

Royal Canadian Mounted Police

**Business Case for the Employment of Civilian Personnel Under
the Same Legislative Framework and Subject to Similar
Regulations and Terms and Conditions of Employment**

Final Report

January 21, 2002

**Deloitte
& Touche**

TABLE OF CONTENTS

1.	Project Background, Objective and Approach	1
1.1	Project Background	1
1.2	Project Objective	4
1.3	Project Approach	4
2.	Criteria, Options and Evaluation Framework	6
2.1	Business Case Criteria	6
2.2	Discrete Options Under Consideration	7
2.3	Evaluation Framework	11
3.	Analysis	13
3.1	Alignment with RCMP Strategy	13
3.2	Flexibility of HR Management	19
3.3	Human Factors	31
3.4	Minimal Legislative Change	43
3.5	Fit With Public Policy	54
3.6	Ongoing Financial Costs and Benefits	61
3.7	Implementation Costs	88
4.	Option Evaluation and Recommendation	104
4.1	Option Evaluation	104
4.2	Recommendation	109
5.	Implementation Plan	111
5.1	Overview	111
5.2	Project Team Structure and Roles	115
5.3	Project Planning Activities	116
5.4	Implementation Costs	118
5.5	Implementation Risks	118
5.6	Implementation Issues	119
6.	Conclusion	124
	Appendix A – HR IT Systems: Current and Future State	125
	Appendix B – Definition of Abbreviations	139
	Appendix C – Summary Results of Employee Communication Sessions	141

A Summary Document has been provided under separate cover.

1. PROJECT BACKGROUND, OBJECTIVE AND APPROACH

1.1 PROJECT BACKGROUND

1.1.1 HISTORY OF CIVILIAN EMPLOYEES

The Royal Canadian Mounted Police (“RCMP”) has always required the assistance of civilian employees to perform work other than direct law enforcement. This need was first recognized in 1873 when the initial staff compliment of Northwest Mounted Police was created to include non-uniform support personnel and members without direct policing duties, such as surgeons and veterinarians. The *Royal Canadian Mounted Police Act* (“RCMPA”) was later amended in 1932 to provide the Commissioner with the authority to appoint civilians for “emergencies”. However, the distinction between “civil servants” and “employed civilians” was not formally marked until 1936 by virtue of an internal regulation. “Civil Servants” were then appointed to the RCMP by the Public Service, whereas “employed civilians” were engaged directly by the RCMP. The number of civil servants increased steadily throughout the 1930’s and into the post-war era in order to ensure the completion of routine administrative tasks. At the same time, changes in public policing resulted in the hiring of educated and skilled civilian employees in order to deal with specific functions within law enforcement.

In 1959, revisions to the *RCMPA* led to the elimination of “employed civilians” and the creation of the Civilian Member (CM) category. This modification was made in an effort to regularize and improve the appointment of specialists and technical staff, “so that such personnel may rank with uniformed personnel as members of the force”¹. Thus, the RCMP employed Regular Members (RMs) with peace officer status, and so called CMs without peace officer status. As well, the RCMP continued to make use of civil servants hired by the Public Service Commission. This model has remained the same since 1959.

At the present time, the CM and RM employees are engaged under the *RCMPA*. Conversely, Public Service Employees (PSEs) are hired pursuant to the Public Service Employment Act (“PSEA”). With respect to labour relations, Members of the RCMP (Regular and Civilians) are exempted from the Public Service Staff Relations Act (“PSSRA”) and are represented through an internal system recognized in the *RCMPA* (the Divisional Staff Relations Representation or “DSRR” system), while the PSEs are subject to PSSRA and are represented under the more traditional Public Service trade union system.

In essence, the merging of the two civilian categories will involve the transition of a large group or block of employees from one employment jurisdiction to another (i.e. from the *PSEA* to the *RCMPA* or vice versa). Examples exist involving such transfers in the federal sphere such as the creation of Canada Post (a Crown Corporation) and NAV CANADA (a private, not-for-profit corporation). Both of these involved the transfer of employees for human resources purposes from the jurisdiction of the *PSEA* to the *Canada Labour Code (CLC)*.

¹*RCMP Categories of Employees Fact Sheet*, June 18, 2001.

The merging of civilian categories within the RCMP, however, is unique relative to previous block employee transfers in two important respects. First, the RCMP already exists as an entity with human resources responsibility for approximately 17,280 employees. In previous block transfers, employees were transferred from the Public Service to a new entity. Unlike those transfers, the RCMP already has in place the necessary policies and infrastructure to manage its employees. The central issue, in this instance, is that the RCMP has only been charged with responsibility for human resources purposes for 80 percent of its total workforce (RMs and CMs).

Second, the merger of the civilian categories involves employees who are represented under two significantly different, legally recognized representation systems. CMs are represented under the DSRR System, which was established within the Regulations to the *RCMPA* in 1974, and the PSEs are represented under the more traditional trade union system that has been in place within the Federal Public Service since 1967. Two employees could therefore be working side by side performing similar functions and yet be represented under different systems. The existence of these two distinct systems adds a level of complexity to the merger of civilian categories in that no precedents could be found to offer guidance on how best to reconcile or integrate the two systems. The significance of these two unique features of this situation will be highlighted throughout the business case.

1.1.2 PREVIOUS ATTEMPTS TO RATIONALIZE THE GROUPS

The RCMP has considered the consolidation of its civilian employment categories for many years. This topic has been the subject of significant debate, numerous studies, historical papers and countless legal opinions.

For instance, in 1946, the Commissioner attempted to convert “employed civilians” to civil service status by virtue of a broad policy. In a memorandum dated September 24, 1946, the Commissioner directed all Commanding Officers²:

Broadly speaking, we desire employed civilians and special constables performing office duties to qualify for appointment as civil servants, whenever possible. I am quite prepared to give exceptional cases individual consideration, but at the present time it is not considered fair to make a wholesale revision of the pay of our employed civilians and special constables. Otherwise all our civil servants, both temporary and permanent, will, no doubt, claim with some justification that there is no advantage in passing civil service examinations, and they will, no doubt, feel that they would prefer to be brought under the terms of the R.C.M. Police Act.

² S.T. Wood, Commissioner, R.C.M. Police, memorandum dated 1946 September 24, file G.1165-16, to the Officers of Commanding all Divisions.

Another major re-sorting of employees occurred in 1960. Interestingly, the amendments that were made to the *RCMPA* only served to further complicate the categories of employees. The amendments restricted new appointments to that of RM, special constables, civilian members and civil servants. However, serving special constables and civilian employees were given the option of converting to a new status or retaining their present status. As a result, in addition to the four existing categories, two grandfathered categories were created for employees who did not elect to convert to the new positions.

However, all of these attempts, for one reason or another, failed to provide the RCMP with an acceptable alternate solution regarding the rationalization of the civilian category of employees. The failure of the 1949 attempt is one example that illustrates this point very well.

In 1949, the Adjutant attempted to sort out the categories of employees prior to the coming into force of the amendments to the *RCMPA* pertaining to pensions and compensation benefits. “Employed civilians” were to be discharged and rehired as special constables the next day. The intent of this change was to create two categories of employees, “police” and “non-police”, with respect to eligibility for pension. The change would allow the “police” to be eligible for pensions under the *RCMPA*, with “non-police” eligibility left to be determined under the *Civil Service Superannuation Act*. While the change was intended to do away with the “employed civilian” category, the category remained. The civilians employed as appointing clerks, gardeners and painters, for example, were to be re-hired as special constables. However, the fallacy of appointing these persons as special constables, with powers to make arrests and assist in other police duties, were soon realized. It was not long before the Adjutant’s instructions were countermanded in the Commissioner’s directive of August 10, 1949.

1.1.3 SCOPE OF ENGAGEMENT

The policing environment in Canada has experienced significant change since the 1960s. Public Policing is becoming more complex, creating a need for a workforce with new skills and competencies. The impact of a better-educated, multi-cultural, gender-balanced workforce will inevitably put pressure on the traditional police organizational structure and culture.

The RCMP’s total workforce of approximately 20,800 includes approximately 17,280 individuals it directly hires under the *RCMPA* (RMs and CMs), and an additional 3,520 individuals (PSEs) hired under the *PSEA* by the Public Service Commission. Having two civilian workforces employed under different employment jurisdictions has created the need for two sets of standards and systems in such areas as classification, staffing, staff relations, compensation, training, career planning and performance review. This has led to a duplication of human resources management policies, programs and services for the civilian component of the organization, and hence, to an ineffective and inefficient use of human resources personnel. In addition, not having a common human resource management and development system incorporating both categories has become a source of extreme discontentment amongst employees, particularly from a career planning, compensation, mobility and internal equity perspective.

The RCMP’s current human resource practices are clearly not in alignment with the organization’s strategic direction and orientation, which are aimed at developing a sound Human Resources

Management system within the context of the Federal Government’s Managing for Results and HR Modernization Initiatives, while achieving a healthier organizational climate. Accordingly, Deloitte & Touche LLP was engaged by the RCMP to develop a strong business case and business plan proposing the employment of all civilian personnel under the same legislative framework and subject to similar regulations and terms and conditions of employment.

1.2 PROJECT OBJECTIVE

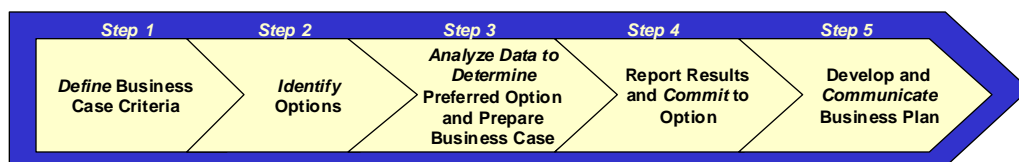
The objective of this project is to develop a strong, defensible business case that will enable the SEC to make an informed and justifiable decision on the best approach to move all civilian personnel under the same legislative framework and subject to similar regulations and terms and conditions of employment. The business case must provide a clear understanding of issues and opportunities, a thorough analysis of discrete options using a comprehensive set of decision-making criteria, and a rational selection of a preferred option that best fits with the decision-making criteria. The key drivers for merging the civilian categories include:

- the desire to provide for a more efficient human resources framework and system within which to manage the RCMP’s workforce;
- the desire to ensure fair and equitable treatment for all of the RCMP’s employees, civilian or non-civilian; and,
- the desire to introduce policies and programs that will apply to all of the RCMP’s civilian employees to facilitate the attraction and retention of employees, and allow the RCMP to compete more effectively to meet its future resource requirements (to enable the creation of a “Workplace of Choice”).

Commissioner Zaccardelli, who stated that “the RCMP must have the ability to identify the right mix of employees to allow the RCMP the best service delivery possible” best summarized these objectives³.

1.3 PROJECT APPROACH

To meet this objective, the following five-step approach was taken:



Step 1 included developing an understanding of the RCMP’s business strategy and environment as well as the scope of previous studies conducted by the RCMP in this area.

³Opening reamarks, SEC/USGE Bi Annual Meeting, November 24, 2001.

Based on this data, a comprehensive set of decision-making criteria was established to allow for an objective evaluation of the potential options under consideration.

Step 2 involved analyzing available data in a variety of areas (e.g. labour relations, compensation and classification, pension and benefits, human resources policies, procedures and systems) to identify and define a series of discrete options to be considered and evaluated in the business case.

Step 3 focused on gathering and analyzing data with respect to each of the decision-making criteria and discrete options under consideration. Based on the analysis conducted, a preferred option was identified (i.e. the option that had the best degree of fit with the established decision-making criteria). A preliminary draft business case document was prepared to summarize the findings and analysis.

Step 4 included reporting the results of the analysis to solicit feedback and committing to a preferred option.

Step 5 involved developing a business plan for the implementation of the preferred option and communicating that business plan to key stakeholders.

To conduct this work plan a joint RCMP-Deloitte & Touche project team was formed, bringing the requisite skills and expertise required (including expertise in the areas of human resources management, pension and benefits, legal and labour relations, and business case development) as well as intimate and deep knowledge of the issues being faced by the RCMP in this area.

Assisting the project team was an Advisory Committee that included 18 individuals representing all key stakeholders including: PSEs, CMs, RMs, management and the regions, unions, Divisional Staff Relations Representatives (DSRR), and Treasury Board. The role of the Advisory Committee was to provide information and feedback to the Project Team throughout the project.

2. CRITERIA, OPTIONS AND EVALUATION FRAMEWORK

2.1 BUSINESS CASE CRITERIA

A critical element in the development of an objective and defensible business case is the definition of appropriate decision-making criteria on which to base the evaluation of each option under consideration. The criteria must be specific enough to be useful in distinguishing between the options and should take into account both quantitative and qualitative factors. In addition, the criteria should encompass all major considerations required to make a reasonable conclusion as to the most appropriate direction that should be taken. To determine the preferred option, each of the decision-making criteria must be analyzed, with the business case’s final conclusion being based on the analysis of all the criteria.

Four criteria categories and six decision-making criteria were identified, consulted on with the Advisory Committee and other key stakeholders, and agreed upon for this business case:

Strategic Fit	Human Factors	External Factors	Financial Factors
<ul style="list-style-type: none"> • Alignment with RCMP Strategy • RCMP Flexibility of Human Resources Management 	<ul style="list-style-type: none"> • Human Factors 	<ul style="list-style-type: none"> • Minimal Legislative Change • Fit with Public Policy 	<ul style="list-style-type: none"> • Financial Costs and Benefits

Each of these criteria were defined as follows:

Alignment with RCMP Strategy:

To what degree is the option aligned with the strategic direction, mission, vision and values of the RCMP?

RCMP Flexibility of Human Resources Management:

To what degree does the option give the RCMP the required flexibility to manage human resources, including the ability to:

- implement and administer an HRMS as necessary to attract and retain the resources required to meet operational needs in alignment with criteria set out under the Treasury Board Framework for Good Human Resources Management in the Public Service; and,
- ensure the policies, practices, and systems to deal with such issues as the promotion of an effective career development system, recognition for good performers, compensation and entitlements, consistently poor performers, and discipline and discharge are fair and equitable.

Human Factors:

To what degree does the option lend itself to promoting high morale within the RCMP, the introduction of programs that will contribute to making the RCMP an workplace of choice, fair and equitable treatment within the RCMP's workforce, and a consistent framework / system for managers to manage the RCMP's human resources?

Minimal Legislative Change:

Can the option be implemented with minimal legislative changes and, in particular, with minimal changes to statutes of general application? For example, changes to legislation such as the *PSSRA*, *Financial Administration Act*, and *CLC* were not considered, as these changes would impact organizations other than the RCMP.

Fit with Public Policy:

Is the option consistent with public policy, including meeting Treasury Board and Solicitor General requirements, being consistent with policies applied in past block transfers of employees from one legislative framework to another, fitting with the Federal Government's HR Modernization Initiative, and reflecting practices in the Canadian policing sector?

Financial Costs and Benefits:

What are the relative net financial costs and benefits of each option, including such items as salary costs, pension and benefits costs, HR operating costs / savings, and transition costs (e.g. HR transition, pension and benefits transition and harmonization, staff relations transition, HR systems transition, project management, change management and communications).

These criteria were used to evaluate the discrete options under consideration in this business case.

2.2 DISCRETE OPTIONS UNDER CONSIDERATION

To allow for a clear business case analysis, it is imperative to define discrete options for consideration. In determining these options, there were no pre-conceived ideas regarding the final outcome of the project, with the exception that there was a clear mandate from the SEC to reduce the existing three categories of employees to two. As a result, the *status quo* (i.e. having three categories of employees) was not an option under consideration in this business case.

In determining the options, a variety of factors were taken into consideration including the category configuration, human resources legislation and policies, representation legislation and the representation system itself.

Another key determinant in defining options for consideration was that the options must meet two "qualifying" criteria that were seen as mandatory. The "qualifying" criteria were components of the "Minimal Legislative Change" and "Fit with Public Policy" criteria described earlier and are summarized below:

- The option could not involve making changes to legislation of general application; and,

- The option must meet Treasury Board’s requirements with respect to public policy.

It was determined that if an option did not meet these two requirements, it should not be considered in this business case. As a result, options were defined to ensure that these requirements were addressed.

As an example of how these “qualifying” criteria helped to shape the option definitions, the *Canada Labour Code* was considered as one possible legislative scheme for human resource and staff relations for the RCMP. However, it became immediately evident that to use the *CLC* as a source for these legislative authorities would require substantial changes to both the text of the legislation and its overriding purpose.

While the human resources and staff relations sections of the *CLC* apply to federally regulated undertakings and Crown Corporations, it does not apply to the Federal Public Service. In order for the *CLC* to apply, the legislation would have to be amended to expand its scope to include portions of the Public Service, or the RCMP would have to become a Crown Corporation to fit within the present scope of the *CLC*.

With respect to the former option, there is no precedence for the establishment of the *CLC*’s applicability to elements of the Public Service in these two areas. The Public Service is generally covered under the *PSSRA* for the purposes of staff relations. In the rare circumstances where this is not the case, recourse has been the creation of specific staff relations legislation (for example, the *Parliamentary Employees Staff Relations Act*), rather than inclusion under the *CLC*.

From a human resources perspective, there is equally no precedent for inclusion of elements of the Public Service under Part III of the *CLC*. Where the *PSEA* has ceased to apply, the enabling legislation of the separate employer provides the necessary legislative staffing and human resources mechanisms. We have confirmed with Human Resources and Development Canada that they are unaware of any employers covered by Part I who are exempt from Part III (save and except in Canada’s north, where territorial labour standard legislation is applicable). It is beyond the scope of this engagement to consider the expansion of the application of labour standards legislation to any employee category within the RCMP.

With respect to the creation of the RCMP as a Crown Corporation, there were no objective comparators found in any of the provincial or municipal policing sectors. While there is international precedence (notably New Zealand), no Canadian jurisdiction has granted the degree of autonomy inherent in the establishment of a Crown Corporation to a police force. The creation of the RCMP as a Crown Corporation would impact the actual and perceived degree of governance exercised by the federal government over its national police force.

It would also necessitate substantial changes to the financial control mechanisms under the provisions of the *Financial Administration Act (F.A.A)*. Under Part X of the *F.A.A*, Crown Corporations are granted extensive authority to manage their organization, and to make financial decisions on a business-like basis. Although the Commissioner presently has many powers, the change would still be significant in magnitude.

Additionally, the movement of the RCMP to the *CLC* would impact upon more than the civilian category of employees. As a Crown Corporation, Part I of the *CLC* would *prima facie* apply to all employees of the RCMP, including RMs. As this engagement does not envision any changes to the terms and conditions of employment of the RM category, legislation would be required to exempt the RM category from the staff relations provisions of Part I. Presently, no classes of employees are entirely exempt from these provisions. Inclusion under the *CLC* as a Crown Corporation would likewise attract the labour standards provisions of Part III of the *CLC* to the RM category unless specifically exempted.

The re-establishment of the Force as a Crown Corporation was not considered as it would require substantial legislative change to legislation of general application (e.g. *Financial Administration Act*). A move under the *CLC* for staff relations and human resource reasons has implications for other employee groups and upon the overall management and financial administration of the Force. For these reasons, all options which required reliance upon the *CLC* as a source of staff relations or human resources legislation were rejected without further consideration under the objective criteria.

The following summarizes the four options that were defined for consideration in this business case:

	Option 1	Option 2	Option 3	Option 4	Key
Category	■ CM → PSE	■ PSE → CM	■ CM + PSE → 1 Non-Peace Officer Group	■ CM + PSE → 1 Non-Peace Officer Group	<ul style="list-style-type: none"> • CM <ul style="list-style-type: none"> – Civilian Member • PSE <ul style="list-style-type: none"> – Public Service Employee • DSRR <ul style="list-style-type: none"> – Divisional Staff Relations Representatives' Program • PSEA <ul style="list-style-type: none"> – Public Service Employment Act • PSSA <ul style="list-style-type: none"> – Public Service Superannuation Act • RCMPA <ul style="list-style-type: none"> – RCMP Act • RCMPSA <ul style="list-style-type: none"> – RCMP Superannuation Act • PSSRA <ul style="list-style-type: none"> – Public Service Staff Relations Act
HR Legislation & Policies	<ul style="list-style-type: none"> ■ PSEA / Regulations ■ PSSA 	<ul style="list-style-type: none"> ■ RCMPA / Regulations ■ RCMPSA 	<ul style="list-style-type: none"> ■ RCMPA / Regulations ■ RCMPSA 	<ul style="list-style-type: none"> ■ RCMPA / Regulations ■ RCMPSA 	
Representation Legislation	■ PSSRA I	■ PSSRA I (by exemption default to in-house representation system as described in the RCMPA)	■ Introduce unique RCMP staff relations legislation	<ul style="list-style-type: none"> ■ PSSRA II ■ Separate Employer Status 	
Representation	■ Default (i.e. existing public service union representation)	■ Default (i.e. DSRR)	■ Vote on representation (subject to negotiations with stakeholders)	■ Successor Rights Apply	

2.2.1 OPTION 1

Option 1 would involve moving existing CMs into the PSE category. As a result of this move, the HR legislation and policies would be the *PSEA* (and its regulations) and the *PSSA*. The representation legislation would be the *PSSRA*, and the representation system would be the existing Public Service unions. Upon implementation, CMs would cease to be represented under the DSRR system, and would be assigned union representation in the context of the federal bargaining unit structure.

2.2.2 OPTION 2

Option 2 would involve moving the existing PSEs into the CM category. Employees would be hired under the *RCMPA* (and its regulations) and would fall under the *RCMPSA* for pension purposes. The representation legislation would be the *PSSRA*, however, the exemption for all RCMP members (Regular and Civilian) that exists under the *PSSRA* would apply. Consequently, PSEs would, upon implementation, become CMs represented under the DSRR program and would cease to be represented by their trade unions.

In reviewing previous studies and reports on the Categories of Employees, Options 1 and 2 have traditionally been considered, with the *status quo* as a third option. The challenges associated with Options 1 and 2, which would require the imposition of new terms and conditions of employment on employees in the affected category immediately upon implementation, contributed significantly to SEC decisions in the past to maintain the *status quo*. With this in mind, an effort was made to identify alternatives to these more traditional options that could be viewed as providing a compromise solution. This led to the development of two additional options.

2.2.3 OPTION 3

Option 3 would involve moving both PSEs and CMs into a new civilian category. As with Option 2, employees would be hired under the *RCMPA* (and its regulations) and become subject to the *RCMPSA*. However, this option involves the creation of staff relations legislation that would be specific to the RCMP and its requirements as Canada's national police force. A representation system would be provided for under this option. Since there is no mechanism in place to reconcile the two existing representation systems currently in place, a process would need to be devised and provided for within enabling legislation to determine the representation system and representatives. The legislation would give civilian employees the opportunity to be represented by trade unions.

The required legislative changes could be enacted through one of three means:

- a. Include the required provisions within the *RCMPA*;
- b. A unique *RCMP Staff Relations Act* could be introduced. Precedents exist for such legislation in the federal sphere (*Parliamentary Employees Staff Relations Act*), and in other Canadian policing jurisdictions (for instance, the *Ontario Police Services Act*, Part VIII); or,
- c. Through minor revisions to the *RCMPA* incorporating the required provisions of the *PSSRA* (as with the Canadian Security and Intelligence Service).

It is anticipated that in Option 3, employees will be given the opportunity to choose to either keep the representation system they currently have, or change it if they so desire. This approach can be contrasted with Options 1 and 2, in which the representation system that exists in the surviving category would become applicable for all civilians employees.

2.2.4 OPTION 4

Option 4 would also involve moving both PSEs and CMs into a new civilian category. This is necessary to permit representation rights under the *PSSRA*, since “members” of the RCMP are currently excluded from the *PSSRA*.

The key difference between Options 3 and 4 is the establishment of the RCMP as a separate employer (SES), a more familiar path for the Federal Government and the affected trade unions. Again, the *RCMPA* (and its regulations) and the *RCMPSA* would be the key HR legislation and policies. However, for this option, as compared with Option 3, the representation legislation would be the *PSSRA*. A challenge with this option, as was the case with Option 3, concerns the determination of representation rights. While the successor rights provisions of the *PSSRA* would apply for trade unions, the DSRR would not meet the definition of a trade union under the *PSSRA*.

CM employees would be unrepresented for the purposes of the *PSSRA*, and could continue to be represented by the DSRR as an “employee association”. However, in the event that a recognized bargaining agent attempts to certify the CM group of employees, the bargaining agent may raise employer interference as an issue since the RCMP funds the DSRR program. As a result, the enabling legislation should include a mechanism to determine CM representation rights.

2.3 EVALUATION FRAMEWORK

To perform a comprehensive and objective evaluation of the above-described discrete options, an evaluation framework was established based on the decision-making criteria and the discrete options.

For each of the decision-making criteria, the discrete options were analyzed using an established fact-base. The fact base was compiled based on previous studies conducted by the RCMP in this area, as well as through additional data gathering efforts conducted throughout this project. Using the fact base, key analytic themes were determined, and findings related to each of these themes were documented.

Based on this analysis, the degree to which the options fit with the criteria was assessed, and each option was given a relative rating using the following scale:

- Very High – the option has a very high degree of fit with the criterion. It makes a significant contribution to meeting the vast majority of the requirements of the criterion.
- High – the option has a high degree of fit with the criterion. It contributes towards meeting the majority of the requirements of the criterion.
- Medium – the option has a medium degree of fit with the criterion. It contributes towards meeting some of the requirements of the criterion.

- Low – the option has a low degree of fit with the criterion. It contributes towards meeting very few of the requirements of the criterion.

The following illustrates the evaluation framework that was used to summarize the results of the analysis:

		Option 1	Option 2	Option 3	Option 4
Strategic Fit	Alignment with RCMP Strategy				
	Flexibility of HR Management				
Human Factors	Human Factors				
External Factors	Minimal Legislative Change				
	Fit with Public Policy				
Financial Factors	Ongoing Financial Costs and Benefits				
	Implementation Costs				
Overall Evaluation					

KEY – Degree of Fit

- VH Very High
- H High
- M Medium
- L Low

The remainder of this business case document uses the above-described evaluation framework to analyze the options within the context of each of the decision-making criteria.

3. ANALYSIS

This section of the business case summarizes the analysis conducted with respect to each of the decision-making criteria and discrete options under consideration.

The section is organized around the decision-making criteria. Within each criterion section, a description of the analytic approach and key themes is provided, key findings against each of those themes are summarized, and a summary rating of each of the options is provided with respect to the criterion in question.

3.1 *ALIGNMENT WITH RCMP STRATEGY*

3.1.1 **DESCRIPTION OF CRITERION**

This decision-making criterion focuses on assessing the degree to which the discrete options under consideration are aligned with the strategic direction, mission, vision and values of the RCMP.

3.1.2 **ANALYTIC APPROACH**

To establish a fact base for analysis, the following documents were reviewed to establish key themes related to this criterion and to determine key findings with respect to these key themes:

- Speech from the Throne to Open the First Session of the 37th Parliament of Canada – January 30, 2001
- “Build on the Legacy – RCMP 2001-2005: An Organization of Excellence”
- RCMP Commissioner’s Directional Statement 2001
- “Safe Homes, Safe Communities – The RCMP: Strategy Focused and An Organization of Excellence” – February 2001
- RCMP Mission, Vision, and Values

Based on the above documents, the following key themes were identified for analysis in relation to this criterion:

- Canadian Government Requirements
- Fit with RCMP Mission, Vision and Values
- Required Enablers to Achieve the RCMP’s Strategic Direction

The following “Key Findings” section has been organized against these key themes to assess the degree to which the options are aligned with the strategic direction, mission, vision and values of the RCMP.

3.1.3 **KEY FINDINGS**

CANADIAN GOVERNMENT REQUIREMENTS

As Canada’s national police force, the Federal Government’s areas of focus and priorities are key drivers and influencers on the RCMP’s strategic direction. These areas of focus and priorities are

outlined in the speech from the throne. The Speech from the Throne to Open the First Session of the 37th Parliament of Canada that was delivered in January 2001 included the following statements that of specific relevance to the RCMP, its strategic direction, and this business case:

- Strong and safe communities are an essential part of the fabric of our society. The Government of Canada will continue...to implement a balanced approach to addressing crime. The Government of Canada will focus on safeguarding Canadians from new and emerging forms of crime.
- The Government is committed to the reforms needed for the Public Service of Canada to continue evolving and adapting. These reforms will ensure that the Public Service is innovative, dynamic and reflective of the diversity of the country – able to attract and develop the talent needed to service Canadians in the 21st century.

For the Government to fulfil its commitment regarding strong and safe communities, there will be a strong desire to maintain governance over key aspects of the RCMP to ensure that this commitment is effectively enabled. In Canada, one of the key national security institutions is the RCMP, and with the increased emphasis being placed on security measures in Canada (as evidenced by the December 2001 federal budget), the requirement for Federal government governance over key aspects of the RCMP is likely to be maintained.

Since a significant focus of this business case is to better enable the RCMP to manage its human resources, there is consistency with the Government's commitment to reforming the Public Service to be able to attract, develop and retain the talent required.

Implications on Options

Options 1, 2 and 3

Under Options 1, 2 and 3, the legal relationship between the RCMP and Treasury Board does not change and as a result, the Canadian Federal Government maintains their governance position with respect to the RCMP.

Option 4

Pursuing Option #4 – Separate Employer Status, would involve a greater delegation of responsibility from Treasury Board to the RCMP, and as a consequence a more arms-length relationship. The delegations would include making the RCMP the employer of record who would have authority with respect to all aspects of personnel management and collective bargaining. As a result, this option will reduce the federal government's governance effectiveness with respect to the RCMP, particularly in the areas of human resource matters and financial administration.

FIT WITH RCMP'S MISSION, VISION AND VALUES

The key building blocks for the RCMP's strategic direction are the RCMP's established mission, vision and values.

The RCMP's mission, which describes its purpose, is as follows: "The RCMP is Canada's national police service. Proud of our traditions and confident in meeting future challenges, we commit to preserve the peace, uphold the law and provide quality service in partnership with our communities."

The RCMP's vision and values contain several elements that are of relevance to this business case analysis. These elements include:

- The vision statement includes ensuring a healthy work environment that encourages team building, open communications and mutual respect.
- The core values of the RCMP include such elements as honesty, professionalism, compassion and respect.
- In terms of commitments to its employees, the RCMP has committed to open, honest and bilateral communication; and treating all its employees with equal respect and consideration.
- The RCMP has stated that its behaviour as an organization and as individual employees must at all times be based upon integrity, honesty, professionalism, compassion, respect and accountability. The RCMP's 'Values Improvement Plan' emphasizes:
 - making *how* things are done as important as *what* gets done;
 - achieving greater balance between individual rights and collective obligations; and,
 - rewarding behaviour that exemplifies the RCMP's values and holding accountable those whose behaviour diverges from those values.

Implications on Options

Options 1 and 2

Options 1 and 2 involve imposing one category's existing employment structure on another category of employees. This would not contribute to the RCMP's vision and values with respect to the concepts of team building, mutual respect and consideration, and open and bilateral communication. Nor would this support the RCMP's stated value of "making *how* things are done as important as *what* gets done".

Options 3 and 4

Options 3 and 4 allow for negotiated change or harmonization to terms and conditions of employment and flexibility with respect to establishing the representation system. This approach is more consistent with the concepts of respect and consideration, team building, and open and bilateral communications as stated in the RCMP's vision and values.

REQUIRED ENABLERS TO ACHIEVE THE RCMP'S STRATEGIC DIRECTION

Flowing from the Canadian Government's priorities and in the context of the RCMP's mission, vision and values, the RCMP has developed and summarized its key strategies and priorities in a number of documents and publications. The two primary strategic themes that emerge from these documents and that are of specific relevance to this business case are:

- Improving human resources management; and,
- Fostering better integration and breaking down existing silos.

With respect to improving human resources management, the Build the Legacy document clearly states that one of the RCMP's six key management strategies is to improve human resources management, including improving training for all staff and reducing barriers to recruitment, to ensure that the RCMP will have an adaptable, capable work force, including a solid leadership cadre with capacity and skills in key areas. This is re-iterated in the Safe Homes, Safe Communities document, which states that a key management strategy is improved human resources management to reduce barriers, improve training, and put the right people in the right jobs.

The RCMP Commissioner's Directional Statement 2001 states that becoming a strategically focused organization means that the RCMP must fully understand the environment in which it is working, be increasingly proactive about what it can accomplish, and be able to anticipate and respond to major internal and external shifts and pressures before they occur. It notes that the RCMP's strategic framework includes such strategies as simple and transparent human resources systems, to help the RCMP manage and better account for its resources. Finally, it also states that:

“Our four pillars of excellence (i.e. intelligence, values, accountability, and bridge-building) will ensure we can deliver on the promises we have made to enhance our operations, improve our compensation, modernize our management practices and technology, and build our strategic capacity. We will continue to support our employees by building on our strategic priorities of developing the next generation of leaders, building and sustaining a world class workforce, building a productive workforce through continuous learning, strengthening our human resource management capabilities and creating an enabling work environment.”

In its Mission, Vision, Values publication, the RCMP makes the following commitments to its employees:

- Training that is timely, specific to needs, and relevant to job requirements;
- Effective and efficient management of human resources through consultation, teamwork and empowerment at all levels; and,
- Fair and equitable systems to deal with recognition for good performers, compensation and entitlements, financial hardship caused by employees' work-site, consistently poor performers, and discipline and discharge.

With respect to fostering better integration and breaking down existing silos, the Build the Legacy

document states that the RCMP's success depends upon its capacity to continually improve, better execute, integrate and support its core functions in every part of the organization. The RCMP Commissioner's Directional Statement 2001 states that:

“Breaking down our traditional silos is critical to our success: silos between regions and headquarters, policy centres and operational commands, specialists and generalists, federal and community policing.”

Implications on Options

Option 1

As compared to the current scenario where three categories of employees exist, this option does better enable the RCMP to break down silos between CMs and PSEs by having a consistent employment framework in place for civilian employees. However, this option perpetuates the requirement for the RCMP to manage its overall business under two distinct HR systems and legislative frameworks, thereby not promoting a more integrated and homogeneous workforce.

