

The Working Conditions of Montreal Municipal Employees

by Louis Fortin



When a public administration takes charge of services for citizens, it has a responsibility to provide them at the lowest possible cost. It is taxpayers, after all, who pay for these costs, which include in particular the working conditions governed by the collective agreements of the public sector employees who provide these services.¹ In the case of the City of Montreal, \$2.9 billion will be collected this year in municipal taxes, while the overall remuneration of its employees will total \$2.4 billion.²

This *Economic Note* provides an overview of the working conditions of City of Montreal employees. It is based primarily on the current collective agreements³ for the municipality's 5,974 blue-collar and 10,327 white-collar workers. Taken together, these workers represent the majority of the City's approximately 28,937 employees.⁴

We will also contrast the working conditions for City of Montreal employees with those that prevail in the private sector. Comparisons always involve certain difficulties, and this one is no exception. For example, the notion of job security has no equivalent in the private sector and is difficult to measure from a financial point of view. Nonetheless, it is useful to have certain reference points to help in making a comparison.

The general working conditions of municipal employees

Each year, the Quebec Institute of Statistics compares working conditions in the private sector, in the provincial government and in the municipalities, among others.⁵ The comparison looks at similar jobs and, in the private sector, takes into account only businesses with 200 or more employees, which generally offer the best working conditions. Despite this, the results show that the work-

ing conditions of municipal employees as a group are more favourable in several ways than those of employees working for large corporations.

The average salary of a municipal employee is \$50,895 a year versus \$46,716 in the private sector, a 9% advantage.⁶ To receive this salary, though, a municipal employee does not need to spend as many hours at work as a private sector employee. Municipal employees work nearly four fewer hours a week or 25 fewer days a year.⁷

The value of municipal employees' social benefits is estimated to be 35% of their salaries, as opposed to 23% in the private sector.⁸ Contributions to retirement plans—generally with defined benefits⁹—and insurance largely account for this difference, which heavily favours municipal employees. In Montreal, retirement plan contributions constitute by far the main component of social benefits. By themselves, they represent 25% of overall remuneration.¹⁰

Generally speaking, public sector retirement plans are more generous than private sector plans. A comparative study estimates that the incomes of public sector retirees are 67% higher on average than the incomes of private sector retirees.¹¹



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Table 1 ► Comparison of working conditions between the private sector and municipal workers in Quebec

	Private sector (businesses with 200 or + employees)	Municipal employees
Wages	Average salary of \$46,716 per year	Average salary of \$50,895 per year
Hours worked*	1,720 hours worked per year on average (33 hours a week)	1,523 hours worked per year on average (29 hours a week)
Total remuneration	Social benefits represent 23% of salary \$57,454 in total remuneration	Social benefits represent 35% of salary \$68,507 in total remuneration
Retirement plan	Defined benefit or defined contribution plans representing 5.8% of salary (\$2,728)	Defined benefit plans representing 16.9% of salary (\$8,576)

* This is not a measure of regular hours, but rather of average hours present at work once leave days and absences have been deducted.

Source: Institut de la statistique du Québec, *Rémunération des salariés : état et évolution comparés 2011*, November 2011.

However, even among public sector plans, the City of Montreal's plan stands out. In the vast majority of cases, 50% of civil service retirement plan premiums are paid by the employer and 50% by employees, whereas in Montreal, the employer covers on average 70% of the cost of the plans and employees just 30%.¹²

Job security

In the private sector, decisions about the optimal number of employees are guided by various factors. Considerations include what to produce and in what quantities, which technologies to adopt, how productive employees are, etc. Within public administrations, these questions are also relevant. However, certain mechanisms can limit the amount of room politicians and managers have to manoeuvre, such as job security, the employment floor and restrictions on subcontracting.

Originally intended to limit partisan terminations, job security guarantees long-term work, basically for the entire length of a career, to a permanent employee. In practice, this mechanism means that employees will keep their remuneration even if their positions are eliminated in the normal course of public service management. Section 11.12 of the collective agreement for City of Montreal white-collar workers stipulates that:

“No civil servant may be dismissed or terminated, or suffer any decrease in salary following or on the occasion of technical or technological improvements, or of any transformations or modifications whatsoever in the structure or in the administrative system of the Employer or in work procedures.”

