

**Board file: 590-18-45970**

**IN THE MATTER OF a Public Interest Commission  
UNDER THE *FEDERAL PUBLIC SECTOR LABOUR RELATIONS ACT***

**BETWEEN:**

**PUBLIC SERVICE ALLIANCE OF CANADA**

(the "Alliance")

**-and-**

**Staff of the Non-Public Funds, Canadian Forces - Ottawa**

("SNPF")

**Before:** Christine Schmidt, Chairperson  
Sebastien Huard, SNPF Nominee  
Katty Duranleau, Alliance Nominee

**For the Applicant:** Natalie Rainville, Negotiator  
Sarah Allen, Research Officer

**For the Respondent:** Amy Lecompte, National Manager, Employment and Labour  
Relations  
Kassandra Shushack, Senior Labour Relations and Employment  
Officer

Hearing held in Ottawa on October 31, 2023 and Executive Session via  
videoconference on December 1, 2023.

[1] This is a Report of a Public Interest Commission (“Commission”) established under the *Federal Public Sector Labour Relations Act* (the “Act”) relating to the renewal of the collective agreement between the Public Service Alliance of Canada (“Alliance”) and the Staff of the Non-Public Funds, Canadian Forces (“SNPF-Ottawa”) pertaining to the NPF HQ Ottawa and CF Support Group Ottawa-Gatineau. The collective agreement between the parties expired on February 28, 2022. The parties are agreed that the renewal agreement will be for a three-year term.

[2] The Staff of the Non-Public Funds (“SNPF”) has approximately 4000 employees located in 48 Bases, Wings and Units across Canada and in Europe to assist the military internationally. In Canada, the SNPF has 22 bargaining units, 10 of which are represented by the Public Service Alliance of Canada. The other 12 bargaining units in Canada are represented by the United Food and Commercial International Union (“UFCW”).

[3] The SNPF is a unique organization within the public service. Its mission is to enhance the morale and welfare of the military community, thereby contributing to the operational readiness and effectiveness of the Canadian Forces (“CF”). The SNPF is a separate agency within the federal public administration and its employees are excluded from the application of the *Public Service Employment Act*. The SNPF fulfills its mandate through the delivery of programs in three areas. First, there is the Canadian Forces Exchange System (“CANEX”), a system of retail and food service outlets operated on CF Bases, run for the benefit and convenience of the military and their families. Secondly, SISIP offers financial services, including financial planning, as well as life and disability insurance to Canadian Armed Forces members, former members and their spouses/partners. Thirdly, Personnel Support Programs (“PSP”) include the mess and programs related to community service, physical fitness and recreation.

[4] The Alliance bargaining unit is comprised of approximately 67 employees, 64 of whom are employed full-time and 3 of whom are employed on a part-time basis. This bargaining unit consists of NPF Headquarters Ottawa administrative support and operational employees and Canadian Forces Support Group Ottawa Gatineau administrative support category employees. According to the briefs submitted, in this bargaining unit employees hold 14 positions which include: Member Customer Service

Representative, Inventory Control Clerk, Administrative Assistant, Accounting Clerk, among others.

[5] The Alliance was certified as the exclusive bargaining agent on November 1, 1982. It served notice to bargain on January 28, 2022. The parties engaged in collective bargaining on two occasions, between June 6 and June 7, 2022, and on October 19, 20 and 21, 2022, following which the Alliance declared an impasse and filed for conciliation. On October 27, 2022, it filed a request to the Federal Public Sector Labour and Employment Board to establish a Public Interest Commission, and as a result this Commission was established.

[6] Pursuant to section 172 of the Act, the Commission is mandated to endeavour to assist the parties to enter into a renewal collective agreement. Accordingly, we make the recommendations set out in this Report.

### **Framework of Recommendations of the Commission**

[7] The three Alliance bargaining units in Quebec and the SNPF agreed to meet in an attempt to mediate the many outstanding issues in dispute between the Quebec parties, the most contentious being wages. The Quebec parties met with the assistance of the Commissions appointed in those proceedings (the same Chair and nominees appointed in this one - the "Quebec Commissions"). The Quebec parties made progress on wages at mediation. By September 19, 2023, when the hearings for the Quebec parties were held, the SNPF employers asked the Quebec Commissions to recommend a three-year term with wage increases of 3.5%, 3% and 2% and additional wage adjustments of 2.5% in the first year and 1% in the third.

[8] Between the August mediation with the Quebec parties, and the hearings held on September 19, 2023, separate Public Interest Commissions held hearings pertaining to the Alliance bargaining units in Petawawa (the "Kaplan Commission") and Kingston (the "Kugler Commission"). In all five proceedings, the SNPF asked the Commissions established to recommend the same wage proposal that it asked us to recommend here: a three-year term with wage increases of 3.5%, 3%, 2% and additional wage adjustments of 2.5% in the first year and 1% in the third.

