



Upward adjustment in pay for 2012

In the last round of collective bargaining, in the context of a budget plan aimed at returning to balanced budgets in 2014, we got the government to agree to introduce a parameter linked to the trend in collective wealth – one of the CSN’s historic demands. Public-sector employees will therefore see their raise in pay for 2012 increased to 1.5% from 1%.

Collective wealth is measured by the sum of everything produced in an economy; it is referred to as the Gross Domestic Product (GDP). The value of the GDP is expressed in dollars. Nominal GDP refers to the value of production expressed in market prices (current dollars), while constant dollar (or real) GDP refers to the value of production minus the effect due solely to variations in prices.

The new parameter means that the negotiated rates of pay are adjusted upward by 0.5% retroactively to April 1, 2012 or June 1, 2012 in the specific case of CEGEP teachers.

In addition to the regular increases in pay each year provided for by the collective agreement, the agreement stipulates that the percentage of the increase will be adjusted when growth in the nominal GDP is higher than was projected for 2010 and 2011 in the plan for a return to balanced budgets.

The **plan for a return to balanced budgets** was based on growth in the nominal GDP of 3.8% in 2010 and 4.5% in 2011. But the actual nominal GDP for these two years was 4.5% and 4.7%, for a cumulative total of 9.2% – or 0.9% more than projected.

Taking into account the multiplier factor of 1.25 times the positive difference between the total of the GDP, the correction could have been 1.1%. However, the agreement limits the adjustment to 0.5% for 2012. Since the agreement has similar provisions for 2013 and 2014, there is reason to hope for another adjustment next year, since the unused part of the 1.1% can be applied next year unless the economic situation in 2012 continues to deteriorate.

According to the provisions of the agreement, employers have a maximum of 60 days from the publication by Statistics Canada of the data on the nominal GDP for Québec in 2011 to make the adjustment in employees’ pay. These data were released on November 19, 2012.

Note that the Conseil du trésor has already validated the new salary rates and scales with union organizations. The 0.5% correction also applies to premiums, except for those expressed as a percentage of pay and certain others identified in an appendix to the agreement.