

Memorandum of Understanding Between the Treasury Board and the Public Service Alliance of Canada with respect to Lifting the Moratorium on Vacation and Compensatory Leave Cash-Out

This Memorandum of Understanding (MOU) is to give effect to the agreement reached between the Treasury Board (the Employer) and the Public Service Alliance of Canada (the Alliance) with respect to the liquidation of vacation and compensatory leave in excess of the carry-over limits, as stipulated in the relevant collective agreement.

This MOU shall apply to employees of the Program and Administration Services (PA), Operational Services (SV), Technical Services (TC), Border Services (FB) and Education and Library Science (EB) bargaining units.

The parties agree that further to the last extension of the leave cash out moratorium for 2021, the Employer will proceed with the payment of outstanding vacation and compensatory leave credits, starting on March 31, 2022. In order to return to the carry-over levels allowed in the collective agreements by April 1, 2026, the parties agree to the following process to liquidate excess leave balances over a five-year period between March 31, 2022, to March 31, 2026:

Vacation Leave Cash-out

For vacation leave, the mandatory cash-out will take place at a rate of 20% per year for all hours in excess of applicable carry-over limits, each year, from March 31, 2022, to March 31, 2026.

To ensure that employees do not continue to accrue vacation leave in their banks in excess of the carry-over maximum between April 1, 2021, and March 31, 2026, employees with vacation leave balances above the annual carry-over limit will, in addition to the 20% cash-out described above, also receive a payment for 100% of the earned but unused portion of their vacation leave accumulated during each fiscal year, starting on March 31, 2022. Notwithstanding the above, this cash-out will be limited to the amount necessary to reduce an employee's carryover to the carry-over limit as stipulated in the relevant collective agreement.

Employees with a remaining balance in excess of allowable limits on March 31, 2026, will receive a cash-out for the portion in excess, in its entirety, in accordance with the applicable collective agreement provisions.

Compensatory Leave Cash-out

Employees with a compensatory leave balance on March 31, 2022, will receive a cash out of 20% per year from March 31, 2022 to March 31, 2026. Unused compensatory leave earned between April 1, 2021 to March 31, 2022 and during each subsequent fiscal year will also be paid according to the provisions of the applicable collective agreement, to avoid for the balance to increase.

Notwithstanding the paragraphs above, employees will continue to be able to request a cash out of their vacation or compensatory leave balances during the year, in the amounts and manner described in the relevant collective agreement.

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The employer, in consultation with the employee, may pause the mandatory leave cash-out in a given year, in certain situations where there is an issue with the completeness or accuracy of an employee's leave data (for example employees in a pending transfer situation).