Similarly, while this option will result in a more simple and transparent human resources systems as compared to today, it does not provide the RCMP with the required flexibility over and responsibility for its human resources management system to effectively influence and change key aspects such as recruiting and hiring, training and career development, discipline and discharge, etc., since these aspects would be governed by the broader Public Service framework that is in place.

Option 2

As with Option 1, this option will better enable the RCMP to break down traditional silos between CMs and PSEs by having a consistent employment framework in place for civilian employees. In addition, this option will give the RCMP the ability to put in place a human resources policy framework that can be applied consistently for all employees (i.e. civilians and regular members), thereby promoting greater integration and enabling efficiencies.

This option will provide the RCMP with the ability to improve human resources management since it will have responsibility for the terms and conditions of employment for all its civilian employees. Thus, this option will allow for a simpler and more transparent human resources system to be put in place, and will provide the RCMP with the required flexibility over and responsibility for its human resources management system to be proactive in terms of changing or shifting its policies/practices to address human resources shifts and pressures as they arise.

Options 3 and 4

These options will better enable the RCMP to break down traditional silos between CMs and PSEs by having a consistent employment framework in place for civilian employees. In addition, these options will give the RCMP the ability to put in place a human resources policy framework that can be applied consistently for all employees (i.e. civilians and regular members), thereby promoting greater integration and enabling efficiencies.

As opposed to Option 2, which results in a simpler system for human resources management immediately upon implementation because the RCMP would have the unilateral right to set terms

and conditions of employment for all of its civilian employees, these options provide the opportunity for the RCMP to introduce efficiencies in the areas of human resources management infrastructure and systems, provide a common human resources policy framework for all employees, while harmonizing specific terms and conditions of employment for civilians through negotiation.

3.1.4 SUMMARY

Based on the above key findings, the following provides an assessment of the degree of fit of each option with respect to this criterion:

		Option 1	Option 2	Option 3	Option 4
Strategic Fit	Alignment with RCMP Strategy	(L)	(H)	(H)	(M)

KEY – Degree of Fit

- VH Very High
- H High
- M Medium
- L Low

Options 2 and 3 rate as a “High” degree of fit since these options give the RCMP the ability to put in place one human resources policy framework for all employees (i.e. civilians and regular members), thereby promoting greater integration and enabling efficiencies. In addition, Option 2 facilitates the RCMP’s ability to improve human resources management by providing the RCMP with flexibility over all civilian employees’ terms and conditions of employment. Option 3 provides the opportunity for this; however, harmonization of terms and conditions of employment may need to be achieved through negotiation over time. While this may be more challenging, it is more consistent with the RCMP’s stated vision and values.

Option 4 is similar to Option 3 with the exception that it results in a reduction in the federal government’s governance effectiveness with respect to the RCMP. As a result, Option 4 rates as a “Medium” degree of fit.

Option 1 rates as a “Low” degree of fit since it would perpetuate the requirement for the RCMP to manage its overall business under two distinct HR systems and legislative frameworks, and also because this option does not provide the RCMP with the required flexibility over and responsibility for its human resources management system to effectively influence and change key aspects such as recruiting and hiring, training and career development, discipline and discharge, etc. (since these aspects would be governed by the broader Public Service framework that is in place). In fact, the effect of Option 1 is to turn human resource responsibility for 25% of the RCMP’s workforce to the Public Service.

3.2 FLEXIBILITY OF HR MANAGEMENT

3.2.1 DESCRIPTION OF CRITERION

This decision-making criterion focuses on assessing the degree to which the discrete options under consideration give the RCMP the required flexibility to manage its human resources.

This includes:

- allowing the RCMP to implement an effective human resource management system (HRMS) that will enable the organization to attract and retain the resources required to meet operational needs; and,
- the ability to establish effective policies and practices (i.e. that would provide the RCMP with the ability to ensure the establishment of fair and equitable policies, practices, and systems to deal with such things as promotion of an effective career development system, recognition for good performers, compensation and entitlements, recourse for consistently poor performers, and discipline and discharge).

3.2.2 ANALYTIC APPROACH

To analyse the options against this criteria, the following key documents were reviewed to extract key insights related to the required flexibility to manage human resources:

- Categories of Employees – RCMP Human Resources Management: Consolidation and Consistency; Commissioner Murray, Administration, RCMP (August, 1993)
- RCMP Multi-year Human Resource Plan; RCMP (November, 2000)
- Viability of Separate Employer Status; Personnel Management Task Force, Classification and Compensation Branch, Personnel Directorate, RCMP (June 28, 1996)
- A New Accountability Relationship; Consulting and Audit Canada (October 11, 1994)
- Civilianization Within the RCMP; Sgt. G.A. Lensen, RCMP (August 29, 1988)
- Identifying the Issues; Advisory Committee on Labour Management Relations in the Federal Public Service (May 2000)
- The Human Resources Improvement Plan; Gary Loepky, Assistant Commissioner, Chief Human Resource Officer, RCMP (June 30, 2000)
- Bulletins from the President of Treasury Board re Task Force on Modernizing Human Resources Management in the Public Service, Treasury Board (2001)

In addition, interviews were conducted as follows:

- Interviews with representatives from each of the policy centres, including:
 - Internal Affairs
 - PS Staff Relations and Health & Safety
 - Staffing
 - Classification
 - Diversity Management and Official Languages
 - Compensation

- Honours and Recognition
- Occupational Health & Safety (RM/CM)
- Interviews with representatives from the Human Resources Management Information Systems (HRMIS) group to discuss the PeopleSoft system and with Finance to discuss the SAP (TEAM) system.
- Interviews with the Human Resource Officers from each of the regions.
- Discussions with Treasury Board Secretariat representatives

Key findings relating to the flexibility of HR management were identified in the following areas:

- Staffing
- Compensation
- Classification
- Employee Relations
- Training and Career Development
- HR IT Systems

3.2.3 KEY FINDINGS

Several past reports commissioned by the RCMP make reference to the issue that the RCMP does not have the flexibility required to manage its human resources effectively and efficiently. For example, the Categories of Employees – RCMP Human Resources Management: Consolidation and Consistency (Aug. 1993) document states the following:

“An important aspect of modern HRM systems is that they be under a single agency. The lack of complete authority over all components of the civilian HRM systems, like recruiting, selection, transfer, promotion, departure, etc. permits less than consistent personnel management, and jeopardizes the thoroughness of strategic planning, operational efficiency, and corporate consistency.”

The A New Accountability Relationship (Oct. 1994) document more specifically describes some of the constraints that are imposed by virtue of the fact that Treasury Board is the employer:

“A need has been identified for greater autonomy that would enable the RCMP to make the decisions necessary, develop tailored policies, and terms and conditions of employment that best meet the human resource requirements of an “arm’s length” national police force. Currently, Treasury Board is technically the employer and can exercise control by means of a final approval necessary for personnel policies, classification, and pay and benefits for members.”

Moving toward the future, The Human Resources Improvement Plan (June 2000) recognizes the importance of improving the HR Function within the RCMP, and the requirement for increased flexibility in addition to a number of other requirements:

“The future is here and now. Our success as an organization depends on changing our priorities from the traditional focus on control to emphasize speed, innovation, flexibility, quality, service and cost.”

HR flexibility has obviously been an issue for the RCMP for some time. The following sections describe, in greater detail, the specific issues faced under the current structure and the implications that each of the options would have on the RCMP’s flexibility of HR management.

STAFFING

The RCMP has identified staffing as a critical HR function to ensure the future success of the RCMP. The Multi-year Human Resources Plan (Nov. 2000) states the following:

“One key priority is building the next generation of leaders for the RCMP, and one of the key action plans related to this is to staff civilian executive positions using secondments, interchanges, and assignments with other government/private sector organizations.”

The development of a more effective staffing process will be integral to ensuring that the RCMP can meet its resource requirements for executive, professional, and administrative civilian talent over the next five to eight years.

The RCMP currently uses three separate processes for staffing – one for RMs, one for CMs, and one for PS employees. The policies for CM and PS employee staffing are similar in many respects. Both policies are based on a merit system. Both the CM and PSE staffing processes involve file/resume reviews, testing, reference checks, and interviews for both internal and external staffing.

In discussions with HROs in each of the regions, there was general agreement that while both processes are equally effective in recruiting qualified candidates, the PSE staffing process takes longer (the RCMP estimates that internal staffing for a PS position takes, on average, 115 days for a closed competition, and 150 days for an interdepartmental competition; it is suspected that external staffing takes even longer).

The extended length of time required to recruit a PSE, particularly from outside the Public Service, is widely recognized in the federal government. This was one of the issues that prompted the federal government to launch the *HR Modernization* initiative (discussed further in the *Consistency with Public Policy* section of this report). Bulletin #6 from the President of Treasury Board (July 27, 2001) relating to the *HR Modernization* initiative states the following:

“It will come as no surprise to learn that human resources processes are cumbersome, complex, costly, time-consuming and unresponsive. The Auditor General’s last report pointed out some examples of the problems we are currently facing: it takes an average of 119 days to staff a position; recourse mechanisms have proliferated, causing confusion and delays; and our relationship with the unions needs to be rethought so that it is no longer a source of conflict but one of productive partnerships”

Implications on Options

Option 1

If the RCMP pursues Option 1, the flexibility to design a staffing policy and system that will better meet the organization's needs will be limited in that the staffing process for 25% of its workforce (the total civilian compliment) will be the responsibility of the Public Service Commission. The Public Service Commission will define staffing policies and processes for application across the broader Public Service, and the RCMP will have little influence over staffing policies and systems for civilians under this scenario.

Options 2, 3, and 4

Should any of options 2 through 4 be pursued, the RCMP would assume responsibility for staffing processes for all civilian positions, and could design a staffing model that will allow it to compete more effectively for the resources it needs. In short, the RCMP would have a greater level of flexibility to set policy and design processes for staffing in Options 2, 3 and 4, as compared to Option 1.

COMPENSATION

Compensation for the PSE category is formally determined by the Public Service compensation system. As a result, the RCMP has very little influence over compensation practices for PS positions.

The RCMP compensation program for the CM category is organized such that there is a direct pay match of CM Special Services Group (CM-SPS) occupations to equivalent PS occupations. As a result, the RCMP has very little influence over compensation rates for CM-SPS positions (although the RCMP does have flexibility to determine CM benefits).

There are, however, two non-SPS CM employment groups: Law Enforcement Support (CM-LES) and Forensic Laboratory and Identification (CM-FLI). While specific CM-FLI occupations use select Public Service salary rates as a reference point ("touch point") for salary rate determination, the RCMP's Pay Council has the responsibility for recommending salary rates that are tailored to the specific requirements of the CM-LES and CM-FLI employment groups. While the Pay Council's recommendations require approval by Treasury Board, the RCMP does have a relatively higher degree of control over CM-LES and CM-FLI salary rate determination than CM-SPS and PS salary rate determination.

It is common practice within the RCMP for compensation professionals to specialize in either CM or PS salary administration. While this provides the RCMP with specialized compensation professionals with thorough knowledge in one of the two compensation systems, it does not easily allow for allocation of resources across CM or PS compensation groups during times of increased workload/capacity reduction in either group (e.g. special projects). Each of the proposed employee harmonization options has the potential to address this current issue, providing the RCMP with greater flexibility in allocating human resources.

Implications on Options

Option 1

If Option 1 is pursued, the RCMP loses its current relative flexibility to determine compensation rates for the CM-FLI and CM-LES employees, potentially hindering its ability to attract and retain qualified resources for these positions. The Treasury Board, likely through comparison to represented employees, would determine FLI and LES compensation. However, as the RCMP would be the primary employer of most, if not all, FLI and LES employees in the Public Service, Treasury Board would likely seek the RCMP's input in determining salary rates for the FLI and LES employee groups.

Additionally, as civilian compensation strategy would now be beyond the RCMP's direct control, the RCMP would not have the flexibility to introduce competency-based components to the civilian compensation program (e.g. competency-based base salary range progression). The RCMP would also lose the flexibility to determine CM benefits.

Option 2

Option 2 provides the RCMP with the greatest flexibility to determine compensation practices for civilian employees. While compensation for the former CM-SPS and PS occupational groups would initially be matched to the Public Service compensation system, Option 2 provides the RCMP with the opportunity to develop a new total compensation strategy for all civilians, enabling the effective attraction, motivation (e.g. through competency or performance-based elements) and retention of top calibre civilian personnel.

Options 3 and 4

While initially compensation for the former CM-SPS and PS occupational groups would be matched to the Public Service compensation system, the RCMP will be able to influence how total compensation evolves through consultation / negotiations. Options 3 and 4 also provide the RCMP with the potential to structure total compensation to compete more effectively for specialized resources.

CLASSIFICATION

Classification for the PSE category is formally determined by the Public Service classification system (i.e. determined by Treasury Board Secretariat). As such, the RCMP has very little influence over the classification system for its PS employees.

The RCMP classification system for CMs is organized such that there is a direct classification match of CM Special Services Group (CM-SPS) occupations to equivalent PS occupations.

There are, however, two non-SPS CM employment groups: Law Enforcement Support (CM-LES) and Forensic Laboratory and Identification (CM-FLI). While classification of CM-LES and CM-FLI occupations is determined using classification standards developed by the RCMP (and approved

by Treasury Board), the approach taken to positional classification is similar to the current Public Service classification system (i.e. with regard to the use of occupational group-specific classification standards).

It is noted that the Viability of Separate Employer Status (June 1996) document concluded that organizations that have separate employer status (SES) are able to develop tailored classification and compensation systems to reduce the complexity of pay systems and break down artificial barriers that may exist between jobs. CSIS for example, claims to have achieved these precise outcomes as a result of introducing its classification system in 1992.⁴ Under Options 2, 3 and 4, the RCMP could develop and retain control over a classification system and related compensation program designed to meet the specific needs of the RCMP and its employees.

Implications on Options

Option 1

Under Option 1, CM-SPS occupations would transition directly into the Public Service classification system and PS positions would continue to be treated under the Public Service system. Additionally, the RCMP's current FLI and LES classification standards would be integrated into the Public Service classification system. As all civilians would now be Public Service employees whose positions are classified according to the Public Service classification system, the RCMP would not have the flexibility to develop a tailored (e.g. universal-type) classification system for civilians.

Options 2, 3 and 4

Under Options 2 through 4, the RCMP would have more flexibility to develop/introduce a new classification system to address the specific needs of the RCMP and to more effectively manage internal equity.

EMPLOYEE RELATIONS

Employee relations provisions for PSEs are governed by the *PSSRA*. Public service unions within the bargaining unit framework that exists in the federal Public Service currently represent PSEs assigned to and managed by the RCMP. PSEs working within the RCMP are represented by five bargaining agents, and are spread across 13 government-wide bargaining units. Collective agreements are negotiated between Treasury Board and the respective unions for Public Servants in the entire bargaining unit. The RCMP's PSEs are, in most cases, a small proportion of the total employees represented in any bargaining unit. As a result, the RCMP has little influence over the collective bargaining process and, as a consequence, the terms of any collective agreement it must adhere to.

The Identifying the Issues (May 2000) document provides the following insights relating to the current state of Treasury Board's relationship with the Public Service unions:

⁴ An interview with the Director General of Human Resources was conducted as part of this engagement.

“Union and management representatives agree that the level of trust between the parties is low and has deteriorated in recent years. The frequent use of legislation has lessened their abilities to work out problems jointly.”

“Other common complaints about the labour-management relationship point to the restrictions imposed by legislation such as the *PSSRA*, which restricts the scope of bargaining and the kinds of issues that can be subject to arbitration.”

“Representatives of the two parties had a number of complaints about one another. The unions said that Treasury Board Secretariat had excessive control over labour relations and they lamented the tradition of confrontation in labour-management relations. Public service managers complained about the structure of the Public Service Alliance of Canada and claimed that unions sometimes miscommunicate information to employees during the bargaining process.”

The employee relations provisions for RMs and CMs are defined in the *RCMPA* and Regulations. Members do not have collective bargaining rights. However, a system of representation is provided for in the *RCMPA* (Members are represented by the DSRR program). The RCMP consults with the DSRR representatives, but does not negotiate with them.

Through interviews with RCMP representatives, two key issues were raised with respect to employee relations for CMs:

- There is a common belief that the DSRR program does not adequately represent CMs. A review of the DSRR program (“Challenge 2000”) is currently underway with stated objectives to include more effective representation for CMs.
- The dispute resolution process for CMs and RMs takes too long. There are no time limits for management to respond to grievances and no time limit imposed on the grievor for final submission. This has resulted in some grievance cases lasting for years. Again, RCMP management has identified this issue and there is currently a project underway to review the grievance process.

Implications on Options

Option 1

Under Option 1, the RCMP’s flexibility to design an employee relations system specifically suited to its needs would be severely limited by the fact that negotiation of the terms and conditions of employment of the civilian employees would be conducted by Treasury Board in the context of negotiations with the Public Service at large. Given the relatively few RCMP employees in these larger groupings, the RCMP would likely have little influence over labour negotiations.

Option 2

Since there will be no negotiations (only consultation) under Option 2, this Option provides the RCMP with the most flexibility, in that the RCMP would have the unilateral right to introduce practices that promote attraction/retention and the creation of a workplace of choice; and one set of rules will apply to the entire RCMP upon implementation.

Option 3

As Treasury Board remains the employer under this Option, it is unclear how great a role the RCMP will play at the negotiation table, although it appears certain that it will be a greater one than is presently the case with PSE negotiations. It is presently uncertain as to whether or not Option 3 will provide the RCMP with the flexibility to design a labour negotiation and employee relations system that more appropriately meets its needs and the realities of its work environment. The RCMP may be given a greater mandate to negotiate, notwithstanding that they do not enjoy separate employer status under this Option.

Although all civilian employees will be under the same staff relations regime, differences will remain in their terms and conditions of employment. The harmonization of these terms and conditions of employment will be dependent upon the RCMP's success at the bargaining table.

Option 4

Like Option 3, although all civilian employees are under the same staff relations regime, differences will remain in their terms and conditions of employment. The harmonization of these terms and conditions of employment will again be dependent upon the RCMP's success at the bargaining table.

However, under this Option, the RCMP will have responsibility for direct negotiation with its bargaining agents, and will have a greater ability to fashion a collective agreement more responsive to the needs of the Force and its employees. It is noted that the RCMP must still have Treasury Board approval of its mandate for collective bargaining.

TRAINING AND CAREER DEVELOPMENT

The Viability of Separate Employer Status (June 1996) document included the following conclusion:

“Presently, the RCMP sets the training and development needs, and the terms and conditions for training for members. For PSEs, TBS develops all training requirements and conditions.”

The A New Accountability Relationship (Oct. 1994) document notes the following:

“There are inequities in training programs for the different categories.”

These reports highlight one of the issues relating to training at the RCMP that still exists today. For example, in many cases, PSEs are required to use Public Service Commission training programs to obtain Public Service certifications (e.g. staffing, staff relations, classification, etc.). These certifications are required to enable the RCMP to delegate appropriate authorities to its PSEs. This limits the RCMP's flexibility to design training programs that are particularly suited to the organization's needs, and to developing an integrated training and career development program that will allow it to build the competencies it requires from within.

Having the civilian employees split between two categories limits career development opportunities within the RCMP since employees in one category cannot apply for positions that are designated to the other category (without changing categories). This challenge was identified in the A New Accountability Relationship (Oct. 1994) report:

“The mix of category positions is also more complicated and on-the-job training and career development opportunities limited, as employees cannot be deployed through various positions not designated to their particular category.”

All of the Options presented would address this issue by eliminating the barrier that presently exists for PSEs seeking to compete for CM vacancies and vice versa.

Implications on Options

Option 1

Option 1 provides the RCMP with the least flexibility to develop integrated training and career development programs that are suitable to the RCMP since civilians would, in some cases, be required to use PSC training programs to obtain Public Service certifications (e.g. staffing, staff relations, classification, etc.). Current CMs may benefit from having career development opportunities in the broader Public Service.

Options 2, 3, and 4

Options 2 – 4 would provide the RCMP with the flexibility to design integrated career development and training programs that are particularly suited to the organization’s needs and to the needs of its employees. The extension of the civilian complement from 2,140 to approximately 5,660 would also significantly increase the career development paths available to civilian employees. This could contribute to creating a workplace of choice, and would allow the RCMP to strike a better balance between building talent from within and meeting its resource needs externally.

HR-RELATED IT SYSTEMS

The RCMP’s HR IT systems and services environment includes the following key systems:

- 1) Financial System: SAP 4.0
- 2) Human Resources System: PeopleSoft 7.51
- 3) Payroll and Pension Systems:
 - a. Payroll
 - i. Public Servants: Regional Pay System (“RPS”)
 - ii. Regular Members (“RMs”) and Civilian Members (“CMs”): GEAC
 - b. Pension System
 - i. RMs and CMs: GEAC Pension System and BenPlus
 - ii. Public Servants and Temporary Civilian Employees (TCEs):
Annuitant and Contributor
- 4) Other related systems: IEFM, PAIS

Appendix A provides a detailed description of current HR IT systems, as well as a description of the planned future state of HR-related IT systems at the RCMP. This appendix is the basis for determining the implications of each option on the *Flexibility of HR Management* and on the

Financial Costs and Benefits (discussed later) as they relate to IT systems.

There are currently two primary limitations to the RCMP’s flexibility to alter its systems:

- reliance on other federal government departments for changes to its HRMIS; and,
- reliance on federal government payroll and pension/benefits systems.

The RCMP’s HRMIS (e.g. PeopleSoft 7.51) was developed by a cluster of federal government departments (the “Cluster”). The Cluster has its own Board of Directors, with representation from each of the departments. The RCMP is the second largest department, behind National Defence, and contributes 9.89% of total costs annually towards PeopleSoft Maintenance, Consulting & Audit Canada Product Support, and any new development voted by the Cluster’s Board of Directors.

As a result of this arrangement, the RCMP is able to share the cost of customizing PeopleSoft modules to suit the Public Service “rules”. Each new module that the Cluster decides to implement is customized such that no changes are required to meet the needs of the RCMP’s PSEs. However, each time a new module is implemented, the RCMP must customize the module to also meet the “rules” that apply to RMs and CMs.

The fact that the implementation timeline for new modules is dependent on decisions made by the Cluster’s Board of Directors somewhat limits the RCMP’s flexibility to implement the modules required to improve HR services and decrease costs, on a timely basis. Although the RCMP could implement new modules before they are approved and customized by the cluster, this would present a risk that the RCMP would have to modify the module in the future when the cluster decides to implement it. Although the RCMP’s flexibility is limited in this manner, its software costs are also reduced as a result of the rates that the Government of Canada has been able to negotiate with Peoplesoft. In addition, customization and upgrade costs are reduced through sharing of resources for the cluster.

The RCMP currently operates (through Public Works and Government Services Canada [PWGSC], its service provider) separate payroll and pension/benefit systems for members and for PSEs, as described in the following table.

	<i>Systems Used For RMs and CMs</i>	<i>Systems Used For PSEs and TCEs</i>
<i>Payroll</i>	• GEAC	• Regional Pay System (RPS)
<i>Pension Payroll</i>	• GEAC (separate from payroll system)	• Annuitant
<i>Pension Administration</i>	• Ben Plus	• Contributor

The RCMP is somewhat limited in its ability to use anything other than the Public Service systems (e.g. RPS, Annuitant, Contributor) for PSEs. The RCMP’s current plans include the outsourcing of pension systems and operations, for RMs and CMs, to an outside service provider in 2002. The RCMP also plans to migrate RM and CM payroll to the Regional Pay System (RPS) in 2003.

Implications on Options

Options 1, 2, 3, and 4

Flexibility with regards to HR-related IT systems is not significantly impacted under any of the Options. Regardless of the Option chosen, it is anticipated that the RCMP will transition all employees onto the RPS for payroll. The RCMP is not expected to alter its arrangement with the PeopleSoft Cluster regardless of the Option that is pursued as this would likely result in increased costs not only to the RCMP but also to each of the other members in the Cluster.

The RCMP would gain one advantage by pursuing Option 2, 3, or 4 in that they could outsource pension systems and administration for all employees (as opposed to for RMs only under Option 1).

3.2.4 SUMMARY

Based on the above key findings, the following provides an assessment of the degree of fit of each option with respect to this criterion:

		Option 1	Option 2	Option 3	Option 4
Strategic Fit	Flexibility of HR Management	(L)	(VH)	(H)	(H)

KEY – Degree of Fit

- VH Very High
- H High
- M Medium
- L Low

Option 2 rates “Very High” on *Flexibility of HR Management* because it allows the RCMP the greatest flexibility to put in place HR policies, practices and systems to create a workplace of choice. All civilian employees would be subject to common terms and conditions of employment upon implementation. Further, all civilian employees would be subject to existing CM policies, processes, and programs for:

- staffing;
- compensation;
- classification;
- employee relations; and,
- training and development.

Since the RCMP has the flexibility to alter these policies, processes, and programs, this Option will provide the greatest level of flexibility in these areas. In addition, the RCMP will have the flexibility to migrate all employees onto common HR, payroll, and pension/benefits systems.

For the purposes of this criterion, Options 3 and 4 are rated “High”. Again, the RCMP will have the ability to design common policies, processes, and programs for staffing, compensation, classification, and training and development. However, the RCMP will have to harmonize terms and conditions of employment, and employee relations processes over time, through negotiation.

Option 1 rates “Low” on *Flexibility of HR Management* because civilian employees would be subject to Public Service policies, processes, and systems, providing the RCMP with little flexibility to influence or implement changes. This would limit the RCMP’s ability to create a workplace of choice.

3.3 HUMAN FACTORS

3.3.1 DESCRIPTION OF CRITERION

This decision-making criterion focuses on assessing the degree to which the discrete options under consideration lend themselves to promoting high morale within the RCMP, the introduction of programs that will contribute to making the RCMP a workplace of choice, fair and equitable treatment within the RCMP's workforce, and a consistent framework / system for managers to manage the RCMP's human resources

3.3.2 ANALYTIC APPROACH

To establish a fact base for analysis, the following documents were reviewed to establish key themes related to this criterion and to determine key findings with respect to these key themes:

- “Viability of Separate Employer Status” – June 28, 1996
- “A New Accountability Relationship” – October 11, 1994
- Employee Input:
 - Surveys:
 - CM Survey – 1995/2000
 - RCMP Public Service Employee Survey, 1999
 - “Joining the Core Workforce” (General Public Service New Hires Survey) – 2001
 - Categories of Employees Project Website Submissions
 - Feedback from information sessions held with employees across the country as part of this engagement

The impact that moving from three categories of employees to two would have on employee morale and related human factors has been and continues to be an area of great concern. The Viability of Separate Employer Status report prepared by the Personnel Management Task Force in June 1996 stated:

“The issue of categories of employees is of great concern to the majority of civilian members and Public Service employees...[both of whom] expressed concerns as to which category would be collapsed into the other if SEC decided to move to two categories.”

When this topic has been explored in other studies and based on the e-mail submissions to the Categories of Employees project website, there are a series of themes or areas of concern that recur when the criterion of human factors is referenced:

- Workforce morale
- Representation
- Career mobility and job security

- Benefits erosion
- Fit with culture
- Impact on HRM

The following “Key Findings” section has been organized against these key themes to assess the degree to which the options lend themselves to promoting high morale within the RCMP, the introduction of programs that will contribute to making the RCMP a workplace of choice, fair and equitable treatment within the RCMP’s workforce, and a consistent framework / system for managers to manage the RCMP’s human resources.

3.3.3 KEY FINDINGS

WORKFORCE MORALE

Under the RCMP’s current situation (i.e. with separate categories of civilian employees), it is not uncommon to have two civilian employees with the similar job responsibilities, with one employee being a CM while the other employee is a PSE. As a result of their different categories of employment, these two employees, although holding similar jobs, have different terms and conditions of employment, different pension plans (e.g. vesting terms), different benefit plans (e.g. sick leave), different human resources management processes, different training and career development paths, etc. Interview comments have clearly noted that employees are frustrated with the fact that they are treated differently solely based on which category they fall into. These differences in treatment also result in a perception that there are different “classes” of employees within the RCMP, and the “class” is determined by the employee’s category of employment. This results in tension and rifts between employee groups, which has a resulting negative impact on overall morale within the RCMP.

Although having multiple categories of employees does create challenges with employee morale, consolidating to one category could also impact morale depending on how the categories are changed. This is due to the clear preferences and loyalties that employees have to their current category of employment. These preferences and loyalties have been clearly stated in employee surveys and interview comments heard during this project:

- 94% of CMs would prefer that the RCMP retain the CM category, and if given the choice, 87% of CMs would remain “grandfathered” as CMs.
- Interview comments directed at and written correspondence addressed to the Project Team during this project suggest that PSEs hold similar views.

Employee survey results have demonstrated that this has been a sensitive issue. The extent of individual e-mail submissions (over 400) to this project’s website and attendance at employee communication sessions, demonstrates that this continues to be an important issue to those who could be affected by the decision, and that the impact on human factors that a move to two categories will have could be significant.

As alluded to earlier, maintaining separate categories of employees impacts workforce morale in that there is a perception that there are “classes of employees” and some employees are considered to be part of the “RCMP family” (i.e. Members”) more so than others. Interview comments heard during

this project noted that the option chosen as a result of this project could be interpreted as either an invitation or a rebuke:

- Some interviewees felt that if an option is pursued that moves all civilians to become PSEs, this could be interpreted as a vote to “separate civilians from the force”.
- Alternatively, an option that moves all civilians under the *RCMPA* could be interpreted as a vote to “include civilians as part of the force”.

Specifically with respect to a transition to separate employer status, the 1994 report [A New Accountability Relationship](#) noted that in general, PSEs were not in favour of a transition to SES as they did not see that it would fix any problems they had and thought it might cause a considerable amount of turmoil. And from the perspective of Members (both CMs and RMs), the reaction to SES was similarly cautious and guarded.

Implications on Options

Options 1 and 2

Options 1 and 2 will result in one category of employee for civilians, which would eliminate the differences in terms and conditions of employment upon implementation. This would be an improvement over the existing scenario, and would help to eliminate a perception that there are different classes of civilian employees. From this perspective, it is anticipated that there could be a positive impact on morale.

Having said that, if Option 1 or 2 is pursued, there could also be the perception that one group of employees “loses”. Since both categories of employees have stated their preference to maintain their current category of employment, implementing either of these options could have a negative impact on employee morale.

Finally, Option 1 could be seen as a move to push civilian employees away from the remainder of the Force (i.e. the RMs) as opposed to embracing them as part of the broader RCMP family. Alternatively, Option 2 could be seen as a move to fully embrace all civilian employees as part of the broader RCMP family, and would facilitate the development of a consistent human resources framework for all employees (i.e. RMs and civilians).

Options 3 and 4

Options 3 and 4 will also result in one category of employee for civilians, and would provide the opportunity to eliminate the differences in terms and conditions of employment. This would be an improvement over the existing scenario, help to eliminate a perception that there are different classes of civilian employees, and from that perspective, have a positive impact on morale.

If Options 3 or 4 are pursued, either may be seen as a compromise situation since both the PSE and CM categories would be changed to a new category of civilian employees, as opposed to moving to one of the existing employment categories. Given this compromise situation, it is anticipated that either Option could have a lesser impact on overall employee morale. However, this will depend on such factors as the final defined parameters of the option, the effectiveness of the RCMP in

communicating the implications of these options, and the corresponding reaction of employees and their representatives.

The importance of communications with respect to Options 3 and 4 cannot be overstated. Under Options 1 and 2, the terms and conditions that would apply are known (i.e. those of the surviving category). Options 3 and 4 provide for harmonization through negotiation and/or consultation, which implies uncertainty. The anxiety associated with this uncertainty was evident during the employee information sessions conducted as part of this engagement. For example, employee feedback received at these sessions indicated that 36% of respondents desire more information.

Finally, as with Option 2, these options could be seen as a move to fully embrace all civilian employees as part of the broader RCMP family (i.e. RMs and civilians).

With respect to Option 4, given the employee reaction and response to a previous study that considered SES at the RCMP, it is anticipated that there could be a negative impact on morale for the RCMP's members at large (i.e. both civilian members and regular members).

REPRESENTATION

A key area of concern for both CMs and PSEs is the system of representation that would be put in place. The Viability of Separate Employer Status (Personnel Management Task Force, June/94) report to the RCMP substantiates this:

“Representation was one of the topics most often raised during question periods [held while creating the report]”.

That same report noted that given the climate of the 1990s, there is a feeling that change is inevitable with respect to the model of representation. Having said that, both CMs and PSEs were concerned about the form of representation that would exist:

- Members expressed a wish for a transparent and effective representation system, which they described as a non-unionized environment where their representatives would have the power to effectively negotiate with management with some recourse to break deadlocks through mediation or any referee system that would meet the requirements of the Force and the members.
- The DSRRs want to be recognized as the representatives of all members, and the members generally agreed that the DSRRs could probably fulfil their representation requirements with some modifications to the current model in place. Alternatively, members felt that the DSRR program could be recast from the ground up if it can't be modified to meet the requirements of the future.
- Employee surveys of CMs noted that while only 33% of CMs were dissatisfied with the DSRR system in general, 58% of CMs felt that the current DSRR system did not meet the needs of CMs. It should be noted, however, that since the date of this survey finding (i.e. 1995), changes have been implemented within the DSRR system to provide for more effective civilian representation and additional changes are being contemplated (through

“Challenge 2000”).

- PSEs were concerned about whether the unions would be granted successor rights, indicating their concern about changing representatives. Generally, PSEs emphasized that a suitable model (including amending provisions), acceptable to all stakeholders should be negotiated prior to implementing any new structure.

PSEs were concerned with the form of representation, and are concerned with maintaining representation rights. The Viability of Separate Employer Status illustrates this using a couple of examples:

- PSEs were concerned about maintaining their current representation rights, including whether they would retain their right to strike.
- PSEs wanted guarantees that they will keep their access to third party redress for appeals and grievances. Members expressed a strong desire for appeals and grievances to remain within legislation.

Feedback received through the Category of Employee information sessions confirmed that employees still harbour the concerns cited above.

