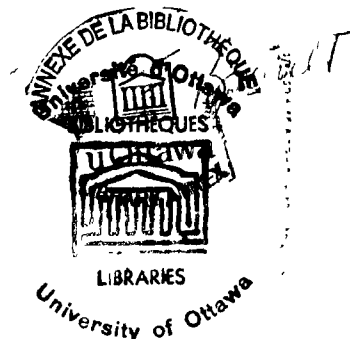


PAY DETERMINATION IN THE
CANADIAN PUBLIC SERVICE

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INTRODUCTION

On February 23, 1967, the Public Service Staff Relations Act was assented. This event marked a completely new era in employer-employee relations in the Public Service of Canada since it introduced collective bargaining in the Canadian Federal Public Service. Some 200,000 public servants have, therefore, become subject to collective bargaining and it has been widely accepted that the negotiations which will take place in the Federal Public Service as well as the collective agreements reached will certainly influence industrial relations in Canada and, to some extent, in other countries.

There is no doubt that the Federal Public Service, excluding Crown Corporations such as the Canadian National Railways and Air Canada, is the largest single employer in Canada. The Federal Government, in its fiscal and monetary policies, influences directly the economy of the country through taxation and monetary operations and also, in a very indirect way, through moral suasion and the kind of examples it sets in its own operations. Therefore, it is extremely important and significant to realise that the system of wage and salary administration existing in the Government will certainly influence greatly the type of wage and salary administration in effect in sectors outside the Federal Government.

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In the years preceding the advent of collective bargaining, there have been many major problems of pay determination affecting the Public Service of Canada. In a way, these problems have been responsible for the pressure exerted by the public service staff associations to obtain collective bargaining rights. In the past, of course, the Government could, by taking unilateral decisions, ignore the various pay determination problems that existed. However, with collective bargaining, it will have to resolve these problems in an atmosphere of collective decision making. It, therefore, becomes extremely important that the solutions found to resolve the many outstanding problems of pay determination be sound and equitable in view of the impact they may have on wage and salary administration outside the Public Service as well as ensuring that they are acceptable to the employees covered.

A great deal of work has been done in recent years between the Governments and the major staff associations or public service unions on these problems with the help of such independent agencies as the Pay Research Bureau of the Public Service Staff Relations Board. The purpose of this paper is to describe in detail these major problems of pay determination and to outline the areas where solutions have been reached. Where, unfortunately, the

problems have not been resolved, suggestions for resolutions will be submitted.

It must be noted that this thesis deals with problems associated with pure pay determination and not the overall compensation package which includes pay as well as fringe benefits and conditions of employment. In other words, the thesis does not deal with the problems that have been associated with the determination of proper benefits and conditions of employment.

This paper is divided into five chapters.

Chapter 1 provides a brief history of the pay determination process in the Federal Public Service with particular emphasis on the period starting in 1957 which marked the beginning of the Pay Research Bureau of the Civil Service Commission of Canada.

Chapter 2, 3, 4 and 5 then deal with the various problem areas associated with pay determination.

Chapter 2 deals with the Classification Revision Programme which was introduced by the Civil Service Commission in order to properly implement a system of collective bargaining and in order to establish a proper system of classification to resolve the various problems that have been associated with the classification system which previously existed in the Public Service.

Chapter 3 covers the problem of the identification of the good employer or which firms or organizations outside the Government should be used as comparison to determine public service salaries.

Chapter 4 is more statistically oriented in dealing with the main statistical measures that should be used in making pay comparisons and covers some of the problems which have occurred in the past in using these measures.

Chapter 5 describes the problem of national vs. regional rates which had to be resolved on the federal scene because the Public Service of Canada has traditionally been employing persons on a national rate of pay as well as persons on a prevailing or regional rate of pay both doing similar work.

Finally, Chapter 6 contains a brief summary and a set of conclusions.

At this time, it is worthwhile to describe briefly the nature of the work force employed in the Public Service which contains all conceivable types of occupations exclusive of purely production type of occupations. The Federal Public Service employs labourers, tradesmen and very skilled crafts and trades. It employs a wide range of technical occupations as well as scientific and professional disciplines. Finally, it has been known through the years as being the largest employer of office workers in

the clerical, stenographic and typing area as well as in the various general and specialized areas of administration such as finance, personnel, computer systems administration and administrative services. This type of work force represents a cross section of the occupations found in Canada generally and, therefore, the problems of salary administration encountered by personnel people in the Federal Public Service are very similar to those encountered by their counterparts outside the Federal Government. Whatever solutions are applied to these problems must, of necessity, take into account what happens in industry and other sectors of the economy.

CHAPTER 1

HISTORY OF THE PAY DETERMINATION PROCESS

On March 13, 1967, the Act respecting employer and employee relations in the Public Service of Canada was signed by the Governor General. This, in effect, changed materially the whole approach to pay determination in the Public Service and established the bilateral determination of pay and working conditions for Public Servants under a collective bargaining regime.

It is important to cover the recent significant developments in the Public Service which led to the Public Service Staff Relations Act. The history of Staff Relations in the Public Service is a very comprehensive subject and it was well covered by Saul J. Frankel in his book entitled "Staff Relations in the Civil Service", which was published in 1962. This chapter will cover highlights of the history of pay determination in the Public Service in the last ten to twelve years. The events of this period have definitely brought to the surface the various problem areas of pay determination in the Public Service and have led to the introduction of collective bargaining.

Establishment of the Pay Research Bureau

It is in 1957 that pay determination in the Federal Public Service achieved a certain amount of

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sophistication.¹ Prior to that date, the Civil Service Commission of Canada relied mainly on information from the Department of Labour's wage rate survey in making its recommendations to the Treasury Board for increases in the salaries of civil servants. The increases granted were primarily general or "across the board" for all classified civil servants. In this exercise, the Commission received briefs from the staff associations but no official consultation machinery existed for the staff associations to be heard. Further, there were many disagreements on the appropriate statistics which should be used to base civil service salaries.

Therefore, in 1957, representatives of the Civil Service Federation, the Civil Service Association of Ottawa, the Amalgamated Civil Servants of Canada and the Federated Association of Letter Carriers proposed to the Minister of Finance the establishment of a salary research unit. This salary research unit was to be a purely fact-finding body in order to obtain information on pay and conditions of work of occupations similar to selected civil service occupations. They further recommended that this salary research unit make its findings available to the staff associations and to Government.

¹The following contains much of the information included in Saul Frankel's book, Staff Relations in the Civil Service, McGill University Press, 1962.

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This recommendation was accepted and the Pay Research Bureau, as part of the Civil Service Commission, was established on September 4, 1957 with terms of reference that generally agreed with the recommendations of the staff associations. The terms of reference of the Bureau were established as follows:

(1) In conjunction with others - assemble information which will permit accurate comparisons to be made between Government and outside employment. In so doing, the Bureau will identify similarities and differences in the duties and responsibilities.

(2) Obtain information on pay and conditions of service attached to duties judged to be comparable. Conditions of service will cover hours and leave, promotion, superannuation, housing facilities, bonuses and other additions to basic pay and conditions of work.

The role of the Pay Research Bureau was to provide statistical facts to the Government, the Civil Service Commission and the staff associations. The Bureau, although physically and structurally within the Civil Service Commission, was to obtain its direction from an Advisory Committee, chaired by a Civil Service Commissioner and composed of three staff side representatives and three government side representatives.

The Bureau submitted its first full report in 1959

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containing pay information, effective October 1, 1958, on classes representative of office, service, maintenance, technical and professional occupations. This led to a general salary adjustment in 1960 which was accepted by the Government after a recommendation of the Civil Service Commission. This general salary adjustment showed two major weaknesses of the system. One weakness was the need to establish different increases for different clusters of positions, e.g. professional vs. office, and to establish fixed effective dates of salary reviews for which retroactivity would be protected; the other weakness was the lack of a system of consultation or negotiation which would give the staff associations a right of participation in the pay determination process.

The first of these was partially resolved by the Cyclical Salary Review Programme and the second was only temporarily tempered by the new Civil Service Act of 1962.

Cyclical Salary Review

On August 25, 1961, the Civil Service Commission issued a confidential document to the Advisory Committee on Pay Research which outlined the procedures by which the Government's intent to deal with salary revisions for the Civil Service by groups of classes on a cyclical basis would be implemented. The document entitled "Cyclical Salary Reviews" stated at the outset that "the Commission has

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studied the matter in order to develop a feasible and satisfactory programme which would keep anomalies to a minimum, which would be as fair as possible to the Service as a whole, and which would meet the requirements of more detailed analysis as well as overcome some of the objections to the system of general revisions which prevailed prior to 1960".²

The document listed the characteristics of these cyclical salary reviews as follows:³

- (1) the need to avoid anomalous pay relationships between classes that arise from salary changes affecting one class earlier than another related class, i.e. avoiding artificial separation between classes which might, for example, discourage the normal movement of persons from one class to another with similar qualification requirements;
- (2) the need to avoid anomalies within classes, as for example, the situation where supervisors for a time receive less than those they supervise;
- (3) the need to have within each group of classes a sufficient number of bench-mark classes (those for which reliable comparison can be made with occupational categories outside the Service) to permit rates to be struck for all classes in the group independently of classes in other groups and at different points in time.

²Cyclical Salary Reviews, Confidential document issued by the Civil Service Commission to the Advisory Committee on Pay Research, August 25, 1961, p. 1.

³Ibid., p. 1.

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- (4) the need to plan Pay Research Bureau surveys to gather information which coincides as far as possible with known patterns of pay change and with the dates of other useful pay surveys and to cause the minimum of inconvenience to companies participating in these surveys;
- (5) the need, from an administration point of view, to provide an orderly programme which will give both the Pay and Standards Branch and the Pay Research Bureau sufficient time to plan and conduct the necessary surveys and studies required for proper determination.
- (6) the need for a more predictable and systematic means of budgeting for added payroll costs arising out of salary reviews.

In light of these requirements, the Commission decided that salary reviews for employees under the Civil Service Act should be on two-year cycle and that there should be four groups of classes reviewed. The Commission also proposed that "the information on outside rates of pay used in determining revisions for the Civil Service would be collected at different times for each of the four groups and the effective date recommended by the Civil Service Commission for each group would be the date on which outside rates were in effect".⁴ The groupings suggested in the document were as follows:

Date	Group	Approximate Number in 1961
July 1, 1961	A - Classes for which University graduation is a requirement or in which the majority of employees are university graduates.	10,000

⁴Ibid., P. 2.