Section 4.01 of the collective agreement for blue-collar workers is almost identical, with the additional stipulation that an employee cannot be dismissed “for lack of work.” In other words, job security in this case means that employees can be remuner-

ated without working. If a position is eliminated, the employee who occupied that position must be reassigned to another identical or similar position without loss of salary.

The working conditions of municipal employees are more favourable than those of employees working for large corporations.

The collective agreement for blue-collar workers sets an employment floor of 3,804 regular employees and 140 support staff. Regardless of any political, budgetary or other circumstances, the number of employees in these categories cannot fall without having to renegotiate these sections of the collective agreement.

Subcontracting

Subcontracting is a contractual agreement that allows specific jobs or tasks to be carried out by calling upon the services of external businesses. They can also lead to some savings. By default, an employer can use subcontractors by exercising its management rights. Normally, subcontractors have their own remuneration policies and evolve in a competitive environment.

However, the City of Montreal's collective agreements include restrictions that prevent it from enjoying these benefits when it hires subcontractors. Section 10.01 of the collective agreement for white-collar workers stipulates for example that “*all work currently assigned to employees covered by union accreditation must continue to be carried out by these employees,*” unless the City of Montreal can prove that there are not enough municipal employees to do the job, or that they do not possess the necessary expertise or the proper tools. Moreover, subcontracting must not threaten existing jobs:

Table 2 ► Comparison of working conditions between the private sector and City of Montreal employees

	Working conditions in the private sector in Quebec	Collective agreement for City of Montreal white-collar workers	Collective agreement for City of Montreal blue-collar workers
General leave days	8 paid public holidays included in provincial labour standards 5 extra paid leave days, including floaters or fixed holidays and closing or reducing operations over the Christmas period, are often offered in large corporations TOTAL: 13 days	13 paid holidays + 39 hours of floaters TOTAL: approximately 18 days	8 paid holidays + 45 hours of floaters TOTAL: approximately 14 days
Job security	No*	Yes	Yes
Employment floor	No*	No	Minimum of 3,804 regular employees
Possibility of reducing costs through subcontracting	Yes, with exceptions	Restrictive clauses limiting subcontracting	Restrictive clauses limiting subcontracting

* Certain private sector collective agreements contain clauses that approximate these concepts. However, a private business can go bankrupt, contrary to a public administration.

“Such contracts or subcontracts must not cause a permanent position to be eliminated, or entail a dismissal, or reduce the number of hours normally worked by the employees of the department or Service concerned.”

The mechanism of job security means that employees will keep their remuneration even if their positions are eliminated in the normal course of public service management.

In section 27.06 of the collective agreement governing blue-collar workers, the City of Montreal commits to privileging internal expertise before resorting to subcontracting, considering also costs and productivity. This section, which appeared in October 2010, replaces a section that was much more restrictive and that stipulated that the hourly salaries of subcontractors' employees had to be identical to those of municipal employees.

In other words, this collective agreement determined not only the working conditions of the City of Montreal's unionized workers, but also those of the employees of subcontractors awarded city contracts. The new clause opens the door to a more flexible organization of work and a more realistic evaluation of the benefits of subcontracting.

These subcontracting clauses nonetheless reinforce the mechanisms put in place in the collective agreements to ensure the job security of municipal employees. Indeed, subcontracting represents an alternative to the work done by these employees. By the same logic, the collective agreements

contain restrictive clauses covering everyone who works for the City and who might compete with regular employees, like interns, students, non-profit organizations and volunteers.

Job security, employment floors and restrictions on the use of subcontracting are all exceptional phenomena in the private sector.

Vacation, leave days and hours worked

As seen in Table 1, comparisons made by the Quebec Institute of Statistics show that municipal workers are present at work nearly 200 fewer hours a year than workers in the private sector. This observation can be explained by more generous vacation time and paid leave days as well as by absenteeism.