Implications on Options

Options 1 and 2

If Option 1 or 2 is pursued, there could be a negative impact on morale since either would result in the perception that one group of employees “loses” because the RCMP will be imposing one group’s representation system on the other. Under Option 1, CMs will become part of the Public Service representation system and will be represented by trade unions as opposed to DSRR. Under Option 2, PSEs will become part of the DSRR system and be represented by the Divisional Representatives. Under this option, the PSEs would cease to be represented by a trade union and would lose the right to strike.

Options 3 and 4

Under Options 3 and 4, it is anticipated that employees will be given the opportunity to choose to keep the representation system they currently have, or change it if they so desire. From the perspective of *Human Factors* criterion, these options rate more favourably since they provide for greater employee input in determining the representation system.

CAREER MOBILITY AND JOB SECURITY

Career mobility and job security are also sensitive issues for both CMs and PSEs. With respect to mobility, currently, CMs have mobility nationally in the RCMP (with RCMP approval) while PSEs have mobility in the entire Public Service (without requiring RCMP approval). With respect to job security, CMs are guaranteed employment with the RCMP nationally, while PSEs are guaranteed

employment within the Public Service in their local area.

Through employee surveys conducted within the broader Public Service, PSEs appear to be more satisfied with their current career mobility system as compared to CMs:

- 87% of general public servants (i.e. note that this statistic is not specific to RCMP PSEs) felt the Public Service offers them a wide variety of career jobs⁵.
- Only 13.6% of RCMP CMs were satisfied with career mobility⁶.

When the prospect of change in employment systems was raised, the 1996 Viability of Separate Employer Status report noted that PSEs were concerned about potential impacts on their career mobility system:

- With respect to mobility for PSEs, some PSEs want staffing to remain under the *PSEA* maintaining mobility within the greater Public Service. Others prefer staffing under the *RCMPA*, but with a similar merit system on appointments.

In 1994, Consulting and Audit Canada completed its report A New Accountability Relationship, noted some of the concerns that may contribute to the CMs having such low satisfaction with respect to their mobility both within the RCMP and throughout the Public Service:

- The absence of career mobility was raised as an issue for CMs since they are by nature specialists and experts in particular fields and the pool of positions they can move to in the CM side of the Force is small.
- There are few impediments to CM movement into the Public Service as a whole through competition, however, members who are governed by provisions of RCMP legislation, unlike public servant under the *PSEA*, cannot be readily deployed beyond the Force.

With respect to job security, the 1996 Viability of Separate Employer Status report noted that PSEs were concerned about changes to this right:

- PSEs are concerned about the loss of the guaranteed reasonable job offer within the greater Public Service.

During the Category of Employee information sessions, mobility was consistently identified by employees as a critical concern – PSEs want to keep access to jobs in the broader Public Service, and CMs want the same kind of access. PSEs expressed particular concern about job security for employees in isolated detachments and smaller communities, where the existing RCMP Workforce Adjustment Directive (WFAD) was seen to offer little protection compared to the WFAD applicable in the Public Service. The loss of a contract for policing services in Cape Breton, where surplus Detachment Clerks (PSEs) were reassigned to other government departments, was held out to demonstrate the perceived inadequacy of the RCMP WFAD.

⁵ “Joining the Core Workforce”, March 2001

⁶ RCMP Civilian Member Survey, 1995

Implications on Options

Option 1

If Option 1 is pursued, the mobility system would be maintained for PSEs. Assuming that they possess skills that are readily transferable to other Public Service departments mobility may in fact be improved for CMs, since they would now have easier access to the broader Public Service. Similarly for job security, PSEs would maintain their current rights, and CMs may gain the even broader job security rights of the Public Service.

Options 2, 3 and 4

For implementation of Options 2, 3, or 4 to succeed, mobility into the broader Public Service is a “must have”. Having said this, it is anticipated that mobility can be achieved for civilians (i.e. PSEs and CMs) within the broader Public Service under these Options. This conclusion is based on a variety of factors. First, precedents exist for mobility rights being provided into the broader Public Service for other block transfers of employees. These precedents were typically restrictive, and included a sunset clause. Employees who transferred to CSIS in 1984, for example, had a two-year window during which they could return to the Public Service. Similar arrangements have been provided for within the Canada Customs and Revenue Agency, the Canada Food Inspection Agency, and most recently the Canadian Tourism Commission.

One of the principal reasons for the restrictive features of these precedents has been reluctance from the participating agencies to provide for reciprocal transfer rights. For an effective mobility arrangement to be achieved, the RCMP will have to be willing to provide for the opportunity for Public Servants to compete for its vacant civilian positions.

Second, the principle of providing broader mobility rights is consistent with the HR Modernization Initiative. Like staffing, mobility has been identified a key driving issue for the HR Modernization Task Force (the “Task Force”), who have recognized the need for the Federal Government to be able to extend its reach to separate employers and agencies to ensure that it has access to the talent it will need to meet future service requirements. It is anticipated that providing for greater mobility will be a major theme in the Task Force’s final report. The HR Modernization Initiative is discussed in further detail in the “Fit with Public Policy” section of this report.

Third, given the labour market shortfalls that exist and the intensifying competition for scarce resources, it is in the interests of both the RCMP and the Federal Government to provide for mobility and reciprocity. As a result, these options could result in the same outcome as Option 1.

With respect to job security, no precedents exist for maintaining job security rights. However, the workforce adjustment provisions applicable to the PSEs provides for job security rights in the broader Public Service. In the event that Options 3 or 4 are pursued, it is anticipated that the RCMP would become the employer for the purposes of these agreements and would be bound by the obligations that exist within them. Further discussions will be required with Treasury Board (the current employer for the purposes of these agreements) to determine how best to address these obligations going forward.

BENEFITS EROSION

Employees – both CMs and PSEs – while somewhat dissatisfied with the competitiveness of salaries, are generally satisfied with the benefits offered. This was verified through employee surveys that had the following findings:

- 46.5% of CMs were dissatisfied with annual salary (RCMP Civilian Member Survey, 1995), while 53% of general public servants did not like the failure to offer competitive salaries (“Joining the Core Workforce”, March 2001).
- A majority of both CMs and general public servants are satisfied with the benefits offered (RCMP Civilian Member Survey, 1995; “Joining the Core Workforce”, March 2001).

Both CMs and PSEs are concerned about an erosion or change in benefit packages as a result of changes to their employment framework. This was clearly noted in the 1996 Viability of Separate Employer Status report:

- Employees in both categories are concerned with maintaining their current benefits and rights, and the protection of the same in the future.
- Before renegotiating any representation system, members stated that they would like a master agreement reflecting all benefits with an amending formula to ensure that there would not be any erosion of present benefits.

Note that a detailed discussion on specific benefits is provided in the Financial Costs and Benefits section of this business case. As a result, further details on the CM and PSE benefit plans will not be provided here.

Implications on Options

Option 1

Under Option 1, the perception of benefits erosion will be created in that immediately upon implementation, as CMs will receive the PS pension and benefits. This will result in a variety of changes for some current CMs (e.g. loss of early retirement provisions, loss of some vacation entitlement, reduction in death and disability benefits, requirement to begin paying union dues for union representation, a gain of lower pension contribution rates, and slightly higher overtime pay rates). There would be no opportunity to alter the existing Public Service plans to resolve these differences as this is beyond the RCMP’s control.

Option 2

Under Option 2, the current PSEs would get CM pension and benefits. As with Option 1, this would result in changes to the benefits for some PSEs. With respect to pension, to ensure an appropriate fit with public policy, the enabling legislation would need to ensure that the current PS employees would not lose any pension entitlements in moving to the RCMP Pension Plan (for example, the 5 year vesting rule would have to be changed to 2 years to match the Public Service Pension Plan).

Options 3 and 4

Under Options 3 and 4, all employees will be subject to the *RCMP*SA but will keep their existing benefits initially. The RCMP's objective of having one set of terms and conditions of employment applicable to all civilian employees can be achieved by harmonizing benefits over time through negotiations and/or consultation. Similar to Option 2, enabling legislation would ensure that the current PSEs would not lose any pension entitlements in moving to the RCMP Pension Plan.

FIT WITH RCMP CULTURE

As noted above, the merging of civilian categories is an extremely sensitive issue, and unless properly managed there could be a negative impact on the RCMP's culture and the loyalty of employees to the RCMP.

With respect to defining an option that best fits with the RCMP's culture, the A New Accountability Relationship report notes that the RCMP's culture and employees are inherently different than the broader Public Service:

- The culture of the RCMP has, from its earliest, set it apart from the Public Service. It's legislative base, it's culture, it's police mandate all mark the RCMP as a separate organization within the federal structure.
- A majority of the RCMP's employees have closer links to the police universe rather than a relationship with the Public Service.

This would seem to indicate that the recommended option should recognize the differences between the RCMP and the Public Service.

With respect to employee loyalty, surveys have shown that both CMs and PSEs are proud to work with the RCMP and indicate loyalty to the organization:

- 94% of CMs are proud to be members of the RCMP and 93% intend to remain with the RCMP (RCMP Civilian Member Survey, 1995).
- 91% of RCMP PSEs like their job with the RCMP and 80% feel that the RCMP is a good place to work (RCMP Public Service Employee Survey, 1999).

Implications on Options

Option 1

Option 1 limits the ability of the RCMP to introduce programs and initiatives to foster a homogeneous corporate culture in that civilians would be subject to the policies and practices entrenched in the Public Service. In addition, this Option could be seen as a move to push civilian employees away from the Force as opposed to embracing them as part of the broader RCMP family.

Options 2, 3 and 4

Options 2, 3 and 4 allow the RCMP to promote one distinct corporate culture within the Public Service that is more homogeneous and more closely aligned with the police universe. These Options

would promote a more cohesive workforce with all employees falling under the same employment structure, and these Options would also set the RCMP apart from the remainder of the Public Service, recognizing its distinct culture and position as Canada's national police force.

IMPACT ON HRM

Having separate categories of employees also impacts the abilities and effectiveness of the RCMP's management personnel. Not only do managers have to deal with employee frustrations regarding this topic, but the differences between categories has a direct impact on the complexity of their jobs and a resulting impact on their effectiveness in human resources management.

Many managers at the RCMP have to manage all three categories of employees (i.e. RMs, CMs, and PSEs). Since each category has their own specific policies, processes and systems, the managers must be aware of the similarities and differences between each category. The problem is further compounded by the requirement of having to manage terms and conditions of employment for the PSE group under thirteen different collective agreements with five bargaining agents.

In some areas, there are similarities between the RM and CM categories – for example, both categories have similar discipline processes, similar grievance process, similar pension and benefits programs, etc. For PSEs, however, there are differences in each of these areas.

In many areas, there are differences between all three categories. The RCMP's managers need to be aware of these differences and deal with these differences on a regular basis. For example, staffing processes are different for each category, and there are different human resources contacts in place for each category.

Another example relates to the training programs that are accessible by the three categories of employees. A recent employee survey highlighted the impact that the differences in this area have on employee morale:

- Approximately 30% of CMs were satisfied with the opportunity to receive training⁷. Comparatively, 66% of RCMP PSEs say that they get the training they need to do their jobs⁸.

Managers have to deal with these differing levels of treatment and expectations, which makes that aspect of their jobs more complicated and frustrating.

Another example relates to the fact that there are three classification systems in place that managers must be aware of and work with. Again, this adds to the level of difficulty that managers face in the area of human resources management.

Finally, interviewees noted that the RCMP's human resources practices are not best-in-class. Interviewees stated that while this is not caused by the fact that there are separate categories of employees, having separate categories does limit the degree to which they can reengineer their

⁷ RCMP Civilian Member Survey, 1995

⁸ RCMP Public Service Employee Survey, 1999

processes to reflect best practices. Specifically, the ties that are in place to the Public Service human resources infrastructure limits the RCMP's ability to change their procedures and systems to reflect best practices.

Implications on Options

Option 1

Option 1 would be an improvement on the current situation in that managers would only have to deal with two human resources management systems as opposed to three. However, it will result in two HRM systems (one for RMs and one for PSEs), which is still a complex situation for managers to operate under. The problem is further compounded by the requirement of having to manage terms and conditions of employment for the civilian group under sixteen different collective agreements with eight different bargaining agents, an increase over the present situation due to the integration of the CMs into the Public Service bargaining units.

In addition, this Option does not provide the RCMP with the flexibility to provide for fair and equitable treatment of the workforce, which has been a driving factor when the merging of the civilian categories has been considered in the past.

Options 2, 3 and 4

Options 2, 3 and 4 would all result in a much more simplified human resources management situation for the RCMP's managers. These Options provide the opportunity for similar human resources management policies, processes and systems to be put in place throughout the RCMP. As a result, the RCMP's managers would be able to be more effective in managing human resources and there will be reduced levels of complexity and frustration for the managers (for example, they will not need to be aware of three sets of policies; they will not need three human resources contacts for a single policy area; they will not need to access different systems, etc.). In addition, pursuing any of these Options will provide greater flexibility to the RCMP to adopt human resources management best practices, which will again increase the satisfaction level and morale of managers throughout the RCMP that have responsibility for managing personnel.

Having said this, Option 2 gives the RCMP the highest ability to influence and simplify HR management since there will be only one system. Options 3 & 4 will result in one overarching system and 3 sub-systems initially. However, the RCMP will have the flexibility to harmonize these sub-systems over time through negotiations. It should be recognized, though, that getting to one system will be a challenge and will take time.

3.3.4 SUMMARY

Based on the above key findings, the following provides an assessment of the degree of fit of each option with respect to this criterion:

		Option 1	Option 2	Option 3	Option 4
Human Factors	Human Factors	(L)	(M)	(H)	(M)

KEY – Degree of Fit	
(VH)	Very High
(H)	High
(M)	Medium
(L)	Low

Option 3 rates as a “High” degree of fit since this option can be viewed as a “compromise” option in that one group of employees’ terms and conditions of employment are not being imposed on another group. Also, this Option provides employees the opportunity to influence their representation system going forward, and allows for changes to benefits over time. The achievement of mobility rights for civilians throughout the Public Service will be critical to overcoming employee resistance to Option 3. In addition, this Option allows the RCMP to promote one distinct culture within the Public Service that is more homogeneous and more closely aligned to the police universe. Finally, this Option will result in one HRM policy framework and system and provide the RCMP with the flexibility to harmonize the existing sub-systems over time through negotiations.

Option 4 rates slightly lower than Option 3, with a “Medium” degree of fit. The primary factor causing the lower rating relates to the fact that this Option would involve Separate Employer Status (SES), and given the RCMP employee response to a previous study that considered SES for the RCMP, it is anticipated that there could be a negative impact on morale for employees at large (i.e. including RMs).

Similarly, Option 2 rates as a “Medium” degree of fit. A key differentiator from Option 3 is the fact that under Option 2, there would be a perception that one group of employees “loses”, which would have a negative impact on morale. In addition, this Option would result in a new system of representation and significant changes to benefits being imposed on one group of employees that does not fit well with the *Human Factors* criterion. This Option does, however, give the RCMP the highest ability to influence and simplify HR management since there would be only one system in place, which would rate well under this criterion.

Option 1 rates as a “Low” degree of fit. As with Option 2, this Option would result in a perception that one group of employees “loses”, which would have a negative impact on morale. In addition, this Option would result in a new system of representation and significant changes to benefits being imposed on one group of employees that does not fit well with the *Human Factors* criterion. Finally, this Option limits the ability of the RCMP to foster a homogeneous corporate culture and will result in two HRM systems (RM and PSE), which is a more complex system for managers to operate under, and which does not provide the RCMP with the flexibility to provide for fair and equitable treatment of the workforce.

3.4 MINIMAL LEGISLATIVE CHANGE

3.4.1 DESCRIPTION OF CRITERION

This decision-making criterion focuses on assessing the degree to which the discrete options under consideration may be implemented with minimal legislative change.

3.4.2 ANALYTIC APPROACH

In examining this criterion, legislation and precedents relevant to the RCMP and this criterion were reviewed, including:

- Legislation:

- *Canadian Security Intelligence Service Act* (“CSISA”)
- *Parks Canada Agency Act* (“PCAA”)
- *Royal Canadian Mounted Police Act* (“RCMPA”)
- *Royal Canadian Mounted Police Superannuation Act* (“RCMPSA”)
- *Public Service Employment Act* (“PSEA”)
- *Public Service Superannuation Act* (“PSSA”)
- *Public Service Staff Relations Act* (“PSSRA”)
- *Pension Act* (“PA”)
- *Government Employees’ Compensation Act* (“GECA”)

- Devolutions from federal departments to the following entities:

- Nav Canada
- Parks Canada Agency
- Canadian Security Intelligence Service
- Communication Security Establishment
- Canadian Food Inspection Agency
- Canada Customs and Revenue Agency

In formulating the evaluation criteria, the major block transfers of employees from Public Service departments to Crown Corporations and separate employers were reviewed and analyzed. Our expectation was that the principles which were reflected in these devolutions would be applicable to the merging of the civilian categories of employees.

In all of the above examples (with the exception of the Communications Security Establishment), a new entity was created with its own enabling legislation. This legislation was designed to provide the entity with human resource and financial powers, and was in most cases, detailed and comprehensive legislation. Staff relations issues were dealt with by placing the entity under existing comprehensive staff relations legislation (either the *CLC* or the *PSSRA*). In no case was there a change made to legislation of general application, save and except to provide for applicability to the new entity.

However, the RCMP already possesses an existing framework of “enabling” legislation (the *RCMPA*), which provides for mechanisms to deal with human resource and other managerial and quasi-managerial issues. Similarly, if the preferred option is a transfer to the Public Service, human resource legislation that would apply to the transfer is once again already in existence. Given this, it would not appear that the extensive human resource legislative amendments required for the previous devolutions are necessary. However, the change in this process will likely come in respect of staff relations legislation. Although an existing legislative framework exists for both CM and PSE employees, these systems are incompatible with each other, and are not amenable to a simple transfer of employees from one to the other without significant impact on the affected employees.

It should also be noted that the process of development of enabling legislation has historically been very time consuming. Additionally, because of the degree of public scrutiny attracted to the RCMP and its legislation, amendments to the *RCMPA* have required extensive consultation and Parliamentary debate. Because the focus of this engagement is relatively narrow in scope (i.e., to facilitate the integration of the two existing civilian employee categories), this process may be delayed if debate ensues on other issues and the Act itself is “opened” for review to any significant degree. Consequently, the more the proposed changes can flow as part of the comprehensive review of human resource and staff relations provisions under the government’s HR Modernization Initiative, the greater the probability that the process will be achieved in a timely fashion.

Accordingly, this section will examine and rate the proposed options under three criteria; whether or not the changes proposed will require modification of legislation of general application, the extent to which legislative change is required, and the degree to which it can be integrated with other legislative changes concurrent with the HR Modernization Initiative.

The following key themes were identified for analysis in relation to this criterion:

- Changes to Human Resource legislation
- Changes to Staff Relations legislation
- Changes to Pension legislation
- Changes to Workers’ Compensation legislation

The following “Key Findings” section has been organized against these key themes to assess the degree to which the implementation of each option can be implemented with the least amount of legislative change possible.

3.4.3 KEY FINDINGS

CHANGES TO HUMAN RESOURCES LEGISLATION

Currently, the *RCMPA* provides a mechanism whereby two legislative regimes for human resources management are authorized within the Force. While the RCMP itself is authorized to appoint RM’s and CM’s, section 10 of the *RCMPA* stipulates that civilian employees (PSEs) shall be appointed

under the PSEA.

The changes required with respect to human resource management in regards to the options, while not minimal in effect, are minimal in numbers. The required legislative framework is present but does require some adaptation.

Implications on Options

Option 1

Minimal HR legislative change is required to implement Option 1. PS positions would have to be created to accommodate the civilian member population. Provisions already exist under section 10 of the *RCMPA* to allow civilian employees to be hired under the *PSEA*. To ensure that the CM category is not recreated, the authority to hire civilian members under section 7(2) of the *RCMPA* must be addressed. Alternatively, Treasury Board might simply revoke the RCMP's authority to staff civilian positions under this section of the *RCMPA*.

One further amendment is recommended with respect to Option 1. Currently, the Commissioner has power to delegate authority, but only to "members" as defined under the *RCMPA*. PSEs are not "members" and will therefore be unable to hold authority under the *RCMPA*. Subsection 5(2) of the *RCMPA* would likely need to be amended to allow for delegation of authority to PSEs.

Options 2 and 3

Under these options, the PSEs would be transferred to or rehired as civilian employees of the RCMP. Treasury Board would, pursuant to subsection 7(2) of the *RCMPA*, grant the RCMP the authority to hire these employees as "members" under section 7 of that Act. It is recommended that section 10 of the *RCMPA* be deleted. Otherwise, not only would the authority to hire Public Service employees for the RCMP continue (and therefore the possibility of creating three categories continue to exist), but a compelling argument remains that section 10 *requires* the RCMP to staff civilian positions under the *PSEA*.

A further potential issue identified under this Option is that the human resources system currently in place may not lend itself to the PSEs with respect to matters involving discipline and the manner of appointment to levels as opposed to positions. Parts IV and V of the *RCMPA* may need to be reviewed and revised in respect of its application to civilian members.

Option 4

Under this option, the RCMP would be a separate employer. Whether this status is acquired as a result of enabling legislation or by Order in Council (similar to the Communication Security Establishment), numerous legislative changes to the *RCMPA* would be required. The mechanisms for staffing would need to be modified to reflect the RCMP as the employer. This would require modification to sections 5, 7, and 10. Further amendments might be desirable or necessary to reflect the RCMP as an employer in other aspects of human resources management; for example, section 21 (dealing with the regulatory powers of the Governor-in-Council over training and discipline), and 22 (specifying that Treasury Board establishes pay and allowances).

CHANGES TO STAFF RELATIONS LEGISLATION

The first major devolution from the Public Service involved the Post Office Department, which devolved to Canada Post, a Crown Corporation. Although no successor rights provisions existed applicable to this situation, the enabling legislation provided for continuity of staff relations, and a transfer of legislative responsibility to the CLC. Similarly, when CSIS devolved to separate employer status, its enabling legislation provided for continuity of staff relations. In the early 1990's, several departments (notably the National Capital Commission and the National Energy Board) devolved to separate employer status. With no provisions in their enabling legislations for the continuity of staff relations, unions were automatically decertified and were forced to re-apply for certification. This resulted in much uncertainty and strained staff relations.

In 1996, the PSSRA was amended to incorporate successor rights provisions for separate employers, mirroring provisions that had earlier been added to the CLC for devolving Crown Corporations. From our analysis, it is clear that current public policy requires the preservation of representation and bargaining rights, and a continuation of the basic rights of a union upon any change in employment status. Accordingly, in the event that new staff relations provisions are required, the legislative framework selected must have, at a minimum, certification/decertification, grievance/adjudication, collective bargaining/dispute resolution, and union protection provisions.

The challenge that arises is that the public policy considerations referenced in respect to the unions are also applicable to the CM population, which has been represented under the DSRR system. This system is also legislatively sanctioned, and no compelling rationale from a public policy perspective can be made not to afford similar protections to employees under this system. The challenge for the RCMP is that there is no precedence for dealing with the merger of two different (but legislatively established) systems of representation.

Currently with respect to staff relations, the CM's and the RM's are governed by the same DSRR system, with neither group being unionized. The PSEs fall within the definition of "employee" under the PSSRA and are governed by that legislation. Unless otherwise excluded, most PSEs are part of a union with their terms and conditions of employment determined at the bargaining table between Treasury Board and various unions.

Implications on Options

Options 1 and 2

With respect to staff relations legislation, no change would be required to affect the transition for either Option 1 or 2. Under Option 1, the current CM's would become PSEs. Those employees moving into positions that are covered by existing bargaining units would become unionized employees in accordance with the PSSRA. Their terms and conditions would be governed by the respective collective agreements in place at that time. Those employees currently unrepresented or whose positions would fall into a classification for which there is no bargaining agent, would be able to choose to be unionized under the PSSRA certification provisions.

Under Option 2, all of the PSEs would become "members" as they are appointed under the RCMPA.

Consequently, these PSEs would no longer be unionized because “members” are not considered “employees” under the PSSRA. The DSRR system of staff relations would govern these employees in place of the regime under the PSSRA. Some changes may need to be made to the regulations to make the DSRR system more effective and efficient for the expanded class of civilian members. Similarly, changes may also be required to Parts IV and V of the RCMPA with respect to discipline and demotion (since these sections were not designed for a large civilian workforce).

Option 3

With respect to Option 3, the legislative options referred to in section 2.2.3 of this report are applicable, depending upon the type of representation chosen. In the event that the entire group were to become non-unionized, the current DSRR system could remain in place (with or without enhancement). It is conceivable that the employees might be “represented” by a union under this scenario. However, while unions might be permitted to represent employees, they would have no legislative rights under which to operate. This would not appear to be an attractive solution from the union’s viewpoint.

Second, labour relations legislation similar to the *Parliamentary Employees’ Staff Relations Act* could be enacted. However, this course of action would require major legislative change, to ensure that the necessary legislative mechanisms are in place to deal with staff relations matters.

Finally, the *PSSRA* could be incorporated by reference under the *RCMPA*. This option would not require amending the *PSSRA* in respect of the exclusion of the RM category, and permits the tailoring of the staff relations provisions to the RCMP’s staff relations environment. This was the approach adopted in the transfer of CSIS to separate employer status.

Perhaps the most significant challenge under staff relations is the issue of determining representation. Because the DSRR is not recognized as a “union”, representation of CMs cannot be maintained through existing federal legislative provisions.

One possible approach would be to provide an election to the employees to choose their system of representation. CM employees could be given the option of unionization. Additionally, there is precedence for the establishment of a non-unionized association model in Ontario, where civilian employees unionized in Public Service unions were given the option of forming an association. It should be noted, however, that the OPP staff association has collective bargaining rights and the right to have certain disputes resolved by a third party, while not having the right to strike.

Option 4

The RCMP may obtain separate employer status either by enacting enabling legislation or by Order in Council (similar to the Communication Security Establishment). In either event, the *PSSRA* would govern staff relations. Thus, there is no requirement to make any changes with respect to staff relations legislation.

However, currently, “members” of the RCMP are excluded from the provisions of the *PSSRA*.

Unless otherwise changed, the new civilian category could not be hired as “members” under the *RCMPA* as they would be excluded from the *PSSRA* regime of staff relations due to the exclusionary provisions of section 2(1). The current system of staff relations already in place under the *PSSRA* could apply to the new civilian category in one of two ways. First, the definition of “employee” under the *PSSRA* could be amended to exclude only the RM category and not the remainder of the civilian members. However, this change is inconsistent with the “qualifying” criteria set out earlier in this business case in that this change is applicable to legislation of general application. Second, the new category of employees could be hired other than as “members”. This again raises the concern expressed previously about the restriction of the Commissioner’s authority of delegation to “members” only, and would likely need to be addressed.

As noted in Option 3, the most significant challenge under staff relations is the issue of determining representation. Because the DSRR is not recognized as a “union”, representation of CMs cannot be maintained through existing successor rights provisions in the *PSSRA*. Additionally, the *PSSRB* does not have the authority under the *PSSRA* to expand union representation to address this situation. As a result, the CMs would initially be unrepresented and, similar to Option 3, the enabling legislation will have to include a process to determine representation for the CMs.

CHANGES TO PENSION LEGISLATION

Treasury Board has consistently required that in situations involving a large block transfer of Public Service employees, those affected suffer no benefit loss from a pension perspective. During employee information and consultation sessions conducted across the country as part of this engagement, pension protection was identified as a critical area of concern for participants. While there are many similarities between the Public Service Superannuation Plan and the RCMP Superannuation Plan, and the plans offer comparable benefits, there are differences within the legislation governing each that will need to be addressed to ensure a seamless transfer from employees under one plan to the other.

Implications on Options

Option 1

In the event CMs are to be transferred from the *RCMPSA* to the *PSSA*, minor adjustments will have to be provided for in the enabling legislation to ensure a seamless transfer for those affected.

Under the *RCMPSA*, an individual transfer to the *PSSA* would be treated as a termination of employment and employees would be given choices for their accumulated service. Pursuant to *RCMPSA* employees could:

1. Leave service with the RCMP plan and ask for the payment of a pension when eligible under the *RCMPSA*;
2. Receive a return of employee contributions with interest under certain conditions (i.e. if the individual did not have 35 years of service in the Force, was not 55 years old with 30 years of service, or was not 60 with 5 years of service); or,

3. Transfer service to the new plan.

When NAV CANADA was created, the only options given to transferring employees was to either transfer past service or to leave it in the *PSSA*. In this instance, it is recommended that a similar approach be taken because no termination of employment will have occurred.

The *PSSA* currently allows the transfer on an individual basis only, but this provision is not adapted to the current situation. Changes to legislation will have to address the following:

- a) ensuring that no CM employee contributions are required for the transferred service except those already due but not yet paid. These payments should be paid into the *PSSA* plan.
- b) ensuring appropriate recognition of service for all purposes.
- c) because the transfer on an individual basis currently implies the transfer of employee contributions from the RCMP Account and Fund to the *PSSA* Fund, the legislation should address the transfer of both assets and liabilities to the respective Account and Fund such as to be cost neutral and not require additional employer contributions. Specific attention should be given to the fact that the limit on pensions payable under the *PSSA* and the *RCMPSA* are applicable to service from a different date, i.e. December 15, 1994 and February 23, 1995 respectively.
- d) a clause will be required to allow a transferred CM employee to retire with a non-reduced pension upon completion of 35 years of service in the Force and the legislation amended to provide for future service under the *PSSA* to be considered as service in the Force.

This list is not exhaustive but represents the main concerns. In-depth analysis of these laws and connected laws and regulations (e.g. Special Retirement Arrangements Act, Pension Benefits Division Act, Retirement Compensation Arrangements Regulations, No. 1) will be made during implementation to ensure that transferred employees incur no loss.

Options 2, 3, and 4

Transferring PSEs to the RCMP plan also generates some benefit retention issues that will need to be addressed in the enabling legislation. The following legislative changes will need to be considered:

- a) transferred employees are currently given choices for their accumulated service under the *PSSA*, as would any other employee who ceases employment with the Public Service. They may leave service with the *PSSA* plan and ask for the payment of pension when eligible under the *PSSA*, receive a return of employee contributions with interest if not vested, ask for a transfer to an RRSP if aged less than 50, or transfer service to the new plan. As was the case with Option 1, consideration should be given to limiting choices to either transferring past service to the RCMP Plan or leaving past service in the *PSSA*.
- b) the *RCMPSA* currently allows the transfer into the plan on an individual basis only. Again,

these provisions are not adapted to the current situation and amendments should therefore be made to the *RCMPSA* to ensure the following:

- i. no employee contributions are required for the transferred service except those already due but not yet paid. These payments should be made to the RCMP plan.
- ii. all accumulated service under the *PSSA* plan should be recognized and transferring employees should be able to elect to buy back any service they could have bought back under the *PSSA*.
- iii. the transfer on an individual basis currently implies the transfer of employee contributions from the *PSSA* Account and Fund to the *RCMPSA* Fund. As mentioned in Option 1, this should be addressed through the transfer of both assets and liabilities to the respective Account and Fund so as to be cost neutral, and should not require additional employer contributions. Attention should be given to the fact that the limit on pensions payable under the *PSSA* and the *RCMPSA* are applicable to service from a different date, i.e. December 15, 1994 and February 23, 1995 respectively.

The legislation should address the situation of a transferring employee who currently enjoys vesting after 2 years of pensionable service by removing the “5 years of service in the Force” requirement for retirement eligibility and allowing for the transfer to an RRSP if less than 50 years of age at termination of employment. A further clause should be added to prevent the application of RCMP plan provisions that limit survivor benefits and reduce the spouse allowance when the age of the contributor exceeds the age of his wife by 20 or more years.

As for Option 1, this list is not exhaustive but represents some of the main concerns. In-depth analysis of these laws and connected laws and regulations (e.g. Special Retirement Arrangements Act, Pension Benefits Division Act, Retirement Compensation Arrangements Regulations, No. 1) should be made to ensure that transferred employees incur no loss.

CHANGES TO WORKERS’ COMPENSATION LEGISLATION

Legislation covering workers’ compensation has been held constitutionally to be a matter within the legislative competency of the provincial legislatures. However, as provincial legislation cannot bind Her Majesty in the Right of Canada, a federal legislative regime, the *Government Employees’ Compensation Act* (“*GECA*”) was enacted. While the *GECA* does not fully incorporate the provincial legislation, it does provide that federal Crown employees are to receive workers’ compensation benefits “at the same rate and under the same conditions as are provided under the law of the province where the employee is usually employed”. Such compensation is determined by the same boards and tribunals as are established under the laws of that province.

The *GECA* is applicable to and confers compensation benefits upon eligible Public Service employees of the RCMP. However, while the applicability of the *Act* is clear for the Public Service

employees, the matter is far from straight forward for “members”.

“Members” of the RCMP are specifically excluded from the provisions of the *GECA* by section 3(1) of that *Act*. However, section 34(1) of the *Royal Canadian Mounted Police Superannuation Act* (“*RCMPSA*”) reads:

- 34(1) Notwithstanding subsection 3(1) of the Government Employees’ Compensation Act, that Act applies to every member of the Force, as defined in subsection 2(1) of the Royal Canadian Mounted Police Act, except a person or member described in section 32 or 32.1 of this Act.

Section 2(1) of the *RCMPA* reads:

- 2(1) Member means any person
- (a) who has been appointed as an officer or other member of the Force under section 5 or paragraph 6(3)(a) or 7(1)(a) ... ,

This section therefore applies to all CM and RM employees, except those described in sections 32 and 32.1 of the *RCMPSA*. These sections read:

- 32 Subject to this Part, an award in accordance with the Pension Act shall be granted to or in respect of
- (a) any person to whom Part VI of the former Act applied at any time before April 1, 1960 who, either before or after that time, has suffered a disability or has died, or
- (b) any person who served in the Force at any time after March 31, 1960 as a contributor under Part I of this Act and who has suffered a disability, either before or after that time, has suffered a disability or has died,

in any case where the injury or disease or aggravation thereof resulting in disability or death in respect of which the application for the award is made arose out of, or was directly connected with, the persons service in the Force.

- 32.1(1) An award in accordance with the Pension Act shall be granted to or in respect of a member of the Force who is disabled or dies as a result of an injury or disease or aggravation thereof that was attributable to or was incurred during service on a peacekeeping mission in a special duty area, as though the service were “service in a special duty area” as defined in section 3(1) of the Pension Act.

