



Public Service Alliance of Canada
Alliance de la Fonction publique du Canada

BRIEF

OF THE

PUBLIC SERVICE ALLIANCE OF CANADA

**IN THE MATTER OF THE FEDERAL PUBLIC SECTOR LABOUR RELATIONS ACT and a
dispute affecting the PUBLIC SERVICE ALLIANCE OF CANADA and TREASURY
BOARD, in relation to Appendix FF of the Technical Services (TC) Collective
Agreement**

Morton Mitchnick
Chairperson

October 19 and 28, 2021

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PART 1: INTRODUCTION

THE EG CLASSIFICATION AND THE COMPOSITION OF BARGAINING UNIT

The Engineering and Scientific Support (EG) group is a part of the Technical Services (TC) Group, which is composed of six different categories of employees certified by the Federal Public Sector Labour Relations and Employment Board (FPSLREB). According to the information provided by the Employer to the Union at the outset of the previous round of bargaining, the EG group has 6,241 employees, comprising 58.5% of the TC Group.

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 conduct of analytical, experimental or investigative activities in the natural, physical and applied sciences; the preparation, inspection, measurement and analysis of biological, chemical and physical substances and materials; the design, construction, modification and assessment of technical systems and equipment or the calibration, maintenance and operation of instruments and apparatus used for these purposes; and the observation, calculation, recording and the interpretation, presentation and reporting of results of tests or analyses, including:
 - the performance of activities involving the application of the principles, methods, and techniques of engineering technology and a practical knowledge of the construction, application, properties, operation and limitations of engineering or surveying systems, processes, structures, buildings or materials, and machines or devices;
 - the planning of approaches, the development or selection and application of methods and techniques, including computer software, to conduct analytical, experimental or investigative activities; the evaluation and interpretation of results; and the preparation of technical reports;
 - the observation and recording of events and the analysis of information relating to such fields as meteorology, hydrography, or oceanography and the presentation of the results of such studies; and the provision of data and information relating to meteorology;
 - the monitoring and investigating of environmental hazards or the provision of advice on those issues impacting upon compliance with public health legislation; and
 - the design, development or application of tests, procedures and techniques in support of the diagnosis, treatment and prevention of human and animal diseases and physical conditions;

2. the planning, development and conduct of training in, or the leadership of, any of the above activities.¹

EGs work in a variety of departments, performing different types of work. The table below shows the departments in which there are at least 100 EGs working. The named departments in the table make up more than 97% of the EG population.

Department	# of EGs
National Defence/ Défense nationale	1,508
Fisheries and Oceans Canada/ Pêches et Océans Canada	942
Agriculture and Agri-Food Canada/ Agriculture et Agroalimentaire Canada	874
Environment and Climate Change Canada/ Environnement et Changement climatique Canada	788
Public Services and Procurement Canada/ Services publics et Approvisionnement Canada	446
Natural Resources Canada/ Ressources naturelles Canada	380
Public Health Agency of Canada/ Agence de la santé publique du Canada	266
Indigenous Services Canada/ Services aux Autochtones Canada	239
Transport Canada/ Transports Canada	191
Health Canada/ Santé Canada	181
Royal Canadian Mounted Police (Civilian Staff)/ Gendarmerie royale du Canada (Personnel civil)	140
Correctional Service Canada/ Service correctionnel Canada	121

The Canadian Food Inspection Agency (CFIA)

The CFIA is a separate agency of the Federal Government, accountable to the Minister of Agriculture and Agri-food. PSAC represents the largest bargaining unit with that employer and although it is smaller than the TC group, the composition of that bargaining unit is similar. PSAC represents approximately 4,200 employees at CFIA. There are 2,574 EG employees, comprising

¹ Treasury Board of Canada Secretariat, *Occupational Group Definitions* (2011)

61.4% of the bargaining unit. There is also a large variety of jobs performed by EGs at CFIA. Some do work that is identical to the work done by employees of the TC group, while others may have different duties. All EGs, whether at TC or CFIA are classified according to the same occupational group standard as listed above.

