Tabletalk

Winter 2006

a bargaining resource

INSIDE:

Tabletalk -
your bargaining resource –
publishes four times a year. Its goal is to give CUPE Local bargaining committees, elected officers and servicing representatives useful information for preparing – and negotiating – bargaining demands. Tabletalk's three-hole punch style makes it easy to keep in reference binders. Feel free to make copies or use the material to fit your members' needs. Comments welcome at research@cupe.ca

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CUPE's strategic bargaining objectives

Delegates to the National convention in October 2005 passed a Strategic Directions policy document that sets out measurable bargaining objectives for the union (see a copy at cupe.ca).

Experience shows that we are more likely to make gains if we all push for improvements in the same areas at the same time. For example, major gains in parental leave benefits came from a concerted national push by CUPE and other unions in the 1980s.

The Strategic Directions policy commits CUPE to research, education, and communications initiatives that support the following seven national objectives:

1. Average wage increases above the level of inflation.
2. Pension coverage for those members who do not have it, and pension improvements (such as winning or maintaining defined benefit plans) for those who have coverage.
3. Improvements to employee benefit plan coverage.
4. Provisions that stop contracting out and privatization.
5. Employer-paid union leave.
6. Expanded equality rights for members of equity seeking groups, including better protections against harassment and protection for gender-identity and gender-expression.
7. Expanded rights for part-time and casual workers.

The objective is to focus CUPE resources on these issues through greater coordination of bargaining within the eight sectors where CUPE represents members: municipal, health care, long term care, school boards (or K-12 education), universities, hydro, community and social services.

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In each of these sectors, CUPE represents thousands of workers in hundreds of bargaining units. The majority of these bargaining units are very small with fewer than 100 employees. Small bargaining units usually have less bargaining clout than larger ones.

The Strategic Directions policy paper advocates ways to build strength, such as establishing bargaining councils of locals, reviewing our structure to better connect with bargaining objectives, assigning staff more on a sector basis, and allocating resources to support sector-wide bargaining.

The policy commits CUPE to report to delegates at the next National convention in 2007 on how well we have been able to achieve these goals. ■

Health Spending Accounts – are they cost savers?

Health Spending Accounts (HSAs) are like bank accounts. The employer puts a set amount into your account and you withdraw from it to pay for approved expenses. Just like with your bank account, when the money is gone in your HSA, that's it. If you have more medical expenses than your co-workers, that's your problem.

HSAs are not insurance. With health insurance, if something unexpected happens you are covered. With HSAs if you are in a car accident and you've already spent all your HSA, you will have to pay for services like physiotherapy and medications from your own pocket, or go without.

HSAs are being promoted by employers as a way to save costs—and they do save money for employers! Employers argue that HSAs provide employees with greater discretion on how their benefit dollars are spent. In fact, HSAs severely restrict workers' choices and may require employees to pay for large and/or unanticipated expenses out of their own pockets. HSAs are attractive to employers because their contributions are predetermined and fixed, and responsibility for increased costs is with the employees.

In a group health plan, a better array of quality benefits is available to the membership as the 'healthy' pay for services for the 'less healthy' and everyone has access to the same benefits. HSAs are usually proposed as supplementary to a very basic core benefits package. Workers who require benefits beyond the core package must use the HSA to pay for **anything other than core services.** Once the money in the HSA runs out, that's it.

We're seeing an increasing trend for employers to initially introduce HSAs as a "top up" for the core benefit plan. For example, the Alberta Teachers' Association reports that of 47 bargaining units, 49 per cent now have HSAs ranging from $250 to 1.66 per cent of salary (a percentage penalizes lower-paid workers as they get fewer dollars in their HSA). Teachers at the Medicine Hat School District are entitled to an HSA that is 1.66 per cent of their annual salary (average is $72,825). However, those teachers do not have a vision care plan. Eye tests, new glasses and repairs for each family member has to come out of their $728 HSA, as well as any other costs incurred above the 'core' benefits.