[9] On October 31, 2023, the Alliance informed the Commission that it was requesting that the Commission recommend a grid restructure with a starting rate of \$18.00 per hour effective February 28, 2022, then additional wage adjustments of 4.5% for each of the three years effective February 28, 2022.

[10] Other than wages and retroactivity, the only other issue outstanding between these parties was the Alliance request that the Commission recommend the payment of a second language bonus in the amount of \$1000.00 per year to those employees where the SNPF requires or recognizes the advantage a second language in performing the duties of their position.

[11] The Reports from the Kaplan and Kugler Commissions were issued on October 31, 2023 and November 21, 2023, respectively. Beyond what the SNPF-Petawawa and SNPF-Kingston employers asked those Commissions to recommend on wages, both the Kaplan Commission and the Kugler Commission recommended a further 1.75% wage adjustment for the second year (2023). Other than recommending language on retroactivity, and in the case of the Kaplan Commission an amendment to the unique Pay Note concerning minimum wage, neither the Kaplan Commission nor the Kugler Commission recommended any other monetary or non-monetary proposals.

### **The Criteria**

[12] Section 175 of the Act prescribes the factors that the Commission must consider in its deliberations. Section 175 of the Act provides as follows:

175. In the conduct of its proceedings and in making a report to the Chairperson, the public interest commission must take into account the following factors, in addition to any other factors that it considers relevant:

(a) the necessity of attracting competent persons to, and retaining them in, the public service in order to meet the needs of Canadians;

(b) the necessity of offering compensation and other terms and conditions of employment in the public service that are comparable to those of employees in similar occupations in the private and public sectors, including any geographic, industrial or other variations that the public interest commission considers relevant;

(c) the need to maintain appropriate relationships with respect to

compensation and other terms and conditions of employment as between different classification levels within an occupation and as between occupations in the public service;

(d) the need to establish compensation and other terms and conditions of employment that are fair and reasonable in relation to the qualifications required, the work performed, the responsibility assumed and the nature of the services rendered; and

(e) the state of the Canadian economy and the Government of Canada's fiscal circumstances.

[13] The parties made lengthy and comprehensive written submissions, followed by oral submissions, on the application of the factors to be considered as set out above. The Commission has carefully considered both the written and oral submissions made. It is fair to say, with minor differences to address specifics pertaining to the Alliance unit, the submissions made to us on wages and retroactivity were essentially the same submissions advanced before the Kaplan Commission and the Kugler Commission.

[14] The Commission is required to consider both the private and public sector comparators, to take into account any recruitment or retention issues, to review relationships as between different classification levels within occupations and between them in the public service, and to take into account the state of the economy, which includes consideration of the impact of inflation for the three years at issue, among other factors. The Kaplan Commission Report, and in particular the commentary made in the discussion section and the portion that addresses retroactivity, is on point and applicable to the circumstances in this proceeding.

[15] On December 1, 2023, the Commission held its executive session. Both nominees made submissions on the relevance and application of the Kaplan Commission recommendations as well as the Kruger Commission recommendations, which follow those of the Kaplan Commission.

[16] The Commission's mandate is to endeavour to assist the parties to enter into a renewal collective agreement. On this point, despite the nominees' respective views of a more ideal "landing point" as Chair Kaplan referred to it in paragraph 16 of the Report of the Kaplan Commission, this Commission is of the view that in following the Kaplan

Commission and Kugler Commission Report recommendations, it is best able to assist the parties in fulfilling its mandate.

[17] Having said that, other than wages and retroactivity, the only outstanding proposal before the Commission is the Alliance's proposal on a second language bonus referred to in paragraph 10 above. To recommend this proposal would be a breakthrough and there was no evidence of demonstrated need advanced by the Alliance before the Commission.

[18] The only issues left between these parties are wages and retroactivity. Chair Kaplan's comments bear repeating as it relates to wages:

[16] ... . We are, however, not recommending a lump sum as has occurred elsewhere because the pressing and demonstrated need is to improve compensation for a group of employees who are not, on the evidence before us, highly paid. Accordingly, we have followed the same architecture as the core public administration and agencies such as the CRA by recommending general wage increases and wage adjustments. The amounts partially reflect the fact that no lump sum is proposed, and also reflect the corrosive impact of inflation, especially on those who are less well paid. There is no intention to split the difference in the second year, but to arrive at a possible landing point, one that both parties may ultimately accept.