HISTORY OF THE PROCESS

The wage disparity between the EGs of the TC group and the EGs working at the CFIA has been a long-standing issue between the parties in negotiations. This is due to the fact that there are two groups of employees employed by the federal government, evaluated identically and according to the same standard, yet one group earns 3.3% more than the other.

There has been incremental progress on the Union's clear and consistent call for parity between EGs over the past three rounds of collective bargaining.

The gap was partially closed in the round concluding in 2013. At that time, the parties agreed to include an allowance that was worth 1.5% of salary for all TC EGs, which lessened the gap between the two different groups of EGs (Exhibit C).

In the following round, concluding in 2018, that allowance was rolled directly into the salary of all TC EGs, which made this amount applicable to overtime and reinforced that the allowance is pensionable. Further, the parties agreed to a Memorandum of Understanding to meet between rounds to determine if there is any bona fide difference between the groups of EGs (Exhibit D).

The parties met between rounds to do the work contemplated by the MOU. At that time, the parties agreed that there is no substantive difference between the two groups of EGs and confirmed that they are evaluated using the exact same classification standard. In fact, the agreement signed by the parties stated that:

The CFIA ... confirmed that they use the Treasury Board of Canada Secretariat (TSB) EG Job Evaluation standard.

...

[T]he parties agree that the EG Classification in the TC bargaining unit and at CFIA are essentially equivalent and directly comparable for the purposes of collective bargaining. (Exhibit E)

Finally, in the round of bargaining which concluded in July 2020, the parties agreed to the process for which this submission has been produced. The agreement between the parties states that:

Following notice to bargain being served for the next round, parties will consider a specific wage adjustment proposal for the EG group. In the event that the parties are

unable to reach agreement on an appropriate wage adjustment, following the expiry of the current agreement either party may refer this matter to binding determination, as permitted under section 182 of the *Federal Public Sector Labour Relations Act*, for final and binding determination. The collective agreement will be adjusted according to the decision issued as a result of this process. (Exhibit F).

The Union sent a letter to the Employer to initiate the process on January 11, 2021 (Exhibit G). The parties met on March 15, 2021 to begin the process outlined in Appendix FF of the Collective Agreement. The Union presented its proposal to the Employer at that time. The parties had set aside further dates in March to continue negotiations. The Union expected to receive a counter-proposal or a position from the Employer at that time. Before those dates, however, the Employer cancelled, stating that they would not have a mandate to provide a position to the Union.

Since that time, the Union inquired with the Employer multiple times to ask when the Employer would have a position. The Employer has offered the Union no position, no explanation for their delay, and no expected date when they might be ready to discuss the issue. As a result, the Union filed for a binding determination on June 21, 2021.

PSAC BARGAINING TEAM

During the course of the Public Interest Commission process, Team members may be called upon to provide a more detailed explanation of specific issues of the enclosed proposals. The PSAC Technical Services Bargaining Team is:

Jean Cloutier (EG)

Kevin Lundstrom (EG)

Pat St-Georges (EG)

Sharon DeSousa, PSAC National Executive Vice-President

Appearing for the PSAC are:

Seth Sazant, Negotiator, PSAC

Silja Freitag, Research Officer, PSAC

LEGISLATIVE FRAMEWORK

The parties have agreed to refer this matter to binding determination under section 182 of the *Federal Public Sector Labour Relations Act*, which is partially reproduced below. The full text of the parties' agreement appears further below. It is Appendix FF of the TC Collective Agreement.

Alternate Dispute Resolution Process

182 (1) Despite any other provision of this Part, the employer and the bargaining agent for a bargaining unit may, at any time in the negotiation of a collective agreement, agree to refer any term or condition of employment of employees in the bargaining unit that may be included in a collective agreement to any eligible person for final and binding determination by whatever process the employer and the bargaining agent agree to.

...

Form of determination

(4) The form of the final and binding determination must, wherever possible, permit the determination to be

(a) read and interpreted with, or annexed to and published with, a collective agreement dealing with other terms and conditions of employment of the employees in the bargaining unit in respect of which the determination applies; and

(b) incorporated into and implemented by any instrument that may be required to be made by the employer or the relevant bargaining agent in respect of the determination.

