

**Written Submission to the Minister of Finance in
Advance of the Upcoming 2024 Federal Budget**

February 09, 2024

Public Service Alliance of Canada

Recommendations

Improving public services

1. Eliminate the backlog of Phoenix pay problems and prevent further problems by hiring, training, and retaining more compensation advisors. Ensure the appropriate staffing resources to process the massive backlog of pay transactions and to provide for future pay transactions. Also:
 - a. Extend Phoenix general damages and claims process from 2020 to present day and beyond to compensate for ongoing pain and suffering caused by pay issues.
 - b. Negotiate a meaningful damages agreement for Parliamentary workers in the House of Commons and Senate, who were not included in the original agreement.
 - c. Halt the overpayment recovery process until it can be overhauled with more clarity for workers:
 - i. Provide more detailed information about the recovery for workers;
 - ii. Improve communication by allowing workers to speak directly to a compensation advisor about their case.
 - iii. Clearly outline workers' obligations around the six-year statute of limitations to pay back the overpayment.
 - d. Ensure that the claims process for expenses and major losses is available to workers as long as they continue to experience hardships.
 - e. Launch a national inquiry into the Phoenix pay disaster.
2. Pause all proposed cuts to federal public services, including those that reduce workforce size by attrition, until a process is developed and enacted, in consultation with bargaining agents, to objectively determine the adequacy of public service staffing levels that prioritizes the populations being served and their needs.
3. Create a body within the federal public service to provide services currently provided by contracted private consultants.
4. Working with bargaining agents, amend the FPSLRA to bring it in line with measures and protections afforded under legislation in other sectors (primarily the Canada Labour Code). Include language requiring employers to pay workers properly and on time.
5. Ensure recommendations of the current review of the Public Service Disclosure Protection Act (PSDPA) are adopted and that the act be amended accordingly.
6. Settle the Black Class Action and Indigenous Class Action lawsuits in good faith by:
 - a. Publicly apologizing to Black and Indigenous federal public service workers.
 - b. Providing restitution to address the financial loss and racial trauma suffered.
 - c. Implementing a Black-led Mental Health Program for Black public service workers as promised in the 2023 federal budget.
 - d. Fulfilling the requested remedies outlined in each lawsuit to address the systemic barriers facing Black and Indigenous workers.
7. Work to prevent all forms of racism, and discrimination in the federal public service by:
 - a. Implementing the recommendations in the Taskforce on the Employment Equity Act Review Report from December 2023 with consultations with stakeholders.

- b. Implementing the recommendations from the Report of the Senate on Anti-Black Racism, Sexism and Systemic discrimination at the Canadian Human Rights Commission from December 2023 with consultations with stakeholders.
 - c. Implementing the recommendations from the Report of the Auditor General of Canada on Inclusion in the Workplace for Racialized Employees from October 2023 with consultations with stakeholders.
 - d. Providing robust resources to protect employees from acts of discrimination, harassment, and violence, providing proper support when acts occur, and thoroughly investigating and remediating all such situations.
8. Repeal the changes to the Public Service Superannuation Act that raised the minimum, unreduced retirement age to sixty years old with thirty years of service or sixty-five years with two years of service, for anyone hired into the federal public service after January 1, 2013.
 9. Amend the Income Tax Act and regulations to recognize border officers (FB group) as public safety officers and amend the Public Service Superannuation Act and regulations similarly (FB and SV-FR groups), to permit border officers and firefighters to retire after 25 years of service.
 10. Immediately, and significantly, increase funding to the Pay Equity Commission to ensure that the commission is properly resourced to do its required work, including promoting proactive compliance with the Act, engaging in audit and enforcement, and providing timely decisions on disputes, complaints and requests.

Better supports for everyone.

