

**Written Submission for the Pre-Budget
Consultations in Advance of the Upcoming
Federal Budget**

By: Public Service Alliance of Canada (PSAC)

Recommendations:

- **Recommendation #1:** That the federal government rescind its current unilateral three-day per week in-office mandate and assess all remote work requests on an individual case-by-case basis.
- **Recommendation #2:** That the federal government take immediate action to rescind the two-tiered Federal Service Pension Plan.
- **Recommendation #3:** That the federal government address the Phoenix pay system backlogs and ongoing pay issues for federal public service workers and provide additional Phoenix damages and an extension to the claims process.
- **Recommendation #4:** That the federal government involve PSAC and other labour unions as part of the Care Economy Sectoral Table consultation process.
- **Recommendation #5:** That the federal government stop contracting out work and implement measures to end the use of temporary agency workers by creating permanent positions within the public service instead.
- **Recommendation #6:** That the government work to prevent all forms of racism, and discrimination in the federal public service by providing robust resources to protect employees from acts of discrimination, harassment, and violence, providing proper support when acts occur.
- **Recommendation #7:** That the government modernize the Federal Public Service Labour Relations and Employment Act.

Recommendation #1: Rescind the government's three-day in-office telework mandate and assess remote work requests on an individual basis

On May 1, 2024, the Treasury Board announced the federal government's decision to require all federal public service workers, in the core public administration and in separate agencies, to work on-site for a minimum of three days per week starting on September 9, 2024. This decision was made without prior consultations with any federal public service workers or unions.

PSAC is calling on the government to take immediate action and accountability on the lack of consultation and erosion of labour relations; the advisory process; the impact this will have on workforce productivity and well-being; and the lack of trust and respect towards our valued federal public service workers.

This is why PSAC calls on the federal government to rescind its current three day in-office telework mandate and engage in meaningful discussions to renew the Telework Directive with the objective of assessing remote work requests on an individual basis, as negotiated in the Letter of Agreement reached in the last round of negotiations. The government was already struggling to implement its previous mandate requiring workers in the office two days a week due to the lack of adequate workspaces and proper tools for workers. In addition, in Budget 2024, the government doubled down by committing to sell half of all federal buildings, which will only put more strain on office space for workers.

PSAC remains committed to securing fair telework rights that promote a flexible, inclusive, safe, and respectful workplace for all.

Recommendation #2: Rescind the two-tier Federal Service Pension Plan

In 2012, the Conservative government's Budget 2012 included provisions to convert the Federal Public Service Pension Plan into a two-tier system. Effective January 1, 2013, for all new Federal Public Service hires, the standard retirement age increased from 60 to 65 and the early retirement age for employees with at least 30 years of service from 55 to 60.

The increase in the retirement age has generated inequities between younger and older workers and has created a two-tier public service workforce. Public service workers with the same duties and responsibilities are being compensated with different benefit entitlements, which is an unfair practice for our dedicated public service workers.

The rationale put forward by the former government was a commitment to ensuring the long-term sustainability and financial integrity of all public sector pension plans.

However, the Federal Public Service Pension fund was already financially secure.

PSAC thanks the current government for reducing the retirement age that was implemented by the previous government but is calling on the government to address the two-tiered pension structure that has been created as a result.

An actuarial study commissioned by PSAC found that given the current funding status of the Federal Service Pension Plan, rescinding of the tier-two provisions could be accomplished without additional costs to taxpayers.

PSAC is calling on the federal government to reform the pension legislation to eradicate the existing two-tier system within the federal government.

Recommendation #3: Addressing the Phoenix pay system backlogs and providing additional damages

Since its implementation over eight years ago, the Phoenix pay system continues to negatively impact hundreds of thousands of federal public service workers. From an overwhelming backlog in pay transactions to compromised opportunities for career advancement and delayed retirement plans, the Phoenix pay system continues to take a heavy toll on our members.

The federal government hasn't had a single pay period where it was able to pay all federal public service workers accurately or on time, and with over 400,000 pay transactions still facing backlogs, the end is nowhere in sight.

PSAC is calling on the federal government to eliminate the backlog of Phoenix pay issues and prevent further ones by hiring, training, and retaining more compensation advisors.