Binding effect

(5) The determination is binding on the employer, the bargaining agent and the employees in the bargaining unit and is deemed to be incorporated into any collective agreement binding on the employees in the bargaining unit in respect of which the determination applies or, if there is no such agreement, is deemed to be such an agreement.

Appendix FF

Memorandum of Understanding Between the Treasury Board of Canada and the Public Service Alliance of Canada With Respect to Comparability at Canadian Food and Inspection Agency

Under the previous collective agreement, the Union and the Employer had agreed to create a Joint Committee to undertake a comparison of the value of work and compensation of employees working in the Engineering and Scientific Support (EG) group in the core public administration with their comparators working at the Canadian Food Inspection Agency. This committee was to provide proposals to inform the current collective agreement. This Committee came to an agreement that “the EG classification in the TC bargaining unit and at CFIA are essentially equivalent and directly comparable for the purposes of collective bargaining.” However, despite the efforts of the parties, they were unable to reach agreement on wage adjustments for the EG group.

This memorandum of understanding outlines a process, for resolving the work of the Joint Committee and to resolve the dispute on the appropriate wage adjustment for the EG group.

Following notice to bargain being served for the next round, parties will consider a specific wage adjustment proposal for the EG group. In the event that the parties are unable to reach agreement on an appropriate wage adjustment, following the expiry of the current agreement either party may refer this matter to binding determination, as permitted under section 182 of the *Federal Public Sector Labour Relations Act*, for final and binding determination. The collective agreement will be adjusted according to the decision issued as a result of this process. For further clarity, this referral to binding determination may occur before the parties have concluded a negotiated renewal to the collective agreement.

If the parties go to binding determination, they agree to use Mort Mitchnick as the chairperson of the process or of the board if the parties agree to form a three-person panel. If Mr. Mitchnick is not available and a mutually acceptable alternative cannot be identified, the chairperson shall be appointed by the Federal Public Sector Labour Relations and Employment Board.

Any increase in salary included in the decision of the chairperson will be subject to the memorandum of understanding with respect to implementation of collective agreement, Appendix S, signed between the parties for the round of collective bargaining concluded in 2020, exclusive of section 3.

This memorandum of understanding forms part of the collective agreement.

PART 2: OUTSTANDING ISSUE

PSAC PROPOSAL

Effective July 21, 2020, add one new step to the top of all EG pay scales that is 3.32% higher than the existing maximum. This increased amount is in line with the maximum rate of each respective level of the EG pay scale at CFIA.

All employees who have been at their maximum rate for at least twelve months as of July 21, 2020 shall move to this new rate on that date.

EMPLOYER PROPOSAL

Unknown

RATIONALE

There are two groups of employees working for the federal government either directly or indirectly through a separate agency. These two groups do the same work as identified by the Employer's own classification system, but are paid different amounts. The work is evaluated using the same EG classification standard. The levels are identical. The work is, in many cases, identical. The Employer does not dispute any of these facts. In fact, the parties agreed on an MOU in 2018 stating that:

“The EG classification in the TC bargaining unit and at CFIA are essentially equivalent and directly comparable for the purposes of collective bargaining.”

There is no mystery and no dispute about who the parties should be comparing to for the purposes of a wage adjustment. The Employer has agreed that these are directly comparable groups.

Looking at the wages paid to TC and CFIA EGs, though, there is a significant difference. EGs who work at CFIA are paid 3.32% higher than EGs who are in the TC group.

	TC	CFIA	Difference	%
EG-01	\$ 58,244	\$ 60,178	\$ 1,934	3.32%
EG-02	\$ 64,070	\$ 66,197	\$ 2,127	3.32%
EG-03	\$ 70,474	\$ 72,811	\$ 2,337	3.32%
EG-04	\$ 77,523	\$ 80,094	\$ 2,571	3.32%
EG-05	\$ 85,272	\$ 88,105	\$ 2,833	3.32%
EG-06	\$ 93,799	\$ 96,912	\$ 3,113	3.32%
EG-07	\$ 103,181	\$ 106,609	\$ 3,428	3.32%
EG-08	\$ 113,499	\$ 117,270	\$ 3,771	3.32%

The principle that it is fair for an employer to provide the same pay for the same work, regardless of where that work is housed is self-evident. The Employer has never raised a market-based concern nor other reasons for the difference in wage rates.