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<u>Date</u>	<u>Group</u>	<u>Approximate Number in 1961</u>
October 1, 1961	B - Clerical, Administrative and Inspection classes, Technical classes directly related to the sciences or to classes in Group A. Accounting and Auditing Classes were also added later.	73,000
January 1, 1962	C - Classes found in hospitals including social workers, home economists and dieticians.	6,000
October 1, 1962	D - Postal, Customs and Immigration, Service and Maintenance classes	57,000

The dates chosen above would be the effective date recommended by the Commission. A new cycle would start July 1, 1963. The October 1 date proposed for Group B and D is the same as the date of the Wage Rate Survey of the Department of Labour which is used as a source of outside information for office, service and maintenance classes. The January 1 date for hospital classes was proposed because it was generally the date at which rates for nurses and other hospital occupations are revised outside the Service. Finally, the July 1 date for Group A was chosen because it ties in with the date on which surveys are made by other organizations such as the National Research Council and many provincial associations of Professionals such as Engineers. This date also enabled the

collection of current information on recruiting rates for university graduates.

The Commission recommended a two-year cycle because it felt such a time period was appropriate based on the rate of change of outside pay rates. However, in those cases where the outside rate of change accelerates sharply, the Commission reserved itself the right to recommend interim adjustments on a percentage basis to meet recruitment and retention needs.

This proposal was supported by the staff associations and was announced by the Minister of Finance in December of 1961.

The cyclical salary review system was definitely an improvement. It did, however, show the inadequacies of the classification system because it allowed time for a deeper study of the relevant data. The fundamental approach behind the cyclical salary review system, however, was the base of the new system of occupational categories and groups presently existing and which are described in Chapter 2.

Once the announcement was made, the Pay Research Bureau started an orderly programme of surveys to obtain the information on the appropriate classes at the cyclical review dates, e.g. professional classes on July 1, and this approach still continues presently under the occupational categories system.

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Civil Service Act of 1962

In 1959, the report entitled "Personnel Administration in the Public Service" was presented to Parliament. This report had been prepared under the supervision of A. D. P. Heeney, then Chairman of the Civil Service Commission, and was designed to study the whole system of personnel administration in the Public Service with a view to recommend improvements in the existing Civil Service Act. One of the observations contained in the report was the shortcomings of the relations between the Government and the staff associations, particularly in the area of pay determination. The recommendations of the report on this matter were that a system of consultation or employee participation be instituted in the area of pay determination of the classified civil servants.

The contents of the report on "Personnel Administration in the Public Service" led to the new Civil Service Act which came into effect on April 1, 1962 and which contained two very important sections dealing with consultation with staff organizations both on the part of the Minister of Finance (Treasury Board) and on the part of the Civil Service Commission. These are contained in section 7 and section 10 of the act as follows:

Section 7

- (1) The minister of Finance or such members of the public service as he may designate, shall

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from time to time consult with representatives of appropriate organizations and associations of employees with respect to remuneration, at the request of such representatives or whenever in the opinion of the Minister of Finance such consultation is necessary or desirable.

- (2) The Commission and such members of the public service as the Minister of Finance may designate, shall from time to time consult with representatives of appropriate organizations and associations of employees with respect to the terms and conditions of employment referred to in sub-section (1) of section 68, at the request of such representatives or whenever in the opinion of the Commission and the Minister of Finance, such consultation is necessary or desirable.
- (3) The Commission shall from time to time consult with representatives of appropriate organizations and associations of employees with respect to such terms and conditions of employment as come within the exclusive jurisdiction of the Commission under this Act and the regulations, at the request of such representatives or whenever in the opinion of the Commission such consultation is necessary or desirable.

Section 10

- (1) The Commission shall keep under review the rates or remuneration to employees and shall whenever it considers it desirable or whenever requested by the Governor in Council make recommendations with regard thereto to the Governor in Council.
- (2) The Commission in making recommendations on remuneration shall consider the requirements of the Civil Service, and shall also take into account the rates of pay and other terms and conditions of employment prevailing in Canada for similar work outside the Civil Service, the relationship of the duties of the various classes within the civil service and any other considerations that the Commission considers to be in the public interest.

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- (3) Prior to formulating any recommendations under this section, the Commission shall from time to time as may be necessary consult with representatives of appropriate organizations and associations of employees with respect to the matters specified in this section.

Therefore, for the first time, the staff associations had a right to make representations to both the Commission and the Minister of Finance with respect to establishing rates of pay and other terms and conditions of employment for the employees coming under the jurisdiction of the Civil Service Act.

Section 11 of the new Civil Service Act also introduced a significant change to what existed previously.

Section 11 is as follows:

Section 11

The Governor in Council, after the Commission has had an opportunity of considering the matter and after considering any recommendations made by the Commission, shall

- (a) establish rates of pay for each grade; and
- (b) establish the allowances that may be paid in addition to pay.

The impact of section 11 is extremely significant since the Treasury Board, which at that time was the Division of the Department of Finance responsible for civil service pay, obtains the authority to establish rates of pay after considering recommendations from the Civil Service Commission. This represents a very significant

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change from the past where it could only accept or reject but not change.

It is in the Spring of 1962, when the Commission was considering its recommendations for Group B (with an effective date of October 1, 1969) that the new system of consultation was initiated. Two developments occurred in these consultations which really put into focus some of the basic problems of pay determination. Because of consultation and of the need for discussion on the part of the Commission and Treasury Board with the staff associations, it soon became evident that the two sides had different views as to the technical validity of the Pay Research Bureau's information. The Treasury Board expressed doubts, first of all, as to the appropriate area of outside comparison or statistical universes for pay determination and, secondly, on the significance of the various rate measures shown by the Pay Research Bureau. These two problem areas of the definition of the good employer or the appropriate area of outside comparison and also the problem of the measures to use in pay determination are fully described in Chapters 3 and 4.

The doubts, however, cast against the technical validity of the Pay Research Bureau's information were, of course, much more frustrating to the staff associations because the Minister of Finance still had the unilateral

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say in determining what would be the rates of pay in the Civil Service under section 11 of the Act. This was evident in the salary freeze of 1962 whereby the Minister of Finance did not implement the salary revisions recommended by the Civil Service Commission which had resulted from consultations with the staff organizations. This freeze provoked many outcries on the part of all civil servants in the Summer of 1962 and the Government finally implemented salary increases in December of 1962. However, the salary increases granted were not those recommended by the Civil Service Commission since they were much lower than those recommended by the Commission.

The Group "B" increases and the subsequent increases for the other Groups in 1962 and early 1963 were extremely hard to accept by the staff associations. As a result, pressures built up for the introduction of a system of collective bargaining. In 1963, an election year, the leader of the Liberal party, as well as other party leaders, promised that he would introduce a system of collective bargaining in the Public Service if he was elected. This led to the formation of the Preparatory Committee on Collective Bargaining in 1963.

Report of the Preparatory Committee on
Collective Bargaining

In 1963, the Prime Minister established a preparatory committee on collective bargaining in the Public

Service under the chairmanship again of A. D. P. Heeney with a view to making preparations for the introduction into the Public Service of an appropriate form of collective bargaining and arbitration, and to examine the need for reforms in the system of classification and pay applying to civil servants and prevailing rate employees.⁵

The Committee's report came out in July of 1965 with a complete list of recommendations designed to establish a system of collective bargaining in the Public Service. In summary, the main recommendations of the Preparatory Committee are as follows:

(1) To establish a system of classification based on a structure of occupational categories and groups which would cover employees in the Public Service formerly called classified and prevailing rate employees. (This is discussed further in Chapter 2).

(2) To establish a Public Service Staff Relations Board which would administer the collective bargaining legislation and which would be responsible for the certification of bargaining agents as well as oversee the proper functioning of the collective bargaining system.

(3) To establish a collective bargaining system which would apply to all elements of the Public Service that

⁵Report of the Preparatory Committee on Collective Bargaining in the Public Service, July, 1965 - page 1.

are excluded from the provisions of the Industrial Relations and Disputes Investigation Act except:

- (a) persons appointed by the Governor in Council under the authority of an Act of Parliament;
- (b) members of the Armed Forces;
- (c) members of the Royal Canadian Mounted Police Force;
- (d) persons whose terms and conditions of employment are established by service contract;
- (e) persons whose remuneration is directly related to the amount of revenue collected by them as agents of the Crown;
- (f) persons locally engaged outside Canada;
- (g) persons with service of less than six months whose employment is of a casual or temporary nature;
- (h) persons who are not required to work for more than one-third of the normal work period applying to employees doing similar work.

(4) To establish the Treasury Board as the representative of the Employer in bargaining.

(5) To establish bargaining units on the basis of the occupational group structures which was already in the process of development by the Bureau of Classification Revision of the then Civil Service Commission.

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(6) To determine that the subject matter of bargaining and of arbitration should be rates of pay, standard hours of work, leave entitlements and directly related conditions of employment; and to specify that superannuation, death benefit and accident compensation should be governed by law and that the subject matter of arbitration shall not extend to the processes governing appointments, transfers, promotions, demotions, lay-offs, discharge, discipline and classification.

(7) To recommend a system of dispute settlements which would be binding arbitration.

(8) To establish a grievance procedure in all departments.

Public Service Staff Relations Act of 1967

On March 13, 1967, the Governor in Council assented the Public Service Staff Relations Act which established a system of collective bargaining in the Public Service. The Act reflects generally, although with many modifications, the general concept of collective bargaining enunciated in the Heeney report. The Public Service Staff Relations Act provides for a system of collective bargaining containing an option with respect to disputes settlements with the conciliation-strike route or the arbitration route.

The bargaining process is now well under way and, in fact, many collective agreements have been signed in

the Public Service. During the period since the Act has been passed, there have been efforts made by the Treasury Board and the bargaining agents to resolve the problems of pay determination in the Public Service. This chapter has already identified three, i.e. the appropriate area of outside comparison, the statistical measures to use and the need to revise the classification system. A fourth problem was identified when it was decided to cover under a single system of collective bargaining both prevailing rate and classified public servants.

Classified public servants have previously been dealt with under the Civil Service Act, and have been paid an annual rate of pay. Prevailing rate employees, in the past, have had their conditions of employment dictated generally by the nature of the local labour market in which they were employed. Their rates of pay have been set on the basis of local conditions and very frequently their conditions of employment were geared to political patronage and, therefore, varied greatly from one area to the next. By combining both classified employees and former prevailing rates into a single system, a very real problem of pay determination was created and this is discussed in detail in Chapter 5.

CHAPTER 2

THE CLASSIFICATION REVISION PROGRAMME

Classification of positions in the Civil Service really started in 1918 when the Civil Service Act was passed and the Civil Service Commission was established. In 1919, at the request of the Civil Service Commission, Arthur Young & Co. established the principles of the classification system, which principles still guided the classification system prior to the introduction of the Classification Revision Programme¹ in 1964 following recommendations of the Preparatory Committee on Collective Bargaining.

Weaknesses of the Old Classification System

Before we elaborate on the weaknesses of the old classification, it is worthwhile to define what we mean by classification.