## Recommendations

1. The agreed to items are to be incorporated into the renewal collective agreement.
2. Wages:
  - Effective July 1, 2022: 3.5% GWI + 2.5% Wage Adjustment
  - Effective July 1, 2023: 3% GWI + 1.75% Wage Adjustment
  - Effective July 1, 2024: 2% GWI + 1% Wage Adjustment
3. Retroactive pay will be provided to all Employees who were on strength for any period during the life of the Collective agreement.

Dated at Toronto this 28<sup>th</sup> day of December 2023.



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Christine Schmidt, Chair

“I dissent, see attached”

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Sebastien Huard, SNP Nominee

“addendum attached”

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Katty Duranleau, Alliance Nominee

## **EMPLOYER REPRESENTATIVE DISSENT**

I am unable to endorse two aspects of the Chair's final recommendations: the additional 1.75% wage adjustment effective July 1, 2023, and the application of retroactive pay to all former employees.

### Wage Adjustment

My view is that any additional adjustment would need to be supported by clear evidence of a demonstrated need. We were not provided with such evidence. I cannot therefore support the recommendation of the additional 1.75% wage adjustment effective July 1, 2023.

Contrary to the Union's assertion, the Federal public service is not an appropriate comparator. The parties' own bargaining history does not support such a position.

Previous PIC reports for other locations also do not support the conclusion that there should be comparability between SNPF employees and core public administration employees. During the last round of bargaining, after hearing similar arguments to those made to this Commission with respect to appropriate comparators, Chairperson Flaherty stated in unanimous PIC reports for CFB Valcartier and CFB Bagotville that it was appropriate to consider similar positions in both the private and public sectors and ultimately recommended wage improvements that did not replicate the wage increases negotiated for the core public administration.

I would have accorded more weight to comparison to internal groups in other bases, where the same or similar positions provide similar programs and services, with similar duties and within the same legislative and financial frameworks, whether or not they are represented by PSAC.

The Employer had presented settlements with three different UFCW bargaining units that were ratified at the end of the summer. While PSAC and UFCW settlements do not necessarily follow each other between locations, it remains a persuasive indication of what these parties could agree for themselves.

### Retroactive Pay

I also diverge from the Chair's view with respect to the appropriateness of retroactive pay. The parties in this instance have an accepted practice to limit retroactive pay to active employees at the time of ratification. The recent UFCW settlements provide that former employees will receive retroactive pay only if they have left because of the posting of a family member to another base. And unanimous PIC reports for Bagotville and Valcartier during the last round of bargaining did not address retroactive pay.

For these reasons, I do not concur with the Chair's recommendation regarding retroactive pay.



## **ADDENDUM FROM THE ALLIANCE REPRESENTATIVE**

A Public Interest Commission's task is to guide the parties to a settlement for a renewed collective agreement. In doing so, the relevant criteria set out in section 175 of the *Federal Public Sector Labour Relations Act* must be considered. The parties had the opportunity to make written and oral representations on the different applicable factors.

I believe that the salary data that the PSAC presented shows substantial differences between the salaries paid to SNPF employees and those offered throughout the federal public service.

Despite the Public Interest Commission's role, I cannot support the Chair's final recommendation on salary-grid adjustments. For the following reasons, personally, I would have recommended higher adjustments, to reduce the income disparities with employees of other agencies and the central public administration.

I believe that Chair Kaplan was right to conclude, "[translation] The SNPF is a public service for the people serving our country... These are important public functions that are partly reflected in the government's significant monetary contributions to complement those of the members themselves."

Thus, the federal public service is an appropriate comparator. The economic increases recommended in this case are lower than those that the Treasury Board granted recently for the same years.

This situation differs from the one in which, like the matters before the Kugler Commission for the Kingston SNPF, the parties agreed to the economic increases for the three years and to the grid adjustments for two of the three years. Thus, the Chair recommended a percentage adjustment to the salary grid for 2023 that was midway between the parties' positions. In this case, the parties' positions differed on both the economic increases and the grid adjustments for each year in question.

The PSAC submitted that all groups of federal public service employees, including those employed by employers listed in Schedule V to the *Financial Administration Act*, of which it is a part, received a \$2500.00 lump sum, with the exception of the SNPF.

I agree with the comments of Chair William Kaplan of the Public Interest Commission for the Petawawa SNPF, who does not recommend a lump-sum payment since "the urgent and demonstrated need for SNPF employees is to improve the pay of a group of employees that is not very well paid". This is all the more important in an economic context in which these lower-paid employees face the adverse impacts of inflation.

Therefore, I believe that any salary-grid adjustment that the Commission recommends should reflect the payment of such a lump sum to employees in other groups.

Written at Montréal

Katty Duranleau