While the group of EGs is diverse, this is true for both TC and CFIA. The lack of parity between the groups of EGs remains a long-standing issue of fairness. The Union is making a clear and uncomplicated comparison with respect to what the Government of Canada is paying for these two groups.

EG Rates of Pay

The section above laid out the general context for wage increases, but this tells only one small part of the story for the TC group. Based on the technical nature of the jobs in this bargaining unit and the dynamic market for the skills of the members, there are significant problems related to compensation. Although the Union does not intend to argue extensively about the rates of pay for EG group relative to those paid in the wider market, the following short section will detail the pay gaps for this group more widely.

In 2015, PSAC commissioned AON to perform a pay study for the TC group. PSAC was consulted on the parameters of the study, but the gathering of data, as well as the analysis and presentation were performed by AON. The entire study is provided in Exhibit H, but this section will briefly summarize the data contained therein.

The pay study surveyed a total of 34 jobs from a variety of classifications and levels. The sample contained almost every bargaining unit job with more than 50 incumbents. The following table summarizes the results for the jobs surveyed from the EG group:

Results by Position

Job Title	FTEs	Class.	TB Job Rate	Median Market Job Rate	% PSAC Behind
Team Leader Aircraft Maintenance Engineer (Senior)*	45	EG-06	88,091	92,438	4.9%
Aircraft Maintenance Engineer (Intermediate)*	114	EG-05	80,083	76,976	-3.9%
Environment Technician (Intermediate)	147	EG-05	80,083	83,783	4.6%
Environmental Inspector (Intermediate)	60	EG-05	80,083	89,434	11.7%
Environmental Health Officer (Intermediate)	141	EG-05	80,083	93,031	16.2%
GIS Technician (Senior)	71	EG-05	80,083	94,874	18.5%
Working Level GIS Technician (Intermediate)	96	EG-04	72,804	77,060	5.8%
GIS Technician (Junior)	103	EG-03	66,185	69,012	4.3%
Engineering Technician/Project Manager (Specialist)	188	EG-06	88,091	117,727	33.6%
Engineering Technician/Project Manager (Senior)	78	EG-05	80,083	97,353	21.6%
Engineering Technician/Project Manager (Intermediate)	37	EG-04	72,804	83,337	14.5%
Biological/Life Sciences Research Technician (Senior)*	915	EG-05	80,083	94,298	17.8%
Biological/Life Sciences Research Technician (Intermediate)	644	EG-04	72,804	80,417	10.5%
Biological/Life Sciences Research Technician (Junior)*	500	EG-03	66,185	61,898	-6.5%
Weighted averages	3,139		76,206	84,997	10.9%

* Where data related to the salary structure was not available due to insufficient responses, the actual salary paid to employees in the market was used. This figure underestimates the market gap for PSAC members since it compares maximum PSAC salary to actual salary in the market.

As depicted in the table above, virtually all the EG positions are behind the market, and most are substantially behind.

The following table combines the information to show salary as a weighted average by level.

Results by Level

Classification	Incumbents Surveyed	PSAC Rate*	Weighted Average	% Behind
EG-03	603	66,185	69,013	4.27%
EG-04	777	72,804	80,141	10.08%
EG-05	1,526	80,083	90,803	13.39%
EG-06	233	88,150	117,727	33.64%

Again, the Union is not using this process to argue for a market adjustment as a reflection of the fact that wages are behind the market for the EG group generally. However, the Union submits that this information is relevant to support the Union’s contention that matching the rates paid to the EGs at CFIA is merited based on the fact that there is a wage gap more generally for the EGs in the TC group.