Reduced to its simplest terms, classification of positions means the process of finding out, by obtaining the facts and analyzing them, what different kinds or "classes" of positions, calling for different treatment in personnel processes, there are in the service; it further includes making a systematic record of the classes found and of the particular positions found to be of each class. The duties and responsibilities of

¹Bureau of Classification Revision, Civil Service Commission of Canada, Cross Canada Briefing on the Classification Revision Programme, April 1966, Appendix A.

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the positions are the basis upon which classes are determined and the individual positions assigned or "allocated" to their appropriate classes.²

In light of the above, there were many things wrong with the old system of classification in the Civil Service which rendered proper pay determination and proper collective bargaining impossible. These are as follows:

(a) The system was based on a class and grade approach to job evaluation which is a qualitative method of classifying positions and relies greatly on the judgement of individuals who attempt to sort positions into various grades on the basis of broad general definitions and what should go into a grade. This imprecise tool combined with the fact that judgements were made by several persons, gave rise to different interpretations of the classification standards.³ Judgement is a human act and is, therefore, subject to human errors, biases, and misconceptions. This was the case in the old classification system. As a result, in one department, a clerk doing essentially the same work as a clerk in another department

²The Committee on Position Classification and Pay Plans in the Public Service, Ismar Bauich, Chairman, Position-Classification in the Public Service, Chicago, Illinois, sixth printing, 1965, P.3.

³A classification standard is the document containing the information necessary to classify positions. Classification personnel must compare the position description against the standard in order to determine the proper level or grade of the position.

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would be classified as a Clerk 3 and the other as a Clerk 4, and thus, they would be paid different rates. This arose because of the vagueness and the broadness of the grade descriptions, contained in the classification standard.

These anomalies were not conducive to an orderly approach to pay determination in collective bargaining since arguments could be developed on both sides that employees were over-classified or under-classified. These arguments are impossible to resolve at a bargaining table unless an accurate tool is developed to determine the proper classification of positions.

(b) In the old classification system, there were departmental and general classes. The classes of Computing Clerk in Customs & Excise, Claims Officer in the Unemployment Insurance Commission, and many others are departmental classes. These departmental classes grew in number and were used freely thus giving use to inequities between them and the general classes, such as Clerk 1-4. However, the duties were very often the same, of the same complexity and requiring the same qualification, and the positions were classified differently. As a result, some positions, because they were classified into a departmental class, were paid more in some cases and less in other cases than positions in general classes. It is very important, in collective bargaining, to have only one basic system of classification

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and preferably that of occupational grouping, as in the general classes rather than that of institutional groupings as in departmental classes.

(c) In the old system of classification, there were no criteria for determining relativities between various classes which were felt to bear functional relationships to one another and should, therefore, bear appropriate pay relationships to one another. This is because (i) there were no written classification standards for many classes and, (ii) for those classes which possessed classification standards, these were often out of date and usually possessed varying number of grades making it extremely difficult to establish objective relativities between grades. Standards were never developed for Administrative Officers and Technical Officers, two very populous classes in the old system. It is very difficult to relate other classifications, such as Treasury Officers and Taxation Officers (which had standards), to classes which did not have any. Yet, in the past, these classes were related to Administrative Officers and Technical Officers for pay purposes.

(d) In the old classification system, there was no clear indication of the demarcation lines between operational or blue-collar occupations and administrative occupations, nor between technical and professional

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occupations. For example, the Technical Officer class included positions of a blue-collar nature, a technical nature, an administrative nature and a professional nature. In this situation, trying to establish a rate of pay that will truly reflect the market rates of pay for occupations in the class and that will truly satisfy the requirements of each type of occupation, is an impossible task.

(e) The old system of classification resulted very often in classes possessing a very large number of grades, (e.g. 12 grades of Treasury Officer, 10 grades of Collector, Customs and Excise, 11 grades of Postmasters (9-19)). Further, very often there were differences of \$200., \$300., and \$400. between each grade in the maximum rates of pay. This really meant that there were, for all intents and purposes, no significant differences between the levels of responsibility and this rendered it that much more difficult to make accurate judgements as to what was the proper level or grade for a position. Also, in the old classification system, there were all sorts of odd pay plans which were the results of poor approaches to classification. For example, between different classes, some grades had the same maximum rates but different minimum rates. Other classes had salary ranges of \$600. and some of \$800., etc. This resulted in the introduction of a disorderly pay plan.

These are basically the major reasons why the old

classification system was of no use for proper pay determination in a collective bargaining framework. Consequently, it was decided that a revision of the system was needed to (a) establish the classification system on the basis of clearly identifiable occupational categories and groups, and (b) develop precise and objective standards of classification for the purpose of measuring the worth of the jobs and ensuring that those who are performing on the same level of complexity and who require the same qualifications will be paid the same rate of pay.⁴

The Classification Revision Programme

The Classification Revision Programme adopts an occupational approach to classification and divides the Public Service into 6 occupational categories, each of which contains a number of occupational groups. These 6 categories are as follows:

- (1) Executive Category
- (2) Scientific and Professional Category
- (3) Administrative and Foreign Service Category
- (4) Technical Category
- (5) Administrative Support Category
- (6) Operational Category

As stated before, each category contains occupational

⁴Report of the Preparatory Committee on Collective Bargaining in the Public Service, Ottawa, Canada, Queens Printer, 1965, pp. 7-14.

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groups which divide the functions performed in the categories into groups containing jobs performing similar work. For example, the Administrative Support Category contains the following occupational groups: Communications, Office Equipment Operation, Telephone Operation, Data Processing, Secretarial, Stenographic, and Typing, and Clerical and Regulatory. The distinction between occupational categories is a differing qualification requirement requiring a different approach to classification and pay determination. Occupational categories also differ from each other on the basis of broad functional differences in work performed. The difference between occupational groups within a category is the difference in the work being performed so that all employees performing similar duties and responsibilities will fall into the same occupational group. Each occupational group should be composed of employees with similar skills, performing similar work, and bearing a relationship to an identifiable outside labour market. Each group should have its own pay plan. Initially, 67 occupational groups were identified. This number is now 73. Appendix A provides a listing of the occupational categories and groups.

Advantages of the Classification Revision Programme

(1) It provides a logical framework for determination of bargaining units on the basis of occupational

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groups, thereby enabling the bargaining of collective agreements for employees which are doing similar work requiring similar skills under similar conditions. In addition, most of the groups can be compared to an identifiable industrial market thus enabling the establishment of direct comparisons of rates of pay.

(2) It enables the sound and proper classification of positions through the introduction of the point-rating method of job evaluation which assures an objective classification of positions.

The point-rating method of job evaluation is an analytical and quantitative method of determining the relative value of jobs. It has been used in the Classification Revision Programme for the Clerical and Regulatory Group and the Data Processing Group of the Administrative Support Category. For most groups in the Administrative and Foreign Service Category, the Operational Category and the Technical Category. Point-rating plans use factors which are common to all jobs being evaluated. They define degrees within each factor and allocate point values to each degree. The total value determined for each job is the sum of the point values assigned to each factor. The job is then compared to other jobs by comparing its point value to the point value of the other jobs.

Because a quantitative measure is used to reflect

the relative worth of jobs, point-rating enables the establishment of levels of responsibility within each group, which ensures that there are significant differences between the levels.

(3) The principle of occupational grouping also permits different approaches to pay administration depending on the category and/or group. It also permits the delegation of classification authority to government departments in order to make the system more effective.

The major weakness or disadvantage of the Classification Revision Programme is the significant amount of resources, both financial and personnel, required to maintain it up to date and objective. This is a prerequisite of any sound system of job evaluation; otherwise the programme must be done over again in a few years because of the changes in duties and functions occurring in any organization and because of the manipulations of the classification of position that can occur. The need to maintain the system honest and objective is also rendered much more difficult because classification is not a bargainable matter and is entirely a management function. Therefore, the bargaining agent or the union finds it difficult to maintain the objectivity of the system since it cannot take part in the decision making process.

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CHAPTER 3

THE PROBLEM OF THE GOOD EMPLOYER

Prior to the establishment of the Pay Research Bureau in 1957, the Civil Service Commission of Canada had relied heavily on the Wage Rate Survey of the Department of Labour in documenting its salary recommendations. This survey of the Canadian Department of Labour has been carried out since 1917. It now covers approximately 30,000 establishments throughout Canada which contain 15 or more employees in the industries and communities surveyed. The results of the survey are summarized in the report entitled "Wage Rates, Salaries and Hours of Labour". The survey presents information on rates of pay for a very large number of office (e.g. typists, stenographers), maintenance (e.g. carpenters, machinists), service (e.g. general labourers, stationary engineers) and numerous production (e.g. lathe operators) occupations.¹

Therefore, at its beginning, the Pay Research Bureau had to consider two sources from which occupational rate information could be drawn, the Wage Rate Survey and field investigations that could be undertaken by officers of the Bureau itself. The Wage Rate Survey, however, had limitations:

¹Economics and Research Branch, Canada Department of Labour, Wage Rates, Salaries and Hours of Labour, Queen's Printer, 1965, Report No. 48, Ottawa, Canada.

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- (1) The survey jobs defined in the schedules had not been designed for comparison with civil service classes; and only a small number could be used to establish direct rate relationships.
- (2) In 1957, the Wage Rate Survey covered about 13,500 establishments, and establishments in the banking, insurance and railroad industries were not participating in the survey.
- (3) The survey was conducted by mail and there were grounds for concern about the quality of the rate information reported.
- (4) Government policy statements on pay determination suggested that not all employers should be considered in making outside rate comparisons.²

With respect to the fourth limitation pertaining to government policy for pay determination, the statements of government policy on this matter are probably the ones which gave rise to the controversy on the good-employer .

Former Prime Minister Louis St-Laurent on December 14, 1950 in a press release stated:

²Pay Research Bureau, "The General Salary Situation for Service Maintenance, Technicians, Drafting and Office Classes, October 1, 1962", Ottawa, Canada, 1963, p. 9.

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The Government's policy on salaries in the Public Service has long been based on two main principles. First that they should be sufficient to attract to, and retain in the Civil Service, persons of the right type and that, considering all relevant factors such as conditions of employment, salaries for each class of work should be generally in line with those paid for comparable work by good private employers.³

This policy was given further support on May 1st, 1958 by former Prime Minister Diefenbaker when he made the following statement:

For many years it has been generally accepted that two main principles should guide the determination of salaries in the service. First, the salaries must be enough to do the job, that is, to attract enough of the right kind of men and women into the service and keep them in it; second, they must be fair as between civil servants and people outside the service, the taxpayers if you will, which means that the salaries we pay for any class of work should be comparable with those paid by private employers for similar classes of work, taking into account the other terms of employment that are necessary to make a fair comparison. I think these principles should continue to guide us.⁴

On the other hand, the General Field Survey (field investigations conducted by the Pay Research Bureau) was an interview survey to enable the collection of comparative rate information for a greater number of civil service classes based on a rigidly controlled matching of duties

³The Civil Service Federation of Canada, the Civil Service Association of Canada, the Canadian Postal Employees Association, Pay Determination in the Public Service, brief to the Minister of Finance, June 14, 1963, Ottawa, Canada, P. 1.