Employers may introduce HSAs while the core plan is adequate. However, expect to see employer demands to reduce core plan benefits that increase workers' reliance on HSAs because they are cheaper for employers.

Money deposited in HSAs is not considered income for tax purposes (except for Quebec provincial tax). The trade-off is that any remaining

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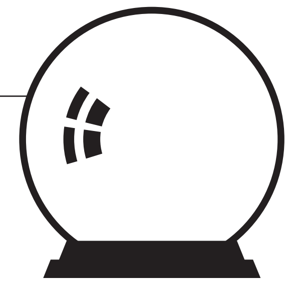
annual balance in an employee's HSA can only be carried over for a year; at the end of the second year it is **forfeited to the employer.** Workers may want to keep money in the account to pay for unanticipated needs, but unless they manage the account carefully, the employer ends up with the benefit. Also, because money not spent by members is returned to the employer, funds that could have been used to improve benefits for all are no longer available. A clear case of "use it or lose it"!

(For more information on HSAs, see the Bargaining Benefits section of the cupe.ca website.) ■

Compensation projections for 2006



Each year various human resources and consulting firms survey private employers on their plans for compensating employees in the coming year. The results for some major firms were recently released.

Mercer Human Resources Consulting – suggests that Canadian employers are optimistic because the domestic economy is strong, and are planning for increases of 3.4 per cent in 2006. This is consistent with last year's forecasts. They predict employees in B.C. and Alberta can expect to see the highest increase at 3.5 per cent; 3.4 per cent for employees in Manitoba, Saskatchewan and the Greater Vancouver area; and 3.3 per cent for Ontario, Quebec and the Maritimes.

Morneau Sobeco – Their survey suggests a slightly lower rate, 3.2 per cent increase for average salaries. It found that employers plan to continue to use online delivery of pension and benefits information to employees–another cost saving approach in the benefits area. According to their survey, the top three issues for 2006 are health care costs, disability management and benefit plan design.

Hewitt Associates – According to their survey, those who will offer salary increases are planning on roughly 3.4 per cent. They also found that 81 per cent of employers are using performance-related incentives that must be re-earned each year!

Watson Wyatt – reports that employers expect to increase salaries by 3.3 per cent in 2006, slightly higher than the predicted 3.1 per cent. Interestingly, they report that pay linked to performance has not resulted in much difference in salary increases between "average" employees and "top-performers".

Hay Group – The average salary increase is projected to be 3.3 per cent, up from the predicted rate. According to their survey, more employers are using bonuses at a rate of 6 per cent for trades, 15 per cent for middle management, and, not surprisingly, the highest percentage for executives at 36 per cent.

These projections all point to wage increases in the range of 3 per cent. Most employers surveyed see a positive, healthy domestic economy.

Public employers should take note of these trends. A study done by the Canadian Centre for Policy Alternatives in B.C. that looks at public sector compensation in recent years asserts that employers risk low morale, increased training costs, lost productivity plus jeopardize their ability to retain and recruit staff by not following wage trends (*Paying our Public Servants: The Dollars and Sense of B.C. and National Wage Trends*, CCPA, November 2005). ■

Current "Key" Negotiations

Federal Jurisdiction

Public Sector

Employer	Union	# of Employees	Status	Expiry Month
Government of Canada	various unions	25,660	conciliation/ bargaining	May 02-Sep 05
Canada Post	APOC/CUPW	9,100	tentative agreement	Mar 05/Dec 05
OC Transpo (Ottawa, Ont.)	ATU	2,300	conciliation	Mar 05
National Research Council Canada	RCEA	1,300	tentative agreement	Dec 04-Feb 05
Private Sector				
NAV CANADA	IBEW	770	bargaining	Aug 05

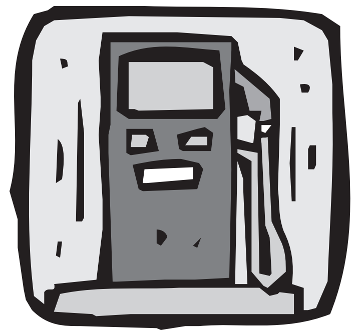
Provincial and Territorial Jurisdictions