Effective Date

The Union is proposing an effective date for the implementation of this increase that is retroactive to July 21, 2020, the date when the parties agreed to this process. The Union submits that the date when the parties agreed to a binding process is the most reasonable date when this be implemented. Further delays in implementation would effectively penalize Union members from obtaining parity due to the fact that the Employer has not responded with a counter-offer to the Union for over six months.

Pay Note

The Union proposes to move all EG employees who have been at their maximum for at least twelve months to the new maximum. This is in line with the manner in which the parties have previously agreed to treat any additional increments added to the a given pay scale. (Exhibit D).

Where a new higher maximum is introduced to a pay scale, employees who have been at their maximum for at least a year are moved up immediately. An employee who has been at their maximum rate of pay for at least one year did not progress up to the next step in their pay scale because no further step existed at the time. If a new higher step is introduced, without this rule, unreasonable and unfair results may ensue.

For example, without this pay note, an employee who may have been at their maximum for ten years, but moved to that maximum on July 15, 2010 will not move to the new maximum until July 21, 2021. However, an employee who obtained their maximum on September 1, 2019 will move to that new maximum on September 1, 2020. The addition of this pay note, which is in line with the Treasury Board directives, would ensure fairness across the bargaining unit.

Costing

The cost of this proposal is less than 1.42% of overall payroll for the TC group.

Based on the Union's proposal, this amount will only apply to employees who have been at their maximum salary for at least one year. Currently, 68.5% of EGs are at their maximum salary. The costing here assumes that all of these employees have been at their maximum for at least a year, which will overstate the cost of this proposal, since we know that this is not true.

If all employees at their maximum salaries receive this 3.32% increase, the cost will be \$11,188,000, or 1.42% of TC payroll, which is \$789,869,000.

Employer 'Rationale': (In)ability to Pay

In this section, we discuss the Employer's anticipated arguments pertaining to the ability to pay, as the Union suspects that the Employer may make arguments regarding this concept. Arbitral jurisprudence speaks clearly and consistently to the need to look past the financial status of public sector employers when considering ability to pay. The jurisprudence and rationale behind rejecting ability to pay arguments is well-trodden and straightforward.

The Federal Government is the 'ultimate funder' of the Treasury Board Secretariat as well as the CFIA. The PSAC cannot take part in the funding and budgetary decisions within the Treasury Board Secretariat and rejects the argument that the Employer's financial mandate should be determined by the constraints imposed as a result of such decisions.

The issue of lack of ability to pay, as a result of pre-determined funding mechanisms, was addressed by Arbitrator Arthurs in his seminal case on the topic *Re Building Service Employees Local 204 and Welland County General Hospital* [1965] 16 L.A.C. 1 at 8, 1965 CLB 691 award:

If, on the other hand, the Commission refuses to assist the hospital in meeting the costs of an arbitral award, the process of arbitration becomes a sham. The level of wages would then be in fact determined by the Commission in approving the hospital's budget. Since the Union is not privy to budget discussions between the hospital and the

Commission, it would then be in the unenviable position of being unable to make representations regarding wage levels to the very body whose decision is effective - the Commission²

Arbitrator Arthurs reasoned that an award solely reflecting an employer's financial mandate as determined by another level of governance would, in effect, result in the 'ultimate funder' determining the wage rates in collective bargaining. It would logically follow that if an arbitrator were to consider ability to pay in this circumstance, it would evaluate the Federal Government's ability to pay rather than the Treasury Board Secretariat's ability or willingness to pay.