⁴Ibid. P. 3.

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and responsibilities in each of the establishments visited. However, such a survey would take time and it was limited to the resources available. Therefore, a limited number of organizations could be visited. In addition, because there were no tested sampling techniques, it was difficult to ensure that averages or other statistical measures would be representatives.

The above considerations led the Bureau to the following conclusions:

(a) In view of its limitations, both from a statistical and policy point of view, the Wage Rate Survey should form the source of more restricted Universe to obtain wage and salary data. Further, this restricted Universe should cover only small numbers of well defined classes so that there will be a minimum of reporting errors.

(b) The General Field Survey should be used to complement this restricted Universe by obtaining from a sample of this Universe, detailed information on a large number of civil service classes.

(c) The information from the restricted Universe would be related to that of the General Field Survey through statistical methods.

The restricted Universe mentioned in (a) above became known as the P.R.B. Universe and it was generally understood to represent good employers. To be included in

the P.R.B. Universe, an establishment should:⁵

- (1) be in a company or enterprise with a total employment of 500 or more,
- (2) have at least 20 office employees,
- (3) have a standard work week for office employees of 40 hours or less,
- (4) provide office employees with an annual paid vacation of two weeks after one year of service, or better, and
- (5) have a pension plan to which the employer makes a financial contribution of 50 per cent or more.

It should be noted that the establishments meeting the above criteria all form part of the total Wage Rate Survey of the Department of Labour. The first two criteria are designed to limit the size and provide establishments which contain occupations reasonably comparable to the Civil Service. They are also designed to limit the reporting error in the Survey. The last three criteria are designed to insure that the P.R.B. Universe will include organizations that provide working conditions and fringe benefits that are reasonably comparable to the Civil Service.

⁵Pay Research Bureau, The General Salary Situation for Service, Maintenance, Technician, Drafting and Office Classes, October 1, 1962, Ottawa, Canada, P. 11.

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As a result of the application of these criteria, in 1958, the P.R.B. Universe covered about 1,100 of the 13,500 establishments of the Wage Rate Survey. Since then, it has grown as more establishments are found to meet the criteria. The General Field Survey covers about 10 per cent of the P.R.B. Universe. Therefore, it consisted of about 110 firms in 1958.

The P.R.B. Universe and the General Field Survey approach were generally accepted in 1957 by the Treasury Board, the Civil Service Commission and the Staff Associations. However, in 1962, questions arose as to the appropriateness of this Universe to represent the area of outside comparison or good employers.

The Good Employer Controversy

In May, 1962, at the first sessions of consultations as provided for under the new Civil Service Act, Treasury Board,⁶ aware of its new power to change or amend the Civil Service Commission's recommendations, stated that it had serious reservations concerning the use of the PRB Universe as a source of basic data for pay determination. The Board felt that the uneven coverage by industry, locality and region was the major weakness of the PRB Universe. The Board also stated that they would make recommendations on

⁶Notes by Department of Finance on Group "B", presented on May 23, 1962, Ottawa, Canada.

the development of Universes sometime in the future.

In November, 1962, the representatives of Treasury Board on the Advisory Committee on Pay Research, submitted a memorandum⁷ containing their concept of the appropriate area of outside comparison. The Board felt that the criteria applied to arrive at the PRB Universe resulted in a heavier reporting of rates from certain industries and from certain parts of the country than what was indicated on the basis of the proportion of the labour force employed in these industries or areas. As a result, the level of earnings and, in general, of rates in the PRB Universe was considerably higher than in the economy as a whole. The Board further noted that the rates reported for blue-collar classes were much higher on the average than the rates reported for clerical classes. All of these weaknesses of the PRB Universe led the Treasury Board to develop a new definition of the area of outside comparison, including a common criterion, for both Group "B" and "D" of the cyclical salary review. It should be noted here that the Universe problem did not apply to Group "A" and "C". These two groups covered about 10% of the total classes in the Civil Service and their rates were determined through special industrial samples for Group "A" classes and a

⁷Memorandum to the Advisory Committee on Pay Research, November 22, 1963 by C. G. E. Steele, Secretary of the Treasury Board, Ottawa, Canada.

special hospital sample for Group "C" classes.

The Board felt that the area of outside comparison should include:

- (1) Hospitals who employ clerks, cleaners and maintenance men and who should form part of the Wage Rate Survey.
- (2) Municipal and provincial governments.
- (3) All agencies listed in Schedule "D" of the Financial Administration Act, i.e. crown corporations.

It should exclude:

- (1) Establishments in agriculture, fishing, trapping, forestry and construction were not included in the P.R.B. Universe and should continue to be excluded because they are characterized by a high degree of seasonal fluctuations.
- (2) The following sub-industries: religious organizations, barber and beauty shops, private households, laundries, cleaners and pressers, and funeral directors.

The Board then stated that the bottom quarter of total employment within each industry should be excluded from examination. The size of the labour force of each establishment should be the criterion for deciding what is

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the bottom quarter of employment. This, the Board felt, would eliminate the lower paying establishment.

In effect, the Treasury Board Universe was designed to achieve a 75% coverage of the total Wage Rate Survey for each occupation but excluding the industries referred to above.

This new concept to the area of outside comparison was violently opposed by representatives of the staff associations on the Advisory Committee on Pay Research. However, the Treasury Board requested that the Pay Research Bureau produce pay statistics for Groups "B" and "D" on the basis of their own Universe. The Pay Research Bureau, therefore, undertook to produce statistics on both the PRB and the Treasury Board Universes.

Staff Association Reaction⁸

The staff associations quickly noted that the general effect of the Treasury Board concept would be to provide a lower outside rate than that obtained from using the PRB Universe. The staff associations stated that three

⁸The following is a summary of two papers: (a) Preliminary report on Technical Committee's review of Treasury Board Proposal for extending the Universe for obtaining matching outside rates for Group "B" and "D" (Staff View). (b) Brief on Pay Determination in the Civil Service by Civil Service Federation of Canada, Civil Service Association of Canada and the Canadian Postal Employees Association.

principles should be kept in mind when considering the procedure for obtaining comparable outside rates:

- (1) Government policy is that civil service rates should be based on those of good private (outside) employers.
- (2) There should be reliable occupational comparability between the civil service occupation concerned and the occupations for which rates paid by good private (outside) employers are used.
- (3) The civil service rate is a national rate. As a result, it will vary with rates across the country in particular regions.

The staff associations then proceeded to examine the Treasury Board proposal in light of the above three principles.

Principle 1

They argued that the Treasury Board's mechanistic definition of the good employer (25% cut-off) would mean that a large number of small employers (15 to 25) would form part of the Universe. This is not satisfactory since a good employer requires something more than a simple numerical cut-off to be designed as such. They based this argument on the definition of a good employer using the Priest-

ley Commission's definition.⁹ This Commission defined the good employer in the following terms:¹⁰

The 'good employer' is not necessarily the one who offers the highest rates of pay. He seeks rather to provide stability and continuity of employment, and consults with representatives of his employees upon changes that affect both their remuneration and their conditions of work. He provides adequate facilities for training and advancement and carries on a range of practices which today constitute good management, whether they be formalised in joint consultation along civil service lines or not. Such employers are likely to be among the more progressive in all aspects of management policy. Their rates of remuneration will compare with those of the generality of employers, will move readily but not atypically upward when the trend is in that direction, and will be rather more stable than most when the trend is downward.

So far as private industry and commerce are concerned, it seems likely that, although the smaller undertakings cannot be ignored, more guidance will be obtained from the larger undertakings in which, because of their size, the structure and method of grading jobs approach closer to civil service practice than do those of smaller firms. Again, by virtue of their size, many of such undertakings have substantial establishments in various parts of the country, and through the normal play of the market and quality and remuneration of their staffs will be "fair" by comparison with the generality

⁹In the United Kingdom, Civil Service, a report of the Royal Commission on the Civil Service, 1953-55, commonly referred to as the Priestley Commission, established many of the principles regarding pay determination. The staff associations referred to quotes from this report to support their argument.

¹⁰Royal Commission on the Civil Service, 1953-55, Report, London, Her Majesty's Stationary office, P. 39.

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of other occupations both locally and, by extension, in the country at large. Provided the choice is made in such a way as to embrace differing types of industrial and commercial activity, we think that an accurate reflection of conditions throughout the country could be obtained from a study of conditions in a moderate number of large undertakings. A further advantage of working with large rather than small undertakings is that their personnel departments are likely to be better equipped, both from their size and from their experience of job description and analysis, to co-operate in a task which will be continuous and will lead to some degree of disturbance and extra work on the part of the companies concerned.

On the basis of this definition, they argued that there was very little comparability between firms having a very small number of employees (15 or 25) and very limited functions with an organization having the size and complexity of the Federal Government. In summary form, the Priestley Commission stated that those organizations whose work and rates of pay civil service work and rates of pay can be most fairly compared with are large organizations whether of a public, semi-public or private character. The staff associations then further substantiated their argument by mentioning that, in applying the comparability principle to the United States civil service, the U.S. Government has accepted as its data source the Bureau of Labour Statistics Wage Survey, which excludes the establishments with less than 250 employees.

Principle 2

The staff associations argued that the possibility

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of adequate job identification tends to decrease as the size of the firm decreases, particularly where the firms have very few employees, thereby increasing the possibility of reporting error in the survey results.

A good pay survey attempts to obtain information on outside rates paid by employees for comparable jobs. This involves jobs matching and the more precise the matching, the more reliable the statistics gathered. If small firms are included in the Universe and, if the mailed survey method is used to gather rate information, there is a much greater possibility of reporting error thereby rendering the final survey results unreliable.

Principle 3

The staff associations argued that the good employer policy did not require that all industries and regions in the country be represented proportionally. The outside matching should be with firms possessing the good employer characteristics, regardless of their location in the country; and this works well with a national wage policy which had been adopted by the federal government. They stated, to substantiate their claim, that the Bureau of Labour Statistics Wage Survey in the United States covers 80 metropolitan areas, selected to be representative of all metropolitan areas, and establishments located outside these 80 areas are not included.

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The associations felt that the most important aspect of the proposal by Treasury Board was that it consisted, through technical manipulations, of a change in government pay policy. The associations felt that the Treasury Board Universe did not represent good employers and that its implementation reflected a change of government policy with respect to comparisons with good employers, a policy that had been voiced by successive Prime Ministers. The associations felt that a change in policy should not be made at the level of the Advisory Committee on Pay Research but should be discussed in consultation under Section 7 of the Civil Service Act; and, in addition, any change in policy should be made public by the Government. It should be noted that the associations had very little to lose in suggesting this procedure since these developments were occurring in January and February of 1963, just prior to a general election. A minority conservative party was in power at the time, and public statements on pay policy detrimental to civil servants had very little chance to be made. The associations felt that the PRB Universe, as constituted, was designed to reflect the government's pay policy to serve as the area of outside comparison. Any change in this Universe represented a change in policy.

