re-training period**. ~~including language requirements~~. The alternate moving into the opting position must meet the requirements of the position, except if the alternate will not be performing the duties of the position and the alternate will be struck off strength within five days of the alternation.

6.4 Options

6.4.1 a (i) At the request of the employee, this twelve (12) month surplus priority period shall ~~be extended and~~ **not** be included in the 120-day opting period referred to in 6.1.2 which remains once the employee has selected in writing option (a)

6.4.1 c)

(c) Education allowance is a Transitional Support Measure (see Option (b) above) plus an amount of not more than ~~$15,000~~ **twenty thousand dollars ($20,000)** for reimbursement of receipted expenses of an opting employee for tuition from a learning institution and costs of books and relevant equipment. Employees choosing Option (c) could either:

6.4.2 The Agency will establish the departure date of opting employees who choose Option (b) or Option (c) ~~**above**~~ **within 90 days of the employee's decision, unless a longer period is mutually agreed upon.**

6.4.3 The Transition Support Measure, pay in lieu of unfulfilled surplus period and the Education Allowance cannot be combined with any other payment under the Work Force Adjustment Appendix, ***with the exception of any retention allowances***.

6.5 Retention payment

6.5.1 There are **two** ~~three~~ situations in which an employee may be eligible to receive a retention payment. These are total facility closures **or** relocation of work units. ~~and alternative delivery initiatives.~~

~~**6.5.8** The provisions of 6.5.9 shall apply in alternative delivery initiatives:~~

~~a) where the Agency work units are affected by alternative delivery initiatives;~~

~~b) when the Agency decides that, compared to other options, it is preferable that certain employees be encouraged to stay in their jobs until the day of the transfer to the new employer; and~~

~~c) where the employee has not received a job offer from the new employer or has received an offer and did not accept it.~~

~~6.5.9 Subject to 6.5.8, the Agency shall pay to each employee who is asked to remain until the transfer date and who offers a resignation from the Agency to take effect on the transfer date, a sum equivalent to six months pay payable upon the transfer date, provided the employee has not separated prematurely.~~

6.5.8. The 120 days opting period, shall not be construed as concurrent to the 12 month surplus priority period.

6.5.9 The Agency and the Alliance agree to discuss the provisions of jointly developed and delivered training on the Workforce Adjustment Policy in Appendix K, within 90 days from date of signing of this collective agreement.

~~**Part VII**~~
~~**Special provisions regarding Alternate Delivery Initiatives**~~

~~**Preamble**~~
~~The administration of the provisions of this part will be guided by the following principles:~~
~~(a) fair and reasonable treatment of employees;~~
~~(b) value for money and affordability; and~~
~~(c) maximization of employment opportunities for employees.~~

~~**7.1 Definitions**~~
~~For the purposes of this part:~~
~~Reasonable job offer is an offer of employment received from a new employer in the case of a Type 1 or Type 2 transitional employment arrangement, as determined in accordance with paragraph 7.2.2.~~
~~Termination of employment is the termination of employment as a result of a decision to transfer work or functions of the Agency in whole or in part to an external employer pursuant to the *Parks Canada Agency Act*, Section 13.~~

~~**7.2 General**~~
~~The Agency will, as soon as possible after the decision is made to proceed with an ASD initiative, and if possible, not less that 180 days prior to the date of transfer, provide notice to the Alliance.~~
~~The notice to the Alliance will include:~~
~~1. the program being considered for ASD,~~
~~2. the reason for the ASD, and~~
~~3. the type of approach anticipated for the initiative.~~
~~A joint WFA-ASD committee will be created for ASD initiatives and will have equal representation from the Agency and the Alliance. By mutual agreement the committee may include other participants. The joint WFA-ASD committee will define the rules of conduct of the committee.~~

~~In cases of ASD initiatives, the parties will establish a joint WFA-ASD committee to conduct meaningful consultation on the human resources issues related to the ASD initiative in order to provide information to the employee which will assist him or her in deciding on whether or not to accept the job offer.~~

~~**1. Commercialisation**~~

In cases of commercialisation where tendering will be part of the process, the members of the joint WFA-ASD committee shall make every reasonable effort to come to an agreement on the criteria related to human resources issues (e.g. terms and conditions of employment, pension and health care benefits, the take-up number of employees) to be used in the request for proposal (RFP) process. The committee will respect the contracting rules of the federal government.