11. Increase EI benefit rates for all recipients, sufficient to ensure a livable income, and increase eligibility across sectors and job classifications.
12. Create a national housing plan that recognizes that decent housing is a human right, starting with a commitment to the necessary resources to ensure all Northerners have access to affordable and adequate housing, by national standards and building codes, within five years.
13. Commit to a national post-secondary framework that sets out robust and reliable funding and standards for all post-secondary education institutions in the country, ensuring affordable, accessible, quality public education for all, and decent working conditions for those employed by these institutions.

Rationale

Phoenix (Recommendation 1)

The release of the 2024 Federal Budget will occur soon after the 8th anniversary of the onset of the Phoenix pay disaster, that, as of this writing, has seen errors in each and every pay period. Tens of thousands of public sector employees, including some now retired, in other jobs, or deceased, have yet to receive outstanding pay. This has impacted their benefits, their retirement pensions, their severance pay, and their confidence to take career advancement opportunities. Yet the government is currently focused on recovering overpayments, regardless of the ongoing harm to its own employees. The government and senior bureaucracy created pay problems that have led to this zealous overpayment recovery process, and they are unable to pay even more employees either correctly or on time since the end of 2019.

While some increases in hiring of pay advisors have occurred, the government must find ways to not only hire and train these employees but also retain them. Attrition is too high, resulting in constant turnover and loss of expertise from the pay centre program.

The negotiated Memorandum of Agreement on damages expired in April of 2020. Yet pay problems continue for federal workers in all bargaining groups. The government must extend the agreement until all problems are resolved. Additionally, Parliamentary workers, those employed by the House of Commons and Senate, are also paid by Phoenix, enduring similar pain and suffering as federal government workers. These workers were not included in the first round of damages payments. It's time to rectify this situation.

And finally, it is time for a national inquiry into why this crisis has happened, how it could have been prevented, and most importantly why, eight years later, it has not yet been fixed. Only through such an investigation will Canadians be sure that such a problem will be prevented in the future.

Staffing planning, contracting out, labour legislation and whistleblower protections (Recommendations 2, 3, 4, and 5)

Over the past year, increasing attention has been paid in the media, through House and Senate committees, parliamentary debates, and new task forces to the use of private contractors to provide public services and to inadequacies in legislative protection for public service workers. While the 2023 Budget and Fall Economic Update committed to significantly cut outsourcing, there was no obvious corresponding investment to in-house staffing. This suggests that either the work was not necessary in the first place, or that when it is brought in house, cuts will be made elsewhere. A system-wide staffing plan should be developed that considers the needs of all who receive services, both within the government and with the public. Such a review must also consider the evidence that in-house provision of public services, including management consulting¹, results in a better quality of service at a more appropriate cost. As previously suggested, the government should create an in-house [auxiliary worker pool](#) and [a centralized body](#) for providing access to information services.

Furthermore, the 2023 Budget and Fall Economic Update indicated forthcoming cuts to current public services and to those promised in previous budgets. Until a full staffing plan is developed, the government must pause planning for these cuts. It is unrealistic to propose spending reductions of this level without reducing the size of the workforce. At a time when repeated urgent situations require the complete attention of a dedicated public service, understaffing, outsourcing and chronic unfilled vacancies will leave the government unable to fill its mandate to provide services to everyone in Canada.

The recent nationwide strike by 155,000 PSAC members has reinforced that changes to the Federal Public Service Labour Relations Act are long overdue. The legislation, as currently written and implemented, creates untenable delays in the collective bargaining process, with no real benefit to either the employer or workers. The Public Interest Commission process is costly, time-consuming, and rarely productive. In fact, in the last round of bargaining, the recommendations from the PIC report on the SV bargaining table explicitly indicated that free and fair collective bargaining was the only way to resolution, and not the PIC process itself.

While the *Public Service Disclosure Protection Act* is intended to make it easier for public sector workers to report wrongdoing (whistleblowing), the Act and its implementation do not serve this goal. Canada has a dubious international reputation for being backward in its protection of whistleblowers. The need for the current review of the Act is questionable, given that a recent previous review was left to languish. That said, given that a new review has begun, it is imperative that the recommendations from this review be acted upon as soon as they are released.

