



November 6, 2008

Mr. Vic Toews  
President  
Treasury Board of Canada  
140 O'Connor Street  
Ottawa (ON) K1A 0R5

Dear Mr Toews.

Finance Minister Jim Flaherty was reported saying recently that public service employees would need to temper wage demands in the current round of bargaining. Mr. Flaherty announced that the newly re-elected Conservative government is doing everything to cut government costs as it prepares for a drop in corporate and personal tax revenues. "We are confident that every stakeholder involved in the process of setting public-sector compensation will show commitment and accountability to act in the public interest and strike the proper balance," he said in a news conference after a speech in Toronto.

I wish to communicate to you such statements do nothing to improve the climate of our ongoing negotiations. What we need at this time is a government that is serious and willing to work cooperatively towards satisfactory negotiations. CAPE represents more than 12,000 TR and EC government employees who provide knowledge-based professional work including policy development, policy advice, research, translation, interpretation, terminology, economic and statistical analysis for many government departments. I would expect that you recognize the value of such employees at the bargaining table.

There was actually nothing new in the call made by the Finance Minister for "tempered" demands. Federal public service employees have heard this message round after round, in bad times and in good times. However, for two reasons in particular I am very concerned with the Finance Minister's statement.

First, I am concerned about the timing of the "share the pain" refrain. Treasury Board's negotiators were offering at some tables wage adjustments well below inflation, way before the financial crisis began. For the period of twelve months from June 2007 and June 2008 inflation was hovering at 3.1% and Treasury Board was offering 1.5% pay adjustments for the same period. Inflation has gone up since June 2008 to 3.4% for the twelve month period ending in September 2008. Treasury Board was offering 1.5% for the second year of a new contract. These offers which are well below the cost of living

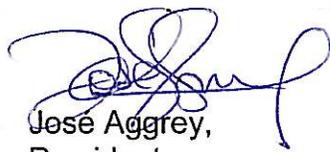
are painful. They preceded the financial crisis. The sequence of events demonstrates that the financial crisis is not relevant to the Treasury Board proposals.

The second reason that I am very concerned with the Finance Minister's statement is that the commitment and accountability to which the Minister refers would have a better ring if resources and programs to provide services to Canadians were not being taken out of the hands of public service employees across the country under the guise of a program review. It is unfortunate that the newly re-elected Conservative government is spending so many of our tax dollars on cutting services rather than on providing services.

CAPE's members certainly share the Finance Minister's concerns for the financial well being of the federal government. However, Mr. Flaherty's sentiment of sharing the pain would be more engaging if the Finance Minister had demonstrated a penchant to sharing surpluses with the very same employees that he is now calling upon to make sacrifices.

In closing, let me be clear that I expect your government to do the right thing by recognizing the valuable professional work our members provide to Canadians and to negotiate with CAPE in good faith. Public service employees are committed. Where is the government's commitment?

Sincerely,



Jose Aggrey,  
President