

June 23, 2020

Have Some COLA With Your Wage Increase

Arbitrator MacPherson maintained the Cost of Living Allowance (COLA) in the Urban contract and introduced it into the RSMC contract in accordance with the terms of the 2018 Pay equity award of Arbitrator Flynn. The terms of the COLA are the same as agreed to by the parties.

What is a COLA?

A COLA is actually a form of wage insurance against a sudden surge in inflation.

The COLA was first introduced into the CUPW contract in the 1970's when there was huge swings in the cost of living. Unpredictability with the cost of living, made wage negotiations very difficult.

How is it Paid?

The COLA is paid to all regular employees as a lump sum. It is paid for paid leave and statutory holidays but it is not pensionable. For RSMCs, it is paid by increasing the activity values by a percentage that corresponds with the impact of the increase in inflation.

When Would the COLA Take effect?

In our case, the COLA will only come into effect if inflation increases more than 5.33% during the last two years of the collective agreement. If this occurs, CPC will be required to make regular lump sum payments to all regular employees until the end of the contract or until the rate of inflation drops below 5.33%. If inflation does not surpass 5.33%, the COLA will not result in any payments.

Will This Protect Our Standard of Living?

During the final two years of the contract, postal workers will receive wage increases of 5.4%. Since the COLA will start paying out at 5.33%, we will receive protection in the event inflation rapidly increases.

In Solidarity,

Carl Girouard
National Grievance Officer

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