¹ [Similar to in-house consulting now done in the German Public Service.](#)

Systemic racism, discrimination, and hate in the federal public service (Recommendations 6,7)

Systemic racism, discrimination, and hate symbols and speech have no place in any workplace. It has become increasingly clear however that the federal public service is rife with these problems. Daily, public sector workers experience discrimination based in racism, hate, ignorance, and bias. No worker can continue to thrive in such a situation. No employer can allow this to continue. It is incumbent upon the federal government to immediately put in place the proper resources and systems to prevent discrimination, to mitigate the impacts when it does happen, and to seek justice for injured employees.

Public Service Superannuation Act and Income Tax Act (Recommendations 8, 9)

In 2012, under the Harper regime, Bill C-45 made changes to the *Public Service Superannuation Act* that resulted in a discriminatory and potentially divisive two-tiered pension system for public service workers. By increasing the age at which a public service worker would be entitled to full retirement benefits, and by only applying that increase to workers hired after 2013, workers doing exactly the same job are afforded different entitlements based on age.

Touted as a pension longevity and cost-saving measure, this change has served to make the public service a less desirable career for younger employees and has created a situation in which the government is approaching a non-permitted surplus in the pension plan itself.

Additionally, the government made a clear commitment over a year ago to move forward with necessary changes to the Income Tax Act and its regulations, and to the Public Service Superannuation Act and its regulations, to allow CBSA employees in the FB bargaining group to retire after 25 years of service without penalty. There is also an outstanding commitment to make necessary changes to provide the same 25-year full retirement benefit to workers in the SV-FR group who work for DND. These changes have been stalled.

Pay Equity (Recommendation 10)

The Pay Equity Commission is charged with fulfilling the statutory requirements of the Pay Equity Act. To date, the commission has been underfunded and under resourced, leaving it unable to respond to complaints or disputes in a timely fashion, nor to provide adequate support to the hundreds of workplace parties currently required to develop pay equity plans by autumn of this year – prior to the 2024 Fall Economic Update. Additionally, there are several dozen more workplaces that will be integrated into the process when the provisions in the Act applying to the three territories are brought into force by an Order in Council. The Commission will not be able to handle this integration without increased resources.

EI reform (Recommendation 11)

The government must act with urgency on its promise to comprehensive Employment Insurance Reform. As the pandemic has shown, and as climate change is only beginning to show, a modern, fair, accessible, and progressive system of employment insurance that considers the fluid and changing nature of work is essential to ensuring that workers in this country have a social safety net between jobs or at important times of life – whether becoming new parents, illness or other.

Decent Housing (Recommendation 12)

The issue of homelessness and under housing has reached shameful levels in Canada. While the government has made some attempts to mitigate this situation in some communities, it is critical that this matter be rectified with utmost urgency. Decent housing, one of the most fundamental human rights, provides not only dignity but also makes education, employment, and independence more attainable. For residents of the northern territories and near northern parts of all provinces, housing options are limited and, in some cases, dangerous. Northern isolated communities continue to struggle with crowded and

inadequate housing conditions. Despite the government announcements of money dedicated to addressing this problem, families continue to endure these inadequacies.

National Post-secondary Act (Recommendation 13)

In a time when a post-secondary education – university, college, skilled trades – is nearly a universal requirement for employment, that same education is becoming increasingly difficult for many to obtain. Of those who do succeed, many are saddled with enormous debts that take decades to pay down. Furthermore, work in a post-secondary institution – once recognized as a “good job” – is increasingly precarious. Degreed instructors often need several positions to make ends meet. Students, including graduate students, teaching assistants and others, use food banks in order to be able to afford tuition and accommodations. The federal government has the ability to ensure that all students and workers in post-secondary institutions have what they need to succeed.

NOTE

Along with the above, it is further recommended that the Minister consider the recommendations made by the Canadian Centre for Policy Alternatives in their Alternative Federal Budget, by the Canadian Health Coalition, Canadians for Tax Fairness, and by the Canadian Labour Congress.