



2016 – 12 – 11

Post card # 16-17– 006

To: Members

Subject: Agreement in Principle – Management Salary Scales, Pension Plan and other features



N.B. Late on Friday December 9 an Agreement in Principle between the (20) Management Associations and the Quebec Treasury Board was completed. This agreement concerns management personnel in Education (school boards and cegeps), Health and the Public sector. This is a first in more than twelve years.

The deadlines are very short for the next steps and are required before final approval. AAESQ needs your responses and hopefully with a very high percentage of return.

You should receive the complete text of the agreement and perhaps other documentation no later than Tuesday December 13.

You should receive an electronic survey no later than Tuesday December 13.

You should respond no later than Wednesday December 14.

Associations must compile the results and respond to the representatives of Mr. Carlos J. Leitao, Minister of the Quebec Treasury Board no later than this Friday December 16.

You should remember that we do not negotiate but we have been consulted. Adjustments were made to the original deposit in your favor. The Minister will decide on the steps to follow. Thank you for your continuing support

The Treasury Board plans to submit this to the National Assembly in February 2017 and with final approval before the end of March 2017. This may bring some adjustments to the initial deposit by the government.

IF YOU WOULD LIKE CLARIFICATION, HAVE QUESTIONS OR WOULD LIKE TO DISCUSS THIS, PLEASE FEEL FREE TO CONTACT:



or



Michael Stirrup, Executive Assistant, 514– 426–5110, info@aaesq.ca

AGREEMENT REGARDING TOTAL COMPENSATION ELEMENTS

FOR CERTAIN PERSONNEL CATEGORIES
IN COLLEGES, SCHOOL BOARDS, PUBLIC SERVICE
AND HEALTH AND SOCIAL SERVICES

WHOSE CONDITIONS OF EMPLOYMENT ARE SUBJECT TO APPROVAL BY THE CONSEIL
DU TRÉSOR

BETWEEN LE GOUVERNEMENT DU QUÉBEC

AND

THE FOLLOWING GROUPS:

The Regroupement des associations de cadres en matière d'assurance et de retraite (RACAR)
The Coalition de l'encadrement en matière de retraite et d'assurance (CERA)
The Association des cadres des collèges du Québec
The Alliance des cadres de l'État
The Association des conseillers en gestion des ressources humaines du gouvernement du Québec
The Association des cadres juridiques de la fonction publique
The Association québécoise des cadres scolaires
The Association des gestionnaires des établissements de santé et de services sociaux
The Association des médiateurs et conciliateurs du travail du Québec
The Fraternité des cadres agents de la paix des services correctionnels du Québec
The Association des cadres supérieurs de la santé et des services sociaux
The Association du personnel d'encadrement du réseau de la santé et des services sociaux
The Association des directions générales des commissions scolaires
The Fédération québécoise des directions d'établissements d'enseignement
The Association montréalaise des directions d'établissement scolaire
The Association québécoise du personnel de direction des écoles
The Association des administrateurs des écoles anglaises du Québec
The Association des cadres de Montréal
The Association des directrices et des directeurs des études des collèges du Québec
The Association des directeurs généraux des collèges

PREAMBLE

This Agreement follows the consultation undertaken by the government regarding the conditions of employment for senior administrators, management personnel and the persons whose conditions of employment are comparable to those of management personnel in areas of public service, health and social services, colleges and school boards held between the Conseil du trésor, represented by the Secrétariat du Conseil du trésor, and the associations representing the concerned personnel, and the grouping of associations formed for the purpose of retirement and insurance consultations.

Given the major issues at stake regarding the Pension Plan of Management Personnel (PPMP), the Conseil du trésor has deemed it pertinent to consider the total compensation of these employees as a whole. To this end, a consultation forum was formed to bring together the various associations of senior administrators, management personnel and employees whose conditions of employment are comparable to those of management personnel, as well as organizations that have been mandated to represent and act on behalf of said individuals in consultations relating to retirement and insurance.

In that spirit, the parties agreed on the following.

A- SALARY SCALES¹

1. From April 1, 2015, to March 31, 2016

Each salary scale in effect on March 31, 2015, is maintained at the same level.

2. From April 1, 2016, to March 31, 2017

Each salary scale in effect on March 31, 2016, is increased by 1,5%² effective April 1, 2016.