2. Creation of a new Agency

In cases of the creation of new agencies, the members of the joint WFA-ASD committee shall make every reasonable effort to agree on common recommendations related to human resources issues (e.g. terms and conditions of employment, pension, and health care benefits) that should be available at the date of transfer.

3. Transfer to existing Employers

In all other ASD initiatives where an employer-employee relationship already exists the parties will hold meaningful consultations to clarify the terms and conditions that will apply upon transfer.

In the cases of commercialisation and creation of new agencies consultation opportunities will be given to the Alliance; however, in the event that agreements are not possible, the Agency may still proceed with the transfer.

7.2.1 The provisions of this Part apply only in the case of alternative delivery initiatives and are in exception to other provisions of this appendix. Employees who are affected by alternative delivery initiatives and who receive job offers from the new employer shall be treated in accordance with the provisions of this part and, only where specifically indicated will other provisions of this appendix apply to them.

7.2.2 There are three types of transitional employment arrangements resulting from alternative delivery initiatives:

(a) **Type 1 (Full Continuity)**

Type 1 arrangements meet all of the following criteria:

(i) legislated successor rights apply. Specific conditions for successor rights applications will be determined by the labour legislation governing the new employer;

(ii) recognition of continuous employment in the Public Service, as defined in the adopted *Public Service Terms and Conditions of Employment* for purposes of determining the employee's entitlements under the collective agreement continued due to the application of successor rights ;

(iii) pension arrangements according to the Statement of Pension Principles set out in Annex A, or, in cases where the test of reasonableness set out in that Statement is not met, payment of a lump-sum to employees pursuant to paragraph 7.7.3;

(iv) transitional employment guarantee: a two-year minimum employment guarantee with the new employer;

(v) coverage in each of the following core benefits: health benefits, long term disability insurance (LTDI) and dental plan;

(vi) short-term disability bridging: recognition of the employee's earned but unused sick leave credits up to maximum of the new employer's LTDI waiting period.

(b) **Type 2 (Substantial Continuity)**
Type 2 arrangements meet all of the following criteria:

(i) the average new hourly salary offered by the new employer (= rate of pay + equal pay adjustments + supervisory differential) for the group moving is 85 percent or greater of the group's current Agency hourly remuneration (= pay + equal pay adjustments + supervisory differential), when the hours of work are the same;

(ii) the average annual salary of the new employer (= rate of pay + equal pay adjustments + supervisory differential) for the group moving is 85 percent or greater of Agency annual remuneration (= percent or greater of Agency annual remuneration (= pay + equal pay adjustments + supervisory differential), when the hours of work are different;

(iii) pension arrangements according to the Statement of Pension Principles as set out in Annex A, or in cases where the test of reasonableness set out in that Statement is not met, payment of a lump-sum to employees pursuant to paragraph 7.7.3;

(iv) transitional employment guarantee: employment tenure equivalent to that of the permanent work force in receiving organizations or a two-year minimum employment guarantee;

(v) coverage in each area of the following core benefits: health benefits, long-term disability insurance (LTDI) and dental plan;

(vi) short-term disability arrangement.

(c) **Type 3 (Lesser Continuity)**

A Type 3 arrangement is any alternative delivery initiative that does not meet the criteria applying in Type 1 and 2 transitional employment arrangements.

7.2.3 For Type 1 and Type 2 transitional employment arrangements, the offer of employment from the new employer will be deemed to constitute a reasonable job offer for purposes of this part.

7.2.4 For Type 3 transitional employment arrangements, an offer of employment from the new employer will not be deemed to constitute a reasonable job offer for purposes of this part.

