
Report to the Chairperson of the Public Service Labour Relations Board

2007

Submitted by:

Advisory Board on Compensation Analysis and Research Services

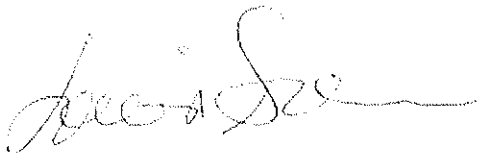
November, 2007

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Foreword

The Advisory Board on Compensation Analysis and Research Services (the "Advisory Board") is mandated by the *Public Service Labour Relations Act* (PSLRA) to provide advice on compensation research to the Chairperson of the PSLRB. Current members of the Advisory Board were appointed for two years; in most cases, the date of appointment was November 28, 2005, when the Advisory Board itself came into existence. As the current Advisory Board mandate comes to a close, the members offer this report to the Chairperson, summarizing our experiences and thoughts for the future. We hope the report will also be useful to the new slate of Advisory Board members.



Louise Boivin



David Orfald



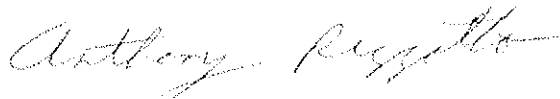
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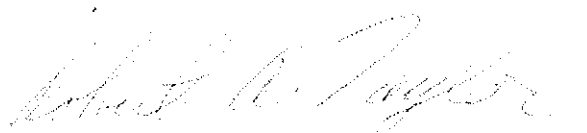
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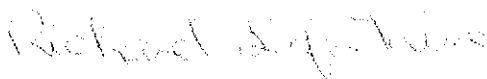
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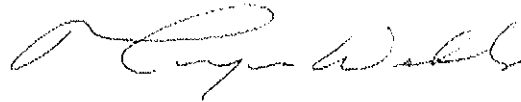
Denise Doherty-Delorme



Robert Taylor



Richard Lafontaine



Maryanne Webber (Chair)



Guy Lalonde

I Background

Mandate and history of Advisory Board

One of the functions of the Public Service Labour Relations Board (PSLRB) is to conduct research into compensation issues to support Federal Public Service collective bargaining processes. As set out in Section 16 (1) of the PSLRA:

The compensation analysis and research services to be provided by the Public Service Labour Relations Board (PSLRB) include compensation surveys, compiling information relating to compensation, analyzing that information and making it, and the analysis, available to the parties and to the public, and conducting any research relating to compensation that the Chairperson of the PSLRB may direct.

The PSLRA also mandated the creation of an Advisory Board, set out in Section 53:

- (1) The Minister shall establish an Advisory Board to provide advice to the Chairperson on the compensation analysis and research services provided by the PSLRB.*
- (2) The Advisory Board is to consist of a chairperson and no more than 11 other members appointed by the Minister.*
- (3) All of the members must have knowledge or experience that will assist the Advisory Board to accomplish its mandate, including knowledge of or experience in compensation issues or statistics.*
- (4) Appointments to the Advisory Board are to be made such that there is an equal number of members representative of the employer and of employees.*

A more detailed mandate statement, reviewed and accepted by the members at the first meeting of the Advisory Board in January 2006, is reproduced in Appendix I.

Composition of current Advisory Board

The first slate of Advisory Board members was appointed on November 28, 2005. Since that time, one member had to resign and was replaced in 2006. Currently, the membership is drawn from the following bodies:

- Confédération des syndicats nationaux
- Natural Sciences and Engineering Research Council of Canada
- Canadian Association of Professional Employees
- Professional Institute of the Public Service of Canada

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- Parks Canada
 - Public Service Labour Relations Board
 - Public Service Alliance of Canada
 - Human Resources and Social Development Canada
 - Treasury Board of Canada Secretariat
 - International Brotherhood of Electrical Workers
 - Statistics Canada

Almost half of the members were previously part of the Joint Compensation Advisory Committee (JCAC) of the National Joint Council (NJC). The JCAC served as a steering committee for the 2004 Ontario Compensation Pilot Survey. This shared activity, and the knowledge gained from it, proved to be a useful foundation for the Advisory Board.