[Note: Subsections 32.1(2) and (3) deal with the definition of a “special duty area”, and are not material to this analysis]

On its face, the provisions of the *RCMPSA* appear to make the *GECA* applicable to all members of the RCMP, save and except those who have been granted an award for injury, disease or disability attributable to service in the Force. Based on information provided, however, is that these provisions have not been interpreted and applied in this manner.

Based on available information, CM employees have been historically provided *GECA* benefits in the same manner as PSEs. Human Resources and Development Canada (responsible for the administration of the *GECA* and with liaison with the provincial compensation authorities who adjudicate *GECA* claims) has advised that they routinely make no inquiries as to a claimant's employment category, processing all in a like manner. However, both the RCMP and the Department of Justice interpret to provisions of the *RCMPSA* as excluding all RMs from the application of the *GECA*, by virtue of section 32 and 32.1 of the *RCMPSA*. If this interpretation is supportable, there appears to be no legislative basis to distinguish its application to the CM group.

In addressing the issue of workers' compensation in respect of this analysis, difficulties arise as a result of these interpretations and applications of the various legislative provisions. It is clear that the Public Service is covered, and therefore the provisions of the *GECA* would be applicable to the entire civilian category under Option 1.

The impacts of Options 2 and 3 are less clear. As these options maintain the civilian category of employees as "members" of the Force, the analysis above would be applicable, and the applicability of the *GECA* to this category is uncertain. Under Option 4, this category of employee would initially not be covered by the provisions of the *GECA*. However, application of the *Act* can be extended with approval of the Governor-in-Council, a mechanism that has been utilized in respect of all Crown Corporations and separate employers that have devolved from the federal Public Service.

It is beyond the scope of this engagement to attempt to determine the correct interpretation of these sections, or indeed to recommend whether or not the *GECA* should apply to any or all categories of employees. There are strong arguments to be made in all regards. It is recommended that, in the event options 2, 3, or 4 are selected, discussion be held with the various stakeholders to attempt to rationalize and address these concerns. Legislative change may be required to the *RCMPSA* to ensure that the desired application of the *GECA* is achieved, although again it is not clear that such amendments are in fact necessary.

Accordingly, for the purposes of this analysis, workers' compensation has been considered as a neutral factor, and has not impacted upon the overall recommendation.

3.4.4 SUMMARY

Based on the above key findings, the following provides an assessment of the degree of fit of each option with respect to this criterion:

		Option 1	Option 2	Option 3	Option 4
External Factors	Minimal Legislative Change	H	L	L	L

KEY – Degree of Fit	
VH	Very High
H	High
M	Medium
L	Low

Option 1 is rated as a “High” degree of fit with respect to the minimal legislative change criterion. Little or no change is required with respect to human resources, staff relations, pension or workers’ compensation legislation.

Options 2, 3 and 4 are rated as “Low” degrees of fit with respect to required legislative change. For Option 2 to be effective, section 10 of the RCMPA must be closed; changes need to be made to Parts IV and V of the RCMPA with respect to discipline and demotion; as well, possible changes to the RCMP Superannuation Act will be required. Option 3 has similar requirements with respect to section 10 of the RCMPA and the RCMP Pension Act. Furthermore, should the RCMP decide to enact staff relations legislation, the introduction of such legislation may require considerable legislative change. Finally, under Option 4, even if the RCMP chooses to become a separate employer by Order in Council, changes will be required under the RCMPA to account for the RCMP’s new status. Furthermore, at the very minimum with respect to staff relations, changes will be required to the RCMPA in order to ensure that representation rights under the PSSRA are not disturbed. The degree of legislative change associated with these Options is sufficient in magnitude to require that each of these options be rated as a “Low” degree of fit with this criterion.

3.5 FIT WITH PUBLIC POLICY

3.5.1 DESCRIPTION OF CRITERION

This decision-making criterion focuses on assessing the degree to which each option is consistent with public policy, including meeting Treasury Board and Solicitor General requirements; being consistent with policies applied in past block transfers of employees from one legislative framework to another; fitting with the Federal Government’s HR Modernization Initiative; and, practices in the Canadian policing sector.

3.5.2 ANALYTIC APPROACH

In examining the “Fit with Public Policy” criteria, previous block transfers were scrutinized in order to determine issues of importance. In particular, block transfers with respect to the creation of NAV CANADA, the Canadian Security Intelligence Service, the Canadian Food Inspection Agency, the Parks Canada Agency and the Canada Customs and Revenue Agency were reviewed. Secondly, in keeping abreast with Government direction on the issue of human resources, the HR Modernization Initiative has been closely monitored. This Initiative is expected to commence in the summer of 2002. Finally, legislations from Newfoundland to British Columbia were studied in order to gain an understanding of police practices across Canada.

Based on the foregoing research, the following key themes were identified for analysis in relation to this criterion:

- Terms and Conditions of Employment
- Employee Relations with Respect to Representation
- Fit with HR Modernization
- Consistency with Police Practices

The following “Key Findings” section has been organized against these key themes to assess the degree to which the implementation of each option is consistent with public policy.

3.5.3 KEY FINDINGS

TERMS AND CONDITIONS OF EMPLOYMENT

As stated above under “Analytic Approach”, five different block transfers were analyzed in an effort to understand the public policy considerations that have been important in the past. Four of these transfers were departments of the Public Service under Part I of the *PSSRA* moving to separate employer status under Part II of the *PSSRA*. One of the transfers was a department of the Public Service under Part I of the *PSSRA* devolving to a “not-for-profit” corporation governed by the *Canada Labour Code*.

However, in each of the cases studied, employees were transferred from the Public Service to a newly created entity. The RCMP’s goal is unlike any other block transfer, in that the Options under consideration are dealing with two existing entities, the RCMP and Treasury Board, and there are employees from both entities that must be considered. As a result, while general trends were examined, every trend may not be applicable to the specifics of each of the options under consideration in this business case.

Having said this, the key themes that emerge in each of the transfers focus on the continuation of terms and conditions of employment being a predominant consideration, and the concept of maintaining basic employee rights. With respect to maintaining basic employee rights, in different transfers, mechanisms have been put in place to assure the continuation of the following: classification of positions and employees; regulation and determination of pay; hours of work and leave; accrued benefits; severance pay; and the establishment and acquisition of group insurance or benefit programs, including pension.

With NAV CANADA, for example, Part IV of the enabling legislation (the *Civil Air Navigation Services Commercialization Act*) provided for the continuity of terms and conditions of employment for all unionized employees, until such time as a first collective agreement was negotiated with the new employer.

Implications on Options

Options 1 and 2

Under Option 1, PSEs will continue under the same terms and conditions under which they are presently employed. They will continue to be represented by the same bargaining units and will remain largely undisturbed. However, the CM's will be transferred from the RCMP to the Public Service. On the transfer of CM's, there are three possible scenarios:

- First, some CM's will be transferred into existing unionized positions in the Public Service. These employees will be subsumed into existing classifications within the greater Public Service with representation. Their terms and conditions of employment will be those bargained between the respective unions and Treasury Board.
- Second, some CM's will be transferred into existing unrepresented classifications. Treasury Board will set their terms and conditions of employment.
- Third, some CM's will have no existing parallel classification in the Public Service. There is no precedent with respect to the transfer of such employees. The unions may attempt to certify these individuals. In order to combine the newly certified unit with existing bargaining units, the union must apply for a redetermination of the bargaining unit under section 27 of the *PSSRA*.

Under Option 2, on the transfer of the PSEs to the CM category, the terms and conditions governing the PSEs in their respective collective agreements will cease. The RCMP may wish to continue the terms and conditions of employment with respect to transferring PSEs. However, if the RCMP does choose to maintain the PSEs terms and conditions of employment, it will be faced with administering three categories until all of the current PSEs are no longer in the system. Essentially, the RCMP will be faced with administering a more complex system in the short-term, which, given the parameters of this business case, is not a viable solution.

Either way, Options 1 and 2 will result in a large group of employees having new terms and conditions of employment imposed upon them. Considering that public policy dictates maintaining basic rights, Options 1 and 2 do not have a high degree of fit in this regard.

Option 3 and 4

Under Option 3, a new system of representation will be established and the terms and conditions of employment between the CM's and the PSEs can be harmonized through consultation / negotiations. Option 3 offers the potential for a compromise solution that would strike a balance between public policy as it has been applied for these types of transfers, and the unique aspects of this particular situation, namely;

- the RCMP is not a new entity,
- there are two civilian groups that currently are represented under two different but legislatively established systems of representation; and,
- the distinct terms and conditions and conditions of employment of the two groups of employees.

Under Option 4, section 48.1 of the *PSSRA* will govern the transfer of PSEs to separate employer status and will ultimately control the continuity of terms and conditions of employment. All PSEs currently governed by a collective agreement will have their terms and conditions of employment frozen until the RCMP is able to renegotiate with the unions. The terms and conditions of the CM category is unaffected by this process. Not unlike Option 3, the RCMP can seek to harmonize the terms and conditions of employment between the CM's and the PSEs. However, this harmonization will require negotiation with the unionized workforce to harmonize these terms with those of the non-represented group, over which the RCMP will exercise far greater control. This process may be more difficult to achieve.

EMPLOYEE RELATIONS

With respect to employee relations, public policy is to maintain the right to representation, not to extend bargaining rights to unrepresented employees. Section 48.1 of the *PSSRA* (providing for successor rights upon devolution) was introduced in 1996 in order to provide for the continuation of any collective agreements or arbitral awards that applied to employees moving from Part I to Part II of the *PSSRA*. (i.e. Parks Canada, the CFIA and the CCRA). For NAV CANADA, successor rights were provided for in the enabling legislation. The CSIS became a separate employer in 1984, before the *PSSRB* enacted successor provisions. However, even in 1984, the *CSIS Act* accounted for successor rights in its enabling legislation. The Act provided that employee organizations certified before the *CSIS Act* was enacted were deemed to have been certified as bargaining agent for CSIS employees.

Implications on Options

Options 1 and 2

Both Options 1 and 2 will result in substantial changes to existing representation rights as an entirely new regime is imposed on one group or another. Under Option 1, while the continuity of the PSEs' bargaining rights will be preserved, as discussed above, certain CM's will be stepping into unionized positions and into an entirely different system of representation.

Likewise, under Option 2, on transferring to the RCMP, while the RCMP will continue to be governed as a department under Part I of the *PSSRA*, once the PSEs are transferred, they become “members” under section 7 of the *RCMPA*. “Members” are not considered to be “employees” for the purposes of the *PSSRA*. Thus, bargaining agents cannot organize these employees. PSEs will lose their rights to be represented by a union and will be governed by the *DSRR* system of representation instead. As public policy supports maintaining bargaining rights, as opposed to creating or destroying them, Options 1 and 2 do not have a high degree of fit in this regard.

Option 3

With respect to Option 3, various scenarios are possible with respect to determining the representation system to be put in place. Option 3 allows for the creation of an enlarged category of “members” by combining CM’s with PSEs. This Option provides for the ability of employees to determine the representation model under which they will be represented, as well as their representative. It is consistent with public policy insofar as it provides for the preservation of existing systems, and allows for employee choice.

Option 4

Under Option 4, successor rights for the PSEs will be preserved by section 48.1 of the *PSSRA*, whether the RCMP becomes a separate employer by enabling legislation or through Order in Council. A new category of employee must be created and will be caught by the definition of “employee” under the *PSSRA*. Bargaining rights will be preserved for the PSEs. Under section 48.1 of the *PSSRA*, the CM’s cannot be included in a bargaining unit redetermination. They may or may not be the subject of a union drive and a subsequent bargaining unit redetermination in this regard. Either way, Option 4 will not result in significant public policy issues since employees will keep their own systems of representation initially and will be involved in the process of change. Option 4, like Option 3, has a high degree of fit in this regard with respect public policy issues.

FIT WITH HR MODERNIZATION

In the Prime Minister’s reply to the Speech from the Throne and the Clerk’s 8th Annual Report on the Public Service of Canada, he stated that the Government is committed to ensuring the Public Service has the talent necessary to maintain its commitment to excellence. It is recognized that the current laws and rules which cover how people are managed in the Public Service are neither flexible nor responsive enough to allow the Public Service to compete for and retain the talent needed in today’s knowledge economy, and to replace those planning to retire over the next decade. To address this, the Government will make the necessary reforms to modernize the Public Service for the requirements of the 21st century. To determine the required changes, the Government formed a Task Force on Modernizing Human Resources Management in the Public Service.

The Task Force has stated that it will be guided by three principles:

- The protection of merit through the maintenance of a representative and professional Public Service that is also people-oriented, non-partisan and competence-based;

- Responsibility for the management of human resources that, to the greatest extent possible, is assigned with managers, is clearly allocated and is pushed down in each organization as far as possible for the purpose intended; and,
- Accountability of those involved in HR management in the Public Service

Although the Task Force has not yet published its official recommendations, based on statements that have been made by members of the Task Force, it seems clear that based on current findings, the intention will be to delegate more responsibility for human resources management to departments. This could affect such areas as staffing, classification and responsibilities for priorities in business situations. There also appears to be interest in extending mobility for staffing purposes beyond government departments to include separate employers and agencies.

Another trend that may influence future HR management policies is the fact that, in the interests of simplification, labour boards are condoning the certification of larger and broader bargaining units, as well as bargaining unit redeterminations requesting fewer bargaining agents and units.

Implications on Options

Option 1

Option 1 will maintain the current system of HR Management, which includes using the PSC for a variety of human resources requirements. This is not in keeping with the Government HR Modernization initiative, which, as stated above, is looking at greater devolution of HR Management to departments and agencies.

Options 2 to 4

These Options lead towards the devolution of HR Management to the RCMP, which is consistent with one of the key guiding principles of the HR Modernization initiative. Furthermore, these Options will allow an opportunity to revise the current bargaining structures such that they will be simpler.

CONSISTENCY WITH POLICING PRACTICES

Police forces throughout Canada require the services of civilian employees. In a majority of the provinces, uniformed police officers are forbidden from both joining trade unions and striking. Civilian employees, on the other hand, are generally permitted to join a trade union. With respect to the right to strike, the issue is not always as clear. While a majority of the provinces do provide civilian employees with the right to strike, the largest province, Ontario, does not permit its municipal civilians to strike and the ability to act on this right is questionable in another three provinces.

Implications on Options

Option 1

Option 1 provides civilian employees with the right to unionize and strike. The PSEs will maintain their current system of representation that allows them to join a trade union and to strike. This right will extend to the CM’s who are moved into unionized positions, but will not apply to those CM’s who either moved into existing non-union positions or to those CM’s with no existing parallel classification. This option is generally consistent policing practices across Canada with respect to unionization. As noted above, practices with respect to striking are not clear and consistent.

Option 2

Option 2 does not provide civilian employees with the right to unionize or strike. The PSEs would be hired as “members” under the *RCMPA* and would thereby be excluded from the system of representation under the *PSSRA*. Without a statutory right to join a trade union, the new class of civilian employees will be without unionized representation in the classical sense and without a legal right to strike. This option is less consistent with policing practices across Canada with respect to providing the right to unionize.

Option 3

Depending on the chosen system of representation, Option 3 may provide civilian employees with the right to unionize and strike. If the *DSRR* is adopted as the system of choice, then employees would not have the right to either strike or unionize. On the other hand, if staff relations legislation is enacted, then these rights can be drafted into the legislation. This latter route is in keeping with police practices across Canada.

Option 4

Option 4 provides civilian employees with the right to unionize and strike. The PSEs will maintain their current system of representation that allows them to join a trade union and to strike. CM’s can be subsequently unionized and would thus acquire a right to strike, subject of course to possible exclusions or designations under the *PSSRA*. However, this option is generally consistent policing practices across Canada.

3.5.4 SUMMARY

Based on the above key findings, the following provides an assessment of the degree of fit of each

		Option 1	Option 2	Option 3	Option 4
External Factors	Fit with Public Policy	(L)	(L)	(H)	(H)

KEY – Degree of Fit

- (VH) Very High
- (H) High
- (M) Medium
- (L) Low

option with respect to this criterion:

Options 3 and 4 rate as a “High” degree of fit since public policy dictates maintaining employees’ basic rights, including maintaining a *status quo* culture with respect to representation. Options 3 and 4 will be effective for maintaining the *status quo* on the transfer of employees and will also provide mechanisms to involve employees in the process of change. Furthermore, these options lead towards the devolution of HR Management which is in keeping the Government’s initiative in this regard. Finally, depending on the representation scenario adopted under Option 3, both Options are consistent with police practices across Canada in that civilian employees can be provided with the right to join trade unions.

Option 2 rates as a “Low” degree of fit. While Option 2 satisfies Government direction with respect to HR Modernization, it does not reflect public policy with respect to maintaining terms and conditions of employment, existing representation rights or policing practices in Canada.

Option 1 rates as a “Low” degree of fit as it does not reflect public policy with respect to maintaining terms and conditions of employment and existing representation rights. In addition, this Option does not lead towards the devolution of HR Management from the government, which appears to be the current direction of the HR Modernization Initiative.

3.6 ONGOING FINANCIAL COSTS AND BENEFITS

3.6.1 DESCRIPTION OF CRITERION

This decision-making criterion focuses on assessing the relative net ongoing financial costs and benefits of each option.

3.6.2 ANALYTIC APPROACH

The financial analysis considers implementation costs as well as ongoing operating costs and savings. The analysis of ongoing operating costs and benefits is based on data collected from a variety of sources, including:

- Interviews with representatives from each of the policy centres, including:
 - Internal Affairs
 - PS Staff Relations and Health & Safety
 - Staffing
 - Classification
 - Diversity Management and Official Languages
 - Compensation
 - Honours and Recognition
 - National Health Services (RM/CM)
- Interviews with representatives from the Human Resources Management Information Systems (HRMIS) group to discuss the PeopleSoft system and with Finance to discuss the SAP (TEAM) system.
- Interviews with the Human Resource Officers from each of the regions.
- Interviews with RCMP members of the Categories of Employees Project.
- Discussions with Treasury Board Secretariat representatives
- Discussions with former government departments that are now separate employers, including Canada Customs and Revenue Agency (CCRA) and the Canadian Security and Intelligence Service (CSIS).
- Review of documentation, such as:
 - organizational charts
 - RCMP internal statistics
 - RCMP policies
 - RCMP financial information
 - HR best practice data from the Saratoga Institute of Canada
 - State of the Human Resources Function in Canada, Deloitte & Touche, 1996
 - Benefits Comparison as prepared by the National Compensation Policy Centre, dated May 1, 2001
 - Description of benefits and working conditions of PSE available on the TBS site
 - Various internal memorandums dealing with pension and benefits issues
 - *Public Service Superannuation Act*
 - *Public Service Superannuation Regulations*
 - *Royal Canadian Mounted Police Superannuation Act*

- *Royal Canadian Mounted Police Superannuation Regulations*
- Actuarial Report on the Pension Plan for the Public Service of Canada as at March 31, 1999, prepared by the Office of the Superintendent of Financial Institutions, Office of the Chief Actuary
- Actuarial Report on the Pension Plan for the Royal Canadian Mounted Police as at March 31, 1999, prepared by the Office of the Superintendent of Financial Institutions, Office of the Chief Actuary
- Bill C-78
- Extracts of payroll information for PSE
- Copies of Great West Life policies
- Discussions with representatives of the Office of the Superintendent of Financial Institutions
- Categories of Employees – RCMP Human Resources Management: Consolidation and Consistency; Commissioner Murray, Administration, RCMP (August, 1993)
- RCMP Multi-year Human Resource Plan; RCMP (November, 2000)
- Viability of Separate Employer Status; Personnel Management Task Force, Classification and Compensation Branch, Personnel Directorate, RCMP (June 28, 1996)
- Relevant RCMP and Public Service classification standards
- Relevant RCMP and Public Service salary schedules
- Several reports produced by the RCMP regarding CM to PS occupational group matches.

To determine where there would be incremental costs and/or savings, the following areas were reviewed:

- Classification and Compensation
- Pension and Benefits
 - Pension
 - Health and Dental
 - Disability Benefits
 - Death Benefits
 - Annual Vacations
 - Pay rules
 - Other Benefits
- HR Operations
 - Staffing
 - Employee Relations
 - HR Systems and Business Process Integration
 - Other HR Business Processes

The remainder of this section focuses on explaining the incremental costs and/or savings in each of these areas.

3.6.3 KEY FINDINGS

COMPENSATION AND CLASSIFICATION

This work stream focuses on determining the direct financial impact of implementing each of the four employment category harmonization options from a classification and compensation perspective. The specific financial area under review is salary adjustment costs associated with initial classification and compensation framework conversion.

The following assumptions were used for the purpose of conducting this analysis:

- Based on discussions with Treasury Board, it is assumed that the RCMP's current FLI and LES classification standards and current salary band rates would be approved for integration into the Public Service classification and compensation system if Option 1 were pursued.
- While the RCMP would have reasonable flexibility to develop/introduce a new (e.g. universal-type) classification system under Options 2 through 4, there would be no requirement to do so. As a result, this conversion costing analysis assumes that the existing classification approach will be maintained.

Implications on Options

Option 1

Under Option 1, Public Service (PS) occupations would continue to be treated under the Public Service classification and compensation system. As such, there would be no salary conversion costs under Option 1 for the PSE group.

CM-SPS occupations would transfer directly into the Public Service classification and compensation system (i.e. transfer directly into equivalent Public Service occupational groups). Due to the current direct classification and pay match between CM-SPS occupational groups and the PS classification and compensation system, there would be no salary conversion costs under Option 1 for the CM-SPS employment group.

Unlike the CM-SPS group, the CM-LES and CM-FLI employment groups are not directly matched to occupational groups in the Public Service in terms of classification and compensation, since equivalent occupational groups do not currently exist within the Public Service classification system. As such, there are currently no pertinent occupational groups and associated classification standards and salary rates within the Public Service that can appropriately be applied to the CM-LES and CM-FLI employment groups upon transition to the Public Service.

As a solution to this challenge, Treasury Board has indicated that it would not be opposed to approving the RCMP's CM-LES and CM-FLI classification standards and current salary band rates for use within the Public Service classification and compensation system. Therefore, under Option 1, classification practices for CM-LES and CM-FLI occupations would remain consistent with current RCMP practices. During the transition period, CM-LES and CM-FLI salary rates would also remain consistent with current practices. As such, there would be no salary conversion costs under Option 1 for the CM-LES and CM-FLI employment groups. It is noted that beyond the transition period, the

Treasury Board would determine compensation practices for the harmonized group.

Option 2

Under Option 2, compensation for the CM-SPS group would initially remain matched to the Public Service compensation system (as per current practice). As such, there would be no salary conversion costs under Option 2 for the CM-SPS employment group.

CM-LES and CM-FLI occupations would continue to be treated according to the current RCMP CM classification and compensation systems. As such, there would be no salary conversion costs under Option 2 for the CM-LES and CM-FLI employment groups.

PS Occupational groups, for which there is a current CM-SPS equivalent would transfer directly into the corresponding CM-SPS Group and, due to the existing classification and compensation match, would be classified and compensated as per current practices. To accommodate for those PS occupational groups for which there is not currently a direct CM-SPS equivalent occupational group, the RCMP, based on the corresponding PS classification and compensation frameworks, would create equivalent CM occupational groups.

As such, all of the existing PS occupations would retain their classification and compensation practices during the transition period. Therefore, there would be no salary conversion costs under Option 2 for the PS employment group.

Options 3 and 4

Under Options 3 and 4, LES and FLI occupations would initially continue to be treated according to the current RCMP CM classification and compensation systems. As such, there would be no immediate salary conversion costs under Options 3 and 4 for the LES and FLI employment groups.

Compensation for the CM-SPS and PSE groups would initially remain matched to the Public Service compensation system (as per current practice). PSE occupational groups would transfer directly into a corresponding SPS occupational group and, due to the existing classification and compensation match, would be classified and compensated as per current practices.

To accommodate for those occupational groups for which there is not currently a direct SPS or PSE equivalent occupational group, corresponding new civilian occupational groups would be created within the new civilian category based the current classification and compensation frameworks for those occupations.

As such, all of the existing SPS and PSE occupations would retain their classification and compensation practices during the transition period. Therefore, there would be no salary conversion costs under Options 3 and 4 for the SPS and PS employment groups. Note that, while initially compensation for all of the former PS and CM occupational groups would be consistent with current practices, total compensation may evolve through collective bargaining.

PENSION AND BENEFITS

This section of the business case has been organized under the following headings:

- Pensions
- Health and Dental
- Disability Benefits
- Death Benefits
- Annual Vacations
- Pay Rules
- Other Benefits (leave with pay, leave without pay, miscellaneous provisions)

PENSIONS

Currently, with respect to pension benefits, PSEs are subject to the provisions of the PSSA and CMs are subject to the provisions of the *RCMP*SA.

There are three key differences in plan rules between the PS plan and the RCMP plan:

- ***Vesting***: The vesting requirement under the *RCMP*SA is 5 years of pensionable service. Under the *PSSA*, vesting comes after 2 years of pensionable service.
- ***Retirement eligibility***: The retirement conditions under both plans are similar. In the *PSSA* and in the *RCMP*SA, retirement with a non-reduced pension is allowed at age 55 with 30 years of pensionable service. However, under the RCMP plan, CMs can also retire with a non-reduced pension after 35 years of service in the Force (e.g. with no age restriction). This difference will only affect employees who would reach 35 years of service prior to age 55 (i.e. hired before age 20), therefore it is assumed that this will not have a significant impact. The *RCMP*SA also has a 5 “years of service in the Force” requirement for eligibility to optional retirement.
- ***Recognition of past service***: The *RCMP*SA is significantly more restrictive than the *PSSA* in terms of recognizing service with other employers. As a consequence, employees transferring from the *PSSA* to the RCMP Plan may not have all of their *PSSA* service recognized without legislative intervention.

These differences must be reconciled on transition to ensure that employees’ pension benefits and retirement eligibility are not adversely affected.

From the employee’s perspective, the transfer of accrued benefits and retirement eligibility should be seamless. It is expected that enabling legislation will confirm that all service prior to the date of transfer that is recognized in one plan would also be recognized in the other plan for both benefit accrual and benefit eligibility (i.e. vesting and retirement eligibility) purposes with no additional past service cost to the participant. In addition, in the case of Option 1, it is expected that the right for current CMs to retire after 35 years of service would be maintained, which would have little, if any, financial impact. Further details on legislative changes required for the pension transition are provided in the “Legislative Change” section of this report.

From a financial perspective, this accrued benefit transfer represents a reduction in actuarial liability in the one plan and an increase in actuarial liability of a similar magnitude in the other plan (subject to differences in actuarial assumptions used for the respective valuations). Although the provisions of the plans only contemplate a transfer of employee contributions (i.e. no transfer of employer contributions) in the case of individual employee transfers between plans, we expect the enabling legislation to mandate a transfer of assets equal to the full actuarial liability from one plan to the other to avoid having a major deficit in either pension plan. It is also assumed for Options 2, 3, and 4 that the 2-year vesting period would be provided to PSEs and CMs for their past service, and that this would increase the liability, but that the amount of the increase would be minimal in the context of this transfer of liability. As a result, there is no anticipated financial impact from transferring accrued benefits under any of the options.

Implications on Options

To analyze the impact of the options on the RCMP required pension contributions, the following initial calculations were required:

- the current normal cost for PSEs in the *PSSA*; and,
- the current normal cost for CMs in the *RCMPSA*.

To calculate the financial impact of each option, the expected normal costs of each plan for the combined civilian group will be compared to the current normal costs for each employee group.

For the purposes of this study, we have used actuarial assumptions and results of the March 1999 actuarial valuations. We were provided with data at March 31, 1998, which was projected to March 1999 by adding age and service to each employee and increasing pensionable earnings in accordance with pay and promotional increase assumptions. Results of our calculations are expressed as a percentage of pay to allow them to be expressed as current figures by using more recent payroll information.

The current normal costs of each plan are summarized below:

- ***Current Normal Cost for PSEs in the PSSA:*** Based on the actuarial report of the Public Service plan for fiscal year 2000, the allocation of normal cost between Government and Members is respectively 12.72% and 4.91% of pensionable payroll, for a total of 17.63%.
- ***Current Normal Cost for CMs in the RCMPSA:*** Based on the actuarial report of the RCMP plan for fiscal year 2000, the overall normal cost is 22.11% of pensionable payroll. This cost can be broken down into two rates, one for RMs and one for CMs. As sole sponsor of the plan, the RCMP pays the “real” cost for each individual in the plan. Based on our calculations, the overall normal cost for the CMs is 19.02% for fiscal year 2000. Since employee contributions are estimated at 5.12% of pensionable payroll (based on data provided), the employer normal cost is estimated to be 13.90%.

Option 1

Under Option 1, CMs will join the Public Service plan. In this scenario, in the future, the RCMP would be charged the normal cost under the Public Service plan for both PSEs and CMs. We have assumed that transferring CMs to the Public Service plan would not change the plan normal cost as a percentage of pay, since the group transferred is very small in proportion to the total size of the Public Service plan. Therefore, for the purposes of this business case analysis, it has been assumed that the employer normal cost for PSEs will remain at the current level of 12.72%, and that, for the transferred CMs, the employer normal cost would also be 12.72%.

As noted above, currently the employer normal cost for CMs under the RCMP plan is estimated at 13.90% of pensionable earnings. The transfer to the Public Service plan under Option 1 would therefore represent savings of 1.18% of CMs’ pensionable earnings, or approximately \$1.4M.

Annual Savings

The estimated cost savings are calculated as follows:

Expected pensionable earnings (CMs)	\$115,000,000
Estimated decrease in normal cost (1.18% of pensionable earnings)	\$1,400,000

Options 2, 3, and 4

Under Options 2, 3 and 4, PSEs will join the RCMP plan. The normal cost under the RCMP plan will be affected by the addition of new participants. Therefore the net effect on the RCMP cost is the employer normal cost for PSEs under the RCMP plan less their current cost under the PS plan. The employer normal cost for PSEs under the PSSA is 12.72%, while the employer normal cost for these employees under the RCMP plan is estimated at 13.01% (i.e. based on PSEs’ age and service profile). This represents an increase of 0.29% of pensionable earnings for PSEs, or \$400,000.

As mentioned earlier, the vesting requirement under the *RCMP*SA is less liberal than under the *PSSA*. By providing for vesting after 2 years of service for both PSEs and CMs under the RCMP plan for future service, the employer normal cost would increase by about 0.4% of CM and PSE pensionable earnings, or \$1,000,000.

Annual Cost Increase

The estimated cost increase is calculated as follows:

Difference in Pension Contribution Rate	
Expected pensionable earnings (PSEs)	\$127,000,000
Estimated increase in normal cost (0.29% of pensionable earnings)	\$400,000
Adjustment for Change in Vesting Period	
Expected pensionable earnings (PSEs and CMs)	\$242,000,000
Estimated increase in normal cost (0.4% of pensionable earnings)	\$1,000,000
Total Estimated Increase in Pension Cost	1,400,000

HEALTH AND DENTAL

Both groups have access to the Public Service Health Care Plan and Public Service Dental Plan for both active and retired employees.

Implications on Options

Options 1, 2, 3 and 4

Since CMs and PSEs currently participate in the same plans and are charged the same employee and employer premiums, there are no cost or coverage implications to any of the options for these benefits.

DISABILITY BENEFITS

The following summarizes the current disability benefits for PSEs and CMs:

<i>Benefit</i>	<i>Civilian Members</i>	<i>Public Service Employees</i>
Short term absence	<ul style="list-style-type: none"> • Salary is continued for any absence due to sickness, until employee starts receiving long term disability benefits • No limit on occurrences • No accumulation of sick days • No medical certificate required for absences of less than 4 days 	<ul style="list-style-type: none"> • Employees accrue 1.25 days of sick leave per month of service • Days can be borrowed from future allocation • Medical certificate required after 5 consecutive days of absence or 10 days accumulation in a year
Long-term disability (LTD)	<ul style="list-style-type: none"> • 75% of salary (max: \$6,000 per month) • Starts after 91 days waiting period 	<ul style="list-style-type: none"> • 70% of salary (no max.) • Starts after longer of 91 days or exhaustion of sick leave
Workers' Compensation	<ul style="list-style-type: none"> • Equivalent of provincial WCB benefits, paid in the form of sick leave and pension 	<ul style="list-style-type: none"> • Equivalent of Provincial WCB Benefits

Implications on Options

Option 1

Upon their transfer to PSE status, CMs will no longer have access to unlimited sick leave, but to a bank of sick days. The current rule is to credit a transferred employee with credits equal to 1/3 of the credits they would have earned based on their service.

As per this rule, an employee needs 13 years of service to obtain sufficient days to cover the LTD waiting period of 13 weeks (or 91 calendar days). Approximately 800 CMs would be provided with fewer days than needed to cover the LTD waiting period. In addition, employees with recurrent or frequent absences may risk having periods of disability without earning replacement, although the right to borrow future credits is available to cover these gaps.

CMs will also see a reduction in their LTD benefit level from 75% to 70% of salary, while their contributions will increase by about \$0.50 per week.

The \$6,000 monthly ceiling will also be removed, giving higher coverage to those earning more than \$103,000⁹. This is expected to have a very minimal impact on costs.

⁹\$6,000/mth x 12 mths ÷ 70% (e.g. current LTD rate for PSEs)

Annual Costs

The impact on the RCMP cost of higher LTD rates is calculated as follows:

CM Payroll estimate	\$115,000,000
Current CM rate	0.8075%
Current PSE rate	1.1016%
Rate increase	0.2941%
Estimated Cost Increase (including sales tax ¹⁰)	\$360,000

Option 2

Under Option 2, PSEs will gain access to unlimited sick leave, which is an improvement over the current sick day bank in most cases, particularly for those 1,500 to 2,000 employees who may not have yet banked enough days to cover the LTD waiting period or those who have recurrent or frequent episodes of disability. However, employees that have accrued more than 91 sick days would end up receiving the LTD benefit sooner than in the current system, which represents a reduction in benefits since the LTD benefit represents less than 100% pay replacement (approximately 20% of PSEs currently have in excess of 150 accumulated sick days, with some having as much as 300 days). Furthermore, it is recommended that accumulated sick days be frozen to allow for their reinstatement, should a PSE return to PS employment.