In light of another decision, Arbitrator Swan outlines that arbitrators give virtually no weight to "ability to pay" arguments and clarifies that the use of comparators, rather than Public Sector financial data, is not rooted in a cavalier attitude towards Union wage demands. Swan states that the arbitrator's role is to evaluate whether wages are equitable rather than an evaluation of the political processes from which budgets are invariably developed:

"Public sector arbitrators have never paid much attention to arguments based upon "the ability to pay" of the public purse, not because they do not think that the public purse needs to be protected from excessive wage demands, but because the other factors which fashion the outcome of an arbitration are so much more influential and so much more trustworthy than the national constraints of "ability to pay". The extraneous influences which may be applied to the resources available to the individual hospital bound by the present arbitration are such that, either by manipulation or by sheer happenstance, those forces could render meaningless the entire negotiation and basis for the outcome of collective bargaining. The decision as to whether a specific service should be offered in the public sector or not is an essentially political one, as is the provision of resources to pay for that service. Arbitrators have no part in that political process, but have a fundamentally different role to play, that of ensuring that the terms and conditions of employment in the public service are just and equitable.³

By and large, the concept of 'ability-to-pay' has been rejected as an overriding criterion in public sector disputes by an overwhelming majority of arbitrators and has been summarized as follows:

² H. W. Arthurs, Award Re Building Service Employees Local 204 and Welland County General Hospital, 16 L.A.C.-1, 1965.

³ Kenneth P. Swan, Re: Kingston General Hospital and OPSEU, Unreported, June 12, 1979.

1. "Ability to pay" is a factor entirely within the government's own control;
2. Government cannot escape its obligation to pay normative wage increases to public sector employees by limiting the funds made available to public institutions;
3. Entrenchment of "ability to pay" as a criterion deprives arbitrators of their independence, and in so doing discredits the arbitration process;
4. Public sector employees should not be required to subsidize public services through substandard wages;
5. Government ought not to be allowed to escape its responsibility for making political decisions by hiding behind a purported inability to pay;
6. Arbitrators are not in a position to measure a public sector employer's "ability to pay"⁴ ;

Therefore, the Union submits that Employer's inability to pay argument is moot, particularly when the government has it within its power to determine its own ability to pay by setting its budget, and specifically when jurisprudence has consistently rejected such claims from the Employer.

The Canadian Economy and the Government of Canada's fiscal circumstances

The COVID-19 pandemic has had swift and far-reaching economic consequences in countries around the world. Canada was not immune; however, it entered the pandemic with the strongest fiscal position of any G7 country, allowing the Government of Canada to mitigate the drastic economic effects through ongoing financial support measures.

Canada's fiscal policy support during the pandemic is one of the highest among the G7 peer countries and the federal government's economic response, totaling \$624.2 billion, validates remarkable fiscal capacity and flex. " *The government has provided Canadian businesses and families with a financial lifeline to pull them through the crisis, helping them avoid financial ruin – and the government remains well-positioned to keep supporting them*" (Fall Economic Statement 2020).⁵ This concurs with the Government's on-going prioritization of increased program spending over reducing the deficit, before, during, and after the COVID-19 pandemic.

Most of the pandemic's effect, including an abrupt drop in GDP, took place in mid-March to the end of April in 2020. The economy rebounded at a faster pace than expected through the summer of 2020, following eased public health measure, reopening of businesses, and Canadians getting used to restrictions. Economic growth picked up considerable momentum in

⁴ Jeffrey Sack, Q.C., "Ability to pay in the Public Sector: A Critical Appraisal", *Labour Arbitration Yearbook*, 1991, vol. 2, 277 to 279.

⁵ Fall Economic Statement 2020 Supporting Canadians and Fighting Covid-19 ([FES 2020](#))

the fourth quarter of 2020, confirming the efficacy of the fiscal measures and monetary policies.⁶ A second wave in late 2020 led to more public health restrictions and containment measures. This time economic activity was more resilient, and Canada came out far ahead of forecasters' mid-2020 predictions, in contrast with many peer countries that saw contractions.⁵ ⁷ contraction of Canada's real GDP in Q2 of 2020 notwithstanding, Canada's economic recovery remains enviable: nominal GDP at midyear was 5.1% above its pre-recession peak and among the best among the G7 peer group.⁸