The Treasury Board representatives very quickly undertook to answer some of the objections raised by the

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staff associations concerning their memorandum of November 22, 1962. They stated, at the outset, that their proposal for a new area of outside comparison was not a change in government pay policy. In their view, the Pay Research Bureau Universe was established in order to obtain accurate job matches and it was felt at the time that large enterprises would fulfil this objective because large enterprises contained highly developed systems of personnel administering and possessed working conditions somewhat similar to those provided by the Federal Government. However, the Treasury Board maintained that wage rates in these organizations were far from being typical of the labour market and this justified a change in the Universe.

On more technical grounds, the Treasury Board representatives argued that the criteria applied to arrive at the PRB Universe inevitably result in a high representation from an industry characterized by large establishments (500 employees) and low representation from industries characterized by small and medium-sized establishments. Their approach, however, would provide an even coverage by industry and region and would enable representation of the medium and small size establishments.

In reply to the emphasis made on what existed in other countries by the staff associations, the Treasury Board argued that other countries' policies and practices

are only applicable to the social and economic context in which they are operating.

The Board further contended that there is no indication that the quality of matches in large firms is better than those reported for small firms for such easily identified occupations as cleaner, maintenance electrician, junior typist, etc. The Board further indicated that a large proportion of civil servants work in small establishments scattered across the country. Although rates paid in large establishments should be taken into account, it is highly inappropriate to exclude from consideration all of the very large groups of outside employees in smaller establishments who do not enjoy the privileged revenue conditions of those in large establishments. Pay determination has to take into account the complete picture and not limit itself to the consideration of only those who tend to be among the better paid.

Role of the Civil Service Commission

There were clear indications that neither the staff associations nor the Treasury Board would arrive at a common Universe on the basis of the discussions that were taking place. The Commission, therefore, suggested a compromise solution to the Universe problem by developing its own Universe which, it hoped, would be accepted by both parties. The criteria proposed by the Commission for its own Universe

are as follows:¹¹

In order for an establishment to be selected for inclusion in the Universe, it must have the following characteristics:

- (1) It must have a total of at least 200 employees,
- (2) It must observe a standard work week of 40 hours or less for office employees,
- (3) It must provide office employees with an annual paid vacation of at least two weeks after one year of service,
- (4) It must have a pension plan to which the employer makes a financial contribution of 50% or more.

In 1964, a further modification was made to the C.S.C. Universe in those establishments of less than 200 employees, but with 50 employees or more, would be added progressively until a coverage of 50% of the total observations in the Wage Rate Survey is achieved for any given occupation. This was to be done only if the basic criterion of 200 employees did not achieve this 50% coverage.

Unfortunately, neither the staff associations nor the Treasury Board agreed to the C.S.C. Universe. Therefore, the Pay Research Bureau produced information on the basis

¹¹Pay Research Bureau, "The General Salary Situation for Maintenance, Technicians, Drafting and Office Classes", October, 1962, Ottawa, Canada, P. 98.

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of the C.S.C. Universe in addition to the old P.R.B. Universe, the proposed Treasury Board Universe and for information purposes, on the total coverage of the Wage Rate Survey. It has continued to produce this type of information up to 1968 and it is only recently that a partial solution to this universe problem has been agreed between representatives of the Staff Side and the Treasury Board.

The Solution

Before the solution is described, it is worth quoting the Third Annual Review of the Economic Council of Canada¹² which contained recommendations on Government's policy on pay determination.

It is imperative that governments, and particularly the federal government, should develop and adhere to certain basic principles and criteria relating to wage and salary policies and collective bargaining in the public sector. In regard to these principles and criteria, three elements should be of major importance:

- (1) In all cases where the government is the immediate or the ultimate employer, the objective of policy should be to maintain as close a relationship as possible with wages, salaries, and other benefits paid by good employers in the private sector. This relationship should be maintained on a current basis, without the excessive delays and procrastinations which have often occurred in the past, resulting in dissatisfaction, loss of efficiency, and an eventual need for unusually large wage and salary adjustments.

¹²Economic Council of Canada, Third Annual Review, Prices, Productivity and Employment, Ottawa, Canada, Queen's Printer, November, 1966, p. 182.

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- (2) From time to time, because of the introduction of rapid expansion of particular services, the government may need to increase sharply its employment in certain categories and skills. To meet such needs, the government, like any other employer in similar circumstances, may find it necessary to increase appreciably the rates for those categories and skills.
- (3) In cases in which governments find it necessary to make particularly large adjustments or settlements to meet particular needs, to remove inequities, or to remedy disparities with the private sector, it is important that the reasons should be clearly stated so that they will not be interpreted as setting patterns or guidelines generally in the economy.

Unfortunately, the Economic Council of Canada did not define the good employer. However, both the staff associations and the Treasury Board, sincere in their desire to eliminate the large number of Univeses to facilitate the pay determination process, held meetings in early 1968 to try and resolve this matter with the assistance of the Pay Research Bureau.

It was agreed by both sides initially, that the working conditions criteria used to designate the PRB Universe were no longer necessary in 1968. In 1957, when the Universe was designed, they were needed because there were still many organizations for which the fringe benefits were sub-standard. However, since that time, there have been significant improvements in fringe benefits and working conditions in the economy. A work week of 40 hours is now almost universally applied in Canada. Provincial and

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Federal legislation requires almost every employer to provide two weeks' vacation after one year's service. Finally, with the introduction of the Canada Pension Plan in 1966, every employer in Canada is forced to contribute financially to a pension plan. Therefore, it was agreed that there was no need for working conditions criteria as discriminating factors in determining the area of outside comparison.

Both sides also agreed to review the Universe problem in relation to the occupational categories that are now in existence in the Public Service for purposes of collective bargaining. The Operational Category is essentially composed of blue-collar occupations and some of the groups within that Category will be remunerated on the basis of regional rates because they consist primarily of former prevailing rate employees which were remunerated on a regional rate system. For these groups, particularly in General Labour and Trades and the General Services Groups, it was agreed by both sides that the degree of coverage in the total Universe should be significant in order to assure that statistics would be available in the various pay zones across Canada. It is a known fact that, to penetrate into the total Universe on the basis of 36 pay zones for the General Labour and Trades Group (see Chapter 5) a significant degree of penetration must be made into the

Universe in order to obtain a reasonable number of observations for each of the zones. Therefore, for the Groups within the Operational Category, both sides agreed that a 75% penetration was acceptable. The Staff Associations (now more properly called Unions) however, maintained that a 60% penetration was needed for those Groups in the Operational Category which will continue to be remunerated on a national rate basis, arguing that a 75% penetration was not necessary for these Groups in order to obtain good coverage.

There are groups in the Operational Category for which total penetration into the Universe was agreed for and these include the Firefighters Group and the Correctional Group, since most of the information is drawn from Municipal and Provincial Governments. For the Hospital Services Group, because of the complex nature of the occupations involved, the continuation of the hospital survey on a sample basis was agreed to by both sides.

There is really no problem of Universe for the Technical, Scientific and Professional and Administrative and Foreign Service Categories, since the wage rate survey contains very few occupations which could be used as a source of pay information for these Categories. Therefore, general field surveys conducted by the Pay Research Bureau would be a source of outside pay data for these Categories.

With respect to the Administrative Support Category, the second largest Category, the staff associations and the Treasury Board could not agree on a common Universe and disagreed on the depth of the penetration. The staff associations maintained that 60% penetration was sufficient because these were national rate groups while the Treasury Board maintained that 75% penetration was necessary. Therefore, this issue is still not resolved but it certainly has succeeded in reducing significantly the number of Universes for this Category.

The above represents significant success in resolving the problem of the definition of the good employer and the resolution was really brought about by the introduction of the collective bargaining system which forced both sides to eliminate as much as possible the complex and intricate statistical arguments at the bargaining table. Bargaining is difficult enough just to arrive at a consensus on the rates of pay and working conditions, and it really does not need to be clouded by complex statistical arguments. With respect to the Administrative Support Category, the difference of opinion on the depth of the penetration should be resolved in due course since the rates of pay between the two Universes, i.e. 60% and 75% penetration are not significantly different.

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CHAPTER 4

STATISTICAL MEASURES TO USE IN PAY COMPARISONS

The introduction of the Pay Research Bureau in 1957 brought into the Civil Service a more sophisticated approach to the statistical measures and techniques of pay determination.

In its first comprehensive report entitled "The General Salary Situation, October 1, 1958" the Bureau summarized the pay survey results using the mean, median and third quartile statistical measures.¹ The statistical measure of outside rates of pay used to compare the maximum of the civil service salary range with outside rates for comparable work was the third quartile. On this matter, the first report indicates:

The matter was discussed at some length by the Commission, and by the Advisory Committee on Pay Research. It was finally decided by the Commission that, for the purpose of presenting survey results, the survey third quartile rate

¹Ya-Lun Chou, Applied Business and Economic Statistics, New York, U.S.A., Holt, Rinehart and Winston, Inc., 1963, pp. 146, 164 and 190, defines these measures as follows: The arithmetic mean is the sum of the observations in a sample (p. 146). The median is the value of middle item in a series when the items are arranged according to magnitude (p. 164). The third quartile is the value in a series arranged in order of magnitude at or below which three fourth of the items lie. It is found at the point indicated by $(3n/4)$, (p. 190).

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would be the most appropriate measure to compare with the maximum of the range for the Civil Service class concerned. It has been used in this Report.²

In its 1959 report, the Bureau also presented another measure, the first quartile,³ which was shown along with the three other measures included in the 1958 report.

On the question of the comparative relationship between the civil service rates and the outside rates of pay, the Bureau had this to say.

The basic comparative relationship is that between the survey third quartile and the maximum rate in the civil service. The survey third quartile rate is essentially a point in the distribution of rates paid outside the civil service. The civil service maximum is significant because of its stability and because of the importance attached to it in the rate setting process. The decision to relate one to the other, for the purpose of presenting survey results, was made by the Commission at the beginning of the 1958 programme.

The relationship between the survey mean rate and the civil service mean rate is put forward in this report as are additional points of reference. As a calculated measure of central tendency, the mean is affected by the value of all rates in the distribution, including those at the extremes. The mean relationship is, therefore, influenced by all rates in the survey distribution and by the proportion of employees at different rates in the civil service range. For this reason, it is considered significant for those concerned with salary administration in the Civil

²Pay Research Bureau, The General Salary Situation, October 1, 1958, Ottawa, Canada, p. 18.

³Chou, Loc. Cit., p. 190, defines the first quartile as follows: The first quartile is the value in a series arranged in order of magnitude at or below which one fourth of the items lie. It is found at the point indicated by $(\frac{n}{4})$.