For PSEs, LTD benefits would increase from 70% to 75% of salary and they would benefit from a slight reduction in LTD contribution (about \$0.50 per week). However for any PSE with earnings above \$103,000, the LTD benefit would be decreased, as a maximum of \$6,000 per month exists in the RCMP plan. There is no such maximum in the PS plan. The maximum could be increased if necessary.

Annual Savings

Given the average age of 43.5 for PSEs versus 43.2 for CMs and the nature of PSE occupations, their inclusion in the RCMP plan will likely not increase the current LTD rate. Based on the assumption that the RCMP LTD rate remains the same, cost savings are estimated to be \$400,000, as shown below:

Payroll	\$127,000,000
Current rate	1.1016%
RCMP rate	0.8075%
Rate reduction	0.2941%
Estimated Cost Savings (including sales tax)	\$400,000

¹⁰ Sales tax is estimated at 6%. Actual sales tax varies by province (Ontario is 8%, Quebec is 9%, others are 0%).

Options 3 and 4

The impact of Options 3 and 4 will be dependent on any change in design / funding of disability benefits. For the purpose of this analysis, it has been assumed that the benefits will be harmonized to the more favorable of the current plans (the CM plan). As a result, the financial costs for Options 3 and 4 will be the same as Option 2, with estimated savings of **\$400,000**.

DEATH BENEFITS

The following table summarizes the current death benefits for CMs and PSEs:

<i>Benefit</i>	<i>Civilian Members</i>	<i>Public Service Employees</i>
Death benefits	Balance pay of month <u>plus</u> 2 month's pay if 2 years service <u>plus</u> burial expenses	Balance pay of month
Basic life insurance	\$150,000 ¹¹ , reducing by increments from age 60 to \$89,000 at age 65, \$25,000 at age 69, and \$5,000 at age 70	2 times salary, reducing by 10% per year from age 66 (minimum \$ 10,000 on retirement (<i>PSSA Part II</i>))

The core death benefit coverage is \$150,000 plus 2 months pay and burial expenses for CMs, compared to a 2 times salary death benefit under *PSSA Part II* for PSEs. CMs have access to optional coverage whereas only management employees have access to the Public Service Management Insurance Plan (PSMIP) for additional coverage.

Implications on Options

Option 1

The transfer of CMs to the PSE category will result in the following changes for CMs:

- Loss of 2 month's pay death benefits and of a burial expenses allowance;
- Life insurance changed to 2 times salary, which represents a reduction for most employees; management level, excluded and non-represented employees would be able to replace some or all of lost coverage through the PSMIP, at their own expense;
- An additional employee contribution of about 0.4% of pay;
- Limited employer-paid coverage for dependants;
- Increase of Accidental Death and Dismemberment ("AD&D") coverage from \$10,000 to \$250,000 (e.g. for management level and excluded employees);
- Retiree coverage benefit and funding modified.

The primary consequence of transferring CMs to PSE coverage is that, for some employees, the

¹¹ Amount is reduce for employees hired at age 40 or more.

amount of life insurance coverage available would be significantly reduced, with no possibility to purchase alternate coverage.

Since both plans reduce coverage with age with different patterns, the impact varies according to the age of the employee.

The ultimate level of retiree coverage would be increased from \$5,000 to \$10,000. It is worth noting that for PSEs this benefit is payable out of the *PSSA* Part II reserve account, which means that the RCMP will not have to pay for this benefit after the employee’s retirement.

Annual Savings

The employer cost will be reduced, because of the difference in coverage and cost sharing:

Life Insurance - New Employer Cost	
- CM Payroll	\$115,000,000
- Coverage (two times pay)	\$230,000,000
- Employer rate per month	\$0.05 per \$1000
New Annual cost ¹² (A)	\$140,000
Life Insurance – Current Employer Cost	
- Number of employees	2100
- Monthly premium	\$28.24
Current Annual cost (including sales tax) (B)	\$780,000
Life Insurance – Estimated Annual Savings	\$640,000

Differences in the other death benefits are not anticipated to be material.

Option 2

Under this Option, PSEs will get better death benefits and an allowance for burial expenses.

For most PSEs, the coverage level will be an increase over their current *PSSA* Part II death benefit of two times pay. They would also no longer have to contribute.

Optional employee-paid coverage is available to cover any shortfall. Costs are based on gender and age, therefore the financial impact on each individual of compensating for any shortfall will vary.

Adding optional employee-paid coverage can compensate the differences in AD&D coverage and dependant life insurance coverage. Since premium rates for this coverage is low, this would have a minimal financial impact on employees.

¹² No sales tax was added to the *PSSA* Part II contribution, since it is part of the pension plan (e.g. not a separate insured arrangement.).

Although there is no immediate cost associated to the difference in retiree coverage, it is worth noting that, by taking responsibility for life insurance for future PSE retirees, the RCMP will eventually incur an additional cost. This future liability currently exists for RMs and CMs, although to our knowledge it is not reflected in the books of the RCMP. It is anticipated that there will be a transfer of PSSA Part II reserves held for payment of retiree death benefits, the amount of which will have to be negotiated. Depending on actuarial assumptions used, it is likely that this transfer will be in the \$5M to \$10M dollar range. This transfer represents an offset to the liability discussed above.

Annual Costs

The transfer of PSEs to CM will result in significant cost increases, as follows:

Life Insurance - New Costs	
- Number of PSEs	3,515
- Monthly premium	\$28.24
- New Annual cost (including sales tax) (A)	\$1,260,000
Life Insurance - Current Costs	
- PSE Payroll	\$127,000,000
- Volume of insurance coverage (2 x payroll)	\$254,000,000
- Employer monthly rate per \$1,000	\$0.05
- Current Annual cost (no sales tax since PSSA Part	\$150,000
Life Insurance - Estimated Cost Increase (A – B)	\$1,110,000

Differences in the other death benefits are not anticipated to be material.

Options 3 and 4

The impact of Options 3 and 4 will be dependent on any change in design / funding of death benefits. For the purpose of this analysis, it has been assumed that the benefits will be harmonized to the more favorable of the current plans (the CM plan). As a result, the financial costs for Options 3 and 4 will be the same as Option 2, with an estimated cost increase of **\$1,110,000**.

ANNUAL VACATIONS

The vacation entitlements for CM and PS employees are as follows:

<i>Years of Service</i>	<i>Civilian Members</i>	<i>Public Service Employees</i>
Under 5 years	15 days	15 days
5 – 7 years	20 days	15 days
8 – 9 years	20 days	20 days
10 – 16 years	25 days	20 days
17 years	25 days	23 days
18-24 years	25 days	25 days
25 – 27 years	30 days	25 days

28 years	30 days	28 days
29 years and more	30 days	30 days

Moving employees from one schedule to the other generates a change in annual vacation entitlements for certain employees. However, when analyzing the financial impact of harmonization, it must be taken into account, in many instances, additional vacation days do not result in additional costs because employees taking vacation will not be replaced.

Implications on Options

Option 1

Transfer of CMs to the PSE category will result in:

- loss of 5 days for employees with 5 to 7 years of service, 10 to 16 years of service and 25 to 27 years of service; and,
- loss of 2 days for employees with 17 years of service and 28 years of service.

Overall an estimated 1,274 employees will lose a total of 5,095 days of vacation entitlement, representing an estimated payroll value of \$1,050,000. This reduction in vacation entitlement only represents a savings from the employer perspective to the extent that additional output is generated by the additional days worked and, as a result, that fewer employees would be required. To be conservative, this business case has assumed that these savings would be negligible.

In Option 1, one technical point will need to be resolved. It is our understanding that Public Service working conditions do not recognize CM service in the calculation of vacation entitlement (i.e. an individual otherwise transferring from CM status to PSE status would start with no years of service for the purpose of determining vacation entitlement). As maintaining employees’ basic entitlements on block transfers is a matter of public policy, this issue would need to be addressed.

Option 2

Option 2 will have the following impact on PSEs:

- gain of 5 days for employees with 5 to 7 years of service, 10 to 16 years of service and 25 to 27 years of service; and,
- gain of 2 days for employees with 17 years of service and 28 years of service of service.

Overall an estimated 2,424 employees will gain a total of 9,351 days of vacation entitlement, representing an estimated payroll value of \$1,300,000.

This represents the maximum additional cost, however, it is anticipated that many employees on vacation would not be replaced, and therefore no additional replacement costs would be incurred for these employees.

Annual Costs

If we assume that the replacement cost to the RCMP will be 10% - 20% of the affected payroll, the cost would be approximately \$130,000 - \$260,000, as shown below:

Affected payroll	\$1,300,000
Estimated percent of affected payroll to be replaced	10% - 20%
Estimated cost increase	\$130,000 - \$260,000

Options 3 and 4

The impact of Options 3 and 4 will be dependent on future vacation entitlements to be negotiated. For the purpose of this analysis, it has been assumed that the benefits will be harmonized to the more favourable of the current vacation entitlements (the CM entitlement). As a result, the financial costs for Options 3 and 4 will be the same as Option 2, with an estimated cost increase of between **\$130,000 and \$260,000**.

PAY RULES

The following table highlights the current pay rules for both CM and PS employees:

<i>Pay Rule</i>	<i>Civilian Members</i>	<i>Public Service Employees</i>
Hours of work		
<i>Work week</i>	40 hours	37.5 hours (some at 40 hours)
<i>Work day</i>	8 hours including 30 min meal breaks	7.5 hours excluding meal break
Overtime		
<i>Scheduled days</i>	Time and one half	Time and one half
<i>Rest days</i>	Double time	First day 1½, 2 nd day double time
<i>Statutory holidays</i>	Time and one half	Not mentioned
<i>Base</i>	2,087 hours annually	1956 hours annually
Standby	Level 1: 1 hr at overtime rate per 4 hours level 2 : 1 hr straight time per 8 hours	½ hour per 4 hours
Call back pay	Not available	Greater of 3 hours
Shift differential	\$1.50 per hour per shift between 4 PM and 8 AM	\$1.50 per hour for evening/night shift \$1.50 per hour for week end shift

When comparing CM and PSE pay rules, there are differences in the definition of hours of work, overtime pay, standby and call back compensation.

Implications on Options

Option 1

Based on our understanding, transferring the CMs to the Public Service will result in a higher hourly rate payable for overtime because hourly rates will be based on a 37.5-hour week instead of a 40-hour week (weekly pay being the same). CMs will also have access to payments for call backs. As CMs currently do not have access to call back payments, data relating to call back usage for CMs is not available. As a result, we have assumed the same usage as for PSEs to estimate the incremental cost. The cost differential relating to the standby charge and shift differential for weekend shifts is not anticipated to be material.

Annual Costs

Overtime	
Current annual CM overtime costs	\$5,350,000
Hourly rate differential (2.5 hrs ÷ 37.5 hrs)	6.7%
Estimated cost increase for overtime	\$360,000
Call Back	
Estimated annual PSE call back payments	\$180,000
Proportion of CM payroll to PSE payroll (\$115M ÷ \$127M)	90.6%
Estimated cost increase for call backs	\$160,000
Total Cost Increase	\$520,000

Option 2

Transferring PSEs to the CM category will mean lower rates for overtime pay and the loss of call back provisions. However, PSEs will gain on overtime work on a first day of rest and on standby time pay.

Overtime	
Current PSE overtime costs	\$4,044,000
Hourly rate differential (2.5 hrs ÷ 40 hrs)	6.25%
Estimated savings for overtime	\$250,000
Call back	
Estimated savings for call back (based on current PSE payments)	\$180,000
Total Savings	\$430,000

The cost differential relating to the standby charge and shift differential for weekend shifts is not anticipated to be material.

Options 3 and 4

The impact of Options 3 and 4 will be dependent on any change in pay rules that are negotiated. For the purpose of this analysis, it has been assumed that the rules will be harmonized to the more favorable rules (the PSE rules). As a result, the financial costs for Options 3 and 4 will be the same as for Option 1, with an estimated cost increase of **\$520,000**, the same as for Option 1.

OTHER BENEFITS

There are a variety of “Other” differences between CM and PSE benefit plans. Some of these are highlighted below:

- PSEs have access to a wider range of leave with pay provisions but payroll data indicates low utilization.
- PSEs have better career development/educational assistance.
- PSEs have access to paid time off when getting married.
- PSEs have access to leave without pay to care for parents.
- CMs have provisions for financial assistance related to relocation costs upon retirement (e.g. if posted during career).

Implications on Options

Options 1, 2, 3 and 4

Because of their low utilization rate, there is negligible financial impact involved in harmonizing these items under any of the options.

HR OPERATIONS

Our approach was to conduct a high level review all HR operations and systems to determine the areas where there was likely to be significant incremental costs or savings in pursuing any of the options. A more detailed review and estimate of incremental costs and/or savings was completed where a significant financial impact was identified. This section is organized into the following sub-sections:

- Employee Relations
- HR Systems and Business Process Integration
- Other HR Business Processes

EMPLOYEE RELATIONS

There are two areas related to employee relations that could be impacted by combining the categories:

- DSRR program costs; and,
- labour negotiations costs.

Currently the DSRR represents approximately 17,280 employees (RMs and CMs) at a cost of approximately \$3.5M per year, which is paid for by the RCMP. These costs are primarily related to salary and benefits for divisional representatives, and travel expenses.

The RCMP does not incur any significant costs related to labour negotiations since Treasury Board conducts all labour negotiations (e.g. for PS employees) on behalf of the entire Public Service, including the RCMP. There are no labour negotiation costs related to CMs because they do not have collective bargaining rights. Rather, the RCMP has a consultation process through the DSRR program and the Pay Council.

Implications on Options

Option 1

Under Option 1, the current CMs would no longer be represented by the DSRR. The current DSRR program does not provide for separate representation for RMs and CMs. It is anticipated that the number of divisional representatives required under Option 1 would not change significantly. As a result, it is not anticipated that there would be any material savings from the DSRR program if Option 1 is pursued.

No incremental labour negotiations costs are anticipated for Option 1, since Treasury Board would continue to conduct negotiations on behalf of the RCMP for the PS employees.

Option 2

Under Option 2, an additional 3,520 PS employees would be represented by the DSRR. It is anticipated that this would require significant changes to the system to ensure that the civilian employees are well represented, including an increase in the number of Divisional Representatives. There would be an additional cost to the RCMP to add more Divisional Representatives to the system. The incremental cost is estimated to be \$700,000, annually based on a 20% increase in employees being represented.

Annual Costs

Annual costs are estimated as follows:

Current Costs	\$3,500,000
% increase in employees represented (3,520 ÷ 17,280)	20%
Estimated costs	\$700,000

There would be no incremental labour negotiations costs for Option 2, since all civilian employees would be CMs, who do not have collective bargaining rights. As a result, there would be no collective bargaining process required. Rather, the RCMP would maintain the consultation process currently in place through the DSRR program and Pay Council.

Option 3

If Option 3 is pursued, there are several scenarios for possible representation of civilian employees. The scenarios range from having all civilian employees vote on representation for the entire group, to having some employees represented by the DSRR and some by one of the incumbent unions, to having more than one bargaining unit, both represented by one or more incumbent unions. As a result, it is difficult to determine the impact on the DSRR program. Only one of the scenarios could possibly result in an increase in the number of employees represented by the DSRR (e.g. where all employees vote on a single representative, and the majority choose the DSRR). Therefore, for financial costing purposes, we have assumed that there will be no incremental costs to the DSRR program for Option 3.

Assuming under Option 3 that some or all of the civilian group remains unionized, it is unclear at this time whether the Treasury Board as the employer will bear the costs associated with collective bargaining, or if the RCMP will be required to conduct labour negotiations with civilian employees. The incremental cost of this function will be dependent on the number of bargaining units and the type of representation (e.g. dependent on which scenario, described above, will be pursued). For financial costing purposes, we have assumed that some employees will be represented by a union, and that the RCMP will have significant labour negotiations functions and responsibilities.

In order to conduct a set of negotiations, the RCMP must assemble and prepare a bargaining team, strategy and mandate. It is estimated that the RCMP will require between two and five additional FTEs to conduct these activities. At an annual cost of approximately \$75,000 per FTE, this will cost the RCMP between \$150,000 and \$375,000 per year. The RCMP may also require the assistance of a chief negotiator, and it is assumed that this resource will need to be engaged from outside of the Force. Fees for the negotiator may be in the \$50,000 to \$70,000 range. In the event that more than one bargaining unit is established, additional negotiations will be required, resulting in a proportionate increment in costs.

Annual Costs

Annual costs are estimated as follows:

Additional RCMP Employees	
Expected increase in FTEs	2 – 5
Estimated cost per FTE (including overheads)	\$75,000
Estimated costs	\$150,000 - \$375,000
Assistance of a Chief Negotiator	\$80,000 - \$125,000
TOTAL ESTIMATED ANNUAL COSTS	\$230,000 - \$500,000

Option 4

Under Option 4, successor rights will apply and the current PS employees will continue to be unionized. It is anticipated, however, that there would be a bargaining unit review process to reduce the number of bargaining units. The current CMs will continue to be represented by the DSRR. Therefore, there will be no incremental costs related to the DSRR representation system.

The RCMP will, however, have to conduct its own labour negotiations with employees that have collective bargaining rights (e.g. the former PS employees). Again, the incremental cost of this function will be dependent on the number of bargaining units remaining after the bargaining unit review process. Similar to Option 3, it is estimated that the RCMP will require between 2 and 5 additional FTEs to conduct these activities and that the assistance of a contract chief negotiator will be required. As a result, the estimated annual costs are the same as for Option 3.

HR SYSTEMS AND BUSINESS PROCESS INTEGRATION

At the time of this study, 1,048 HR / Payroll FTEs provide HR and Payroll services to the organization, including 127 compensation specialist staff¹³. The cost to the organization is estimated at \$90M annually. The following table summarizes the HR-related headcount and costs at the RCMP (Oct. 2001).

<i>Region</i>	<i>HR Headcount (Actual)</i>				<i>HR Costs</i>		
	<i>RM</i>	<i>CM</i>	<i>PSE</i>	<i>Total</i>	<i>Salary</i>	<i>O&M</i>	<i>Total</i>
Atlantic HR	30	3	27	60	\$8.238 M	\$1.039M	\$9.277M
Atlantic Administration	20	5	47	72	\$4.390M	\$3.133M	\$7.523M
Central	79	59	159	297	\$15.100M	\$12.269M	\$27.369M
North West	77	19	127	223	\$12.700M	\$2.046M	\$14.746M
Pacific	67	9	96	172	\$7.435M	\$2.793M	\$10.228M
National HQ	51	58	115	224	\$15.579M	\$12.500M	\$28.079M
Total	324	153	571	1048	\$63.442M	\$33.780M	\$97.222M

¹³ Of the 127 Compensation Specialists, some report to Finance instead of HR.

The RCMP and/or its service providers, currently operate and maintain the following separate systems:

	<i>Systems Used For RMs and CMs</i>	<i>Systems Used For PSEs and TCEs</i>
<i>HR Management</i>	<ul style="list-style-type: none"> • PeopleSoft HR (HR Management System) <ul style="list-style-type: none"> - separate “rules” built into the system for each category of employee. 	
<i>Payroll</i>	<ul style="list-style-type: none"> • GEAC 	<ul style="list-style-type: none"> • Regional Pay System (RPS)
<i>Pension Payroll</i>	<ul style="list-style-type: none"> • GEAC 	<ul style="list-style-type: none"> • Annuitant
<i>Pension Administration</i>	<ul style="list-style-type: none"> • Ben Plus 	<ul style="list-style-type: none"> • Contributor

This duplication of payroll and pension/benefit systems has also led to the segregation of the RCMP compensation function into RM/CM compensation specialists and PSE compensation specialists. A more detailed description of the RCMP’s current HR-related IT systems and its planned future systems is provided in Appendix A.

In addition, the RCMP has duplicate organization structures, policies, and processes within HR. The following HR sub-functions have the greatest level of duplication:

- Staffing
- Staff Relations / Internal Affairs
- Compensation
- Occupational Health and Safety

These functions have separate staff for RMs/CMs and for PS employees in the policy centers at head office, in each region, and typically, within each location in a region.

To help determine the potential savings from integrating and further automating the HR processes at the RCMP, we have compared the RCMP to benchmarks for:

- **HR Headcount Ratio** – indicates the number of employees, expressed in terms of full-time equivalents (FTEs), that each HR employee supports in the organization.
- **HR Expense %** – the percentage of an organization’s operating expense that is attributed to the cost of operating an entire HR department.

The RCMP’s HR headcount ratio is currently 1:20, or 1 HR employee to support every 20 employees¹⁴. The RCMP’s HR headcount ratio was compared to benchmark data from two different sources:

¹⁴ 1,048 ÷ 20,866

- The Saratoga Institute provides benchmark data for Canadian organizations. Given the RCMP's size (20,866) and the type of industry (e.g. broader Public Sector), the HR headcount ratio averages between 1:100 and 1:120 (*Source: Saratoga Institute of Canada, 1998*). This indicates that the RCMP's headcount ratio is well below the mean in the Canadian public sector.
- A Deloitte & Touche HR benchmarking study indicates that the HR headcount ratio for the entire federal Public Service is 1:35 (*Source: State of the Human Resources Function in Canada, 1996*). Again, the RCMP is well below the federal Public Service HR headcount ratio.

The HR Expense Percentage indicates the percentage of an organization's operating expense that is attributed to the cost of operating an entire HR department. At the RCMP, HR-related expenses represent approximately 5.9%¹⁵ of total operating expenses, excluding compensation specialist staff. The Saratoga Institute provides benchmark data for this metric. Based on the RCMP's size and industry, HR expenses average approximately 0.86% (*Source: Saratoga Institute of Canada, 1998*). Compared to other Canadian public sector organizations, the RCMP spends significantly more on HR operations.

There are a number of factors that contribute to the RCMP's relatively low HR headcount ratio and relatively high HR Expense Percentage, including:

- the use of parallel systems and processes for multiple categories of employees;
- the limited use of advanced modules of the RCMP's HRMIS system to automate HR processes (e.g. Employee Self Service, Manager Self Service);
- the decentralized nature of the HR function;
- the provision of health care services that are typically offered by the provincial health care system; and,
- the unique and extensive training requirements for a police organization.

The RCMP has proposed a number of measures aimed at improving the HR headcount ratio, including the use of employee and manager self-service and business process redesign.

The decentralized nature of the HR function and the extensive training requirements for the RCMP are operating realities that will not change significantly. Therefore, it is not expected that the RCMP will reach the average HR Headcount Ratio or the average HR Expense Percentage. However, the significant gap that exists today would suggest that there is potential to gain major efficiencies in operating the HR function.

The inefficiencies that exist as a result of duplication of systems and processes and the potential for increased automation of the HR function represent significant opportunities for the RCMP.

¹⁵ Based on total HR-related costs (\$97.2M) less \$70,000 (salary, benefits, and overheads) per compensation specialist (127 compensation specialists). Note that compensation specialists were removed from this calculation in order to make the RCMP's expenses comparable to the available benchmark data, which did not include compensation professionals.

As a result, the potential savings from bringing employees under a common HR management framework are significant. Combining the civilian categories of employees will not automatically result in the achievement of savings from these identified inefficiencies. Depending on the option pursued, however, the RCMP could have much greater opportunity to realize savings in HR management over time.

Implications on Options

Option 1

If Option 1 is pursued, the RCMP will have to maintain two separate HR management policies, processes and systems (e.g. RCMP policies, processes, and systems for RMs and Public Service policies, processes and systems for PSEs). Specifically, parallel staffing, staff relations, compensation, and occupational health and safety policies and processes will continue. In addition, separate pension/benefit systems will be required. The RCMP could, however, move member payroll onto the RPS system, resulting in one payroll system for the entire organization. This migration is already planned for a 2003 implementation, regardless of the categories of employee decision.

Since much of the current duplication will continue to exist under Option 1, the anticipated savings potential from process integration is minimal.

Option 2

If Option 2 is pursued, all civilian employees would be subject to common terms and conditions of employment and all civilian employees would be subject to existing CM policies, processes, and programs for:

- staffing;
- compensation;
- classification;
- employee relations;
- occupational health and safety; and,
- training and development.

Since all employees will be managed under a common HR management framework, and the RCMP will have the flexibility to alter HR policies, processes, and systems as appropriate, this Option will provide the RCMP with the highest potential to realize the savings in the HR function. The magnitude of the savings that are achievable are entirely dependent on how and when the RCMP:

- reorganizes its HR function;
- redefines its HR policies;
- redesigns its HR processes;

- implements additional HRMIS modules (e.g. employee self-service, manager self-service) to automate processes and implement best practices; and
- migrates all employees onto common payroll and pension/benefits systems.

To determine the magnitude of the potential savings, the RCMP can be compared to the benchmarks discussed earlier in this section:

- If it is assumed that the RCMP can reach the average headcount ratio of the federal Public Service (i.e. 1:35), this would indicate a potential savings of approximately 452 FTEs. Assuming a cost of \$75,000 per employee, including salary, benefits, and overhead expenses, this would represent a potential savings of approximately \$34M.
- While a Canadian federal government-specific HR Expense % benchmark is not available, if it is assumed that the RCMP can achieve savings that would reduce HR costs as a percentage of operating costs to midway between the broader public sector benchmark of 0.86% and the RCMP’s current 5.9%, this would represent potential savings of approximately \$37M.

As described earlier, there are a number of factors that differentiate the RCMP from other public sector organizations. As a result, the RCMP may not be able to achieve the above-described magnitude of potential savings. However, if the RCMP were able to achieve even 18% to 25% of these savings through organization redesign, and process integration and redesign, the financial impact would be significant (\$6M - \$8.5M).

Annual Savings

To be conservative, annual savings have been estimated based a percentage of the potential savings using the benchmark HR Headcount ratio for the federal public service:

Current HR-related FTEs	1,048
Federal Public Service benchmark FTEs (20,866 ÷ 35)	596
Difference	452
Estimated cost per FTE (including overheads)	\$75,000
Total potential savings compared to benchmark	\$34,000,000
Estimated % of realizable savings	18% - 25%
Estimated Annual Savings	\$6M - \$8.5M

Options 3 and 4

Options 3 and 4 will provide similar opportunity for savings to Option 2. All employees will be managed under a common HR management framework and the RCMP will have the ability to make the appropriate changes to HR policies, processes, and systems to realize these savings. Under Option 3, the RCMP will also have the latitude to design its own employee relations legislation, particularly suited to its needs, from Day 1 of implementation.

However, the harmonization of terms and conditions of employment is expected to take longer under

Options 3 and 4 (relative to Option 2) as the changes will take place over time through a negotiated process.

For the purposes of this financial analysis, it is anticipated that the potential savings from HR systems and business process integration for Options 3 and 4 will be the same as for Option 2.

OTHER HR BUSINESS PROCESSES

Other HR sub-functions such as classification, diversity and official languages, honours and recognition and staffing were considered. The classification sub-function is currently integrated across employee categories (e.g. all classification employees are trained on all job evaluation systems used by the RCMP). The diversity and official languages and honours and recognition sub-functions are relatively small.

With regards to staffing, the RCMP is currently supplied with several staffing related services and resources from the Public Service Commission for PSEs, including:

- inventory of pre-qualified candidates
- federal youth internship program
- co-op program
- employment equity program
- post-secondary recruitment program
- psychology, language and other tests

The RCMP civilian employee staffing policy center currently has 6 FTEs serving PSE and 1 FTE (plus 2 vacant positions) serving CMs.

Implications on Options

Options 1, 2, 3, and 4

Incremental costs / savings for these other HR business processes are not expected to be material regardless of the option pursued. With respect to classification, this conclusion is partially based on the assumption that the existing classification approach will be maintained (as discussed in the compensation and classification section).

With respect to staffing, under Option 1, the RCMP will continue to have access to the resources provided by the PSC. Therefore, additional costs are not expected. Under options 2, 3 and 4, the impact will be largely dependent on principles that the RCMP builds into its staffing system. Based on discussions with the RCMP, the current complement of FTEs in the staffing policy centre would be sufficient, pending changes to the nature of the system.

3.6.4 SUMMARY

The following table summarizes the impact of each option on the RCMP's ongoing operating costs (Note: incremental costs are shown in brackets).

<i>Ongoing Financial (Costs) and Benefits (000s)</i>	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
Classification and Compensation	\$0	\$0	\$0	\$0
Pension and Benefits				
Pension	\$1,400	(\$1,400)	(\$1,400)	(\$1,400)
Health and Dental	\$0	\$0	\$0	\$0
Disability Benefits	(\$360)	\$400	\$400	\$400
Death Benefits	\$640	(\$1,110)	(\$1,110)	(\$1,110)
Annual Vacations	\$0	(\$130) – (\$260)	(\$130) – (\$260)	(\$130) – (\$260)
Pay Rules	(\$520)	\$430	(\$520)	(\$520)
Other Benefits	\$0	\$0	\$0	\$0
HR Operations				
Employee Relations	\$0	(\$700)	(\$230) – (\$500)	(\$230) – (\$500)
HR Systems and Business Process Integration	\$0	\$6,000 - \$8,500	\$6,000 - \$8,500	\$6,000 - \$8,500
Other HR Business Processes	\$0	\$0	\$0	\$0
Total [Potential] Net Savings (Costs)	\$1,160	\$3,490 - \$5,860	\$3,010 - \$5,110	\$3,010 - \$5,110

Option 2 has the highest potential net savings – approximately \$3.5M to \$5.9M per year. Options 3 and 4 also have relatively high net savings potential compared to Option 1.

If Option 1 is pursued, the expected savings are primarily from reduced pension and benefits costs. These reduced costs result from the fact that the PS pension plan employer contributions are lower than for the RCMP pension plan. In addition, CM benefits are currently better (for employees), and more costly than PS benefits, resulting in savings if Option 1 is pursued.

If Option 2 is pursued, pension and benefits costs will increase as the PS employees would be transferred to the RCMP pension plan and to the CM benefit plans. In addition, there would be significant incremental costs to operate the DSRP program since there would be an increase in the number of employees to be represented. It is assumed that this will translate into an increase in the number of Divisional Representatives. This option does, however, provide the opportunity to gain significant savings in the operation of the HR function, since all employees will be managed under a common HR management framework, and the RCMP will have the flexibility to alter HR policies,

processes, and systems as appropriate. The magnitude of the savings that are achievable are entirely dependent on how and when the RCMP:

- reorganizes its HR function;
- redefines its HR policies;
- redesigns its HR processes, including staffing, staff relations, compensation, and occupational health and safety;
- implements additional HRMIS modules (e.g. employee self-service, manager self-service) to automate processes and implement best practices; and
- migrates all employees onto common payroll and pension/benefits systems.

If Options 3 or 4 are pursued, pension costs will increase since all PSE will be transferred onto the RCMP pension plan. To be conservative, it is assumed that the harmonization of benefits will result in a migration to the better of the two existing benefit plans (e.g. which, in most cases is the current CM benefits plan). As a result, benefits costs will increase. There would also be incremental costs to conduct labour negotiations, a function that has historically been done by Treasury Board for PSE. Similar to Option 2, Options 3 and 4 provide a significant opportunity for savings from the integration of HR processes.

The following chart presents the ratings against this criteria for each option:

		Option 1	Option 2	Option 3	Option 4
Financial Factors	Ongoing Financial Costs and Benefits	(L)	(H)	(H)	(H)

KEY – Degree of Fit

- VH Very High
- H High
- M Medium
- L Low

3.7 IMPLEMENTATION COSTS

3.7.1 DESCRIPTION OF CRITERION

This decision-making criterion focuses on assessing the relative implementation costs of each option.

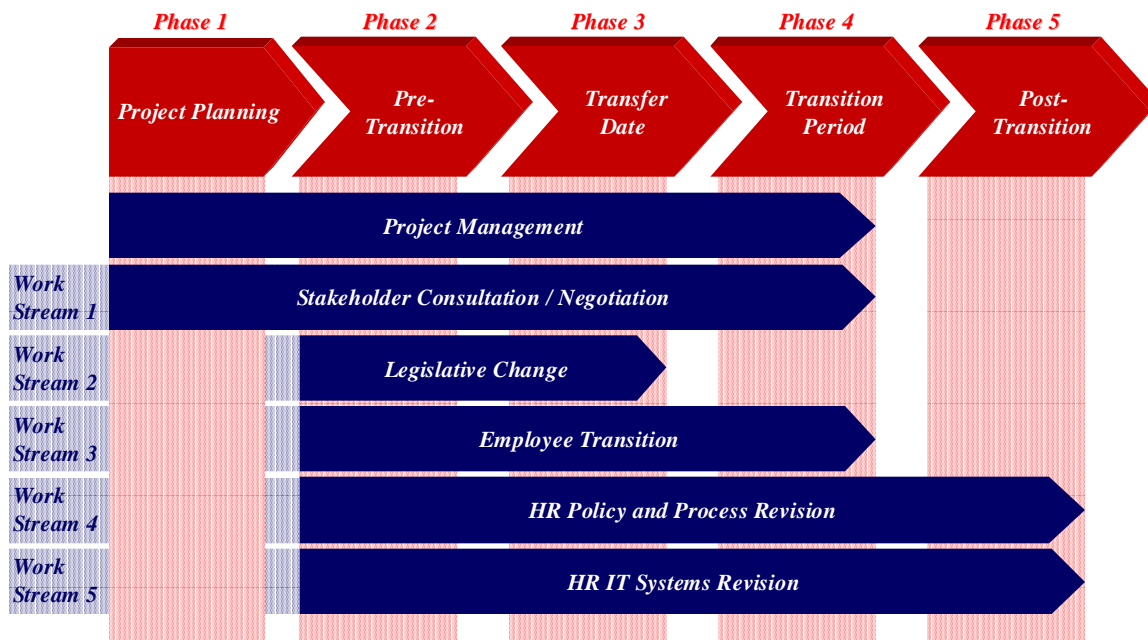
3.7.2 ANALYTIC APPROACH

The analysis of implementation costs is based on data collected from a variety of sources, including:

- Interviews with representatives from each of the policy centres, including:
 - Internal Affairs
 - Staff Relations and Health & Safety
 - Staffing
 - Classification
 - Diversity Management and Official Languages
 - Compensation
 - Honours and Recognition
 - Occupational Health & Safety (RM/CM)
- Interviews with representatives from the Human Resources Management Information Systems (HRMIS) group to discuss the PeopleSoft system and with Finance to discuss the SAP (TEAM) system.
- Interviews with the Human Resource Officers from each of the regions.
- Discussions with Treasury Board Secretariat representatives
- Discussions with former government departments that are now separate employers, including Canada Customs and Revenue Agency (CCRA) and the Canadian Security and Intelligence Service (CSIS).
- Benefits Comparison as prepared by the National Compensation Policy Centre, dated May 1, 2001.
- Description of Benefits and working conditions of PSE available on the TBS site.
- Various internal memorandums dealing with pension and benefits issues.
- *Public Service Superannuation Act.*
- *Public Service Superannuation Regulations.*
- *Royal Canadian Mounted Police Superannuation Act.*
- *Royal Canadian Mounted Police Superannuation Regulations.*
- Bill C-78.
- *Workforce Adjustment Directive;*
- *Financial Administration Act;*
- Discussions with representatives of the Office of the Superintendent of Financial Institutions.
- Interviews with RCMP members of the Categories of Employees Project.
- Deloitte & Touche's past experience in implementing large block transfers of employees for other government departments.