Public Sector

Employer	Union	# of Employees	Status	Expiry Month
Government of Quebec	various unions	359,624	bargaining/mediation arbritration	Jun 02/03-Jan 04
Saskatchewan Association of Health Organizations	various unions	21,700	tentative agreement	Mar 04
Health Authorities of Alberta	AUPE	15,000	bargaining/ mediation	Mar 04/05
Government of Nova Scotia	NSTU	10,000	bargaining	Jul 05
College Compensation and Appointments Council (Ont.)	OPSEU	8,600	concilation	Aug 05
City of Toronto	Police	6,900	tentative agreement	Dec 04
Government of New Brunswick	NBPEA	5,000	bargaining	Dec 04
Government of Newfoundland and Labrador	Nurses	5,000	bargaining	Jun 05
University of Toronto	CUPE and Steelworkers	4,160	bargaining	Apr 05/Jun 05
Hydro-Québec	CUPE	3,200	bargaining	Dec 04
Government of Nunavut	teachers	620	tentative agreement	Jun 05
Private Sector				
Ontario Power Generation	Energy Professionals	3,000	tentative agreement	Dec 05
Hydro One (Ont.)	Energy Professionals	780	arbitration	Mar 05

Source: Human Resources (HRDSC) @ www.hrsdc.gc.ca, November 29, 2005.

Gas prices and travel allowances



Negotiated travel rates are not keeping pace with the rising cost of gasoline. In the 12-month period from August 2004 to August 2005, the price of gasoline in Canada jumped 20.1 per cent! Since then, gas prices have climbed more slowly, and even dropped in November 2005. (Source: *The Daily*; September 22, 2005; Statistics Canada.)

If you are negotiating travel allowances based on cents per kilometre, here's something you should know about taxation rules. The Canada Revenue Agency (CRA) which makes the income tax rules say that if the allowance received by employees is more or **less** than CRA's prescribed rate (regulation 73.06 of the Income Tax Act), **employees can be taxed on the FULL amount.**

The CRA set their rates every December. The 2006 rate is 50 cents per kilometre for the first

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5,000 kilometres driven and 44 cents for each additional kilometre. The allowance reflects the key cost components of owning and operating an automobile, such as depreciation, financing, insurance, maintenance and fuel costs. (For more information, visit the Department of Finance Canada website at www.fin.gc.ca/news05/05-086e.html)

Employers are not prevented from paying more than the prescribed rate. However, the onus is on the employer and the worker(s) to justify a rate higher than that prescribed by CRA. So, even if the higher per kilometre rate is paid to the worker, the allowance can still be considered non-taxable income.

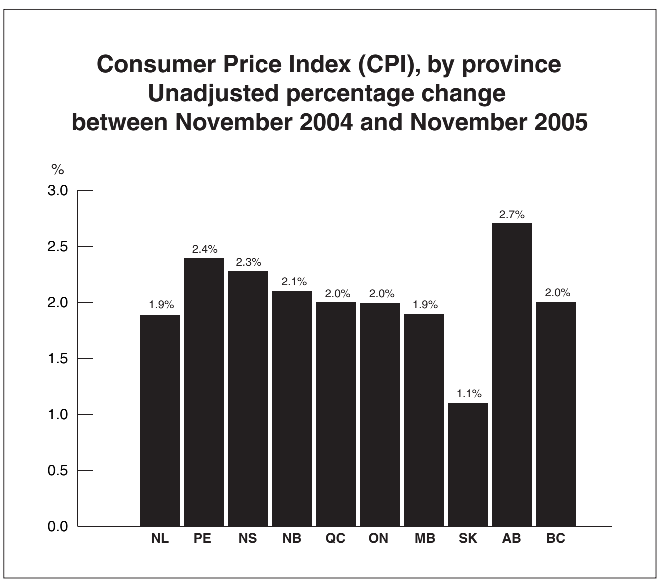
The City of Toronto gives CUPE 79 members the option of either claiming:

- the newly negotiated rates and being taxed on income, or
- the previously negotiated rate of 46 cents per kilometre and forgoing the tax.