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Service.⁴

The comparison between the survey third quartile and the civil service maximum and that of the survey mean with the civil service mean has been incorporated in all Pay Research Bureau reports up to 1965 when the Bureau changed its report format and showed outside rates of pay separate from civil service rates.

In the fall of 1961 and the spring of 1962, two events occurred which gave rise to the controversy on the appropriate statistical measures to use in pay determination. First, the introduction of the cyclical salary review system in the fall of 1961 enabled the parties involved in pay determination to spend more time on considering all the facts relevant to the process and, secondly, the introduction of the new Civil Service Act in April of 1962 granted the Treasury Board the power to amend the Civil Service Commission recommendations and thus enabled the Board to apply its own views concerning pay determination.

In the first consultation exercise under the new Act, in the spring of 1962, for Group B, effective October 1, 1961, the Treasury Board representatives stated that the civil service salary ranges should be set in such a way as to produce an average rate of pay for a civil service class

⁴PRB, The General Salary Situation, October 1, 1959, released April, 1960, Ottawa, Canada, pp. 18 - 19.

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which is the same as an average rate of pay for comparable duties outside the civil service. This could be done by comparing the mean rate for any civil service class with the outside mean rate obtained from the Pay Research Bureau. Representatives of the Board further stated that a comparison of the industrial third quartile and the civil service maximum was not valid since, in most cases, such a comparison would produce a civil service range for which the mean rate would be considerably in excess of the outside mean. The Board concluded by stating that the maximum rate in the Civil Service should be arrived at by adding to the existing maximum the amount by which the outside average exceeds the average for the Civil Service.⁵

The staff associations were quick to react to the Treasury Board position. The Civil Service Association of Canada felt that the civil service mean rates are unreliable indicators of civil service salaries because of the continual movement of people between the different steps in the salary range.⁶ They showed that the civil service mean

⁵The foregoing was summarized from a confidential document entitled, Notes by Department of Finance placed before a Meeting held under Section 7 (1) of the Civil Service Act, May 23, 1962.

⁶The following is a summary of: Comments by CSAC on Paper entitled "Notes made by the Department of Finance Placed before a Meeting Held under Section 7 (1) of the Civil Service Act, May 23, 1962, in the Department of Labour Board Room, Confederation Building, Ottawa."

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fluctuates seriously from year to year in both directions because of the distribution of civil servants in the salary range from year to year. They said that factors, other than fair salary determination, can and do operate adversely in mean comparisons, since a heavy concentration of people at one step or the other in a salary range tends to skew the mean figure arrived at.

On technical terms, the Association stated that the mean was a measure of central tendency and had most significance when the observations in the distribution approach a normal curve. They said rates of pay for a particular occupation obtained from a large sample of industrial firms can be expected to provide a fairly normal distribution of rates. However, in the salary range structure of the comparable civil service class, there is no reason to expect a normal distribution of employees over the various rates in the class because there is only one range structure in a civil service class and the progression up the range is almost automatic. Therefore, the distribution is discontinuous and more likely to be irregular. The Association then showed an example of the irregularity of the distribution of employees in a salary range.

Stenographer 1 (Civil Service Class, September, 1961)

Rate:	\$2340	2430	2520	2610	2700	2790	2880	2970	3060
% em- ployed at rate	7.8	2.3	13.0	9.5	10.0	6.9	16.4	10.6	23.5

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- (a) 23.5% of the employees are at the top rate
- (b) 50% are spread over the top 3 rates
- (c) 50% are spread over the lower 6 rates
- (d) The mean rate, \$2893. is heavily influenced by the concentration at the top three rates, and thus the distribution is heavily skewed towards the higher rates. This is not a normal distribution since the latter would have given a mean rate of about \$2700.

The Association then demonstrated that a change in the distribution of employees within the range of a civil service class will affect the mean even where there is no change in the range of rates (no change in the minimum, maximum and all the in-between steps.) They then stated that the mean rate for certain classes had actually decreased in the Civil Service from 1960 to 1961 as a result of a shift in the distribution. An example of this is as follows:

<u>RATE</u> \$	<u>% DISTRIBUTION</u>	
	1960	1961
3540	38.1	37.9
3660	17.6	27.2
3780	44.3	34.9
Mean	\$3667	\$3657

Such a shift in the mean rates due only to shifts in the distribution of employees within a fixed range of rates is more likely to occur in the civil service than in a distribution of rates representing a large number of

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employees in a large number of outside firms.

In a similar vein, the Civil Service Federation of Canada⁷ stated that comparisons of means can only have significance when one is dealing with similar types of distributions. Distributions of industrial rates of pay fall into the category of distributions composed of continuous variables. On the other hand, civil service rates, by the very existence of steps in a salary range, are discontinuous in nature. Consequently, the very fact that the two distributions are different in nature precludes any valid comparison of mean rates of pay. They went on to say that the net effect of basing the comparisons on mean rates is to lower the civil service maximum much below the 3rd quartile for outside rates. They went on to say that the industrial 3rd quartile should be used to determine the maximum rate of pay in a civil service class and they strongly objected to the use of mean rate differences as a basis for arriving at the maximum rate of a civil service class.

The Professional Institute of the Public Service of Canada supported the other two associations and reiterated most of their argument in its paper to the Treasury Board.

⁷The following is a summary of: Comments by the Civil Service Federation of Canada on Notes by Department of Finance Placed Before a Meeting held under Section 7 (1) of the Civil Service Act, May 23, 1962, in the Department of Labour Board Room, Confederation Bldg., Ottawa.

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The representatives of Treasury Board prepared rebuttals to all of the staff associations' objections to the mean-to-mean comparison.⁸ The Board stated that the maximum of a civil service class was essentially a point which practically all employees could attain provided they remain a few years in the class. As a result, in many large stable classes, the maximum is the actual salary paid to a very large proportion of employees and another large proportion is paid at rates close to the maximum. On the other hand, they pointed out, the third quartile is at a point which 75% of the outside employees have not attained. They contended that the total salary expenditure within the Civil Service should be close to the total expenditure on the outside for comparable work. The Board stated that the third quartile maximum comparison does not produce this result, but would produce a total salary expenditure of a specific class in the Civil Service which would be significantly above the total salary expenditure for the comparable occupations outside the Civil

⁸Summarized from: Notes by Department of Finance on Comparison between Civil Service Maximum and Outside Third Quartile Placed before a Meeting held under Section 7 (1) of the Civil Service Act, May 28, 1962, in the Department of Labour Board Room, Confederation Building, Ottawa.

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Service.⁹ The Board stated that such a result cannot be interpreted as the implementation of a policy to pay rates comparable to those on the outside.

In defence of the mean rate comparison, the Board maintained that, in the case of inside rates, there is no necessity to have a "normal" distribution since we are dealing with the average rate of one employer, which could well be a flat rate. The Board agreed that a change in the distribution of employees within a range seriously affects the mean rate and may decrease it from one period to another. However, the Board felt that this occurred only in exceptional cases. With respect to populous classes, the distribution of employees within the range remained relatively stable, and the change, if any, is mostly in the direction of greater concentration at the top as the size of the civil service stabilizes. These arguments have not been resolved since 1962 and, since then,

⁹Such a conclusion can be illustrated by the following: Suppose the C.S. employes 50 Stenographers 1, the mean rate is \$2500. and the maximum is \$2700. Suppose outside the mean rate is \$2600. and the Q3 is \$3000. for comparable occupations. The total salary expenditure inside is $(50) \times (2500) = \$125,000$. The total expenditure outside, if the 50 C.S. stenos were employed outside, is $(50) \times (2600) = \$130,000$. If the C.S. maximum was brought equal to the Q3, the C.S. mean would rise to \$2800. and the total inside expenditure would be $(50) \times (2800) = \$140,000$. which is above the actual outside expenditure.

have come up every time pay revisions have been discussed. Even in bargaining, this matter is still a contentious issue and only the pressures of arriving at negotiated settlements have succeeded in leaving it aside temporarily. However, in the future, certain negotiations will have to be resolved by arbitration and the debate will open again.

Suggested Solution

This section will deal first with national rates only. The solution to the statistical measures to be used in bargaining or in pay determination are greatly dependent on the nature of the pay determination system, i.e. will it be national or regional rates. The problem of regional rates will be discussed in detail in Chapter 5.

In all probability, the Federal Government will continue to pay national rates to its office, administrative, technical and professional workers, and move to a regional rate system for some of its blue collar workers. It is also very probably that the Government's office, administrative, technical and professional employees will be paid on the basis of salary ranges, i.e. where the rates of pay for given levels of responsibility are structured on a range carrying generally four steps or more with the lowest step identified as the minimum and the highest step identified as the maximum.

Therefore, the best solution would be to establish

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a public service maximum rate close to the third quartile of rates of pay for comparable work outside the Public Service. This is necessary for the following reasons:

(a) The Government should be competitive in most cities and regions across the country. There are variations in pay by cities and regions, for office, administrative, technical and professional occupations outside the Public Service. Therefore, in order to recruit and retain qualified staff, the Government must pay around or near the third quartile in order to compare with rates in most localities.

(b) For office, administrative, technical and professional occupations, good salary administration prescribes that wide salary ranges be available to employees so there can be an incentive for them to increase their proficiency on the job and obtain salary increases within the salary range to reflect this added proficiency. Therefore, the maximum of the public service range, which is the limit of salary progression for good performance, should be in the area of the outside third quartile. Otherwise, if it was near the mean, the Public Service would be in a grave danger of losing the majority of its good and outstanding employees to other employers since these employees would find it rewarding to work in industry where they would be able to progress beyond the average

of outside salaries.

With respect to blue collar occupations, the situation is different. First of all, many of these will be paid on a single rate basis rather than a salary range. Secondly, there is a regional rate system for the majority of the unskilled, semi-skilled and skilled occupations.

If a single rate is to be paid, it will be primarily on a regional basis and, therefore, the parties at the negotiating table must negotiate a rate that will be representative of the pay zone or region so that recruitment can take place and comparability can be maintained. This rate will not be too far away from the mean and the third quartile because, on a pay zone basis, the variation in the pay data will be much less than if the rates were combined for all Canada. Such factors as the need to provide increases in each contract and the needs of recruitment and retention will ensure that the rates negotiated are definitely in line with the mean and the third quartile.

It should be noted that, in many pay zones for the blue collar workers, the Government is paying construction rates to its employees. Construction rates are generally higher than industrial rates because of the instability of employment and of the lower fringe benefit package in the construction industry. In these zones where the Government is paying construction rates, the bargaining process has

maintained these rates and even increased them to bring them current and therefore, in such zones as Toronto, Montreal and Ottawa, the negotiated rates will be significantly higher than the third quartile of industrial rates because the Wage Rate Survey data do not include the construction industry.