3.7.3 KEY FINDINGS

A similar implementation approach can be used regardless of the option pursued. Each option will, however, require a different level of effort for each work stream. The recommended implementation approach is summarized below:



The activities and costs related to project management and to each work stream are provided in this section. Further details on the activities to be completed in each work stream are provided in the “Implementation Plan” section of this report.

In addition, an analysis of potential cost implications related to triggering workforce adjustment provisions upon transfer are discussed in this section.

Several assumptions were made in developing the estimated implementation costs, including the following key assumptions:

- Internal RCMP staff will lead the implementation. External support (e.g. legal, actuarial and consulting support) will be used in an advisory capacity to support both project management and the technical work streams.
- The following annual costs were assumed for internal RCMP staff, including salary, benefits and overheads:
 - Senior level resources: \$100,000 per year
 - Mid level resources: \$60,000 per year
 - Administrative staff: \$40,000 per year

- Implementation is expected to take two years for Options 1 and 2 and is expected to take three years for Options 3 and 4.

PROJECT MANAGEMENT

For each of the four options, there will be implementation costs related to such areas as:

- establishing and running a project management office and undertaking project management activities such as creating and monitoring project work plans, preparing updates and status reports, managing budgets and resources, etc.;
- establishing a change management plan and related materials; and,
- developing required communications strategies and materials.

The implementation costs related to project management will be linked to the time required to implement each option. Since legislative changes will be required under any of the options, the implementation period is not expected to be less than two years. For Options 3 and 4, the implementation period is expected to be approximately three years since there will be additional complexities in implementing these options.

Implications on Options

Options 1 and 2

Under Options 1 and 2, it is anticipated that the RCMP will need to assign three senior personnel and two administrative staff to running the project management office for a period of approximately two years. All project management staff will also be somewhat involved in the individual work streams. In addition, the scope of implementation activities in this area will likely require support from an external consultant, particularly to assist with detailed project planning, change management activities, and to provide legal advice.

Estimated Implementation Costs

Project Management Cost	
Number of full-time equivalent internal employees required	<ul style="list-style-type: none"> ▪ 3 Senior level resources for 2 years (i.e. 6 Senior level resources) ▪ 2 Administrative staff for 2 years (i.e. 4 Administrative staff resources)
Estimated annual cost per employee (including benefits and overheads)	<ul style="list-style-type: none"> ▪ \$100,000 senior level ▪ \$40,000 administrative staff
Total cost of internal staff (6 x \$100,000) + (4 x \$40,000)	\$760,000
Cost of External Support	\$150,000
Total Project Management Cost	\$910,000

Options 3 and 4

Under options 3 and 4, it is anticipated that the RCMP will need to assign three senior personnel and two administrative staff to running the project management office for a period of approximately 3 years. All project management staff will also be somewhat involved in the individual work streams. In addition, the scope of implementation activities in this area will likely require support from an external consultant, particularly to assist with detailed project planning, change management activities, and to provide legal advice. External support for Options 3 and 4 is expected to be more intensive in the first 6 months as the implementation will be more complex and there are more concurrent activities being undertaken.

Estimated Implementation Costs

Project Management Cost	
Number of full-time equivalent internal employees required	<ul style="list-style-type: none"> ▪ 3 Senior level resources for 3 years (i.e. 9 Senior level resources) ▪ 2 Administrative staff for 3 years (i.e. 6 Administrative staff resources)
Estimated annual cost per employee (including benefits and overheads)	<ul style="list-style-type: none"> ▪ \$100,000 senior level ▪ \$40,000 administrative staff
Total cost of internal staff (9 x \$100,000) + (6 x \$40,000)	\$1,140,000
Cost of External Support	\$300,000
Total Project Management Cost	\$1,440,000

STAKEHOLDER CONSULTATION / NEGOTIATION WORK STREAM

The activities related to stakeholder consultation and negotiation can be broken down, for the purposes of our approach, into three time periods:

- During the Project Planning phase, the RCMP will be required to engage in consultation efforts with key stakeholders to promote alignment with and support for the recommended option and to gain an in-depth understanding of the issues and concerns of each stakeholder group.
- During the Pre-Transition phase, this work stream will support consultation and negotiations with key stakeholders to resolve the terms of transfer for employees.
- During the Transition phase, it will be important for the RCMP, employee representatives, and other stakeholders to maintain open and constructive consultation to ensure that employee issues related to the transition are resolved in a timely manner.

Implications on Options

Options 1 and 2

The time dedicated to this work stream will vary over the course of the implementation. It is anticipated that both internal and external resources will be required to support the consultations/negotiations with stakeholders. Under Options 1 and 2, a limited number of transition issues are anticipated to require negotiation with stakeholders during the Pre-Transition phase because the transferring employees will automatically be subject to the existing policies and terms and conditions of employment of the other employee category. As a result, the level of effort and cost will be lower relative to Options 3 and 4.

Estimated Implementation Costs

Consultation/Negotiation Costs	
Number of full-time equivalent internal employees required	1.5 senior level resources
Estimated annual cost per employee (including benefits and overheads)	\$100,000
Total cost of internal staff (1.5 x \$100,000)	\$150,000
External Support	\$230,000
Total Consultation/Negotiation Costs	\$380,000

Options 3 and 4

Again, with Options 3 and 4, the level of effort will vary over the course of the implementation period. Overall, the level of effort from both internal and external resources is expected to be higher as there will be more transition issues to be discussed.

Estimated Implementation Costs

Consultation/Negotiation Costs	
Number of full-time equivalent internal employees required	2.5 senior level resources
Estimated annual cost per employee (including benefits and overheads)	\$100,000
Total cost of internal staff (2.5 x \$100,000)	\$250,000
External Support	\$400,000
Total Consultation/Negotiation Costs	\$650,000

LEGISLATIVE CHANGE WORK STREAM

In the legislative change work stream the focus will be on:

- Reviewing existing legislation and drafting revisions necessary to support the transition of employees to a single civilian category. Particular emphasis will be placed upon reviewing the provisions of the RCMPA, the RCMPSA, the PSSRA, and the GECA.
- Conducting a formal bargaining unit review process (Option 4 only).
- Determining exclusions (Options 1, 3, and 4 only).

Implications on Options

Option 1

While enabling legislation will not be required to effect the transfer, legislation will have to be drafted to make the transfer effective. This legislation will have to address, for example, pension issues and delegation of the Commissioner’s authority to non-members of the RCMP.

Under Option 1, CMs will be matched with the appropriate existing bargaining units based on the matching occupational group in the Public Service. Therefore, no issue of bargaining unit determination arises under this Option. Some issues may arise regarding the appropriate unit for a former CM employee to be placed into. It is anticipated that this will be a rare circumstance, and may be capable of resolution by existing operational personnel.

The establishment of the CM-LES and CM-FLI classification categories in the Public Service will allow for the possibility for certification of these units. If this happens, there are legal representation costs and staff time costs associated with this process. However, because the prospect of certification is sufficiently uncertain, no cost implications have been assumed for this activity.

Under Option 1, there will likely be costs associated with the exclusion process. An exclusion exercise has never been required for CMs and therefore an analysis and justification process must be entered into with respect to all positions to be excluded.

Estimated Implementation Costs

Drafting Enabling Legislation	
Number of full-time equivalent internal employees required	0.25 senior level resources
Estimated annual cost per employee (including benefits and overheads)	\$100,000
Total cost of internal staff (0.25 x \$100,000)	\$25,000
External Support	\$5,000
Total Cost of Drafting Enabling Legislation	\$30,000
Exclusion	
Number of full-time equivalent internal employees required	0.5 mid-level resource
Estimated annual cost per employee (including benefits and overheads)	\$60,000
Total cost of internal employees	\$30,000
External Support	\$0
Total Exclusion Costs	\$30,000
TOTAL COSTS RELATED TO LEGISLATIVE CHANGE	\$60,000

Option 2

Under Option 2, numerous legislative changes to the RCMPA are required, including the repeal of Section 10, changes to Parts IV and V (Discipline and Demotion), and changes to the Commissioner’s Standing Order pertaining to the DSRR program to ensure that it is more effective for representing an expanded civilian category. In addition, pension and workers’ compensation issues will need to be addressed. As a result, the costs related to drafting legislation are expected to be higher than for Option 1.

Under Option 2, there is no ability to bargain or to be represented by a trade union and therefore, there are no costs related to exclusion or bargaining unit determination.

Estimated Implementation Costs

Legislative Change - Drafting Enabling Legislation	
Number of full-time equivalent internal employees required	0.5 senior level resources
Estimated annual cost per employee (including benefits and overheads)	\$100,000
Total cost of internal staff (0.5 x \$100,000)	\$50,000
External Support	\$30,000
Total Cost of Legislative Change - Drafting Enabling Legislation	\$80,000

Option 3

In addition to the legislative changes required for Option 2, there are significant implementation costs associated with the development of the new staff relations legislation under Option 3.

Under Option 3, it has been assumed that the issue of bargaining unit review will be dealt with in the pre-transition phase through consultation with stakeholders and that the bargaining unit structure and process for determining representation will be built into the enabling legislation. As a result, a formal review process will not be required.

Under Option 3, an exclusion process similar to that required for Option 1, may be required if the employees choose to be unionized.

Estimated Implementation Costs

Drafting Enabling Legislation	
Number of full-time equivalent internal employees required	.75 senior level resource .75 mid level resource
Estimated annual cost per employee (including benefits and overheads)	\$100,000 senior level \$60,000 mid level
Total cost of internal staff (0.75 x \$100,000) + (.75 x \$60,000)	\$120,000
External Support	\$75,000
Total Cost of Drafting Enabling Legislation	\$195,000
Exclusion	
Number of full-time equivalent internal employees required	0.5 mid-level resource
Estimated annual cost per employee (including benefits and overheads)	\$60,000
Total cost of internal employees	\$30,000
External Support	\$0
Total Exclusion Costs	\$30,000
TOTAL COSTS RELATED TO LEGISLATIVE CHANGE	\$225,000

Option 4

Under Option 4, significant legislative changes will be required to constitute the RCMP as a separate employer and deal with transitional issues. In addition to the enabling legislation required to establish the RCMP as a separate employer, changes will be required to the RCMPA, the RCMPSPA, and possibly to the GECA. The exemption that currently exists for “members” within the PSSRA would also need to be addressed in some fashion as the PSSRA would need to apply to civilians.

For organizations applying for separate employer status, the *PSSRA* provides a mechanism for bargaining unit determination. Recent jurisprudence from the Board suggests that a single bargaining unit would likely be held to be appropriate. However, bargaining agents have not demonstrated a willingness to agree to such configuration, requiring lengthy Board hearings for determination.

Under Option 4, an exclusion process will also be required.

Estimated Implementation Costs

Drafting Enabling Legislation	
Number of full-time equivalent internal employees required	1 senior level resource 1 mid-level resource
Estimated annual cost per employee (including benefits and overheads)	\$100,000 senior level \$60,000 mid-level
Total cost of internal staff (\$100,000 + \$60,000)	\$160,000
External Support	\$125,000
Total Cost of Drafting Enabling Legislation	\$285,000
Bargaining Unit Review	
Number of full-time equivalent internal employees required	3 senior level resources 3 mid-level resources
Estimated annual cost per employee (including benefits and overheads)	\$100,000 for senior level \$60,000 for mid-level
Total cost of internal staff (3 x \$100,000) + (3 x \$60,000)	\$480,000
External Support	\$150,000
Total Cost of Bargaining Unit Review	\$630,000
Exclusion	
Number of full-time equivalent internal employees required	0.5 mid-level resource
Estimated annual cost per employee (including benefits and overheads)	\$60,000
Total cost of internal employees	\$30,000
External Support	\$0
Total Exclusion Costs	\$30,000
TOTAL COSTS RELATED TO LEGISLATIVE CHANGE	\$945,000

EMPLOYEE TRANSITION WORK STREAM

In the employee transition work stream, the focus will be on the mechanics of transferring employees from one organization to the other. The objective in this work stream will be to ensure that the RCMP has established the infrastructure and processes to support integration of the transferring employees. The activities to be completed in this work stream include transferring employees' pensions, benefits, payroll, and personnel files. Transferring employees will require enrolment and data collection activities with employees and providing assistance to employees with specific transition issues. The employee transition activities will occur primarily in the pre-transition period.

It is anticipated that the implementation costs will not vary significantly between the options.

Implications on Options

Options 1, 2, 3, and 4

Estimated Implementation Costs

Employee Transition	
Number of full-time equivalent internal employees required	.75 mid-level resource 2.25 administrative staff
Estimated annual cost per employee (including benefits and overheads)	\$60,000 mid-level \$40,000 administrative
Total cost of internal staff (.75 x \$60,000) + (2.25 x \$40,000)	\$135,000
External Support (related primarily to pension and benefits transition)	\$750,000
Total Cost of Employee Transition	\$885,000

HR POLICY AND PROCESS REVISION WORK STREAM

This work stream will focus on identifying and revising HR policies and processes that need to be changed prior to the transfer date in order to recognize the fact that there will be only one civilian category from the transfer date on. In addition, this stream should begin work to identify potential areas to redesign the RCMP’s HR processes to improve efficiency and effectiveness. It is anticipated that the RCMP would leverage current initiatives already planned in this regard. As a result, costs relating to process redesign have not been included in our estimate.

Implications on Options

Options 1, 2, 3, and 4

Estimated Implementation Costs

HR Policy and Process Revision	
Number of full-time equivalent internal employees required	.5 mid-level resource
Estimated annual cost per employee (including benefits and overheads)	\$60,000 mid-level
Total cost of internal staff (.5 x \$60,000)	\$30,000
External Support (related primarily to pension and benefits transition)	\$0
Total Cost of HR Policy and Process Revision	\$30,000

HR IT SYSTEMS REVISION WORK STREAM

The RCMP currently uses the following HR-related IT systems:

	<i>Systems Used For RMs and CMs</i>	<i>Systems Used For PSEs and TCEs</i>
<i>HR Management</i>	<ul style="list-style-type: none"> • PeopleSoft HR (HR Management System) <ul style="list-style-type: none"> - separate “rules” built into the system for each category of employee. 	
<i>Payroll</i>	<ul style="list-style-type: none"> • GEAC 	<ul style="list-style-type: none"> • Regional Pay System (RPS)
<i>Pension Payroll</i>	<ul style="list-style-type: none"> • GEAC 	<ul style="list-style-type: none"> • Annuitant
<i>Pension Administration</i>	<ul style="list-style-type: none"> • Ben Plus 	<ul style="list-style-type: none"> • Contributor

In addition, there are interfaces with various other systems, including SAP.

There are two planned changes to the current systems that are important in determining the implementation costs for the employee transition:

- The RCMP is planning to migrate all RMs and CMs to the RPS payroll system in 2003.
- The RCMP is planning to outsource Pension systems and administration for RMs and CMs to a private sector service provider in 2002.

As a result of these two changes, the current systems for RM and CM payroll and pension will be eliminated. A more detailed description of the RCMP’s current systems and planned changes is provided in Appendix A.

Implications on Options

Option 1

Under Option 1, some changes to the HRMIS would be required. For example, the RCMP would need to modify existing job codes, employee type, salary plans, grades and steps within the HRMIS. There is a mass update feature within PeopleSoft; however, because job code, salary plan, grade, and step will likely vary from employee to employee, it is questionable whether or not the RCMP could make use of this feature. Given the nature of the changes required, the RCMP would likely need to enter these changes manually.

It is expected that the RCMP would continue to use the Public Service payroll and benefits systems for its PSEs. As a result, the RCMP would be required to migrate CM employees to the Public Service payroll and benefits systems. The RCMP, however, is already planning to transfer all RM and CM payroll records to RPS regardless of the outcome of this decision. As a result, the only incremental conversion costs for payroll and benefits under Option 1, would be related to pension and benefits conversion. The former CMs would need to be converted onto the PS benefit schemes and onto to the PS pension systems.

No significant changes to the SAP system will be required upon converting CMs to PSEs.

Estimated Implementation Costs

HRMIS	
Number of full-time equivalent internal employees required	1 mid-level resource
Estimated annual cost per employee (including benefits and overheads)	\$60,000 mid-level
Total cost of internal staff	\$60,000
External Support	\$0
Total Costs for HRMIS	\$60,000
Pension / Benefits Systems	
Number of full-time equivalent internal employees required	1 mid-level resource 5 administrative staff
Estimated annual cost per employee (including benefits and overheads)	\$60,000 mid-level \$40,000 administrative
Total cost of internal staff (1 x \$60,000) + (5 x \$40,000)	\$260,000
External Support	\$0
Pension / Benefits Systems	\$260,000
TOTAL COST RELATED TO HR IT SYSTEMS	\$320,000

Options 2, 3 and 4

Under Options 2, 3 and 4, changes to the HRMIS would be required. Similar to Option 1, the RCMP would need to modify existing job codes, employee type, salary plans, grades and steps within the HRMIS. Again, it is questionable whether or not the RCMP could make use of the mass update feature. The RCMP would likely need to enter these changes manually. The estimated costs are somewhat higher for Options 2, 3 and 4, relative to Option 1, because there are more PSE records than there are CM employee records.

Based on discussions with RCMP staff, the RCMP is expected to continue with its plans to migrate all employees onto the RPS payroll system if any of Options 2, 3 or 4 are pursued. For the purposes of this business case, it is assumed that this migration would be planned to occur concurrently with (or before) the transition of employees from PSEs to CMs. As a result, there would be no incremental costs relating to payroll. With respect to pension, all civilian employees would be subject to the RCMPSPA. As a result, pension systems and administration for all civilian employees

would be outsourced (assuming current outsourcing plans are implemented). In this case, it will be necessary to transfer PSE pension records onto the outsource provider’s system. Again, the estimated costs are somewhat higher for Options 2, 3 and 4, relative to Option 1, because there are more PSE records than there are CM employee records.

No significant changes to the SAP system will be required for Options 2, 3, or 4.

Estimated Implementation Costs

HRMIS	
Number of full-time equivalent internal employees required	1.25 mid-level resource
Estimated annual cost per employee (including benefits and overheads)	\$60,000 mid-level
Total cost of internal staff	\$75,000
External Support	\$0
Total Costs for HRMIS	\$75,000
Pension / Benefits Systems	
Number of full-time equivalent internal employees required	1 mid-level resource 6 administrative staff
Estimated annual cost per employee (including benefits and overheads)	\$60,000 mid-level \$40,000 administrative
Total cost of internal staff (1 x \$60,000) + (6 x \$40,000)	\$300,000
External Support	\$0
Pension / Benefits Systems	\$300,000
TOTAL COST RELATED TO HR IT SYSTEMS	\$375,000

WORKFORCE ADJUSTMENT / SEVERANCE

In addition to the previously described work streams, another issue that must be addressed during implementation relates to workforce adjustment / severance. For Option 1, preliminary opinion from RCMP legal staff suggests that, under the current RCMP workforce adjustment policy, a change in category would trigger workforce adjustment.

For Options 2 and 3, preliminary advice has been received from Treasury Board indicating that workforce adjustment would not apply because the employer, for all employees, would remain Treasury Board. In the event that it is determined that a workforce adjustment situation exists, it is anticipated that an offer from the RCMP would constitute a reasonable job offer for the purposes of the Workforce Adjustment Directive. This interpretation would be consistent with public policy.

For Option 4, while workforce adjustment would apply to PSEs, an offer from the RCMP would constitute a reasonable job offer for the purposes of the policy. This is consistent with the practice that has been applied with the creation of other separate employers.

With respect to CMs and RMs, the RCMP Workforce Adjustment Directive currently in place does not contemplate a move to separate employer status. Workforce Adjustment is defined as follows:

- 3.19 **Workforce Adjustment:** A situation that occurs when the Commissioner decides that the services of one or more members will no longer be required beyond a specified date because of:
- (a) being surplus to establishment due to a lack of work;
 - (b) the discontinuance of a function;
 - (c) a devolution, privatization or contracting out.

The RCMP's transition to separate employer status does not fall within the meaning of "devolution", "privatization" or "contracting out" as these terms have been defined in the Directive. In particular, "devolution" only contemplates a transfer from the Force "to any other part of the federal government as defined in the *Public Service Staff Relations Act*, Part I, Schedule I, to another level of government or to an aboriginal group...". Separate employer status will be recognized under Part II which does not form part of the definition. "Privatization" specifically notes that delivery of a function be performed by a "private sector organization", a term that does not describe a separate employer.

An additional issue may arise regarding entitlement to severance upon transfer. Individual transfers from PSE to CM have traditionally been dealt with as a "quit" from the Public Service, and have triggered entitlement to severance. However, the enabling legislation for large block transfers of employees from the Public Service to a new entity (e.g. Separate Employers and Crown Corporations) have generally provided for no severance entitlement upon transfer. The exception to this general rule was Nav Canada, which was a sale of business. As there is no change in the relationship between the RCMP and Treasury Board under Option 3, we have assumed that the general rule would apply in this instance and be provided for in the enabling legislation. This would result in employees' continuous service as PSEs being recognized for severance purposes within the RCMP, with no entitlement to severance payment being triggered upon transfer.

Implications on Options

Option 1

While workforce adjustment may be triggered under the current policy, this would likely be viewed as being contrary to public policy. The RCMP has the ability to change this policy and it is anticipated that this change would be made prior to transition. Therefore, no costs related to workforce adjustment are anticipated if Option 1 is pursued.

Options 2, 3, and 4

Since workforce adjustment will not apply upon implementation of Options 2, 3 or 4, there will be no associated costs.

Under the terms of the *Financial Administration Act* and the *Workforce Adjustment Directive*, there is no entitlement to the benefits of this Directive where an employee has been guaranteed a reasonable job offer in relation to the creation of a separate employer.

For all options, employees declining a reasonable job offer would be subject to layoff and may, as a consequence, be entitled to a severance payment. However, given the relatively low quantum of this payment, we anticipate that few, if any, employees would be willing to accept termination of employment to avail themselves of the severance payment. Therefore, severance costs are expected to be immaterial to the RCMP.

3.7.4 SUMMARY

The estimated implementation costs are summarized in the following table. It is anticipated that these costs would be incurred over a two-year time period for Options 1 and 2 and over a three year time period for Options 3 and 4.

<i>Implementation Costs (000s)</i>	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
Project Management	910	910	1,440	1,440
Stakeholder Consultation / Negotiation	380	380	650	650
Legislative Change	60	80	225	945
Employee Transition	885	885	885	885
HR Policy and Process Revision	30	30	30	30
HR IT Systems Revision	320	375	375	375
Total Implementation Costs	\$2,585	\$2,660	\$3,605	\$4,325

Implementation costs related to Options 1 and 2 are expected to be approximately \$2.6M to be incurred over a two-year period. The implementation costs for Option 3 are expected to be approximately \$3.6M to be incurred over three years. The costs are higher for Option 3 relative to Options 1 and 2, primarily due to:

- the cost of operating the project management office for an additional year; and,
- costs related to conducting more intensive negotiations as it is anticipated that there will be more transition issues to be discussed with stakeholders (e.g. transfer of collective agreements, process for determining representation).

The costs related to Option 4 are approximately \$4.3M over three years. The implementation cost for Option 4 is higher than for Option 3 due to additional legal work associated with drafting legislation and, in particular, bargaining unit determination.

The following chart presents the ratings against this criterion for each option:

		Option 1	Option 2	Option 3	Option 4
Financial Factors	Implementation Costs	H	H	M	L

KEY – Degree of Fit	
VH	Very High
H	High
M	Medium
L	Low

4. OPTION EVALUATION AND RECOMMENDATION

4.1 OPTION EVALUATION

The overall ratings for each option are presented in the following table:

		Option 1	Option 2	Option 3	Option 4
Strategic Fit	Alignment with RCMP Strategy	(L)	(H)	(H)	(M)
	Flexibility of HR Management	(L)	(VH)	(H)	(H)
Human Factors	Human Factors	(L)	(M)	(H)	(M)
External Factors	Minimal Legislative Change	(H)	(L)	(L)	(L)
	Fit with Public Policy	(L)	(L)	(H)	(H)
Financial Factors	Ongoing Financial Costs and Benefits	(L)	(H)	(H)	(H)
	Implementation Costs	(H)	(H)	(M)	(L)
Overall Evaluation		(L)	(M)	(H)	(M)

KEY – Degree of Fit

- (VH) Very High
- (H) High
- (M) Medium
- (L) Low

4.1.1 OPTION 1

Overall, Option 1 has a low degree of fit with the established criteria. While it requires relatively little legislative change and has a relatively low implementation cost, it is inconsistent with the other criteria considered.

Option 1 does not fit well with the RCMP’s strategy since it would perpetuate the requirement for the RCMP to manage its overall business under two distinct HR systems and legislative frameworks, and would not provide the RCMP with the required flexibility over and responsibility for its human resources management system to effectively influence and change key aspects such as recruiting and hiring, training and career development, discipline and discharge, etc. (since these aspects would be governed by the broader Public Service framework that is in place). In fact, the effect of Option 1 is to turn responsibility for 25% of the RCMP’s workforce to the Public Service. This would limit the RCMP’s ability to create a workplace of choice which is a key element of its strategy.

Summary Evaluation – Option 1

		Option 1
Strategic Fit	Alignment with RCMP Strategy	(L)
	Flexibility of HR Management	(L)
Human Factors	Human Factors	(L)
External Factors	Minimal Legislative Change	(H)
	Fit with Public Policy	(L)
Financial Factors	Ongoing Financial Costs and Benefits	(L)
	Implementation Costs	(H)
Overall Evaluation		(L)

Option 1 would have a negative impact on employee morale since it would result in a perception that one group of employees “loses” (since this option would result in a new system of representation and significant changes to pension and benefits being imposed on the current group of CMs). In addition, the RCMP’s ability to foster a homogeneous corporate culture will be limited as separate HR policies and practices will be applied to RMs and PSEs. Having these two HRM systems (RM and PSE), will result in more complexity in HR management and does not provide the RCMP with the flexibility to provide for fair and equitable treatment of the workforce.

As noted above, if Option 1 is pursued, no change is required with respect to human resources, staff relations, pension or workers’ compensation legislation. The current CMs would be subject to the PSEA, the PSSRA, and the PSSA with no changes required to this legislation.

Option 1 is not consistent with public policy as new terms and conditions of employment and a new employee representation system would be imposed on the current CMs. In addition, this Option does not lead towards the devolution of HR management from the government, which appears to be the current direction of the Government’s HR Modernization Initiative.

If Option 1 is pursued, there are expected savings primarily from reduced pension and benefits costs. However, the potential savings to be achieved from redesigning HR management processes are expected to be significantly less than for Options 2, 3, and 4 since there would still be two distinct HR management systems (e.g. separate policies, processes, practices, and information systems for RMs and PSEs). Overall, for Option 1, ongoing financial savings of approximately \$1.2 million are anticipated.

Since minimal legislative change would be required (terms and conditions of employment for PSEs would be applied to the CMs), the transition would be less complex than for Options 3 and 4. Implementation costs are expected to be approximately \$2.6M over two years.

4.1.2 OPTION 2

Overall, Option 2 has a medium degree of fit with the established criteria. Option 2 fits well with most criteria, however, it would require significant legislative change and is inconsistent with public policy in some respects.

Option 2 is aligned with the RCMP’s strategy since it gives the RCMP the ability to put in place an overarching system of employment for all employees (i.e. civilians and regular members), thereby promoting greater integration and enabling efficiencies. In addition, it provides a very high level of flexibility over HR management by providing the RCMP with control over all civilian employees’ terms and conditions of employment and the flexibility to change HR policies, processes, practices and systems (including staffing, compensation, classification, employee relations,

Summary Evaluation – Option 2

		Option 2
Strategic Fit	Alignment with RCMP Strategy	H
	Flexibility of HR Management	VH
Human Factors	Human Factors	M
External Factors	Minimal Legislative Change	L
	Fit with Public Policy	L
Financial Factors	Ongoing Financial Costs and Benefits	H
	Implementation Costs	H
Overall Evaluation		M

and training and development) to create a workplace of choice.

Option 2 is expected to have a “Medium” impact on human factors. As with Option 1, there would be a perception that one group of employees “loses”, which would have a negative impact on morale. This option would result in the DSRR system of representation and significant changes to pensions and benefits being imposed on the PSEs. Having said this, under this Option, it is anticipated that the RCMP would be able to negotiate workforce mobility to the broader Public Service for all civilian employees that would maintain this benefit for the current PSEs and provide an additional benefit for the current CMs.

Option 2 would require significant legislative changes. For Option 2 to be effective, section 10 of the *RCMPA* must be closed; changes need to be made to Parts IV and V of the *RCMPA* with respect to discipline and demotion; as well, changes to the *RCMPSA* will be required.

Option 2 does not fit well with public policy. New terms and conditions of employment would be imposed on the current PSEs, and collective bargaining rights would be revoked. Furthermore, Option 2 is generally inconsistent with policing practices in Canada, in that it does not allow the civilian employees to unionize. It is, however, consistent with the current direction of the Government’s HR Modernization Initiative, which is expected to recommend the devolution of authorities for HR management to the Departments.

If Option 2 is pursued, pension and benefits costs will increase as a result of the PSEs being transferred to the RCMP pension plan and to the CM benefit plans. In addition, there would be additional costs to operate the DSRR program since there would be an increase in the number of employees to be represented. This option does, however, provide the opportunity to gain significant savings in the operation of the HR function, since all employees will be managed under a common HR management framework, and the RCMP will have the flexibility to alter HR policies, processes, and systems as appropriate. Overall for Option 2, ongoing financial savings of \$3.5 - \$5.9 million are anticipated (note that the magnitude of savings is dependent on how and when the RCMP implements best practices in HR).

The implementation costs for Option 2 are expected to be similar to Option 1 as the existing terms and conditions of employment for CMs would be applied to the PSEs. Again, the implementation costs are expected to be approximately \$2.6M over 2 years.

4.1.3 OPTION 3

Overall, Option 3 has a high degree of fit with the established criteria. While this option has a high degree of fit with virtually all of the criteria, it will require significant legislative change to implement and will be somewhat more expensive to implement than Options 1 and 2.

Option 3 is aligned with the RCMP’s strategy since it gives the RCMP the ability to put in place an overarching system of employment for all employees (i.e. civilians and regular members), thereby promoting greater integration and enabling efficiencies. In addition, it provides a high level of flexibility over HR management by providing the RCMP with the flexibility to negotiate civilian employees’ terms and conditions of employment and the flexibility to change HR policies, processes, practices and systems (including staffing, compensation, classification, employee relations, and training and development) to create a workplace of choice. However, unlike Option 2, the RCMP will have to harmonize terms and conditions of employment, and employee relations processes over time, through negotiation and/or consultation.

Option 3 is expected to be the most desirable option from the employees’ perspective. This option can be viewed as a “compromise” option in that one group of employees’ terms and conditions of employment are not being imposed on another group. Also, this option provides employees the opportunity to influence their representation system going forward, and allows for negotiated changes to benefits over time. Similar to Option 2, it is anticipated that the RCMP would be able to negotiate workforce mobility to the broader Public Service for all civilian employees, resulting in no significant change for the current PSEs and an additional benefit for the current CMs. Finally, this option allows the RCMP to promote one distinct culture within the Public Service that is more homogeneous and more closely aligned to the police universe.

Option 3 would require significant legislative changes. For Option 3 to be effective, Section 10 of the *RCMPA* must be closed and changes to the *RCMPSA* will be required. Furthermore, should the RCMP decide to enact staff relations legislation, the introduction of such legislation may require considerable change to the *RCMPA* and Regulations.

Option 3 has a “High” degree of fit with public policy since employees will initially maintain their current terms and conditions of employment and representation system. Option 3 will provide mechanisms for employees to be involved in determining proposed changes to their terms and conditions of employment and representation system through negotiation. Furthermore, this option leads to the devolution of HR management to the RCMP, which is in keeping with the Government’s HR Modernization Initiative. Finally, this option is consistent with police practices across Canada in that civilian employees will have the opportunity to be represented by a trade union(s).

Summary Evaluation – Option 3

		Option 3
Strategic Fit	Alignment with RCMP Strategy	H
	Flexibility of HR Management	H
Human Factors	Human Factors	H
External Factors	Minimal Legislative Change	L
	Fit with Public Policy	H
Financial Factors	Ongoing Financial Costs and Benefits	H
	Implementation Costs	M
Overall Evaluation		H

If Option 3 is pursued, pension costs will increase since all PSEs will be transferred onto the RCMP pension plan. To be conservative, it is assumed that the harmonization of benefits will result in a migration to the better of the two existing benefit plans (e.g. which, in most cases, is the current CM benefits plan). As a result, benefits costs will increase. Again to be conservative, it has been assumed that there would also be incremental costs to conduct labour negotiations, a function that has historically been done by Treasury Board for PSEs. Similar to Option 2, Option 3 will provide a significant opportunity for savings from the integration of HR processes. Overall for Option 3, ongoing financial savings of \$3.0 - \$5.1 million are anticipated (again the magnitude of savings is dependent on how and when the RCMP implements best practices in HR).