Advisory Board activity

The inaugural meeting of the Advisory Board occurred in January 2006. By September 2006, the Advisory Board had met five times. The mandate stipulates a minimum of three meetings per year; initially, meetings were held more frequently to "get us rolling". Five further meetings occurred between November 2006 and November 2007.

The meetings addressed a range of issues, including:

- clarifications on the Advisory Board's role and modus operandi
- updates and discussion on developments in Compensation Analysis and Research Services (CARS) at the PSLRB
- review of JCAC experiences with the 2004 Ontario Compensation Pilot Survey and discussions with Statistics Canada on next steps
- review and discussion of a consultant's report on alternative methodological approaches to compensation surveys
- discussion of performance standards for the Advisory Board, aimed at ensuring future effectiveness.

In addition, two ad hoc sub-committees were created. The purpose of the first sub-committee was to frame research questions around the use of wage studies versus studies that include benefits. The second sub-committee was created to examine alternative Board self-assessment models. This was done with a view to establishing performance standards for the Advisory Board.

The present report summarizes the Advisory Board members' experiences and recommendations for future research and governance.

II Advisory Board Governance

Context

As the first Advisory Board, we spent considerable energy on understanding and clarifying our role in order to ensure that our contribution would be useful and constructive. Growing pains were experienced for several reasons. First, members who had been part of the JCAC had a shared experience, but not all members had the benefit of that experience. Second, we faced questions regarding the level at which we should operate – technical or strategic? Third, members recognized the challenge of working collaboratively in an advisory function when they might, the very next day, face each other across the bargaining table. A forum such as this requires the members to find ways of working towards a common goal, even while simultaneously working through adversarial processes in other venues.

Given these dynamics, it took time to achieve a comfort level and climate of trust. To a large extent, the challenges are systemic: they flow directly from the PSLRA itself and from the *raison-d'être* of the Compensation Analysis and Research Services (CARS).

The purpose of CARS is to provide high-quality data to parties involved in bargaining processes. The goal is to engage parties in the data-gathering process and bring methodological rigour and impartiality to the process, so that the results will be accepted by all bargaining parties. In a complex and evolving field like compensation measurement, this is no small feat.

The Advisory Board was put in place, with balanced representation between federal Public Service employers and bargaining agents, to support and assist the compensation research and analysis function. The potential value is self-evident. In practice, a significant effort is needed to ensure that all Board members can truly (and comfortably) contribute to a frequently technical dialogue.

The challenges outlined above led the Advisory Board to reflect on how to play an effective role in advancing the goal of independent compensation research. This question was approached from several perspectives, including the composition of the Advisory Board, the mandate and the work methods. Our thoughts on these issues follow.

Advisory Board composition

On Advisory Board composition, and on the process for finding new members, the Advisory Board is generally quite supportive of measures followed to date, and strongly endorses drawing

on existing stakeholder organizations to find new members. This is key to establishing Advisory Board credibility. We drafted several recommendations aimed at maintaining trust and effectiveness as Advisory Board composition evolves through normal rotation or because a member must resign for some reason.

These recommendations were offered to the Minister of Canadian Heritage and Status of Women in a letter dated July 5, 2007 (Appendix II).

Advisory Board mandate

Apart from the challenges noted above – building and maintaining a climate of trust and ensuring that all members can actively contribute to a technical dialogue – the mandate itself is not an issue. In our view, the goals underlying the mandate are worthy ones.

However, the Advisory Board has struggled to apply this mandate while simultaneously playing an immediate and useful role. The members recognize that we were appointed to advise the Chairperson of the PSLRB on compensation research. Our mandate is not to act as board of directors overseeing the day-to-day work of CARS. At the same time, the members feel their expertise could be better used as CARS seeks to carry out short-term studies while simultaneously building its long-term capacity. The Advisory Board's role must connect directly to advancing the work of CARS; it cannot be on a separate plane.

Advisory Board work methods

As the first slate of members, there was no history to shape our expectations on how the Advisory Board should function. Based on our experiences to date, we have several recommendations to ensure future effectiveness. We recognize that many if not all of these recommendations would have been impossible to implement two years ago, when CARS had a staff of just three people.