The collective agreements governing blue-collar and white-collar workers grant a third week of vacation after two years of employment with the City of Montreal and a fourth week after five years. After twenty years, an employee gets up to six weeks of vacation time. In the private sector, an employee has a right to a third week of vacation after five years of continual service with the same employer, according to the *Act respecting labour standards*. The law does not stipulate any other minimum vacation periods beyond this. Even with large unionized private sector employers who offer working conditions considered to be quite favourable, extra weeks of vacation are secured later than with the City of Montreal, generally after three years for the third week and after ten years for the fourth week. Six weeks of vacation time is practically unheard of.

As for other days off, the blue-collar workers' collective agreement notably provides for 8 paid public holidays plus an additional 45 hours of "floater" holidays. White-collar workers have 13 paid public holidays and 39 hours of floaters per year. These measures go significantly further than what is provided for by provincial labour standards and are a little bit more generous than what is found in large private sector companies.

Municipal workers are present at work nearly 200 fewer hours a year than workers in the private sector.

There is also this surprising clause, which one might call a "Christian holiday," in the white-collar workers' collective agreement (section 28.01):

"The civil servant can benefit from an excused absence in the following cases: [...] The day of the ceremony, on the occasion of the consecration of a brother or son or of the taking of vows by a sister, brother or child."

It is likely that this kind of leave is taken much less often in this day and age than it was in the past and that it does not represent any significant costs for Montreal taxpayers. Nonetheless, the anachronistic presence of this kind of provision in a collective agreement signed in recent years shows that once a benefit has been granted, it is difficult to remove it later because of the internal logic of vested rights.

Absenteeism could also explain the lower number of hours worked among blue-collar workers. Indeed, their collective agreement provides for the creation of a bipartisan committee charged with reducing absenteeism. The City of Montreal has even committed to rewarding the union on an annual basis if these efforts bear fruit by paying them a prorated amount of the objectives reached, which could go up to 0.3% of the wage bill.

Conclusion

It is clear that the City of Montreal's blue-collar and white-collar workers enjoy much more favourable working conditions than do workers in the private sector. In other words, Montreal taxpayers are funding exceptionally generous salaries and benefits that are out of reach for the very large majority of Montrealers. In this context, we can ask ourselves if the notion of "public service" should not also include more respect for the public's ability to pay.

References

1. Within the public sector in Quebec, 81% of workers are covered by a collective agreement that determines their working conditions. In comparison, just 25% of workers in the private sector are covered by a union. See: Statistics Canada, CANSIM Table no. 282-0078 (data for 2011).
2. Ville de Montréal, *Budget de fonctionnement 2012*, December 2011, pp. 22 and 115. A compilation produced by *La Presse* in 2011 showed that the region of Montreal had the highest municipal taxes. Pierre-André Normandin, "La région de Montréal, la plus taxée au Québec," *La Presse*, November 28, 2011.
3. The collective agreement for blue-collar workers expires at the end of 2012. The one for white-collar workers expired on December 31, 2011 and is still in effect by default.
4. Information provided by the communications office of the City of Montreal. The figures refer to numbers of people and not to full-time equivalent positions.
5. Institut de la statistique du Québec, *Rémunération des salariés : état et évolution comparés 2011*, November 2011.
6. *Id.*, pp. 86 and 94.
7. *Id.*, pp. 87 and 95.
8. *Id.*, pp. 67 and 69. This proportion includes employers' contributions to retirement plans, collective insurance and government plans like Employment Insurance, the Quebec Pension Plan and the CSST (i.e., worker's compensation).
9. For an explanation of the various kinds of retirement plans and the generosity of public sector plans, see: Pierre Girardin, *Are public sector pension plans too generous?*, Montreal Economic Institute, March 2010.
10. Ville de Montréal, *op. cit.*, endnote 2, p. 115.
11. François Vaillancourt and Viorela Diaconu, *Rapport sur la situation financière de l'ensemble des retraités québécois des secteurs public et parapublic du Québec*, CIRANO, March 2008, p. 46.
12. Ville de Montréal, "Un changement de cap nécessaire pour réduire le fardeau fiscal des Montréalais et assurer la pérennité des régimes de retraite," news release, June 22, 2011. Employees' retirement plan premiums are fixed, but those of the employer vary depending on the plans' obligations and on possible deficits if the pension fund yield is lower than expected.

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