7.3 Responsibilities

7.3.1 The Agency will be responsible for deciding, after considering the criteria set out above, which of the Types applies in the case of particular alternative delivery initiatives.

7.3.2 Employees directly affected by alternative delivery initiatives are responsible for seriously considering job offers made by new employers and advising the Agency of their decision within the allowed period.

7.4 Notice of alternative delivery initiatives

7.4.1 Where alternative delivery initiatives are being undertaken, the Agency shall provide written notice to all employees offered employment by the new employer, giving them the opportunity to choose whether they wish to accept the offer.

7.4.2 Following written notification, employees must indicate within a period of 60 days their intention to accept the employment offer, except in the case of Type 3 arrangements, where the Agency may specify a period shorter than 60 days, but not less than 30 days.

7.5 Job offers from new employers

7.5.1 Employees subject to this appendix (see Application) and who do not accept the reasonable job offer from the new employer in the case of Type 1 or 2 transitional employment arrangements will be given four months notice of termination of employment and their employment will be terminated at the end of that period or on a mutually agreed upon date before the end of the four month notice period except where the employee was, at the satisfaction of the Chief Executive Officer, unaware of the offer or incapable of indicating an acceptance of the offer, he or she is deemed to have accepted the offer before the date on which the offer is to be accepted.

7.5.2 The Chief Executive Officer may extend the notice of termination period for operational reasons, but no such extended period may end later than the date the transfer to the new employer.

7.5.3 Employees who do not accept a job offer from the new employer in the case of Type 3 transitional employment arrangements may be declared opting or surplus by the Agency in accordance with the provisions of the other parts of this appendix.

7.5.4 Employees who accept a job offer from the new employer in the case of any alternative delivery initiative will have their employment terminated on the date on which the transfer becomes effective, or on another date that may be designated by the Agency for operational reasons provided that this does not create a break in continuous service between the Public Service, including the Agency, and the new employer.

7.6 Application of other provisions of the appendix

7.6.1 For greater certainty, the provisions of Part II, Official Notification, and section 6.4, Retention Payment, will apply in the case of an employee who refuses an offer of employment in the case of a Type 1 or 2 transitional employment arrangement. A payment under section 6.4 may not be combined with a payment under the other section.

7.7 Lump-sum payments and salary top-up allowances

7.7.1 Employees who are subject to this appendix (see Application) and who accept the offer of employment from the new employer in the case of Type 2 transitional employment arrangements will receive a sum equivalent to three months pay, payable upon the day on which the Agency work or function is transferred to the new employer. The Agency will also pay these employees an 18-month salary top-up allowance equivalent to the difference between the remuneration applicable to their Agency position and the salary applicable to their position with the new employer. This allowance will be paid as a lump-sum, payable on the day on which the Agency work or function is transferred to the new employer.

7.7.2 In the case of individuals who accept an offer of employment from the new employer in the case of a Type 2 arrangement whose new hourly or annual salary falls below 80 percent of their former hourly or annual remuneration, the Agency will pay an additional six months of salary top-up allowance for a total of twenty-four (24) months under this paragraph and paragraph 7.7.1. The salary top-up allowance equivalent to the difference between the remuneration applicable to their Agency position and the salary applicable to their position with the new employer will be paid as a lump-sum payable on the day on which the Agency work or function is transferred to the new employer.

7.7.3 Employees who accept the reasonable job offer from the successor employer in the case of a Type 1 or Type 2 transitional employment arrangement where the test of reasonableness referred to in the Statement of Pension Principles set out in Annex A is not met, that is, where the actuarial value (cost) of the new employer's pension arrangements are less than 6.5 percent of pensionable payroll (excluding the employer's costs related to the administration of the plan) will receive a sum equivalent to three months pay, payable on the day on which the Agency work or function is transferred to the new employer.