Additionally, PSAC is asking the federal government to stop the aggressive claw back of overpayments from tens of thousands of workers. This strict administration of overpayments has resulted in mistrust of a system that impacts members' pay and livelihoods.

With Dayforce pay system, Phoenix's replacement, still years from launch, and an astounding 400,000+ pay problems remaining in the Phoenix backlog, the federal government must prioritize stabilizing the current pay system and hiring more compensation advisors to ensure members are paid accurately and on time every time.

Dayforce, or any other new pay system, cannot be introduced to the federal public service without considering the expertise and input from bargaining agents representing those workers and the compensation staff who are responsible for processing pay transactions.

PSAC is always willing to work with the federal government to ensure any new pay system is thoroughly tested and proven effective before full implementation.

PSAC is also asking the federal government to provide additional damages for federal public workers affected by the pay debacle. In 2019 and 2020, PSAC and other federal unions negotiated general damages compensation for our members and a new claims process for workers to be reimbursed for "out-of-pocket" expenses and severe damages caused by the broken pay system.

These agreements covered the stress, aggravation, and pain and suffering our members endured from 2016 to 2020, but since then, the pay problems haven't stopped.

For an additional four years, workers have continued to suffer because of a broken pay system, with no compensation from the federal government for the harm caused – and there's no end in sight.

Federal workers continue to be impacted by the Phoenix pay disaster for eight years and counting. Until federal public service workers are paid properly and on time – every single time – workers need additional general damages, and an extension of the severe damages claims process to make workers whole.

Recommendation #4: Supporting the Care Economy

In Budget 2024, the government announced investments to strengthen Canada's social infrastructure, referred to as the care economy. In addition to the care economy's focus on healthcare, childcare, and eldercare, the care economy addresses strengthening Canada's labour standards.

PSAC applauds the government's decision to invest further into Canada's social infrastructure, which includes labour standards, paid sick days, flexible work hours, and more.

As part of this announcement, the government has proposed a Sectoral Table on the care economy in the form of a consultation process.

As part of this consultation process, PSAC is calling on the federal government to ensure that PSAC and other labour unions are involved in the process to develop comprehensive strategies to meet the challenges of the future.

Recommendation #5: Staffing and contracting out

The federal government's approach to staffing has long been criticized for its lack of cohesion and comprehensive planning. Departments continue to operate independently, with no overarching strategy to address staffing needs. Recent budget discussions have implied cuts to public service spending, hinting at potential reductions in staffing, yet no clear plan has been presented.

In practice, departments frequently turn to external contractors to meet their staffing requirements instead of relying on internal resources. This trend has allowed a profitable secondary workforce to develop, undermining the public service's integrity. Despite promises to reduce reliance on contractors there has been no significant reinvestment to bring these roles back into the public service. PSAC believes that reintegrating contracted work would result in substantial cost savings and enhanced service quality.

The government must lead by example in creating a fair and effective employment environment.

PSAC urges the government to conduct a comprehensive review of staffing needs across all federal programs and services, working closely with unions to develop a unified staffing strategy. To reduce dependency on external contractors, PSAC recommends establishing an internal temporary staffing agency and management service, inspired by successful international models.

Furthermore, addressing precarious employment is vital. PSAC advocates for implementing measures to end the use of temporary agency workers and establish the creation of permanent positions within the public service. Bringing contracted services back in-house is essential for ensuring better oversight, improving service delivery, and achieving cost efficiencies.

These steps will not only improve the functioning of the public service but will also ensure fair treatment of employees and set the standard for employment practices across all sectors.

Recommendation #6: Racism and discrimination in the federal public service

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.

The federal government should also rectify decades of systemic racism in the federal public service by settling 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. Appointing a Black Equity Commissioner to address systemic anti-Black racism across all levels of government
- d. Implementing the Employment Equity Act amendments it promised in December 2023, to add Black Canadians as an employment equity group.
- e. Implementing a Black-led Mental Health Program for Black public service workers as promised in the 2023 federal budget.
- f. Fulfilling the requested remedies outlined in each lawsuit to address the systemic barriers facing Black and Indigenous workers.

Recommendation #7: Federal Public Service Labour Relations and Employment Act

The nationwide strike by 155,000 PSAC members in 2023 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.

PSAC is calling on the federal government to modernize the legislation, bringing it in line with the Canada Labour Code and provincial labour legislation.