

PUBLIC SECTOR WAGE INCREASES

LETTER OF AGREEMENT

1. If a public sector employer, as defined in s. 1 of the *Public Sector Employers Act*, enters into a collective agreement with an effective date after December 31, 2021 and the first three years of the collective agreement under the Shared Recovery Mandate includes cumulative nominal (not compounded) general wage increases (GWIs) and Cost of Living Adjustments (COLAs) that, in accordance with how GWIs are defined and calculated in this LOA, are paid out and exceed the sum of the GWIs and COLAs that are paid out in the 19th Main Public Service Agreement, the total GWIs and COLAs paid out will be adjusted on the third anniversary of the collective agreement so that the cumulative nominal (not compounded) GWIs and COLAs are equivalent. This Letter of Agreement is not triggered by any wage increase or lump sum awarded as a result of binding interest arbitration.
2. For the purposes of calculating the general wage increases in paragraph 1:
 - a) a \$0.25 per hour flat-rate wage increase for employees with their hourly wage rates set out in the collective agreement; or
 - b) any alternative flat-rate wage increase for employees whose hourly wage rates are not set out in the collective agreement that is determined by the Public Sector Employers' Council Secretariat to be roughly equivalent to a \$0.25 per hour flat-rate wage increase;

shall be considered to be a 0.5% general wage increase, notwithstanding what it actually represents for the average bargaining unit member covered by the collective agreement. For clarity, under paragraph 2 a), the combined GWIs of \$0.25 per hour and 3.24% in Year 1 are considered to be a single increase of 3.74% for this LOA. For example purposes only, combining the 3.74% increase (as it is considered in this LOA) in Year 1 with the maximum potential combined GWI and COLA increases of 6.75% in Year 2 and 3% in Year 3 would result in a cumulative nominal increases of 13.49% over three years.

3. For certainty, a general wage increase is one that applies to all members of a bargaining unit (e.g. everyone receives an additional \$0.25 per hour, \$400 per year, or 1% increase) and does not include wage comparability adjustments, lower wage redress adjustments, labour market adjustments, flexibility allocations, classification system changes, or any compensation increases that are funded by equivalent collective agreement savings or grievance resolutions that are agreed to in bargaining.
4. A general wage increase and its magnitude in any agreement is as confirmed by the Public Sector Employers' Council Secretariat.
5. This Letter of Agreement will be effective during the term of the 19th Main Public Service Agreement.