Define a two-year or three-year workplan for CARS To keep the Advisory Board on track, it would be useful to develop such a workplan for CARS, which could be reviewed and updated annually. The Advisory Board would derive its agenda from this, providing advice to CARS as needed.

Define expectations of Advisory Board members Expectations should include not only attending and actively participating in meetings, and maintaining impartiality in the provision of advice, but also preparing for meetings by reviewing material sent out by CARS beforehand. Members should have an idea of the amount of preparatory time that might be required. It would not be unreasonable to expect a time commitment of several hours before each meeting. Advance

preparation is a crucial prerequisite for effective and efficient Advisory Board meetings because of the complex, technical nature of the subject matter. Members should also be expected to participate in at least one ad hoc sub-committee during their tenure, developing options, proposals or recommendation for consideration by the full Advisory Board.

Develop a detailed briefing package for new members Advisory Board members should come to their first meeting well-briefed on the context and expectations. Perhaps the most efficient way of achieving this would be a standard briefing package that includes backgrounders on CARS mandate, workplan and recent activities, on the Advisory Board itself, recent newsletters, Advisory Board member expectations and any other reports or background documentation that could provide context for new members.

CARS should play a primary role in framing issues For the Advisory Board to be effective, specific issues where input is required need to be delineated and an "issue paper" should be distributed to members prior to the meeting. Members should have an opportunity to reflect on the issue and to come the meeting prepared. This cannot be achieved without groundwork prior to the meeting by both the CARS staff and the members of the Advisory Board.

Update on CARS activities Since CARS is so central to the purpose of the Advisory Board, it is important for members to be aware of recent developments in CARS. We suggest that CARS produce a short status report on recent activities to keep members up to date. This report would be distributed prior to the meeting and would flag issues for discussion with the Advisory Board. In particular, there should be an opportunity to discuss how various studies that are underway are progressing.

Self-assessment of performance as a tool for strengthening effectiveness

In recent months, the Advisory Board members explored options for developing performance standards that could periodically be used to confirm or improve on Advisory Board effectiveness. Various self-assessment models were examined by a sub-committee and, after an initial review, the Institute On Governance (IoG) was approached as an organization that might be in a position to help us develop guidelines or standards. In the end, there was not enough time to complete this exercise before the mandate of the current Advisory Board expired, but this remains a possible avenue for our successors to explore.

The sub-committee found that there are several models for self-assessment and for the establishment of performance standards, but many are intended for boards of directors of large entities or boards with some degree of financial control. These models did not strike us as

appropriate given our size and role. IoG was approached because they have a self-assessment tool that is simple and straightforward, and because they can adapt their services to a small-scale group such as ours.

One conclusion that emerged strikingly from our investigations is that it is very positive and healthy for an advisory board to explicitly question and evaluate its own effectiveness. At the same time, self-evaluation cannot become the central preoccupation; the Advisory Board can only be successful if most of its attention is in fact directed towards the substantive issues at the heart of its mandate.

III Priorities for compensation research

Over the past two years, the Advisory Board addressed a number of substantive compensation research issues. The discussions yielded some insights on strategic research directions for the future. These are recorded in the minutes or associated documents, and are summarized below.

By way of context, CARS was seeking input on both short-term and long-term directions. Short-term concerns centred on how to support the upcoming round of negotiations. Longer-term concerns centred mainly on a possible national compensation survey and on alternative models.

2004 Ontario Compensation Pilot Survey: lessons learned on methodology and process

In March 2006, the Advisory Board reviewed the experiences of the 2004 Ontario Compensation Pilot Survey (OCPS). Future lines of enquiry were discussed at several subsequent meetings.

The OCPS was conducted in 2004 by Statistics Canada as a step towards the possible establishment of a national, on-going compensation survey. Such a survey would provide measurement of changes in compensation in universes relevant to federal compensation policy setting and bargaining processes. It would also serve as a platform for special studies and for targeted data gathering activities.

The OCPS was intended to provide insights into conceptual, methodological and operational issues that would have to be addressed before a national compensation survey could be envisaged.