The salaries of the concerned personnel are increased, on the effective date of the salary scales, by a percentage equal to that of the salary scale corresponding to the employee's classification, provided that said salary does not exceed the maximum of the salary scale of class corresponding to the employee's classification.

3. From April 1, 2017, to March 31, 2018

Each salary scale in effect on March 31, 2017, is increased by 1,75%² effective April 1, 2017.

The salaries of the concerned personnel are increased, on the effective date of the salary scales, by a percentage equal to that of the salary scale corresponding to the employee's classification, provided that said salary does not exceed the maximum of the salary scale of class corresponding to the employee's classification.

4. From April 1, 2018, to March 31, 2019

Each salary scale in effect on March 31, 2018, is increased by 2.0%² effective April 1, 2018.

The salaries of the concerned personnel are increased, on the effective date of the salary scales, by a percentage equal to that of the salary scale corresponding to the employee's classification, provided that said salary does not exceed the maximum of the salary scale of class corresponding to the employee's classification.

5. From April 1, 2019, to March 31, 2020

Each salary scale in effect on March 31, 2019, is maintained at the same level.

B- PREMIUMS AND ALLOWANCES

All premiums and allowances, except premiums shown in percentages, increase as of the same date and under the same general wage increase parameters set out in parts 1 through 4 of Section A.

¹ Salary rates also covered, as applicable.

² However, provisions found in directives on salary protection and regulations pertaining to employees whose salaries are off-rate or off-scale apply.

C- PERFORMANCE BONUSES

The provisions on performance bonuses or any other compensation incentive were repealed and will not be in force for the 2016 fiscal year and onward. This applies to senior administrators, management personnel and the persons whose conditions of employment are comparable to those of management personnel.

D- RETIREMENT PLAN

To restructure the PPMP, the following measures pertaining to members are proposed:

1. Effective July 1, 2019, amend the eligibility requirements for retirement and the method for calculating PPMP benefits as follows:
 - a. Raise the age of eligibility to receive an unreduced pension from 60 to 61 years of age;
 - b. Replace the eligibility criteria for unreduced pension without an actuarial reduction of factor 90 (age + years of service) with at least 55 years of age by a reduction factor of 90 and at least 58 years of age;
 - c. Introduce the criteria of 35 years of service with at least 56 years of age;
 - d. Increase annual pension reduction from 4% to 6% for early retirement;
 - e. Replace the average salary of the top three earning years with the average salary of the top five to calculate pensions.
2. Between January 1, 2017 and December 31, 2018, gradually increase the maximum number of credited years of service used for pension calculation from 38 to 40 years.

To ensure intergenerational equity, we propose the following changes for pensioners and surviving spouses:

3. Suspend pension indexation for nine years, regardless of whether or not the financial soundness of the plan improves, given that amendments can be made following consultation with pensioner representatives, provided that such amendments have no impact on the measures set out in paragraphs 1, 2, 4, 5, 6, 7, 8 and 9 of this section and that a comparable effort by current employees and pensioners in reducing the deficit of the members' fund is maintained;
4. Include specific provisions that exclude members affected by the implementation of Paragraph 1 of this section from also being affected by the pension indexation suspension.

In return, it is proposed that the government contribute to reducing the PPMP fund deficiency in the following manner:

5. Deposit the government's non-recurring savings, generated from the amendments to this plan's provisions and following the implementation of paragraphs 1 and 3 in this section, into the employee contribution fund at *Caisse de dépôt et placement du Québec*. These deposits would be based on the annual deployment of savings, as stated in Public Accounts;
6. Provide for the government to take over, by September 30, 2017, the actuarial obligation of pensioners and surviving spouses, as at December 31, 2014, and proceed to transfer assets and liabilities, so as not to generate a cost to the government that exceeds \$150 M.

