



BY EMAIL

FEB 28 2018

Kaylee Langille
Case Management Officer
Federal Public Sector Labour Relations and Employment Board
Administrative Tribunals Support Service of Canada
P.O. Box 1525, Station B
Ottawa ON K1P 5V2

Dear Ms. Langille:

Re: Application Pursuant to s.56 of the *Federal Public Sector Labour Relations Act (FPSLRA)* for Consent to Alter Terms and Conditions of Employment

I am writing to seek the prompt consent of the Federal Public Sector Labour Relations and Employment Board (FPSLREB), pursuant to section 56 of the *FPSLRA*, to alter the terms and conditions of employment that are applicable to regular and civilian members of the Royal Canadian Mounted Police (RCMP).

This consent request includes employees of proposed bargaining units in certain applications for certification filed under section 54 of the *FPSLRA*:

Under s.54 of the *FPSLRA*

- The Canadian Union of Public Employees (FPSLREB file numbers 542-02-08, 09 and 11);
- National Police Federation and Association des Membres de la Police Montée du Québec (FPSLREB file numbers 542-02-12 & 13); and,
- Canadian Merchant Service Guild (FPSLREB file number 542-02-14).

In particular, the Employer seeks the FPSLREB's consent to implement a premium rate increase averaging \$5.49 per pay for members to ensure the ongoing financial sustainability of the RCMP Disability Insurance (DI) Plan. This premium rate increase is supplemental to the current member premium averaging \$4.38 per pay for members.

This rate increase is the second step necessary to restore the DI Plan's financial health going forward. The first step consisted of a lump sum payment by the Government of Canada last fiscal to eliminate the plan's forecasted deficit.

There has been a large influx of disability claims in recent years. Since 2011, the number of members receiving disability benefits has been increasing by 16% annually. Open claims have increased from 512 in 2011 to 1,032 in 2016. The current premium rate was designed to support an expected claims incidence of approximately 160 new claims per year, whereas the claim incidence going forward is projected at approximately 320 new claims per year until the end of calendar year 2018, and 284 new claims per year in 2019 and ongoing.

The DI Plan was introduced in 1975 to provide income replacement benefits to totally disabled members who are medically discharged from the RCMP. Eligible members can receive up to 75% of their pre-disability salary until age 65. Premiums are fully paid by the Employer for all senior officers (i.e., Chief Superintendent and above). Other members pay 15% of the premiums. The insurance contract is held between Great-West Life (the plan administrator) and the President of the Treasury Board.

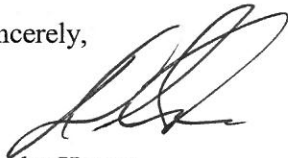
The Employer also seeks the FPSLREB's consent to implement a decrease of the premium rate for the RCMP Accidental Death and Dismemberment (AD&D) Insurance by 15% to avoid incurring yearly financial excesses estimated at \$82K.

An Insurance Advisory Committee oversees both the RCMP DI and the Accidental Death and Dismemberment (AD&D) Insurance plans. The Committee is a forum for open and constructive dialogue in respect of all of the RCMP Life and Disability Insurance Plans with equal employee and Employer representation. The Committee agreed to the proposed premium rate increase and recommended that the President of the Treasury Board approve the changes to premiums. The authority to approve changes to premium rates on insurance plans was delegated from Treasury Board to the President of the Treasury Board effective April 1, 2009.

A delay in obtaining the consent of the FPSLREB would result in the plan's financial position deteriorating by \$0.3 million per month for Disability Insurance. The Employer therefore respectfully requests that the FPSLREB provide its consent to the above-noted changes to terms and conditions of employment.

All future correspondence on this matter should be directed to Sean Kelly, Counsel, Treasury Board of Canada Secretariat Legal Services.

Sincerely,



For Sandra Hassan
Assistant Deputy Minister
Compensation and Labour Relations Sector
Office of the Chief Human Resources Officer
Treasury Board of Canada Secretariat

c.c. Drew Heavens, Treasury Board Secretariat
Sean Kelly, Treasury Board Secretariat
Christopher Rootham, Canadian Union of Public Employees and the National Police
Federation
Marco Gaggino, Association des Membres de la Police Montée du Québec
Robert Samson, Canadian Merchant Service Guild