The NJC/JCAC provided oversight and direction throughout the design, development and implementation phases of the OCPS. In 2006, the JCAC produced a report and presented its conclusions to the NJC, the PSLRB and the Advisory Board.

The JCAC concluded that the pilot had "provided valuable information critical to preparations for a National Compensation Survey, providing a solid basis for the work ahead."¹ The two other broad conclusions were that:

- Statistics Canada had proved to be an excellent service provider owing in part to its reputation and survey experience.

¹ Joint Compensation Advisory Committee. Final report on the Ontario Compensation Pilot Survey, 2004. March 2006

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- Further analysis and methodological work would be required before moving to a National Compensation Survey. In particular, the job matching and sampling methodologies and the leveling tool required refinement. The main problems appear to be related to results for the public sector.

Other substantive points of agreement, as noted in the JCAC report, include the following:

- The approach used in the pilot was based on a broad consensus and a consensus might be difficult to re-establish if a substantially different approach is used.
- Considerable time and money was invested and the substantial body of knowledge and expertise that has been developed should be the foundation of a national compensation survey.
- Co-development of the methodology was critical to the success of the pilot and ongoing collaboration at the strategic and technical level is essential to ensure that data produced will be used by all parties.

In 2006, the Advisory Board was briefed about an evaluation of the methodologies and tools used in the OCPS from a consultant under contract to the PSLRB. This provided insights into further developmental work required. In 2007, Statistics Canada reported on their more recent analysis of the OCPS, also undertaken under contract to the PSLRB. This analysis has yielded several recommendations for changes to the methodology and operations of the survey.

The Advisory Board agreed to review some of the issues that require resolution. These include:

- the use of National Occupational Classification categories versus classification standards as the measurement unit
- job matching and alternative methods
- skill requirements for interviewers and instructions to survey respondents
- level of detail required at the data collection and analysis stages
- the survey universe and sampling processes

However, the mechanisms for fleshing out options and bringing them forward for discussion have posed a problem. CARS did not have the capacity to do this. The Advisory Board members realized that, to move forward, it would be necessary to form working groups and carry out some of the work off-line between meetings. The ability of the current Advisory Board members to do this is quite limited due to time pressures and other obligations. We continue to struggle with this but expect that an increase in the resources and analytical capacity of CARS is central to overcoming this challenge. In addition, if future Advisory Board members are aware from the

outset that they will be required to participate in a working group, it will be easier for them to plan and secure time to do so.

Advisory Board recommendations on strategic research directions

National Compensation Survey The Advisory Board members agree with the view that the considerable investment already made should serve as the foundation for future work, and that this is a research priority. The role of the Advisory Board would be to assist in scoping out issues that require resolution and commenting on options papers or proposed strategies. Where appropriate, members could participate in working groups set up to look at a specific issue.

Research on wage and non-wage compensation The Advisory Board encourages CARS to pursue its current project to review the state of the art on wage and non-wage compensation research. In particular, what does the literature say on methods of combining research on wages with research on benefits, pensions and working conditions? What are the recent experiences and practices of other bodies undertaking compensation research? What methodologies are being used? For studies collecting data on employer costs or on the value of all elements of total compensation to the employee, to what extent are actuarial studies being used as an element of the methodology? What are the impacts on cost and timeliness of different types of studies, for example, wages only versus wages and basic benefit information versus detailed total compensation?

Method of scoping out and undertaking future research projects The Advisory Board fully supports the co-development model followed in the OCPS and other work undertaken by CARS. While it may take time to build and nurture these partnerships, it is vital to the ultimate success of the work of CARS and to the goal of having study results accepted by all parties.

Recommendations on criteria to use in selecting projects

The PSLRB must make choices about where to focus compensation research activities. It is impossible to meet all needs. The Advisory Board discussed what criteria might be used for deciding on specific projects. The following are recommended as relevant criteria:

- value at the bargaining table
- demonstrations for longer term strategy
- co-development/parties already in agreement on value of proposed project
- feasibility of project within time frame when data are needed
- labour relations value (importance of issue of the bargaining table/likelihood that issue could be resolved through impartial study)
- distribution/diversity of employees in project scope

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- methodological soundness
 - yielding data that are difficult to find but with comparable jobs in private sector and other levels of the public sector
 - engagement of correct parties (other employers or bargaining agents affected by results)
 - representation of smaller employers and bargaining agents

This initial list could be further refined and weights provided to each factor.