Locals and staff reps may want to consider collective agreement language that:

- refers specifically to the prescribed rate, which is set annually by the federal Finance Department.
- refers to the "private transportation index" of the CPI to allow for quarterly adjustments in fuel costs.
- makes the distinction between ownership costs, which are fixed (i.e., insurance, licence and registration, depreciation, and financing) and operating costs, which are variable (i.e., cost of fuel, maintenance and tires), and provides for periodic adjustments of the fuel portion of the "per kilometre rate" to reflect any increases at the pumps.
- obligates the employer to seek a tax exemption from the CRA for workers where negotiated rates are beyond the CRA prescribed rate.

Source: ***Travel Allowances: Information for CUPE Locals***, a *new* document from Research that provides detailed information about travel allowances and examples of collective agreement language. Watch for it at the cupe.ca website! ■



Source: Statistics Canada – The Daily, Tuesday, December 20, 2005

Consumer prices levelled back out after record-high gasoline prices in September. The price of gasoline normally accounts for about five per cent of spending in the hypothetical CPI "basket of goods and services." The 17 per cent increase in gas prices from October last year was responsible for about a third of the 2.6 per cent increase in CPI.

Also pushing up the CPI were the cost of purchasing or leasing a vehicle, natural gas (+19.2 per cent), recreational vehicle parts and supplied (+10.5 per cent) and property taxes (+3.2 per cent).

Changes in property taxes (including special fees) are reflected in the CPI once a year, in October. This year, property taxes were up 3.2 per cent. This was the second largest increase since 1992. The biggest jump in rates was recorded in New Brunswick (+7.3 per cent). Residents of British Columbia (+6.3 per cent), Nova Scotia (+5.2 per cent), Prince Edward Island (+4.3 per cent), Alberta (+3.5 per cent), Ontario (+3.2 per cent), Quebec (+2 per cent) and Newfoundland-Labrador (+0.6 per cent) all experienced increased taxes, while Saskatchewan (-0.2 per cent) and Manitoba (-0.7 per cent) residents enjoyed lower taxes.

Breakthrough for health care workers

A recent arbitration award in Ontario signals a breakthrough in bargaining with contractors in the health care sector. The award follows on the heels of two previous awards that laid the groundwork for appropriate comparators in health care.

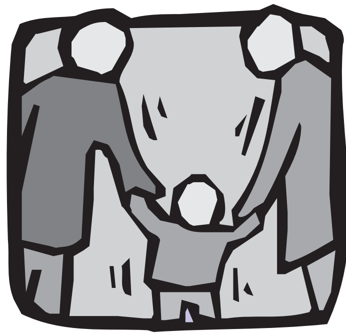
The Kaplan award of January 15, 2004, opened the door to hospital parity in the contracting sector by granting a wage increase to a group of housekeepers at the Montfort Hospital in Ottawa. The award brought housekeepers, employed by Aramark of Canada, in line with wage rates paid to the housekeeping staff at another Ottawa hospital, the Queensway Carleton, which is similar in size. Arbitrator Kaplan also awarded a group Registered Savings Plan while urging Aramark to consider joining HOOPP (the Ontario hospital workers pension plan).

In May 2005, the Burkett award (Aramark Canada Facility Services Ltd. and SEIU) continued the premise that the best comparator of employees working in hospitals is other employees working in hospitals. In that case, Aramark was the employer of a group of dietary employees who worked at Toronto's Runnymede Hospital. Aramark also had a collective agreement with the cleaners at the same hospital, which reflected hospital terms and conditions of employment. Of the 18 economic issues in dispute, Burkett awarded all but two in the union's favour, including the pension plan, bringing the dietary employees in line with those of the cleaners at the hospital.