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CHAPTER 5

THE PROBLEM OF NATIONAL AND REGIONAL RATES

As described in Chapter 1, positions under the Civil Service Act were paid on the basis of national rates with very few exceptions. The exceptions were such occupations as nurses, whose recruiting rates varied across Canada so that the Government could attract nurses in its hospitals which are scattered from the Atlantic provinces to the Pacific Coast. The pay determination process for classes under the Civil Service Act attempted to establish rates of pay which would assure a fair wage across the country. This approach worked fairly well with office, administrative, technical and professional occupations where the dispersion in rates of pay from region to region is not as high as it is for "blue collar" occupations.

With respect to "blue collar" occupations, a large number of these were also paid on the basis of a national rate such as the cleaning and stores classes and many of the "blue collar" hospital classes. However, there was another group of positions (or employees) who did not come under the Civil Service Act and who were paid according to the prevailing rate of pay system. These employees were commonly referred to as prevailing rate employees. They include mainly "blue collar", unskilled, and skilled occupations such as labourers, carpenters, electricians, cooks,

etc. For these occupations, the Government found that the prevailing rate system which was intended to pay the rate that prevailed in the geographic area where the employees were located was more satisfactory than a national rate system. This is reasonable because, for these occupations, the local labour market rates tend to vary significantly from one region to the other or from one locality to the other.

Under collective bargaining, and particularly in the Operational Category, former classified public service positions (those on a national rate) are combined with former prevailing rate positions under the same occupational groups. The three occupational groups which are greatly affected by this combination are the General Labour and Trades Group, which contains roughly one-third of its positions paid on a national rate basis and two-thirds formerly paid on a prevailing rate basis; the General Services Group which contains two-thirds of its positions formerly paid on a national rate basis and one-third on a prevailing rate basis; and the Hospital Services Group which contains about three-fifths of its positions formerly paid on a national rate basis and two-fifths on a prevailing rate basis. There was, therefore, for these three groups, a major decision that had to be made as rates of pay were to be negotiated under the collective bargaining regime. In other words, will a national rate or a regional rate system prevail?

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Because of the occupational composition of these three groups and because of the large number of employees which are already on a regional rate of pay in these groups, from a practical point of view, it is much better to remunerate them on a regional rate of pay. This will assure that the collective bargaining system will establish rates of pay reflecting the rates paid in the geographic area in which the employees are located.

This approach is contrary to past policies of staff associations which have objected strongly against regional rates and who have agreed to a deviation from national rates only on the basis of a premium which should be paid above the national rate in the high-wage areas in order to recruit and retain qualified employees. In other words, the basic position of the staff associations has been national rates determined on the basis of national statistics and, where the national rate so determined is significantly below the rate paid in certain areas, that a premium or an additional amount be added onto the national rate in those areas to enable recruitment and retention.

This type of approach was also recommended by Judge Anderson in his final report following the postal strike of 1965.

As I presently view it, the only way to deal

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with this problem is by granting a prevailing rate premium to civil servants where the prevailing rate structure results in civil servants receiving a considerably lower rate of pay, than their opposite numbers in the same locality.

Such a prevailing rate premium should not be reflected in any increased fringe benefit except pensions.

There are difficult problems to be resolved before any such prevailing rate premium policy could be initiated.

I would suggest for consideration that the implementation in any locality of a prevailing rate premium should not occur until the prevailing rates of pay for comparable classes of employment outside the civil service exceeds the rate of pay within the civil service by a minimum of 5%.¹

However, the public service union² (composed of two former staff associations) had good grounds for revising its position with respect to the three groups in the Operational Category mentioned previously because:

(a) these three groups contain a significant number of employees who were already paid a regional rate or prevailing rate and, therefore, the movement to regional

¹Judge J. C. Anderson, Final Report of Commission of Inquiry into the Increases in Rates of Pay for Civil Servants in Group "D", Ottawa, Canada, 1965, P. 15

²It is worth mentioning here that when this problem was tackled, the two major staff associations (the Civil Service Federation of Canada and the Civil Service Association of Canada) had merged in 1966 to form the Public Service Alliance of Canada.

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rates can be done without too much disruption and will affect only those who are paid on a national rate. It is important to remember that the staff associations' big opposition to regional rates in the past was greatly influenced by their membership which, in majority, was composed of employees in the Administrative Support, Administrative and Foreign Service, Scientific and Professional and Technical Categories. With respect to these categories of employees, the union still maintains strongly that national rates should be paid;

(b) some form of financial relief can be granted to those employees presently being paid on a national rate and for which the present rate may be higher than the rate negotiated in the area or zone in which they are located. This will happen only in the Atlantic Provinces, in certain parts of Quebec and in certain parts of the Prairies where the rates tend to be lower than the rest of the country. Therefore, it will affect only a small number of employees who were paid on a national rate basis and those paid a national rate located in a high wage area will benefit greatly from a movement to regional rates.

(c) the collective bargaining system will provide the means whereby the rate negotiated in all zones will be high enough to render the problem illustrated in (b) to minor proportions.

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Therefore, the union has agreed to move to a regional rate system in the three groups in the Operational Category which contain a mixture of formerly classified and formerly prevailing rate employees. Discussions took place in the fall of 1967 and in the winter of 1968 and resulted in the establishment of a system of 37 pay zones for the General Labour and Trades and General Services groups and 7 pay zones for the Hospital Services Group. These pay zones are listed as Appendix B and C.

The main concept behind the 37 pay zones which have been developed for the General Labour and Trades Group (containing approximately 20,000 employees) and for the General Services Group (containing approximately 15,000 employees) is that of recognizing the distinct labour market areas for blue collar occupations in Canada in relation to the distribution of public servants in the country. The public servants in these two groups are widely scattered across Canada. There are about 50% in metropolitan and urban areas. The large majority of the employees fall into the bigger metropolitan centres such as Montreal, Toronto, Vancouver, Winnipeg and Ottawa-Hull.

The zoning system was, therefore, designed to provide flexibility to respond to outside rates of pay in the metropolitan centres which contain the largest number of public servants and also to respond to the outside rates of

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pay in the rural areas which also contain public servants. As a result, the 37 zones contain such cities as Halifax, Montreal, Quebec City, Toronto, Ottawa-Hull, Winnipeg, Calgary, Edmonton, Vancouver and Victoria as separate pay zones. Further, the zoning system combines other urban areas such as, for example, St. Jerome, Rouyn-Noranda, Sherbrooke, Granby, St. Jean, St. Hyacinthe and Drummondville, Quebec) into one zone, zone 11. This exists because there are very few public servants in these urban areas and there is really no need to keep each one of these urban areas as separate zones. Further, it is possible to establish a rate of pay which would be representative of all of these urban areas. A distinction was made, however, between some of the higher paying urban areas and the lower paying urban areas and this is the reason why the province of Quebec, for example, contains two different pay zones for its urban areas, namely zone 10 and 11. In other words, it means that the cities in zone 10, Shawinigan, Valleyfield, Sorel, Thetford Mines and Trois Rivières, are generally paying different rates than the cities in zone 11 (listed above) and, therefore, a different zone is necessary. The same concept is applied in the Atlantic Provinces, e.g. zone 5 vs. zone 6, and Ontario, e.g. zone 17 vs. zone 18 for the remainder of the metropolitan and urban areas which did not warrant a zone by themselves.

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The remaining zones in the system divide Canada into a number of economic - geographic areas for purposes of pay determination which are generally very broad with respect to all provinces except Quebec, Ontario and British Columbia. In the other provinces, an attempt has been made to consider the provinces generally as a remainder area after the cities have been designated as separate zones. This is what has been applied in the case of the Atlantic Provinces where zone 8 (Atlantic Provinces Remainder) takes in the four Atlantic provinces excluding the metropolitan and urban areas. In fact, with respect to the Prairie Provinces, an even broader concept was established whereby the northern parts of Manitoba, Saskatchewan and Alberta form part of a single zone (zone 24). With respect to Quebec, Ontario and British Columbia, it was necessary to provide finer breakdowns in order to reflect the different geographical and economic labour markets within the rural areas of these provinces. A good example of this is British Columbia, whereby the northern part has been divided into two zones, North Western B.C., a very high paying area has been combined with the Yukon to form one zone and the remainder of northern B.C. (North Central B.C. and North Eastern B.C.) are in another zone. Further, in B.C., Vancouver Island was designated as a separate pay zone in comparison with the balance of B.C.

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which represents the lower mainland. It should also be noted that this rural zoning concept also applies to two other easily identifiable geographic areas in Canada, that is, North West Territories and Labrador for which separate zones were designated.

The zoning system can, therefore, be summarized as follows: a combination of a city and rural approach designed to reflect as accurately as possible the labour market areas in Canada for blue collar occupations while at the same time recognizing public service concentrations of positions.

The city concept behind the zoning system is one of the census metropolitan areas, census major urban areas and census cities, towns and villages as defined by the Dominion Bureau of Statistics in its 1966 census. The rural areas follow closely the economic pay zones defined in Appendix 2 of the book "Economic Geography of Canada" by Camu, Weeks and Sametz published in 1964 by McMillan of Canada, Toronto, Ontario.

With respect to the Hospital Services Group, a simplified zoning system was devised for the 6500 employees of the Group designed to reflect the outside hospital market which follows generally provincial lines (this is now becoming a definite pattern with Quebec and B.C. leading the way). Therefore, a system of seven pay zones was agreed

to and it is listed as Appendix C.

The problem of regional rates has really been resolved only with respect to those groups in the Operational Category which contained both classified and prevailing rate employees. There are many other groups in that Category which are still being paid a national rate and for which a national rate has been negotiated in the first contracts. Some of these groups contain a labour market for which rates vary significantly across Canada. The two best examples are Stationary Engineers and Firefighters. This will put tremendous pressures on the Employer and the union in future contracts to move to a system of regional rates particularly from those employees who are located in the high-wage areas and who are presently being paid, under a national rate system, rates which are far below the rate prevailing in their locality or region for equivalent work and equivalent qualifications.

There might also be problems occurring in the Technical and Administrative Support Categories. There are regional variations in rates of pay for many technical occupations and certainly the office labour market is heavily influenced by local market situations. It can be expected, however, that there will be a strong resistance to move to a regional rate for these occupations because all employees are presently being paid on a national rate.

The disruption of moving to a regional rate would be tremendous.

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CHAPTER 6

SUMMARY AND CONCLUSIONS

Employees of the Federal Public Service are now under a system of collective bargaining which was made possible by the Public Service Staff Relations Act in 1967. There is no doubt that the collective bargaining system itself will be very instrumental in forcing both sides, the Employer and the unions, to tackle the various problems of pay determination and to arrive at solutions which are acceptable to both parties.

The problems of classification which have existed traditionally in the Public Service have been generally resolved by the implementation of the Classification Revision Programme. This programme has organized the jobs into a system of categories and groups and, within the groups, has introduced effective methods of job evaluation to properly recognize differences in duties and responsibilities and in skill requirements. The Classification Revision Programme has established a workable structure for bargaining and, provided it is kept up-to-date and logical, is and will continue to be a strong base to work with from a classification point of view.