To fund the PPMP, the following measures are proposed for the five-year period from January 1, 2018, to December 31, 2022:

7. For 2018 through 2022, determine that the member contribution rate will match the current cost of service as per the most recent actuarial valuation of the PPMP.
8. Plan for government and independent employers to contribute, from 2018 to 2022, an annual amount equal to the difference between the total contribution rate for the plan and the current cost of service, multiplied by 3 and subject to a maximum of \$100 M per year, to the employee contribution fund at *Caisse de dépôt et placement du Québec*;
 - a. This amount would be subject to a minimum corresponding to the estimate by *Retraite Québec*, of annual transfer losses undergone by the employee contribution fund when new participants from the government and public employees retirement plan join;
 - b. This minimum would be paid until the fund has a capitalization of 125% or more;

- c. Regardless of the applicable minimum, the amount paid by the government and individual employers cannot exceed \$100 million per year.
9. Together with the PPMP Pension Committee, in keeping with its mandate set out in Article 196.5 of the Act Respecting the PPMP, review the funding policy regarding member contributions as follows:
- a. Reflect the adjustments made to the plan funding provisions, especially concerning the employee contribution rate, government compensation, reinvestment of the government's non-recurring savings arising from the amendments to the plan provisions and cost-sharing provisions;
 - b. Mitigate the risks related to the plan by considering new risk sharing between the government and the plan members. To this end, to protect the members' fund, any use of the surplus is prohibited when the fund has a capitalization of 125% or less. The method for using surpluses, where applicable, should result from a consensual decision between representatives of the members and the government.

In order to implement paragraphs 1 to 9 of this section:

- 10. The Secrétariat du Conseil du trésor, in cooperation with RACAR and CERA, must plan for any required technical provision or matching.

Moreover, the parties agreed to establish a working group to address the problems related to transfers from the Government and Public Employees Retirement Plan (GPERP) to the Pension Plan of Management Personnel (PPMP). The committee's terms and conditions are provided in Appendix 1.

E- ADDITIONAL REMUNERATION

- 1. From April 1, 2015, to March 31, 2016

The concerned personnel is entitled to an additional remuneration of 1.0% of the salary received³ between April 1, 2015, and March 31, 2016.

- 2. From April 1, 2019, to March 31, 2020

The concerned personnel is entitled to an additional remuneration of 0.5% of the salary received³ between April 1, 2019, and March 31, 2020.

This additional remuneration is not deemed as salary when determining the clearing for the annual progression of salary scales and is not eligible for the purposes of the pension plan.

F- SECTORAL PROBLEMS

Starting in the 2017–2018 fiscal year, an envelope equivalent to 1.5% of the payroll of each of the sectors may be spent on corrective actions to solve documented sectoral problems. The measures proposed by the sectoral departments to the Secrétariat du Conseil du trésor, after having been discussed with the concerned associations, must at the same time solve the problems and avoid increasing cross-sectoral inconsistencies. The selected measures must be subsequently approved by the Conseil du trésor.

An additional envelope, equal to 2.0% of the payroll of each of the sectors, will be available starting in the 2019–2020 fiscal year for the same purposes and under the same conditions. To access the envelope, sectoral departments must present a plan of action to the Secrétariat du Conseil du trésor, after discussing it with the concerned associations, by April 1, 2018. The selected measures must then be approved by the Conseil du trésor so that implementation can be begin on April 1, 2019.

³ The salary includes maternity, paternity and adoption leave benefits, compensation for parental leave, employment insurance benefits including those paid by the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST), Indemnisation des victimes d'actes criminels (IVAC) and the Société de l'assurance automobile du Québec (SAAQ), as well as those paid by the employer in the case of workplace accidents, if applicable. Furthermore, when stipulated in the directive or regulation, the salary includes, where applicable, amounts paid for overtime. Note that the *Regulation respecting certain terms of employment applicable to officers of agencies and health and social services institutions* combines the notion of "traitement" (a French term meaning salary that only applies to public servants) with that of salary.

G- TRANSITIONAL PROVISION

In exceptional circumstances, each premium and each allowance expressed in dollars that is in force on April 1, 2019 will be increased by 2.0% on April 2, 2019.

APPENDIX 1**CREATION OF A WORKING GROUP ON TRANSFERS FROM THE GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN (GPERP) TO THE PENSION PLAN OF MANAGEMENT PERSONNEL (PPMP)**

RACAR, CERA and the SCT agree to establish a working group under the Consultation Table. The working group's mandate is as follows:

- Draw up a list, agree upon, and document the various problems related to the GPERP transfers to the PPMP;
- Explore opportunities for viable and sustainable solutions for the PPMP, so that costs are still shared equally between members and the government;
- Report to the Consultation Table.

This committee consists of an equal number of representatives from the RACAR and CERA side and the government side.

The work will begin in the first quarter of 2018 and a report must be submitted to the Consultation Table no later than December 31, 2019.