The most recent award was for CUPE Local 4266-04, a group of housekeeping workers employed by the same multinational corporation Aramark. They work at the Elisabeth Bruyere Centre hospital operated by the Sisters of Charity of Ottawa. At another site of the same hospital, workers remain employees of the hospital while managed by Aramark. As hospital employees, they are covered by a collective agreement with another CUPE local and receive the hospital terms and conditions of employment, which are better.

In reference to the housekeepers employed by Aramark at the Bruyere site, the arbitrator, Russell Goodfellow, noted: "In contrast to the situation of employees working for hospitals (most of whose terms and conditions of employment are either determined or strongly influenced by central bargaining [i.e. OCHU], the wage rates of these employees are several dollars per hour less, they have no pension plan, no dental plan, no long term disability coverage, no extended health care, limited life insurance, and so on." (Source: Aramark Canada Ltd. and CUPE Local 4266-04, September 2005, page 2.) Accordingly, the arbitrator awarded improved vacation entitlement, a dental plan, improved sick leave coverage, a pension plan (HOOPP), and a wage increase to bring their rates up to those of the housekeepers at the other site, who are employees of the hospital.

This award has finally acknowledged that contractor employees should be compared to other hospital workers instead of just to other contract employees. It is another victory against employers who contract out to save costs on wages and benefits. ■



Innovations in collective agreement language

Here's an example of flexible parental leave clause that accommodates the variety of ways employees may become parents.

Fosterbrooke Long Term Care Facility and CUPE Local 2225-00
(Newcastle, Ont.; expiry: September 30, 2004)

Article 19.01

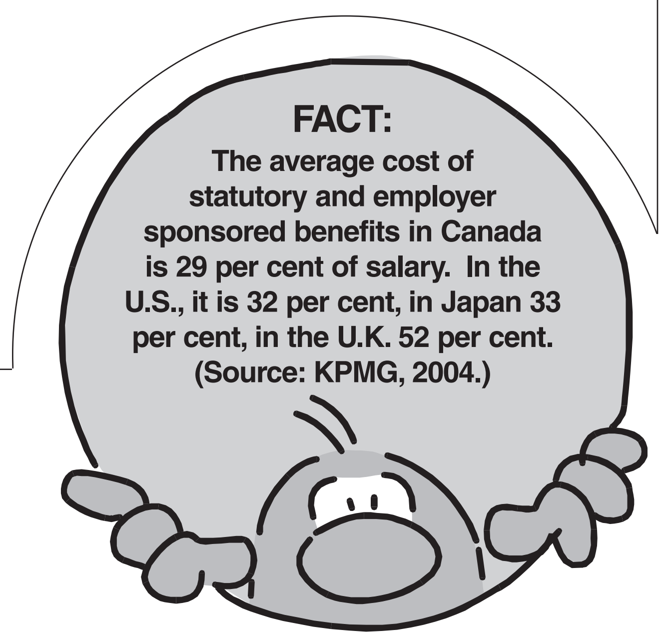
b) *An Employee who has been employed for at least thirteen (13) weeks is eligible for parental leave, whether they become a parent through the birth of their child, through adoption, or if they are in, or enter into, a relationship of some permanence with a parent of a child, and they intend to treat the child as their own. Such leave must commence within thirty-five (35) weeks following the day the child was born, or comes into custody, care and control of the Employee for the first time.*

Parental leave for an Employee who has taken pregnancy leave must commence at the end of the pregnancy leave unless the child has not come into the care of the parent by that time.

An Employee must give at least two (2) weeks notice of the date that the parental leave is to begin. Where the child comes into the custody, care and control of the Employee for the first time sooner than expected, the leave will begin on the day the Employee stops working, and notice must be provided within two (2) weeks of stopping work.

Parental leave ends eighteen (18) weeks after it began or on an earlier day if the Employee gives the Employer at least four (4) weeks written notice of that day.

g) *An Employee will continue to accumulate seniority during pregnancy and/or parental leave.*



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