Consumers are well-positioned to support the recovery, with strong increases in household disposable income rose and excess savings already accumulated (11.4% of GDP).⁸ In their latest forecasts, Canadian Banks, the International Monetary Fund, and OECD project economic expansion with GDP growth at an average of 5.2% in 2021 and 4.2% in 2022.⁹ As of September 2021, employment has reached its pre-pandemic level of February 2020. An impressive gain of 157,100 jobs, along with the lowest unemployment levels since the pandemic suggest a positive fall and upward pressure on wages.¹⁰ Canada's economy can and does adapt and will bounce back quickly when restrictions are lifted. Large-scale fiscal support and investments in the United States may also spill over into the Canadian economy.⁷

To prepare for various scenarios and timelines over the next three years, the government is setting aside 3-4% of GDP (up to \$100 billion) in stimulus spending to address the evolving situation. Overall, Canada's level of projected recovery spending is in line with most of Canada's peer countries' economies.⁷

Current costs of servicing our national debt relative to our economy are the lowest in over a century and the Bank of Canada will continue to make public debt affordable by easing monetary policy. Despite the increase in the debt-to-GDP ratio this year, federal debt charges are projected to fall below 1% GDP for 2020-2021, followed by a modest increase to 1.2% in 2025-2026. Canada is likely to *exit* the pandemic with a debt-service ratio lower than many of its peers had *entering* it and has some breathing room.¹¹ The fiscal deficit (\$354.2 billion for 2020-21) is revised from the forecast in the fall statement and should gradually shrink to \$30.7B

⁶ Bank of Canada Monetary Policy Report, January 2021 ([BoC January 2021](#))

⁷ Budget 2021: A Recovery Plan for Jobs, Growth, and Resilience ([Budget 2021](#))

⁸ [Scotiabank](#) September 2021

⁹ [OECD](#) interim projections, [CIBC](#), [Desjardins](#), [IMF](#), [National Bank of Canada](#), [TD](#), [RBC](#), [Scotiabank](#), [BMO](#), Bank of Canada Monetary Policy Report, July 2021 ([BoC July 2021](#))

¹⁰ [Desjardins Economic Studies, October 8, 2021](#)

¹¹ [CIBC Economics In Focus](#). 15 mars 2021

in 2025-26, a level similar to that before the pandemic. The debt-to-GDP ratio is expected to peak on March 31, 2022, gradually declining from there on to March 31, 2026.^{7 12}

Major credit agencies agree that Canada maintains its creditworthiness and stable outlook. Canada does not have fiscal vulnerabilities “*due to its strong pre-crisis fiscal position and its sizable asset position*”.¹³ Fitch’s AA+ rating and stable outlook reflects the agency’s expectation that debt/GDP will stabilize over the medium-term Canada’s monetary and fiscal policies will allow gradual economic recovery.¹³

While it is difficult to predict the length of the pandemic recovery period it is important to remember that recovery will come. Projections will remain in flux for a while, however buoyed by increased vaccination rates, broader immunity, fewer COVID-19 cases and resulting easing of public health restrictions, a strong pick-up in GDP growth and impressive growth is predicted with the opening of more and more services.^{5 6} Globally, sustained near term growth suggests a rapid return to the long-term trend of GDP. The recession at the start of the pandemic was certainly atypical and much of the lost economic activity has been recouped after public health restraints were removed. Challenges such as increased debt and inflationary pressures, and labour scarcity will need to be addressed by current and future governments.¹⁴ A federal debt that is higher than what we have become accustomed to over recent years, however, will not be a hindrance to providing fair wages to federal public servants.

CONCLUSION

Fundamentally, the Union is making a very simple argument that is supported by the evidence and supported by the Employer’s position as well. The parties agreed in 2018 that:

“The EG classification in the TC bargaining unit and at CFIA are essentially equivalent and directly comparable for the purposes of collective bargaining.”

Despite this uncontested truth, the rates of pay for the two groups remains 3.32% apart. The Union has patiently and methodically pursued the goal of full parity for these two groups. The Union respectfully submits that the time is now to fully close this pay gap.

¹² IMF 2021 Article IV Consultation – Press Release and Staff Report (Canada) (IMF February 2021)

¹³ Fitch’s Ratings. June 24, 2020

¹⁴ Desjardins Economic and Financial Outlook, September 28, 2021

PART 3: EXHIBITS