Recommendations on selection criteria for service providers

Similarly, the Advisory Board discussed briefly what factors could be considered in selecting service providers for compensation research projects. The Advisory Board's input ensured, for example, that one of the rated requirements against which potential service providers are evaluated was relevant and verifiable experience in working with both bargaining agents and employers on compensation comparability projects. The Advisory Board may wish to pursue this topic further in future meetings.

IV Concluding remarks

As expressed in the letter to the Minister, the Advisory Board members are grateful for the opportunity to serve the PSLRB's compensation research function. We believe in the importance of this function and in the value of an Advisory Board. Our recommendations are aimed at promoting the effectiveness, and therefore the vitality, of the Advisory Board.

In closing, we wish to thank CARS for the secretariat services they provided over the past two years and to reiterate the importance of establishing a workplan for CARS, which would serve as an anchor for the Advisory Board's activities. We recommend that the Advisory Board continue to examine ways of improving its effectiveness.

APPENDIX I
Advisory Board Mandate

The Advisory Board will deliberate on strategic issues related to compensation analysis and research in support of collective bargaining and the compensation determination processes in the federal Public Service and make relevant recommendations to the Chairperson of the PSLRB.

Specifically, the members of the Advisory Board will discuss their short and long-term compensation information priorities and requirements as they relate to collective bargaining and provide advice and feedback on strategic directions, survey and research tools and methodologies.

The Chairperson, PSLRB, will identify issues for which advice is required and submit those to the Advisory Board for discussion, advice and recommendations. The Advisory Board members may also identify issues on which they would like to provide advice and recommendations to the Chairperson. Results of discussions, advice and recommendations from the Advisory Board will be submitted in writing to the Chairperson, PSLRB, for his/her consideration.

Meetings

The Advisory Board shall meet a minimum of three times per year (Spring, Fall and Winter). The Chairperson of the Advisory Board or the Chairperson of the PSLRB may call a special meeting at any other time.

The Director, Compensation Analysis and Research Services, shall ensure that the minutes and reports of Advisory Board meetings are prepared in both official languages and distributed to all members.

Distribution of minutes and reports to others shall generally be limited to those for whom a need for such is established and inasmuch as this would serve the development and management of PSLRB compensation analysis and research activities.

Alternates

Only members appointed by the Minister shall attend Advisory Board meetings. An annual schedule of regular meetings will be established in order to facilitate attendance of all members.

Quorum

Quorum of Advisory Board meetings shall consist of two thirds of Advisory Board members including the Chairperson.

Secretariat support

Secretariat support to the Advisory Board, including the establishment of agendas, coordination and convening of meetings, forwarding of records of decisions and ensuring follow-up actions will be provided by the PSLRB through the Chairperson of the Advisory Board.

APPENDIX II

Letter to Minister of Canadian Heritage and Status of Women

July 5, 2007

The Honourable Beverley J. Oda
Minister of Canadian Heritage and
Status of Women
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Ms. Oda:

Re: Recommendations regarding the PSLRB Advisory Board on Compensation Analysis and Research Services

I am writing on behalf of the members of the PSLRB Advisory Board, to respectfully offer some observations on the functioning of the Advisory Board.

By way of background, the role of the Advisory Board is to provide strategic and methodological advice on compensation research to the Chairperson of the PSLRB. The ultimate objective of the PSLRB compensation research function is to support the bargaining process in the federal public service by providing all parties involved with data that are accepted as valid. The PSLRB must make decisions about what types of surveys and studies should be done, their scope, content, methodology and mode of execution. The Advisory Board is there to provide advice on this wide range of issues.

The Advisory Board is less than two years old and, as the first slate of appointees, we have quite naturally devoted some of our time and energy to understanding our role and examining ways and means of ensuring that the Advisory Board is truly useful. This has been a significant preoccupation of ours since our first meeting in January 2006.