The implementation costs for Option 3 are expected to be approximately \$3.6M to be incurred over three years. The costs are higher for Option 3 relative to Options 1 and 2, primarily due to:

- the cost of operating the project management office for an additional year; and,
- costs related to conducting more intensive negotiations as it is anticipated that there will be more transition issues to be discussed with stakeholders (e.g. transfer of collective agreements, process for determining representation).

4.1.4 OPTION 4

Overall, Option 4 has a medium degree of fit with the established criteria. Option 4 will require significant legislative change, and does not fit as well with the “Alignment with RCMP Strategy” and “Human Factors” criteria.

Option 4 will serve to lessen the Federal Government’s governance over the RCMP. Increased emphasis is being placed on security measures in Canada (as evidenced by the December 2001 federal budget) and the RCMP is one of Canada’s key national security institutions. Separate employer status would result in a reduction in the federal government’s governance effectiveness with respect to the RCMP and therefore, this Option has a lower degree of fit with the “Alignment with RCMP Strategy” criterion.

Summary Evaluation – Option 4

		Option 4
Strategic Fit	Alignment with RCMP Strategy	(M)
	Flexibility of HR Management	(H)
Human Factors	Human Factors	(M)
External Factors	Minimal Legislative Change	(L)
	Fit with Public Policy	(H)
Financial Factors	Ongoing Financial Costs and Benefits	(H)
	Implementation Costs	(L)
Overall Evaluation		(M)

Option 4 provides a high level of flexibility over HR Management by providing the RCMP with the flexibility to negotiate changes to civilian employees’ terms and conditions of employment and the flexibility to change HR policies, processes, practices and systems (including staffing, compensation, classification, employee relations, and training and development) to create a workplace of choice. Similar to Option 3, the harmonization of terms and conditions of employment would have to be negotiated over time.

The impact on human factors of implementing Option 4 is similar to Option 3, with one exception. This option would involve Separate Employer Status (SES), and given the RCMP employee response

to a previous study that considered SES for the RCMP, it is anticipated that there could be a negative impact on morale for employees at large (i.e. including regular members).

Option 4 will require significant legislative changes. Even if the RCMP chooses to become a separate employer by Order in Council, changes will be required under the *RCMPA* to account for the RCMP’s new status. Furthermore, at the very minimum with respect to staff relations, changes will be required to the *RCMPA* to create a new category of employee to ensure that representation rights under the *PSSRA* are not disturbed.

Option 4 has a “High” degree of fit with public policy since employees will initially maintain their current terms and conditions of employment and representation system. Option 4 will provide mechanisms for employees to be involved in determining proposed changes to their terms and conditions of employment and representation system through negotiation and formal collective bargaining unit review through the Public Service Staff Relations Board. Furthermore, this Option leads towards the devolution of HR Management to the RCMP, which is in keeping with the Government’s HR Modernization Initiative. Finally, this Option is consistent with police practices across Canada in that civilian employees will have the opportunity to be represented by a trade union(s).

The impact of Option 4 on ongoing costs will be similar to Option 3. Pension and benefits costs will increase, a labour relations function will have to be established, and the RCMP will have the opportunity to achieve significant savings from the integration of HR processes. Overall, for Option 4, ongoing financial benefits of \$3.0 - \$5.1 million are anticipated (again the magnitude of savings is dependent on how and when the RCMP implements best practices in HR).

The implementation costs related to Option 4 are the approximately \$4.3M over 3 years. The implementation cost for Option 4 is higher than for Option 3 due to additional legal work associated with drafting legislation and, in particular, bargaining unit determination.

4.2 RECOMMENDATION

		Option 1	Option 2	Option 3	Option 4
Strategic Fit	Alignment with RCMP Strategy	L	H	H	M
	Flexibility of HR Management	L	VH	H	H
Human Factors	Human Factors	L	M	H	M
External Factors	Minimal Legislative Change	H	L	L	L
	Fit with Public Policy	L	L	H	H
Financial Factors	Ongoing Financial Costs and Benefits	L	H	H	H
	Implementation Costs	H	H	M	L
Overall Evaluation		L	M	H	M

KEY – Degree of Fit

- VH Very High
- H High
- M Medium
- L Low

Overall, Option 3 rates the highest against the agreed upon criteria and is the recommended Option.

Option 3 provides the RCMP with the ability to:

- implement one common HR management framework for the entire organization;
- provide employees with a harmonized pension and benefits package through consultation / negotiation with employee representatives;
- allow employees to influence their representation system and representative;
- provide mobility for all civilian employees to the broader Public Service (through negotiated agreement with the Public Service Commission); and,
- achieve significant savings in HR administration through process and system integration and redesign.

In addition, this Option is consistent with:

- public policy, as it does not impose terms and conditions of employment on the employees (e.g. the terms and conditions would be negotiated, primarily in the transition period), nor does it force a unilateral change in representation;
- policing practices in Canada as it will give the civilian employees the opportunity to unionize; and,
- the current direction of the HR Modernization Initiative as it provides for the delegation of authority for HR administration to the RCMP for all of its employees.

Having said this, Option 3 will require significant legislative change and will be more expensive to implement than Options 1 and 2.

5. IMPLEMENTATION PLAN

5.1 OVERVIEW

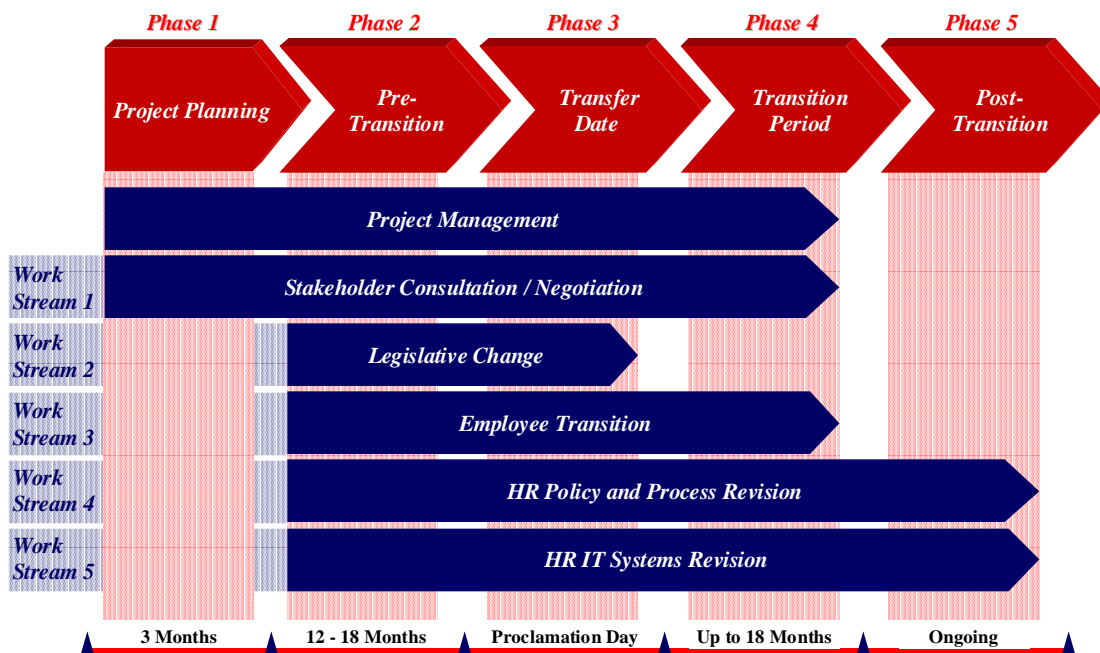
The implementation plan includes five phases, as follows:

- Project Planning
- Pre-Transfer
- Transfer Date
- Transition Period
- Post-transition

The implementation will be organized into five “technical” work streams:

- Stakeholder Consultation / Negotiation
- Legislative Change
- Employee Transition
- HR Policy and Process Revision
- HR IT Systems Revision

The implementation plan is summarized below:



A high-level description of the activities to be performed in each of the work streams is provided below. Detailed activities to be completed in the first Phase – Project Planning, are provided later in this section.

5.1.1 PROJECT MANAGEMENT

It is recommended that a project management office and structure be established to manage and coordinate the implementation of Option 3. This will involve:

- establishing a Steering Committee;
- establishing a project team, including task teams for each work stream;
- developing and implementing a change management plan;
- the overall management and integration of each of the individual work streams;
- ensuring appropriate priorities assigned to critical project tasks;
- establishing standards for documentation and data requirements;
- ensuring milestones are achieved;
- identifying and resolving issues;
- managing project costs;
- communicating with employees, management, and external stakeholders; and,
- reporting the overall project status to the Steering Committee.

The importance of a disciplined approach to project management cannot be overstated. The benefits of rigorous project management include:

- oversight of plans from paper to reality;
- ensuring timely decision-making;
- ensuring appropriate implementation rigor;
- providing objective progress evaluation;
- managing interdependencies;
- intervening when teams are off track; and,
- leveraging previous experience and expertise.

5.1.2 STAKEHOLDER CONSULTATION / NEGOTIATION

The activities related to stakeholder consultation and negotiation can be broken down, for the purposes of our approach, into three time periods. During the project planning phase, the RCMP will be required to engage in consultation efforts with key stakeholders to promote alignment with and support for the recommended option for merging the civilian categories. In addition, it will be important to consult the RCMP's stakeholders during this phase to gain an in-depth understanding of the issues and concerns of each stakeholder group. This will allow the project team to ensure that the detailed work plan will address these issues and concerns.

The second time period is the pre-transition period. During this period, it is recommended that the RCMP initiate consultation and negotiations with key stakeholders to resolve the terms of transfer for employees from the Public Service to the RCMP. The objective in this work stream and in the Employee Transition work stream will be to provide for a seamless transfer of PSEs from the Public Service to the RCMP. Key participants in this process will include representatives from RCMP management, bargaining agents, the DSRR program, and Treasury Board Secretariat. Issues for resolution will include:

- mobility in the broader Public Service;
- transfer of collective agreements;
- employee representation;
- grievance resolution; and,
- job security.

The results of these negotiations should feed into the legislative change work stream to ensure that the terms of transfer are properly captured in the enabling legislation. This consultative process was applied successfully for the development of the terms of transfer of the Civil Air Navigation System from Transport Canada to NAV CANADA and will be familiar to representatives of PSAC, PIPSC, and APSFA who were participants in that process.

The third time period is the transition period. During this period, it will be important for the RCMP, employee representatives, and other stakeholders to maintain open and constructive consultation to ensure that employee issues related to the transition are resolved in a timely manner.

5.1.3 LEGISLATIVE CHANGE

In the legislative change work stream the focus will be on reviewing existing legislation and drafting revisions necessary to support the transition of employees to a single civilian category. Legislative changes will be focused on:

- changing the way employees are categorized and appointed to fit the new model;
- facilitating the transfer of employees to a single system;
- providing for staff relations and representation;

- providing for continuity in terms and conditions of employment;
- providing for integration of pension benefits and eligibility; and,
- providing workers' compensation coverage.

Particular emphasis will be placed upon reviewing the provisions of current HR legislation that applies to RCMP employees such as the *RCMPA*, the *RCMPSA*, the *PSEA*, the *PSSRA*, and the *Government Employees Compensation Act* (“*GECA*”) to determine required changes to the *RCMPA* and the *RCMPSA*.

5.1.4 EMPLOYEE TRANSITION

In the employee transition work stream the focus will be on determining the mechanics of transferring employees from one organization to the other. The objective in this work stream will be to ensure that the RCMP has established the infrastructure and processes to support integration of the transferring employees.

The activities to be completed in this work stream include:

- transferring employees from the *PSSA* to the *RCMPSA* and administering options with respect to past service;
- ensuring that all employee entitlements have been identified and captured within the RCMP's HR systems, and where necessary, ensuring that transferring employees are enrolled in RCMP-based benefits plans;
- ensuring that transferring employees are included, with the necessary documentation, on the RCMP's payroll;
- providing for the transfer of employee records from the Public Service to the RCMP; developing transfer-related documentation; and,
- processing the transfers.

5.1.5 HR POLICY AND PROCESS REVISION

In the pre-transition period, this work stream will focus on identifying and prioritizing HR policies and processes that need to be changed to recognize the fact that there will be only one civilian category from the transfer date. It is anticipated that priorities for change will include such areas as staffing and staff relations. For example, in the pre-transition period, the RCMP will need to reorganize its staff relations function and develop policies and processes to reflect its broader mandate, which may include collective bargaining. In contrast, the RCMP can continue to operate with its existing classification process upon transfer and a decision to develop and introduce a simplified classification system can be deferred to post-transition (note that in discussing CSIS's transition with its senior HR representatives, moving to a simplified classification system was one of the most important and beneficial changes it made post-transition).

In accordance with the objective to generate savings in HR operations, the RCMP should also

identify potential areas to redesign its HR processes to improve efficiency and effectiveness. An additional focus for this work stream during the pre-transition period will be, as each HR policy and process is reviewed, identifying and prioritizing efficiency opportunities and developing a project schedule and work plan for each opportunity identified.

5.1.6 HR IT SYSTEMS REVISION

This work stream will focus on identifying and implementing required changes to the RCMP's HR-related IT systems, including HR, payroll, benefits and financial systems.

There are two currently planned changes to existing systems that will be important to consider in implementing Option 3:

- the RCMP is planning to migrate all RMs and CMs to the Regional Pay System; and,
- the RCMP is planning to outsource pension systems and administration for RMs and CMs to a private sector service provider.

As a result of these two changes, the current systems for RM and CM payroll and pension will be eliminated. To minimize implementation costs, it will be important to ensure that these planned changes occur in the pre-transition period. This will simplify the transfer of PSE payroll records as the Regional Pay System is currently used for PSE payroll. Similarly, by ensuring that the CM and RM pension outsourcing occurs before the transition date, the RCMP will avoid having to transfer PSE records onto the current systems, when the RCMP is planning to eliminate these systems upon the implementation of the outsourcing arrangement.

The activities to be completed in this work stream include:

- modifying existing job codes, employee type, salary plans, grades and steps within the HRMIS;
- transferring PSE pension files to pension outsourcing provider; and,
- making any required changes to HR, payroll, and pension/benefits systems and related interfaces to accommodate the move to one category of civilian employees.

5.2 PROJECT TEAM STRUCTURE AND ROLES

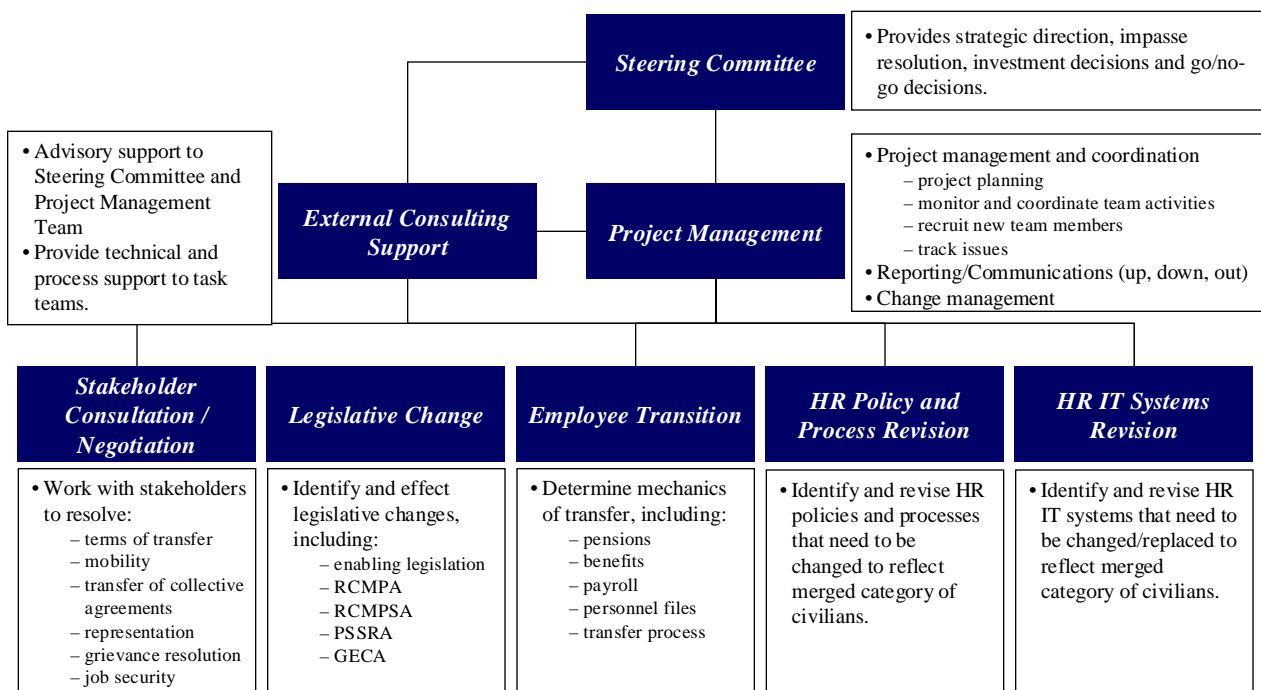
The implementation of Option 3 will require a structured project team with clear roles. It is recommended that the Advisory Committee be dismantled upon SEC approval of the recommended option. The members of the existing Advisory Committee will continue to have an important role through implementation. Their roles, however, will be to individually represent the interests of their constituents.

It is recommended that a Steering Committee be established as a direction-setting and decision-making body. The Steering Committee should include senior representation from the RCMP with sufficient authority to provide go/no-go decisions on project-related issues.

The project management office that is currently in place should continue to lead project management, communications, and change management activities through the implementation period. The project management team should be complemented with task teams to address each stream of implementation activities. These teams should be comprised primarily of technical experts in each area.

The Steering Committee, project management office, and task teams should be supported by external experts, as required, to provide project management advice in addition to technical and process expertise.

The recommended project team structure and roles are summarized in the following chart:



5.3 PROJECT PLANNING ACTIVITIES

The first phase of the implementation is Detailed Implementation Planning. This phase consists primarily of Project Management activities and Stakeholder Consultation / Negotiation activities, as described below. This phase is anticipated to take approximately 3 months.

The project management activities to be completed in this Phase are primarily related to establishing the project team and defining detailed work plans for each work stream. The following project management activities should be completed in this phase:

- Establish a Steering Committee.

- Finalize the project team structure.
- Develop detailed work plan for each work stream, including activities, timing, deliverables and proposed task team members. Detailed work planning should be developed during an intensive, off-site planning session, conducted over a two to three day period.
- Identify a project sponsor for each work stream.
- Develop a change management plan, that will provide for:
 - developing a compelling vision for the change;
 - communicating that vision;
 - aligning leadership support;
 - identifying a series of discrete activities designed to promote broader based support.
- Validate work plan and change management plan with the Steering Committee and project sponsors. This validation process will be conducted through a one-day, off-site meeting to be lead by the Project Management team.
- Establish task teams and set project charters for each team
- Conduct a training session with the task teams focused on team-building, group problem-solving, and conflict resolution.

Throughout this, and in every phase of implementation, it will be critical to continue the pro-active approach to communications that was evident in the Business Case phase of the project.

During the Project Planning phase the RCMP will be required to conduct consultation with key stakeholders, including:

- Privy Council Office
- Solicitor General
- Treasury Board Secretariat
- Department of Justice Canada
- Public Service Unions
- DSRR

The purpose of this consultation will be to:

- ensure the various stakeholders have an understanding of the recommended option and the approach to implementation;
- provide the RCMP with an opportunity to understand and address questions and concerns stakeholders may have; and,
- to continue to build support for the merging of the civilian categories.

5.4 IMPLEMENTATION COSTS

The implementation costs for Option 3 are expected to be \$3.6 million. It is anticipated that these costs would be incurred over a three-year time period. The implementation activities have been described above and these estimated costs reflect both internal RCMP costs as well as external support that will be required to undertake these activities throughout the implementation. Using the above-described project structure, the estimated implementation costs are summarized as follows:

<i>Implementation Phase</i>	<i>Implementation Cost (000)</i>
Project Management	1,440
Stakeholder Consultation / Negotiation	650
Legislative Change	225
Employee Transition	885
HR Policy and Process Revision	30
HR IT Systems Revision	375
Total	\$3,605

Further details on the implementation costs are provided in the “Implementation Costs” section of this report. It should also be noted that the anticipated annual savings for Option 3 are expected to exceed the implementation cost.

5.5 IMPLEMENTATION RISKS

Through the course of developing this business case, three significant implementation risks were identified. Our recommended implementation plan, described above, has taken into account these risks and incorporated activities designed to address and minimize them.

5.5.1 BROAD-SCALE AMENDMENTS TO THE RCMPA

Traditionally, introducing change to the RCMPA has met with difficulty. The last set of changes, for example, took almost ten years to implement. While the changes contemplated in relation to the merging of the civilian categories are specific to human resources related matters, vocal advocacy groups may seek to use this opportunity to seek changes to restrict the powers of the RCMP that currently exist within the Act.

The risk of a full-scale opening of the *RCMPA* can be mitigated in a number of ways. First, the changes must be focused directly on human resource issues and kept to the absolute minimum. Second, extensive consultation must be conducted with stakeholders to ensure broad-based support for the changes. A central theme in this consultation will be an emphasis of the need for the RCMP to have responsibility and accountability for all of its workforce if it is to ensure that it will be able to recruit and retain the resources required to meet service commitments to the Canadian public into the future. Third, the legislative changes should be integrated, as much as possible, within the framework of the government’s ongoing HR Modernization Initiative.

5.5.2 UNION RESISTANCE

There is a risk that union representatives will argue that the recommended option is unfair to the incumbent Public Service unions and constitutes “union bashing”. This risk can be mitigated by communicating the fact that this process actually represents a significant opportunity, in times of declining union membership, for public sector unions to increase their membership in an area that has been statutorily exempt from unionisation for more than 100 years.

5.5.3 EMPLOYEE RESISTANCE

It has been suggested that PSEs opposed to the change may elect to stay in the Public Service by transferring to other Departments prior to the transition to the new civilian category. A driving concern for the RCMP is its ability to attract and retain the resources it will require to continue to provide service. Its objective is to become a workplace of choice for all of its employees. The merging of the civilian categories, by itself, will not achieve this objective. It will, however, create the opportunity for the RCMP to introduce programs and policies applicable to its entire workforce and designed to achieve this objective.

While some progress may be made in this regard during the pre-transition period, it will also be essential for the RCMP to ensure that it addresses the concerns identified during the employee focus groups conducted as part of this engagement. Chief among these concerns are the need to ensure that employee pension benefits are protected, that they have access to career mobility in the broader Public Service, and that they have a right to choose how they want to be represented. Addressing these issues is the key to mitigating this risk.

5.6 IMPLEMENTATION ISSUES

Because of the unique and complex nature of these issues, as compared with other block transfers of employees in the Public Service, the RCMP has requested additional analysis of:

- Representation;
- Staff relations legislation models; and,
- Contract policing.

5.6.1 REPRESENTATION

A number of possible scenarios were examined with respect to representation. Three basic questions needed to be addressed when the various models of representation were analysed:

1. Should the new category exist as one single group, or should it be separated? If so, should the separation be made along the old PSE/CM line of division, into two groups comprised of “Operations” and “Non-Operations” employees, or some other division?
2. Should the employees be given the right to participate in the process of choosing what form of representation would govern labour relations? Should they be permitted to choose between the DSRR system of representation or the more formal unionized environment, or should one of these systems be imposed?

3. In the event the employees were given an option and elected to be unionized, what process should be used to determine the bargaining agent? Should a bargaining agent be imposed?

It is recommended that this matter be the subject of negotiation between the stakeholders to ensure that, to the greatest extent possible, employees are given the freedom of choice. The negotiations would be conducted with a view to including the agreed upon process to determine representation in the enabling legislation. This approach is considered to be most consistent with public policy, since it permits the continuation of representation but does not force representation on a group of employees against their wishes. A recommended approach to determining representation has been developed in the event that consensus cannot be achieved through negotiation.

In the event that consensus cannot be achieved through consultation, it is recommended that representation be determined within a single combined employee group, where each employee has the opportunity to vote on whether or not they wish to fall under the DSRR system or be represented by a union under staff relations legislation. If the determination is for the latter, existing bargaining agents would be given an opportunity to express an interest in representing the civilian category. Votes required would be conducted and supervised by an impartial, independent body (i.e., the PSSRB). Enabling legislation must provide for the amendment of the *RCMPA* to incorporate mechanisms for determining this representation model. Precedence exists under Bill 25 in Ontario, which granted unionized civilian employees of the Ontario Provincial Police the ability to change their representation scheme from public sector unions to a police association. (It should be noted that the OPP staff association has collective bargaining rights and the right to have certain disputes resolved by a third party, while not having the right to strike.)

It was the opinion of the Project Team that this methodology met all elements of public policy. Changes in representation will be achieved following the exercise of freedom of choice. The single unit structure is consistent with the recent decisions emanating from federal and provincial labour relations boards. Labour boards apply a “community of interest” test when determining the composition of bargaining units such that employees share a large measure of economic interest. Recent decisions in this regard indicate that the focus today tends to be on whether or not the proposed unit is viable for both the members and the employer so as not to impede effective representation. This trend has seen an increase in larger and more comprehensive units being certified. While differences can be said to exist between the current CM and PSE categories, our examination of these differences has not indicated such substantial differences from a staff relations perspective that could not be accommodated within a single unit for the purposes of representation, and that the differences between the two categories of employees seem to be outweighed by the benefits of a single employee unit.

This model is also consistent with recent changes to the representation of provincial civilian police employees in Ontario.

5.6.2 STAFF RELATIONS LEGISLATION

Under Option 3, the PSEs will become “members” under the *RCMPA* and will thus be excluded from the provisions of the *PSSRA*. If the new category of employees votes for the DSRR program, the RCMP will likely have to make some changes to the program to ensure that it meets the needs of its civilian employees.

If the civilian employees choose to unionize, staff relations legislation must exist to support this. This legislation must include, at a minimum, mechanisms to certify and change union representation, deal with unfair labour practices, provide for grievances and adjudication, collective bargaining and dispute resolution.

Three options were examined in providing for legislative authority over staff relations:

1. Incorporation of comprehensive staff relations provision within the *RCMPA* (similar to those found in the Ontario *Police Services Act*, Part VIII);
2. Enactment of an entirely new Act dealing solely with labour relations at the RCMP (a precedent exists in the *Parliamentary Employees Staff Relations Act*); or,
3. Incorporate the sections of the *PSSRA* by reference within the *RCMPA*, with such modifications as may be necessary to reflect the unique operating environment of the RCMP.

It is recommended that portions of the *PSSRA* be referenced in the *RCMPA*. Precedence exists in the *Canadian Security Intelligence Service Act (the “CSISA”)*. The *CSISA* addresses the applicability of certain provisions of the *PSSRA*. In the case of CSIS, the *PSSRA* would normally have applied in its entirety as a separate employer under Schedule I, Part II of the *PSSRA*. The *CSISA* varies its application in a number of areas. While the *PSSRA* does not apply to “Members” of the RCMP, the relevant sections of this *Act* could be made applicable to reflect the specific needs of the RCMP.

This option is recommended because the *PSSRA* already contains a complete working system of legislative authority with respect to labour relations. While there may be some degree of alteration of the provisions of the *PSSRA* as they apply to the RCMP, no changes to legislation of general application will be required. These changes will be dealt with under the *RCMPA* as opposed to the *PSSRA*. Achieving the necessary legislative authority in this manner is in line with public policy, insofar as there is minimal legislative change, and the changes which are required are not made to a statute of general application.

5.6.3 CONTRACT POLICING

The RCMP currently has two types of contracts for policing services:

- Municipal contracts
- Provincial contracts

Based on information provided, in the case of municipal contracts, it was determined that there would be no financial (or operational) impact, under Option 3, as the RCMP does not provide any federal public service employees in its municipal detachments. Administrative support is provided by, and paid for, by each municipality.

Provincial contracts, on the other hand, present a potential issue that will have to be resolved with each provincial partner. The provincial contracts are all based on a standard RCMP contract, with Article 10 of the standard contract defining the costs to be recovered from the province, including:

- 70% of “salaries and wages”, which includes salary, employer-paid Canada Pension contributions, employer-paid Employment Insurance contributions, and employer pension contributions to the RCMPSPA and the PSSA calculated based on periodic actuarial valuations.
- 70% of the cost of the divisional headquarters administration, calculated by dividing the total headquarters administration costs by the total number of “Members” in the Division (e.g. RMs and CMs, but not PSEs) and multiplying by the number of “Members” employed in the “Provincial Police Service”.
- \$3,500 annually for each “Member” employed in the “Provincial Police Service” for “recruit training”.
- The cost of the Police Information Retrieval System, calculated by multiplying the number of “Members” who have access to the system by the amount of the fees set out in the “Police Information Retrieval System Fees Order”.
- 70% of the cost of operating the “External Review Committee” and the “Public Complaints Commission”, calculated as the total cost divided by the number of “Members” in Canada and multiplied by the number of “Members” employed in the Provincial Police Service.

Article 7.3 of the standard provincial agreement states that the RCMP must get approval for the number CMs and PSEs required to deliver provincial policing services:

“For the purposes of human resource planning for the next Fiscal Year, the Commanding Officer shall consult with and obtain approval, or approval in principle, from the Minister on or prior to September 1 of each year, for the number of Members and Support Staff [e.g. PSEs] required to maintain the level of the Provincial Police Service ...”.

Article 21.1 states that the agreement may be changed by mutual agreement of the parties. In addition, Article 19.1 states that either party can terminate the agreement on March 31 in any year by giving 24 months prior notice.

Given the language of these contracts, the proposed change in category status contemplated by this business case could have an impact on the costs to the provinces for contract police services. Obviously, it is not the intention of the RCMP to recover additional costs from the provinces in relation to this proposed category change. To address this issue, it is recommended that the RCMP provide assurances to the provinces that any change in category implemented as part of this project will not result in increased costs to the provinces as a result of an increase in the number of “members”. To this end, as part of the implementation, the RCMP will need to enter into discussions with the provinces to ensure that cost neutrality is maintained for both the RCMP and the provinces.

6. CONCLUSION

Through the research and analysis undertaken to complete this business case, we have come to the same conclusion that was arrived at by the Commissioner of the day and the President of the Treasury Board in 1933: there is no rational basis to support the existence of two distinct civilian categories of employees within the RCMP. In addition to being inherently inefficient, this dual system has created inequities within the civilian workforce that have been allowed to simmer for generations.

While this issue has been studied on numerous occasions in the past, these studies have focussed primarily on collapsing the PSE category into the CM category or vice versa. In addition to the emotional responses evinced by these two options, they have also served to highlight a fundamental reality for which the authors of these past studies had no resolution. Existing Public Service employment legislation was not designed for a National police force, and the RCMPA was not designed for civilians. This has invariably led SEC to maintain the status quo.

At the heart of the issue is responsibility and accountability for human resources. One hundred years ago, Parliament recognized the unique position of the RCMP within the federal Public Service and granted the Commissioner accountability for human resources dedicated to direct policing. Over time, this authority was expanded to include civilians with operational roles. The expansion of this accountability to encompass all civilians would appear to be the inevitable evolution of this delegation of authority.

The recommended option to create a single civilian category is not without its challenges. The RCMP will need the support of Parliament, which will be called upon to enact the required legislative changes. Equally important will be addressing the concerns of employees, who will naturally fear the unknown associated with a change of this magnitude, and will want assurances that their four greatest employment concerns (pensions, mobility, representation and job security) are addressed. The importance of adopting a consultative approach to implementation cannot be overstated.

Deloitte & Touche was engaged to identify the best approach for merging the civilian categories. While it may have been desirable to do so in the past, the attainment of this objective will be critical if the RCMP is to meet its resource requirements in the future. Although the RCMP's circumstances are unique in many ways, the solution to the merging of the civilian categories does not lie in uncharted waters. To be successful, the RCMP must draw on the related experience that exists within the federal sphere, communicate effectively with stakeholders, and move quickly to minimize any operational disruptions.

In our opinion, the recommended Option will achieve the desired results, and will do so in a manner that is consistent with the Federal Government's desire to modernize its human resources management.

APPENDIX A – HR IT SYSTEMS: CURRENT AND FUTURE STATE

INTRODUCTION

This appendix provides an overview of the current state of the RCMP’s HR-related IT systems. This appendix supports the analysis presented in the Flexibility of HR Management and Financial Impact sections of the business case.

Our approach to completing the review of HR IT systems included a review of key documents and structured interviews with senior managers representing Finance, Human Resources, and Payroll and Benefits. The document is divided into two main sections:

- (1) Current State - a view of the major HR IT systems and services currently in use within the organization; and,
- (2) Future State - a view of the modernization efforts either proposed or underway within the organization as they relate to HR IT systems and services.

It was necessary to develop views of the current and future states because the RCMP’s HR IT systems and services environment is very fluid and likely to change significantly over the next few years.