There has been a significant amount of progress in the development of a common Universe of outside employers to be used in obtaining rates of pay for occupations outside

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the Federal Government which are similar to those inside the Federal Government. With the help of the Pay Research Bureau, there has been a reduction in the number of Universities and the basic differences of opinion still existing on this matter are merely technical and, assuming an open attitude on the part of both sides, they will be resolved.

The issue of the appropriate statistical measures is still very much in contention and this must be so since a firm commitment on the part of one side or another as to what statistical measures will be used to arrive at salaries or wages definitely compromises that party's position at the bargaining table. This problem will probably never be fully resolved by agreement from both sides because of the impact it would have on the collective bargaining system itself. In fact, such an agreement would bind the hands of both sides and introduce in the collective bargaining system a factor outside the control of the parties.

Although the fundamental issue of the payment of national rates or regional rates will always be present for the Federal Government, the system of regional rates in effect existing for the groups within the Operational Category has done a lot to decrease the importance of this problem. It must be realized, however, that there will be pressures from other groups in high wage areas who are

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still under the national rate system to move to a regional rate system. The weight of these pressures will certainly influence greatly the unions and/or the Treasury Board in whatever policy they take in the future with respect to regional rates.

In general, the system of pay determination in the Federal Public Service is presently in a much better health than it was five years ago. Most of the traditional problems of pay determination are under control and, subject to the direction that collective bargaining will take, can be handled by the collective bargaining process. In recent weeks, however, another major problem of pay determination has crept up in the Public Service with the Government's policy statements on the control of inflation and the effect this will have on its own operations. In 1969, the Government has taken a specific stand on inflation and fully intends to show, in its own operations, that it will combat this major economic problem by holding the line on government expenditures. It is too early yet to arrive at any conclusion as to how this will affect the collective bargaining system and pay determination generally. However, this Government policy will definitely affect the Treasury Board's negotiators' freedom in the area of pay increases and this will certainly introduce into the negotiations difficulties which can affect the whole system of staff relations in the Public Service.

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APPENDIX A

CLASSIFICATION REVISION PROGRAMME

DEFINITION OF OCCUPATIONAL CATEGORIES AND GROUPS

CATEGORIES AND GROUPS

Executive Category

Description: This category is composed of positions in which senior responsibilities for government functions are assigned and positions in which there is a requirement for exceptionally high standards of performance in the development and execution of policy or in administrative improvement and innovation.

Scientific and Professional Category

Description: This category is composed of groups of a scientific or professional character in which there is a requirement for a highly developed or specialized body of knowledge normally acquired through university education or through the completion of extensive post-secondary school training.

Minimum Qualifications: University graduation, or membership in a recognized professional association.

Occupational Groups:

Actuarial Science

Agriculture

Architecture and Town Planning

Auditing

Biological Sciences
Chemistry
Dentistry
Economics, Sociology and Statistics
Education
Engineering and Hand Survey
Forestry
Historical Research
Home Economics
Law
Library Science
Mathematics
Medicine
Meteorology
Nursing
Occupational and Physical Therapy
Pharmacy
Physical Sciences
Psychology
Scientific Regulation
Scientific Research
Social Work
University Teaching
Veterinary Science

Administrative and Foreign Service Category

Description: This category is composed of groups engaged in the conduct, administration and direction of government programmes, including internal management and service programmes, in which there is a significant requirement for analytical ability, judgement, human relations and organizational skills and supervisory ability or potential.

Minimum Qualifications: Either university graduation or demonstrated capacity for administrative work and knowledge equivalent to that normally attained through completion of secondary school education.

Occupational Groups:

Administrative Services
Administrative Trainee
Computer Systems Administration
Financial Administration
Information Services
Organization and Methods
Personnel Administration
Programme Administration
Purchasing and Supply
Welfare Programmes
Commerce
Foreign Affairs
Translation

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Technical Category

Description: This category is composed of groups in which specialized techniques requiring highly developed skills are performed; it excludes those groups for which university graduation or equivalent qualifications are normally required.

Minimum Qualifications: Completion of four years of secondary school.

Occupational Groups:

Aircraft Operations
Air Traffic Control
Drafting and Illustration
Electronics
Engineering and Scientific Support
General Technical
Photography
Primary Products Inspection
Radio Operation
Ships' Officers
Ships' Pilots
Social Science Support
Technical Inspection

Administrative Support Category

Description: This category is composed of groups in which the preparation, transcribing, transferring, systematizing

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and maintenance of records, reports and communications is performed either by manual or machine process. It includes positions in which there is a responsibility for supervision and for the direct application of rules and regulations.

Minimum Qualifications: Completion of two years of secondary school.

Occupational Groups:

- Communications
- Data Processing
- Clerical and Regulatory
- Office Equipment Operation
- Secretarial, Stenographic, Typing
- Telephone Operation

Operational Category

Description: This category is composed of groups in which manual and related work of an unskilled, semi-skilled or skilled nature is performed and supervised.

Occupational Groups:

- Correctional
- Firefighters
- General Labour and Trades
- General Services
- Heating, Power and Stationary Plant Operation
- Hospital Services

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Lightkeepers
Postal Operations
Printing Operations
Revenue Postal Operations
Ships' Repair
Ships' Crews

Source: Bureau of Classification Revision, Civil Service Commission of Canada, Classification Revision Programme - Definitions of Occupational Categories and Groups, January, 1967 Pp. (i), (ii) and (iii).

APPENDIX B
GENERAL LABOUR AND TRADES
AND
GENERAL SERVICES ZONING SYSTEM

Note:

- (1) Where reference is made to an "Economic Region" or part of a Region, it refers to the geographical unit as defined in Appendix 2 of the book "Economic Geography of Canada", by Camu, Weeks, and Sametz, published in 1964 by MacMillan of Canada, Toronto, Ontario
- (2) Where reference is made to a specific location, e.g. London, Ontario, the boundaries shall conform to the appropriate census Metropolitan Area, appropriate Major Urban Area, or appropriate city, town or village as defined by the Dominion Bureau of Statistics for the 1966 census, unless noted otherwise.

- Zone 1 - Yukon Territory
North-Western British Columbia
Economic Region
- Zone 2 - Northwest Territories
- Zone 3 - Labrador
- Zone 4 - Louisburg, N.S. (including Fort
Louisburg)
Sydney, N.S.
- Zone 5 - Moncton, N.B. (including Moncton
Airport)
Cornerbrook, Nfld.
- Zone 6 - Camp Gagetown, N.B.
Fredericton, N.B.
Oromocto, N.B.
Saint John, N.B.
St. John's, Nfld.
- Zone 7 - Halifax, N.S. (including Halifax
International Airport)

- Zone 8 - Remainder of the Atlantic
Provinces
- Zone 9 - North Shore/New Quebec
Economic Region
Saguenay Valley/Lake St. John
Economic Region
- Zone 10 - Shawinigan, P.Q.
Sorel, P.Q. (including St. Joseph de Sorel)
Thetford Mines, P.Q.
Trois Rivières, P.Q.
Valleyfield, P.Q.
- Zone 11 - Drummondville, P.Q.
Grandby, P.Q.
Rouyn-Noranda, P.Q.
Sherbrooke, P.Q.
St. Hyacinthe, P.Q.
St. Jean, P.Q.
St. Jérôme, P.Q.
- Zone 12 - Montréal, P.Q.
- Zone 13 - Camp Valcartier, P.Q.
Québec, P.Q.
- Zone 14 - Gaspé Peninsula/South Shore
Economic Region
- Zone 15 - Remainder of the Province of Quebec
- Zone 16 - Sudbury - North Eastern Ontario
Economic Region (excluding
Sault Ste. Marie, Sudbury,
and Falconbridge)
Lakehead - North-Western Ontario
Economic Region (excluding Fort
William and Port Arthur)
- Zone 17 - Falconbridge, Ontario
Hamilton, Ont.
Niagara Falls, Ont.
Oshawa, Ont.
Sarnia, Ont.
Sault Ste. Marie, Ont.
St. Catharines, Ont. (including Vineland)
Sudbury, Ont. (including Sudbury Airport)
Welland, Ont.
Windsor, Ont.

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- Zone 18 - Belleville, Ont.
Brampton, Ont.
Brantford, Ont.
Brockville, Ont.
Chatham, Ont.
Cobourg, Ont.
Cornwall, Ont.
Fort William - Port Arthur
(including Lakehead Airport)
Guelph, Ont.
Kingston, Ont.
Kitchener, Ont.
London, Ont. (including London Airport
North Bay, Ont. (including C.F.B)
North Bay and North Bay Airport)
- Peterborough, Ont. (including Lakefield)
Stratford, Ont.
St. Thomas, Ont.
Trenton, Ont. (including C.F.B. Trenton
and Trenton Division - Canal
Operations)
Woodstock, Ont.
- Zone 19 - Toronto, Ont.
- Zone 20 - Ottawa, Ont. (including Gatineau Park)
- Zone 21 - Georgian Bay Economic Region
- Zone 22 - Remainder of Ottawa/Kingston -
Eastern Ontario Economic Region
Remainder of Peterborough - Central
Lake Ontario Economic Region
- Zone 23 - Remainder of the Province of Ontario
- Zone 24 - Northern Manitoba Economic Region
(excluding Churchill)
Northern Saskatchewan Economic
Region
North-Eastern Alberta Economic
Region
North-Western Alberta Economic
Region
- Zone 25 - Churchill, Man.
Winnipeg, Man.
- Zone 26 - Remainder of the Province of Manitoba

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- Zone 27 - Moose Jaw, Sask. (including C.F.B.
Moose Jaw)
Regina, Sask.
Saskatoon, Sask. (including Saskatoon
Airport)
- Zone 28 - Remainder of the Province of
Saskatchewan
- Zone 29 - Banff, Alta. (Park Operations)
Calgary, Alta.
- Zone 30 - Edmonton, Alta. (including C.F.B.
Edmonton and Edmonton
International Airport)
- Zone 31 - Remainder of the Province of
Alberta
- Zone 32 - North Central British Columbia
Economic Region
North-Eastern British Columbia
Economic Region
- Zone 33 - Ladner, B.C.
Vancouver, B.C.
- Zone 34 - Victoria, B.C.
- Zone 35 - Victoria - Vancouver Island
Economic Region
(excluding Victoria)
- Zone 36 - Remainder of the Province of
British Columbia
- Zone 37 - Locations outside
Canada

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APPENDIX C

HOSPITAL SERVICES GROUP

ZONING SYSTEM

Zone 1 - Atlantic Provinces

Zone 2 - Quebec Province

Zone 3 - Ontario Province

Zone 4 - Manitoba Province

Zone 5 - Saskatchewan Province

Zone 6 - Alberta Province and North West Territories

Zone 7 - British Columbia Province and Yukon

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