Before offering our thoughts for the future, I would like to assure you that we feel privileged to have been appointed to the Advisory Board. All members believe in the fundamental value of the PSLRB compensation analysis and research function. That we should be offered a chance to help make it work is truly an honour.

Secondly, the PSLRB has offered excellent support to the Advisory Board. This support has been quite critical to our fledgling Board. The people in question – Céline Laporte and Diane Barrette, under the direction of Guy Lalonde – are to be congratulated for their professionalism and thoughtful support.

Regarding the future of the Advisory Board, we would like to offer recommendations on the following issues: the length of appointments and membership rotation, the Board composition, processes to identify possible future members and the selection of the Advisory Board Chairperson.

Longer, staggered terms: First, we recommend that the length of the term be increased to three years for the next slate of appointees, to provide more stability. We also recommend that replacements be staggered, so that the PSLRB is not faced with a total change in membership every three years.

The Advisory Board meets about four times a year. With a three-year mandate, a member's first year would be partially devoted to learning. In the second year, the member would be contributing fully and, in the third year, he or she would continue to contribute and at the same time help to mentor in-coming members.

These measures would facilitate the task of creating and maintaining a climate of trust around the table, so essential to the proper functioning of the Advisory Board. To ensure that membership turnover does indeed occur, the number of term renewals could be explicitly capped.

Advisory Board composition: The credibility of the Advisory Board hinges in part on ensuring that members are selected from the constituencies served by the PSLRB. This is the case with the existing slate of appointees and it has been helpful in formulating credible advice.

Several members have direct experience at the bargaining table. This too is greatly appreciated. Ultimately, people at the bargaining table are the data users; they are thus well-situated to advise on what methods and processes are likely to yield data that are viewed as valid by both parties. Similarly, compensation research is a very specialized field and direct research experience in compensation is a highly valuable asset.

Although selected largely from the constituencies served by the PSLRB, Advisory Board members recognize that their role within the meetings is neutral rather than partisan. This at times can be a difficult balancing act but we have fostered a working climate that recognizes the challenge and supports members in achieving this balance.

Given the usefulness of direct experience at the bargaining table and the need for neutrality, people who were formerly engaged in this type of work, but who have since retired or moved on to other jobs, may be ideally placed to provide useful and impartial advice as Advisory Board members.

Processes for identifying possible future candidates: When making future appointments, it would be beneficial to seek the input of the parties served by the PSLRB. The success of the Advisory Board depends on the engagement of major stakeholders on both the employer and bargaining agent side. Thus, we recommend that a process be established whereby recommendations from the parties can be brought forward to your office.

Given the Advisory Board's mandate, an equal number of union and management representatives, as specified in the legislation, is crucial. When the Advisory Board appointments were initially made, this balance existed. However, we subsequently lost a member due to a job change. (While it may not always be so, in this instance the job change made it impractical for the person to complete the two-year term.)

We believe it is important to fill any such vacancies as quickly as possible, to ensure the fullest possible participation of key stakeholders in the Advisory Board. Once again, a process whereby recommendations can be made to your office would help to achieve this end, by having a list of possible new members at hand.

Thoughts on the position of Chairperson of the Advisory Board: The Chairperson should ideally be someone whose neutrality is unambiguous and who is

respected in the field of compensation research. The pool of people to pick from is relatively small, so this may be quite a challenge.

Consideration could be given to selecting a new Chairperson from among existing Advisory Board members, to help maintain stability. Another thought is to alternate between a labour and management Chairperson.

In closing, I would like to thank you for the opportunity to have served as Chairperson of the Advisory Board. I trust that our thoughts will prove useful to you in future decisions on the make-up of the Advisory Board.

Yours sincerely,

Maryanne Webber

c.c. Louise Boivin, Confederation of National Labour Unions
Michel Cavallin, Natural Sciences and Engineering Research Council of Canada
Claude Danik, Canadian Association of Professional Employees
Denise Doherty-Delorme, Professional Institute of the Public Service of Canada
Richard Lafontaine, Parks Canada
Guy Lalonde, Public Service Labour Relations Board
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Casper Bloom, Chairperson, Public Service Labour Relations Board