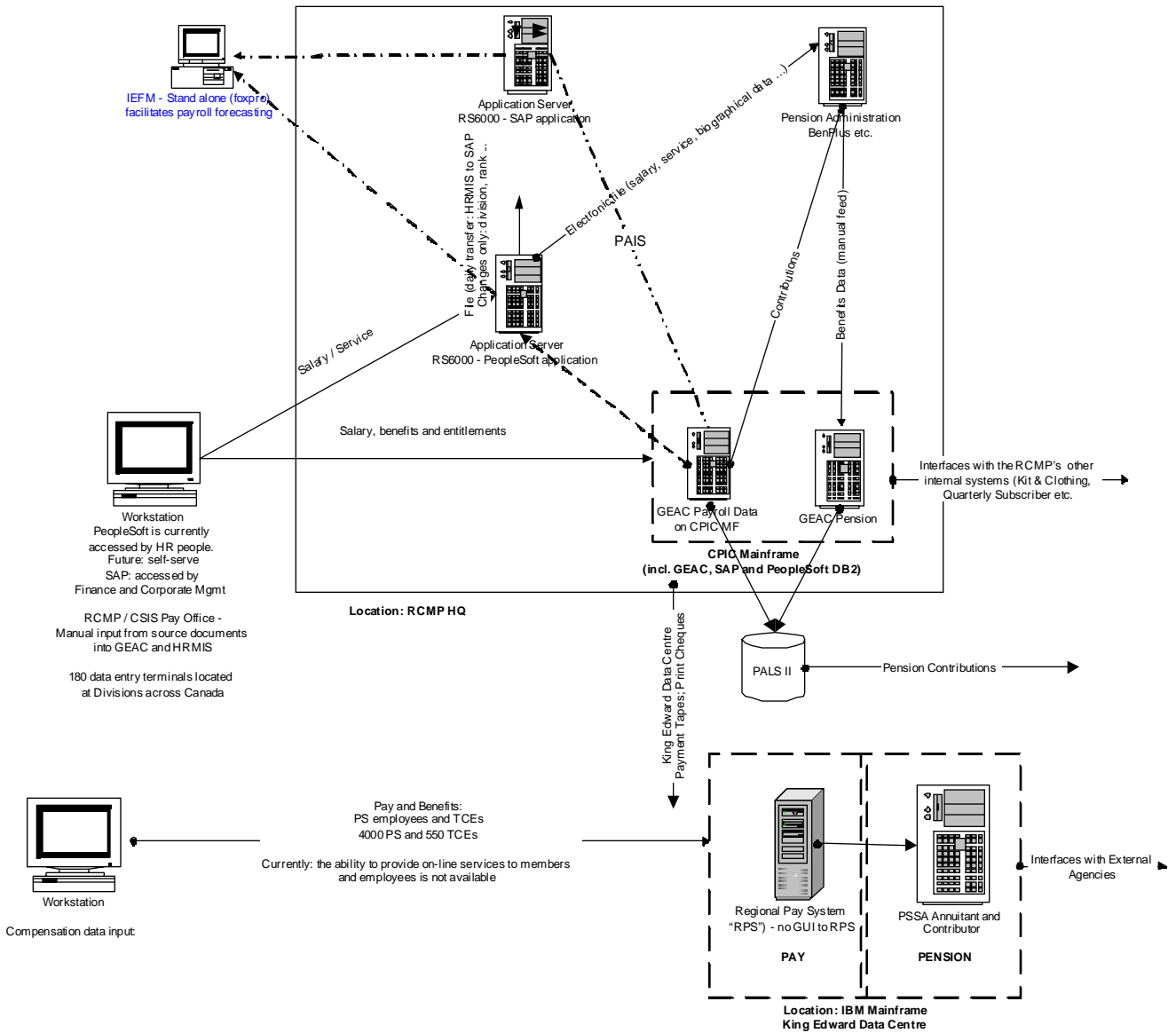
CURRENT STATE

The RCMP’s HR IT systems and services environment includes the following key systems:

- 1) Financial System: SAP 4.0
- 2) Human Resources System: PeopleSoft 7.51
- 3) Payroll and Pension Systems
 - a. Payroll
 - i. Public Servants: Regional Pay System (“RPS”)
 - ii. Regular Members (“RMs”) and Civilian Members (“CMs”): GEAC
 - b. Pension System
 - i. RMs and CMs: GEAC Pension System and BenPlus
 - ii. Public Servants and TCEs: Annuitant and Contributor
- 4) Other related systems:
 - a. IEFM
 - b. PAIS

The diagram on the following page depicts at a high-level the RCMP’s current HR IT systems environment. The diagram was created based on a review of key documents and through discussions with representatives of Finance, Human Resources and Payroll. At the time of our study, there was no single source document that explained how the various HR IT systems and services fit together.

Figure 1: RCMP's HR IT Systems – Current Model



Each of the systems identified in the above diagram is described below in detail.

FINANCIAL MANAGEMENT (SAP / TEAM)

The RCMP currently uses SAP 4.0 as its financial system (it is referred to within the RMCP as the TEAM system). The RCMP has implemented the following SAP modules: FI, CO, FM, PS, MM, IM, WM, QM, PP, PM and SD. The SAP application and data are stored at the RCMP HQ facility in Ottawa. The SAP application operates on a separate RS6000 server while the data resides on the RCMP's CPIC mainframe.

HUMAN RESOURCES MANAGEMENT (HRMIS)

BACKGROUND

A cluster group for shared systems in the human resources management area was formed in September 1993 with the objective of acquiring commercial off-the-shelf ("COTS") applications for use in government. The Human Resources system of PeopleSoft Inc. was selected and endorsed by the group as a shared systems cluster. In September 1994, the Treasury Board Secretariat ("TBS") concluded a \$5.1 million contract with PeopleSoft Inc., acquiring a software license and support for the use of its Human Resources system by all participating government departments, including the RCMP.

By October 1995, PeopleSoft Inc. had released its commercial version 5.0 and its first Government of Canada (GOC) version based on certain legislative requirements. All participating departments individually installed PeopleSoft within their respective organizations.

The RCMP is the second largest department, behind National Defence, and contributes 9.89% of total costs annually towards PeopleSoft Maintenance, Consulting & Audit Canada Product Support, and any new development voted by the Cluster's Board of Directors.

PEOPLESOFT SOFTWARE

The RCMP currently uses PeopleSoft version 7.51 as its HR management system. According to the RCMP's HRMIS Business Plan¹⁶, the RCMP will migrate to version 8 or possibly 9 within the next two years.

SOFTWARE UPGRADES

The Government of Canada receives a new version of the GOC application every 18 months. TBS has also stated that departments must commit to upgrade at relatively the same time and to the same versions in order to enjoy the benefits of sharing. During an upgrade, the RCMP must re-apply RCMP specific customizations that are required due to its uniqueness and multiple categories of employees.

¹⁶ 5-Year Human Resources Business Plan; 2001

PEOPLESOFT / OTHER HRMIS MODULES

The following PeopleSoft / Other modules have been implemented by the RCMP:

- ✓ **Administer Canadian Personnel (Core)** – allows HR users to record staffing actions, as well as track official language test results and training and administrative information against existing employees.
- ✓ **Position Management (Core)** – allows users to create and maintain position and budget information, as well as organizational reporting structures.
- ✓ **Training Module** - automates the scheduling and loading of RCMP courses and facilitates communication with course participants and managers. The self-service capability has not been implemented.
- ✓ **Health and Safety** – because of the uniqueness of the RCMP, e.g. RCMP members are not members of provincial health plans, it was necessary to custom build a health and safety module. The RCMP has not implemented PeopleSoft’s Health and Safety module.
- ✓ **Leave Management** – the leave management component has only been implemented for public sector employees. There is currently a web based self-service pilot underway within the central area that addresses leave management for all RCMP employees.
- ✓ **Staff/Labour Relations** – this module has been implemented for all employee categories, except public servants.
- ✓ **Recruitment** - The RCMP began using the Recruitment Module in HRMIS for the processing of cadet applicants in 1996. The PeopleSoft application was customized to permit the continued use of block processing by the RCMP. The implemented functionality has had limited success. The amount of data entry required by recruiters has increased significantly. The complex process has resulted in confusion as well as data entry errors and omissions. In October 2000, the RCMP implemented a simplified recruiting business process which makes use of the functionality in PeopleSoft which reduced the amount of data entry for recruiters and reduces the amount of customization required to the PeopleSoft product.
- ✓ **Enhanced Manage Positions** – the position management module is part of version 7.51
- ✓ **Career and Succession Planning** – a career planning module is currently in production, however, it is not the PeopleSoft module. It is a custom built application that only addresses limited aspects of career planning.
- ✓ **Org Charts on the web** - managers are expected to maintain organization charts on their units and submit these charts with requests for organizational change or classification. With the implementation of the web server for the PeopleSoft application, data will be extracted from HRMIS periodically and used with the Visio application to produce a departmental organization chart. It may be accessed by HR Specialists, managers and employees. It is scheduled to be released in November 2001.
- ✓ **Security Tree** - implemented

PAYROLL AND BENEFITS

BACKGROUND

The RCMP Payroll / Pension system was first introduced in 1976 as the Management Science America (MSA) system. In 1989, the system was amalgamated into the Dunn and Bradstreet system. In 1997, the system became known as GEAC when its ownership was assumed by GEAC Computer Systems Inc. GEAC currently serves 17 RCMP Divisions across Canada. Regular members and civilian members use the GEAC payroll and pension systems¹⁷.

The environment in which the GEAC system operates is an IBM mainframe partitioned into the test and development system and the production system. The processing environment provides local terminals for system processing and software maintenance, as well as an additional 180 data-entry terminals at RMCP Divisions across Canada.

GEAC consists of the following:

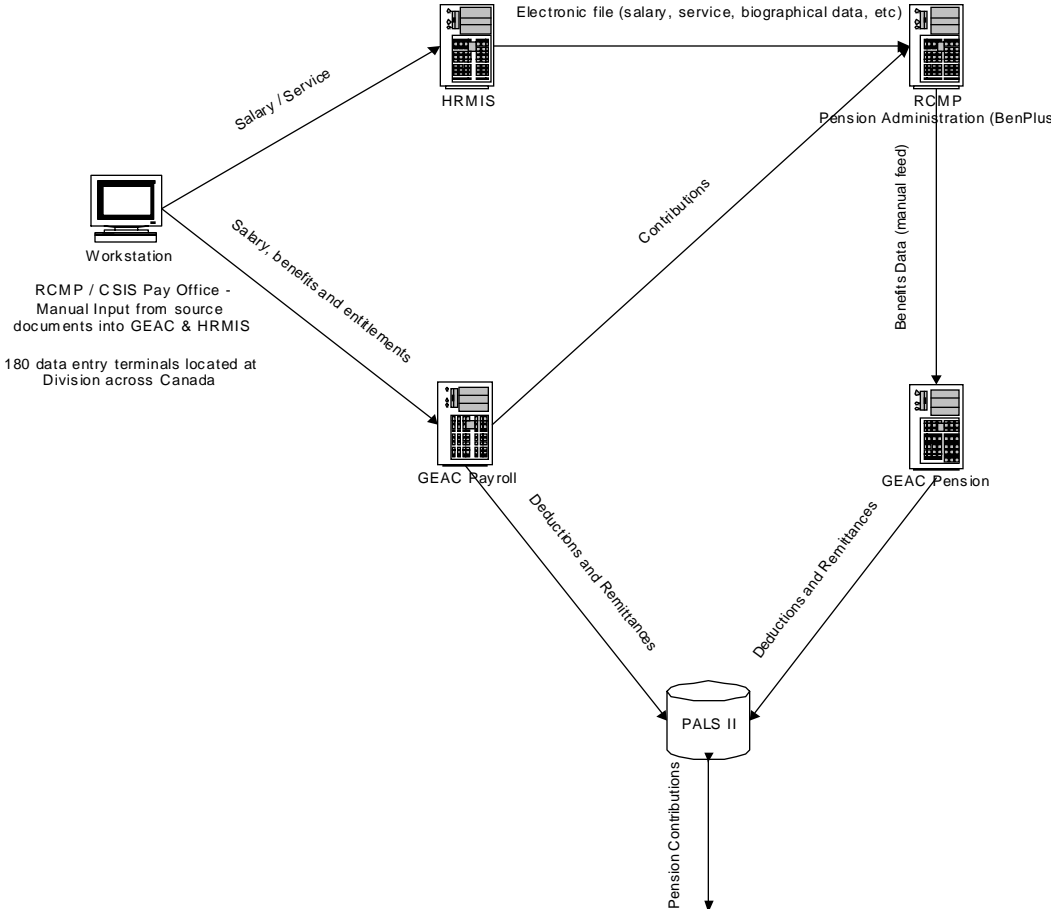
- ✓ Data Communications Interface (DCI)
- ✓ Batch Pay and Pensions
- ✓ On-line Data Entry
- ✓ Information Expert (IE) report generator
- ✓ Support software to maintain the system
- ✓ The Job Submission System (JSS) used to automate the Job Control Language (JCL);
- ✓ Generation and pay process execution

Both the GEAC Pay and Pension applications reside on the CPIC mainframe located at RCMP headquarters in Ottawa. The GEAC systems are operated by PWGSC – Special Services Directorate (SSD) on behalf of the RCMP. To the extent possible, PWGSC - GTIS maintains the software on behalf of the RCMP. GTIS is limited in its ability to maintain the GEAC software because the vendor owns and controls the source code.

The following diagram depicts, at a high-level, the RCMP's Pay and Pension systems.

¹⁷ Note: Public Service employees and Temporary Civilian Employees (TCEs) use the Regional Pay System and a separate pension and benefit system.

Figure 2: RCMP Pay & Pension Systems – Current Model



PAY SYSTEMS

GEAC PAY SYSTEM

GEAC is the main pay processing system for most RCMP employees. GEAC's principal function is to produce employee pay cheques every pay cycle (bi-weekly). The process begins with data entry via on-line terminals or key edit batch files. On-line data is eventually formatted and consolidated with the batch files and the batch pay process is executed. Payment tapes are produced for the Direct Deposit Interface System (DDIS)¹⁸ and the cheque printing process. PWGSC's King Edward Data Centre (KEDC) is responsible for printing the cheques and direct deposit statements and ensuring cross-Canada distribution.

PWGSC has informed the RCMP that GEAC and related systems (BenPlus, Elective Service and PBDA) are difficult to maintain, and will not be supported in the long run.

REGIONAL PAY SYSTEM

The *Public Works and Government Services Act* directs that PWGSC provide compensation services to persons employed in or by any government department, and to persons employed in or by any other portion of the Public Service of Canada, as the Governor in Council may direct. This means that PWGSC is mandated to pay departments listed in section I.I of the *PSSRA*. Agencies listed in Section I.II of the Act, and the Crown Corporations are not subject to the Act, but are optional clients. PWGSC also provides specialized pay services to National Defence, Solicitor General, House of Commons and the Department of Justice.

Currently, approximately 4,000 RCMP Public Service employees and 550 temporary civilian RCMP employees are supported using the Regional Pay System ("RPS") and the *PSSA* systems. The RPS is fully FIS compliant and RCMP Level B security (physical and data) requirements are met by PWGSC. The infrastructure and software components needed to support the Regional Pay and *PSSA* systems reside on the IBM mainframe located at the Ottawa King Edward Data Centre.

PENSION SYSTEMS

GEAC PENSION SYSTEM

GEAC is the main pension processing system for annuitants of an RCMP pension. GEAC's principal function is to produce pension cheques every pension cycle. The GEAC pension system issues monthly pension cheques to all RCMP Annuitants (pensioners, survivors and dependants). It is a modified version of the GEAC pay system and operates independently of any other system within the RCMP compensation environment. The GEAC pension system runs on the same CPIC mainframe as the GEAC pay system, however, it is administered and managed by the Pension Unit of the SSD.

¹⁸ *The direct deposit participation rate is 90.9% (RCMP Pay).*

BEN PLUS

BenPlus is an independent software application owned by Buck Consultants Inc. BenPlus calculates the various pension entitlements for subsequent use by the GEAC system. Neither PWGSC nor the RCMP has control of the application. Buck Consultants Inc. own and control the source code and consequently must be involved in every system change, including development and implementation.

PUBLIC SERVICE PENSION SYSTEMS: ANNUITANT AND CONTRIBUTOR

The Annuitant System contains the pension calculation rules, determines the pension entitlement, and handles the pension payment. The Contributor system tracks salary and service history and the contributions to pension plans.

SUMMARY OF PAY AND PENSION SYSTEMS

The following table groups the RCMP’s HR IT systems and services by category of employee. The table highlights the fragmented nature of the HR IT systems environment.

Table 1: Pay and Pension Systems by Category of Employee

<i>Regular and Civilian Members</i>	<i>Public Servants and Temporary Civilian Employees</i>
<ul style="list-style-type: none"> ▪ Use the GEAC Pay and Pension Systems ▪ The GEAC systems are operated and maintained by PWGSC ▪ The GEAC systems are difficult to maintain and will not be supported in the long run. ▪ The BenPlus system is used to calculate pension amounts ▪ There is an interface with Kit and Clothing and other internal systems 	<ul style="list-style-type: none"> ▪ Use the RPS Pay system and the annuitant and contributor pension systems. ▪ The RPS is also operated and maintained by PWGSC ▪ There are links between RPS, financial institutions and others ▪ Used by other government departments, including CSIS

OTHER SYSTEMS

IEFM

IEFM is a stand-alone software application written in Foxpro. It is used by Finance: Budget Operations Sector to facilitate payroll forecasting. There is an interface between IEFM and SAP and PeopleSoft which draws expenditure data from SAP and employee information from PeopleSoft to develop payroll forecasts. There is a concern with the integrity of the HR data which limits the accuracy of the forecasted information. Data integrity has mostly to do with inconsistent coding practices rather than the transfer of transactional data.

PAIS

PAIS is a custom built SAP application used to convert (or translate) RPS and GEAC pay information into a single SAP readable format.

INTERFACES

Below we discuss the major system interfaces.

SAP TO PEOPLESOFT

Currently, there is no electronic interface between SAP and PeopleSoft.

SAP TO PAYROLL / PENSION

There is currently no interface between SAP and RPS. There is, however, an interface between SAP and GEAC. The interface is used to transfer pension information (monthly) from GEAC to SAP. It is used to keep track of monies paid out to pensioners. There is also an information system transaction that takes place between SAP and GEAC payroll that identifies pension contributions.

As mentioned above, there is also an interface between SAP and GEAC pay known as PAIS. PAIS is a custom built SAP application used to convert (or translate) RPS and GEAC pay information into a single SAP readable format.

PEOPLESOFT TO SAP

There is currently no interface between SAP and PeopleSoft. However, there is a one-way electronic file transfer that takes place nightly between PeopleSoft and SAP. Each night a program is run to extract certain employee information from PeopleSoft. The type of data exchanged between PeopleSoft and SAP includes changes to the following data elements: division; regimental # and previous regimental number, account code, unit financial code, rank, termination data, and initials and last names.

PEOPLESOFT TO PAYROLL / PENSION

There is currently no interface between PeopleSoft and either RPS or GEAC. There is, however, an electronic file that is transferred between PeopleSoft and the GEAC BenPlus program. The information transfer includes salary, service and biographical data.

At the time of our study, the PeopleSoft Cluster was considering developing an interface between PeopleSoft and RPS.

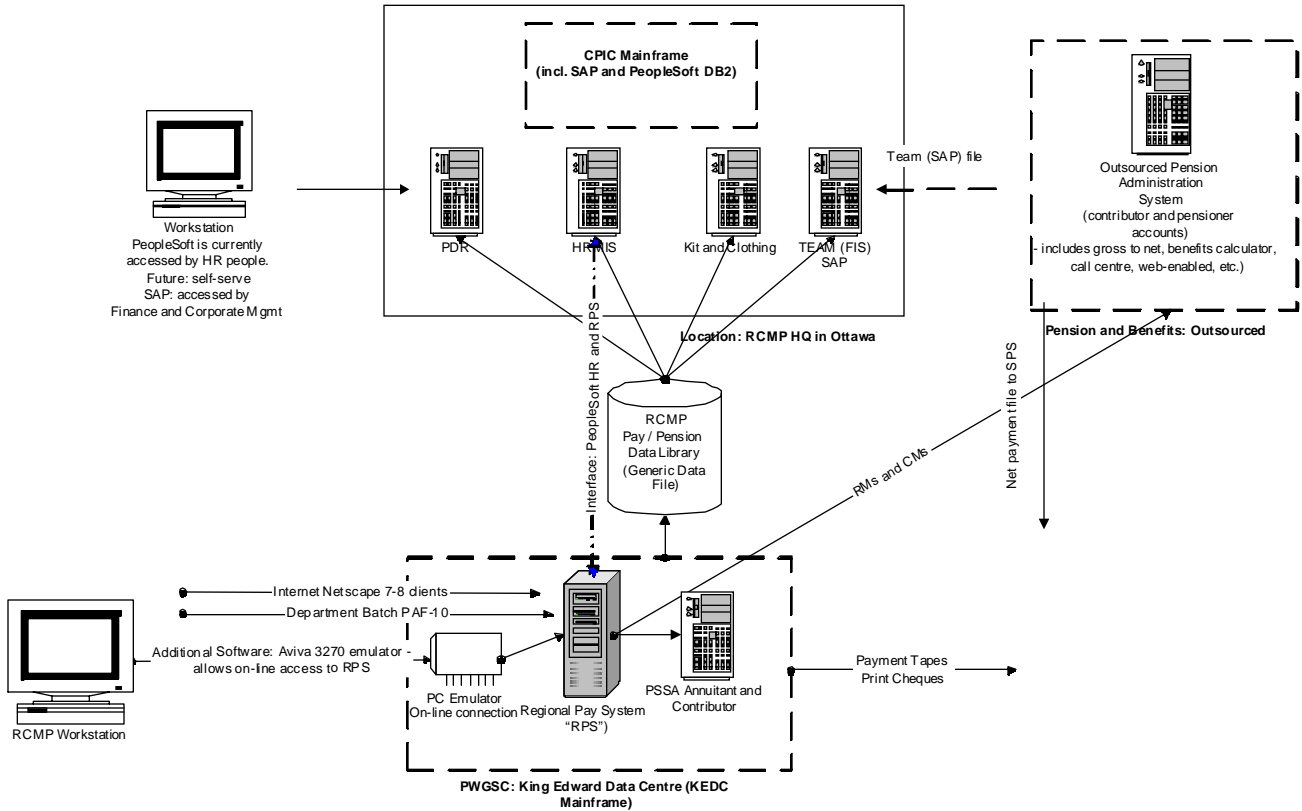
FUTURE STATE

There are a number of initiatives underway aimed at improving the RCMP's HR practices generally. There are also a number of modernization efforts underway which are aimed at improving the current state of the RCMP's HR IT systems. These efforts, along with the proposed timing, are identified below.

- Outsource Pension Administration for RMs and CMs (Jan 2003)
- Outsource insurance (Jan 2002)
- Migrate all payroll accounts onto the Regional Pay System (2003-2004)
- Migrate from SAP version 4.0 to version 4.6 (2002-2003)
- Add additional functionality to the PeopleSoft HR system (part of the 5-year HR Management Improvement Plan). Proposed changes include: employee self-service, manager self-service, web HR service, advanced leave module, HR performance management, competency based management, etc. (2001-2005)
- Process reengineering (on-going)

The diagram on the following page depicts, at a high-level, the proposed future state of the RCMP's HR IT systems. Similar to the current state diagram, the future state view was created based on a review of key documents and through conversations with representatives of Finance, Human Resources and Payroll. It is important to keep in mind that the proposed future state remains fluid and is by no means definite.

Figure 3: RCMP Future State Model¹⁹



¹⁹ The Standard Payment System (SPS) is an automated system used to process government payments. Among other things, the SPS allows user departments to requisition payments and track the status of a payment online via the user's desktop computer.

Each of the systems identified in the above diagram is described below in detail.

FINANCIAL MANAGEMENT (SAP / TEAM)

The RCMP is considering migrating from SAP version 4.0 to 4.6. A scoping and planning effort is currently underway.

HUMAN RESOURCE MANAGEMENT (HRMIS)

The RCMP has developed a 5-Year HR implementation plan which includes making significant additions/changes to its PeopleSoft system. Some of the proposed changes include:

- **Competency Based Management (CBM)** - the PeopleSoft Competency Management Module integrates with functionality in the Staffing/Recruiting module, the Career Planning Module, the Succession Planning Module and the Training Administration Module. It is the RCMP's position that core and functional competencies must be identified, competency evaluation tools established, learning activities developed or identified to facilitate the development of competencies in employees, and competency levels of employees evaluated and rated.

The implementation of competency-based management should result in changes to the staffing and recruiting processes. The RCMP is of the view that selection criteria should be based on competencies rather than years of experience. There will also be a need to develop new processes for career planning and succession planning. Implementation is schedule for January 2002. It is believed that implementation of the integrated competency-based system and processes will significantly reduce the level of RCMP customization. The CBM module will replace the current career management module.

- **Upgrading to version 8 (or 9)** – the RCMP intends to migrate to version 8 (or 9) of PeopleSoft beginning in April 2002. PeopleSoft version 8 is Internet/Intranet enabled. It should eliminate the requirement for network server and workstation installations and support in divisions.
- **Leave Management** – the Government of Canada version of PeopleSoft HRMS contains a Leave Module and Web Applet configured and customized to meet Government of Canada business requirements. Automation of these processes will reduce the amount of data entry required by HR Specialists, increase efficiency and improve access to leave data by employees and managers.

- **PeopleSoft / RPS Interface** - the interface is being addressed at the cluster level.
- **Re-engineering** - to leverage PeopleSoft best practices and simplify HR processes and eliminate roadblocks.
- **HR performance management** – The RCMP intends to implement the PeopleSoft Enterprise Performance Management solution.
- **Business Intelligence** – the RCMP is currently working with Cognos to develop an HR business intelligence capability.
- **Workforce analytics** – the RCMP intends to implement workforce analytics to support a more effective HR planning and career development framework.
- **HR Self Serve** – the RCMP intends implement HR self-service to enable employees to interact with the HR system to input/obtain career information.
- **Job Postings** – the RCMP would like to have the ability to advertise RM and CM positions on the RCMP’s web-site and to have this information linked to the HRMIS.
- **Security Module** – this module will be able to use the web to track security clearances. The security module will integrate with recruiting and staffing beginning in April 2002. A related project is to use HRMIS to capture information on consultants / others doing work for the RCMP.

PAYROLL AND BENEFITS

PAY SYSTEMS

The RCMP is considering several changes to its payroll systems, including migrating RMs and CMs to RPS. With the conversion of RCMP members and other employees to RPS, PWGSC would be supporting approximately 22,000 RCMP accounts. RPS would need to be customized to accommodate the RCMP’s special rules and requirements. The estimated one-time cost of migrating from GEAC to RPS is \$10M. The RCMP is also investigating other alternatives to outsourcing payroll to PWGSC²⁰.

PENSION SYSTEMS

The RCMP intends to outsource pension administration and insurance responsibilities for RMs and CMs to the private sector. The RCMP would continue to use one pension administration system for RMs and CMs (outsourced) and a separate pension administration system for PS employees.

²⁰ *Although the RCMP is investigating other alternatives to RPS, the RCMP has indicated that the migration from GEAC to RPS is the preferred approach and is expected to occur in 2003.*

Figure 4: RCMP Payroll Administration – Future Model

This model requires that a Generic Data File be developed. All major systems requiring compensation data would pull their payroll data from the File. Other systems requiring compensation data would be limited to filters developed for their specific data requirements.

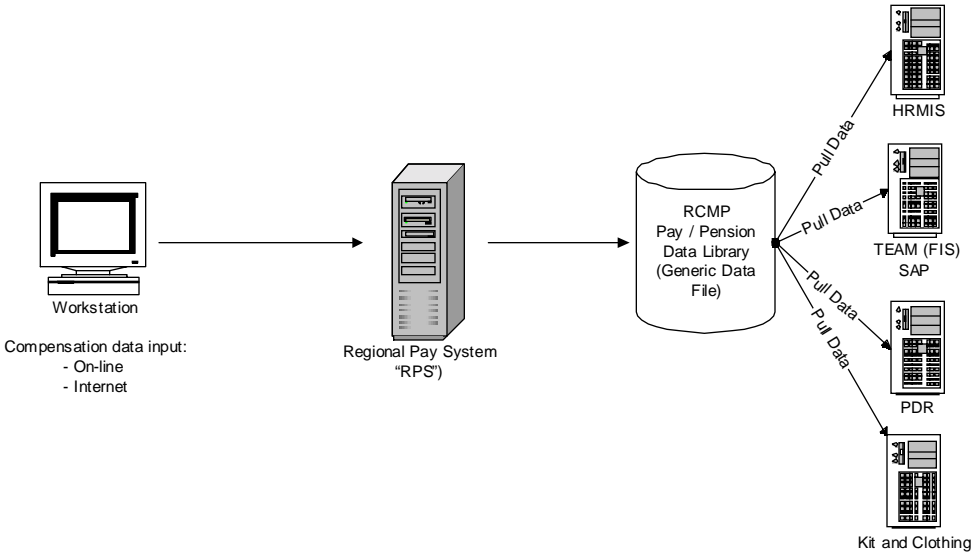
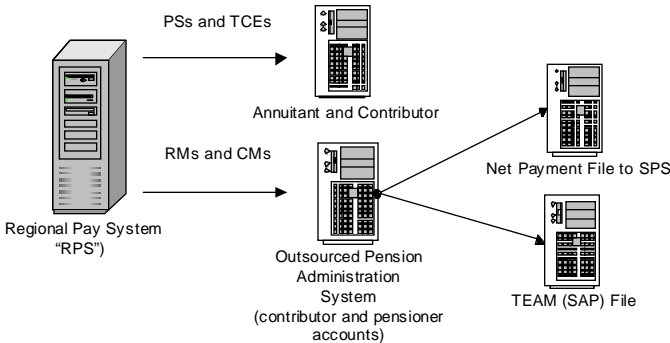


Figure 5: RCMP Pension Administration – Future Model



APPENDIX B – DEFINITION OF ABBREVIATIONS

AD&D	Accidental Death and Dismemberment
APSFA	Association of Public Service Financial Administrators
CBM	Competency Based Management
CCRA	Canada Customs and Revenue Agency
CFIA	Canada Food Inspection Agency
CLC	Canada Labour Code
Cluster	Cluster of Federal Government Departments
CM	Civilian Member
COTS	Commercial off-the-Shelf
CSIS	Canadian Security Intelligence Service
CTC	Canadian Tourism Commission
DSRR	Divisional Staff Relations Representatives
<i>FAA</i>	<i>Financial Administration Act</i>
FLI	Forensic Laboratory and Identification
FTEs	Full Time Equivalents
GECA	Government Employees Compensation Act
GOC	Government of Canada
HR	Human Resources
HRDC	Human Resources and Development Canada
HRM	Human Resources Management
HRMIS	Human Resources Management Information Systems
HRMS	Human Resources Management System
HROs	Human Resource Officers
IT	Information Technology
KEDC	King Edward Data Centre
LES	Law Enforcement Support
LTD	Long term disability
OSFI	Office of the Superintendent of Financial Institutions
PA	Pension Act
PIPSC	Professional Institute of the Public Service of Canada
PS	Public Service
PSAC	Public Service Alliance of Canada
PSC	Public Service Commission
<i>PSEA</i>	<i>Public Service Employment Act</i>
PSEs	Public Service Employees
PSMIP	Public Service Management Insurance Plan
<i>PSSA</i>	<i>Public Service Superannuation Act</i>
<i>PSSRA</i>	<i>Public Service Staff Relations Act</i>

PSSRB	Public Service Staff Relations Board
PWGSC	Public Works and Government Services Canada
RCMP	Royal Canadian Mounted Police
<i>RCMPA</i>	<i>Royal Canadian Mounted Police Act</i>
<i>RCMPSA</i>	<i>Royal Canadian Mounted Police Superannuation Act</i>
RM	Regular Member
RPS	Regional Pay System
SEC	Senior Executive Committee
SES	Separate Employer Status
SPS	CM Special Services Group
Task Force	HR Modernization Task Force
TBS	Treasury Board Secretariat
TCEs	Temporary Civilian Employees
WCB	Workers Compensation Board
WFAD	Workforce Adjustment Directive

APPENDIX C – SUMMARY RESULTS OF EMPLOYEE COMMUNICATION SESSIONS

INTRODUCTION:

Between December 2nd and December 20th, Deloitte & Touche led communication sessions in divisional headquarters across Canada to present the proposed option for merging civilian categories within the Royal Canadian Mounted Police (“Option 3”) as well as to gather feedback from participants on the proposed option. The communication sessions took place in St. John’s, Halifax, Fredericton, Montreal, London, Winnipeg, Regina, Edmonton, Victoria, Vancouver and Ottawa and a total of 1,240 employees completed a survey that was distributed to session participants. The breakdown of session participants by employee category is as follows: 62% were PSEs, 29% were CMs, 3% were RMs and 1% were TCEs (CM).

SURVEY FINDINGS:

The findings from the two-page survey that was distributed to the session participants are summarized below:

QUESTION 1

Q: Do you have a basic understanding of Option 3 as it was presented today?

A:

Yes	No	No Response
84%	11%	3%

Comment:

84% of the participants felt that they had a basic understanding of “Option 3” following the session.

QUESTION 2

Q: Do you feel today has been a good use of your time?

A:

Yes	No	No Response
82%	12%	5%

Comment:

82% of the participants felt that the communication session was a good use of their time.

QUESTION 3

Q: The level of detail provided in today’s presentation was:

A:

Not clear	About right	Too detailed	Not enough	No Response
11%	55%	6%	25%	3%

Comment:

The level of detail provided in the presentation was ranked “About Right” by 55% of the participants. However, 36% of the participants felt that more information was required (“Not Clear” and “Not Enough” responses combined).

QUESTION 4

Q: What was your level of awareness of the Categories of Employees Project before today?

A:

None	A Little	A Lot	No Response
7%	68%	24%	1%

Comment:

75% of the participants had little or no level of awareness of the Categories of Employee Project prior to the communication sessions.

QUESTION 5

Q: Do you feel “Option 3 – Preferred Option” is an improvement over the current structure?

A:

Yes	No	No Response
29%	45%	25%

Comment:

While 45% of participants responded “No” to this question, 37% of those respondents stated that they did not have enough information about the option to make a final assessment. Thus, overall, 42% of participants felt that they were not in a position to respond to this question given the information available at this time²¹. Of the remaining 58% of respondents who felt that they had enough information to assess the proposed option, 29% felt the option was an improvement over the current situation, while 29% felt that the option was not an improvement. Given the magnitude of the change and the uncertainties surrounding Option 3, these results were more favourable than anticipated.

²¹ 42% = 25% “No Response” + (37% x 45% “No”)

QUESTION 6

Q: Moving forward, how would you like to hear about the Category of Employees Project?

A:

From Supervisor	Bulletin Board	Project Web Page	Pony Express	E-mail Messages	From Colleagues	Fast Facts
14%	11%	52%	10%	71%	6%	15%

Comment:

The majority of participants felt that e-mail messages and postings to the project web page were the best methods of communication on the Category of Employees Project.

ADDITIONAL COMMENTS:

Participants were encouraged to include additional comments. The participants’ comments focused on “Me” issues (which is to be expected in this type of forum) and the key issues raised in the surveys have been addressed throughout this business case document.