7.7.4 Employees who accept an offer of employment from the new employer in the case of Type 3 transitional employment arrangements will receive a sum equivalent to six months pay payable on the day on which the Agency work or function is transferred to the new employer. The Agency will also pay these employees a 12-month salary top-up allowance equivalent to the difference between the remuneration applicable to their position and the salary applicable to their position with the new employer. The allowance will be paid as a lump-sum, payable on the day on which the Agency work or

function is transferred to the new employer. The total of the lump-sum payment and the salary top-up allowance provided under this paragraph will not exceed an amount equivalent to one year's pay.

7.7.5 For the purposes of 7.7.1, 7.7.2 and 7.7.4, the term "remuneration" includes and is limited to salary plus equal pay adjustments, if any, and supervisory differential, if any.

7.8 Reimbursement

7.8.1 An individual who receives a lump-sum payment and salary top-up allowance pursuant to paragraphs 7.7.1 to 7.7.4 and who is reappointed to the Agency at any point during the period covered by the total of the lump-sum payment and salary top-up allowance, if any, shall reimburse the Receiver General for Canada by an amount corresponding to the period from the effective date of re-appointment to the end of the original period covered by the total of the lump-sum payment and salary top-up allowance, if any.

7.8.2 An individual who receives a lump-sum payment pursuant to paragraph 7.6.1 and, as applicable, is either reappointed to the Agency or hired by the new employer at any point covered by the lump-sum payment, shall reimburse the Receiver General for Canada by an amount corresponding to the period from the effective date of the reappointment or hiring to the end of the original period covered by the lump-sum payment.

7.9 Vacation leave credits and severance pay

7.9.1 Notwithstanding the provisions of this agreement concerning vacation leave, an employee who accepts a job offer pursuant to this part may choose not to be paid for earned but unused vacation leave credits, provided that the new employer will accept these credits.

**

7.9.2 Notwithstanding the provisions of this agreement concerning severance pay, an employee who accepts a reasonable job offer pursuant to this part will not be paid severance pay where successor rights apply and/or, in the case of a Type 2 transitional employment arrangement, when the new employer recognizes the employee's years of continuous employment in the Public Service for severance pay purposes and provides severance pay entitlements similar to the employee's severance pay entitlements at the time of the transfer. However, an employee who has a severance termination benefit entitlement under the terms of article 57.05(b) or (c) shall be paid this entitlement at the time of transfer.

7.9.3 Where:

(a) the conditions set out in 7.9.2 are not met,

(b) the severance provisions of the collective agreement are extracted from the collective agreement prior to the date of transfer to another non-federal public sector employer,

(c) the employment of an employee is terminated pursuant to the terms of paragraph 7.5.1,

or

(d) the employment of an employee who accepts a job offer from the new employer in a Type 3 transitional employment arrangement is terminated on the transfer of the function to the new employer, the employee shall be deemed, for purposes of severance pay, to be involuntarily laid off on the day on which employment in the Agency terminates.

Annex A
Statement of pension principles

1. The new employer will have in place, or Her Majesty in right of Canada will require the new employer to put in place, reasonable pension arrangements for transferring employees. The test of "reasonableness" will be that the actuarial value (cost) of the new employer pension arrangements will be at least 6.5 percent of pensionable payroll, which in the case of defined-benefit pension plans will be as determined by the Assessment Methodology developed by Towers Perrin for the Treasury Board, dated October 7, 1997. This Assessment Methodology will apply for the duration of this agreement. Where there is no reasonable pension arrangement in place on the transfer date or no written undertaking by the new employer to put such reasonable pension arrangement in place effective on the transfer date, subject to the approval of Parliament and a written undertaking by the new employer to pay the employer costs, *Public Service Superannuation Act* (PSSA) coverage could be provided during a transitional period of up to a year.

2. Benefits in respect of service accrued to the point of transfer are to be fully protected.

3. Her Majesty in right of Canada will seek portability arrangements between the Public Service Superannuation Plan and the pension plan of the new employer where a portability arrangement does not yet exist. Furthermore, Her Majesty in right of Canada will seek authority to permit employees the option of counting their service with the new employer for vesting and benefit thresholds under the *PSSA*