



INFORMATION UPDATE

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Pay in arrears: employer backs off

The federal government announced this summer it intends to implement a “Pay Modernization Project,” the centrepiece of which was to be a change in the pay system from one that is “current” to an “arrears” system. This means that instead of being paid for work completed up to each payday, the government would begin paying public servants for work completed two weeks before.

To achieve this, the government floated a plan to claw back two weeks of pay from each public servant beginning in January over the 26 pay periods of 2014. For an average CX-2, for instance, the estimated “Bi-Weekly Recovery Payment” would have meant a deduction of \$107.53 from each pay period in 2014.

However, after negotiations with a committee of the National Joint Council (18 union heads who represent all federal public servants), Treasury Board of Canada has agreed to continue the actual system of pay for current employees. Federal employees will continue to receive their full salary and benefits in each pay period with no reductions.

New hires after January 1 will however be placed in the arrears system as planned, meaning they must work up to a month before receiving any salary.

Statutory deductions such as CPP and EI will continue on the same basis as in the past. However, certain monthly deductions (such as those for union dues) will be equalized. According to Treasury Board this will be done in a more transparent and a less complicated manner than is currently the case. The total deductions will remain the same and little change will be noticed in any given pay period.

The project also targeted allowances that some federal civil servants receive, such as the bilingualism allowance. Several allowances are paid in accordance with the terms of various collective agreements that set a minimum number of hours or days of work before a public servant becomes eligible to receive them.

Treasury Board indicates it will explore options for “modernizing” the way allowances are paid, but until the collective agreements are amended, these allowances will continue to be paid on the same basis as in the past.

Finally, Marc-Arthur Hyppolite, the Treasury Board Assistant Deputy Minister for Compensation and Labour Relations, will soon organize a meeting with bargaining agents to provide a detailed briefing on these issues.