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Secrétariat du Conseil du Trésor du Canada

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BY EMAIL

Mr. William Kaplan
Chairperson

Mr. J.D. Sharp
Employer nominee

Mr. Joe Herbert
Union nominee

SUBJECT: General Economic Increase for 2025
Terms of Reference of the Arbitration Board
The Canadian Merchant Service Guild and
Treasury Board of Canada Secretariat
Ships' Officers Group

In accordance with the arbitral award issued December 21, 2023, the general wage increase for the Ships' Officers (SO) effective April 1, 2025, was remitted to the parties for negotiation since the arbitration board determined that the general settlement pattern for that year was not yet established, and as a result, the arbitration board remained seized.

While the parties exchanged economic proposals between December 2024 and May 2025 and held an in-person negotiation session in Ottawa on September 10 and 11, 2025, they were unable to reach consensus on 2025 increases.

The parties' respective positions from the arbitration hearing on November 8, 2023, are maintained: the Employer offers 2% while the Canadian Merchant Service Guild (CMSG) demands 4%. Subsequent to the September 10-11 session, on October 22, 2025, the CMSG informed the Employer of their intent to divide the proposed 4% into a 2% general wage increase and a 2% market adjustment. This approach remains inconsistent with established pattern norms and is not supported by any demonstrated need for market adjustment. Additionally, the parties agree in principle to the general wage increase of 2% and market adjustments have already been determined by the arbitration board in the award.

In response to the arbitral award of December 2023, the following comprises the Employer's submission in support of awarding the SO group a 2% general wage increase for 2025.

Canada

The general settlement pattern

The arbitration board determined in paragraphs 45 and 46 of the SO arbitral award that the general settlement pattern had not yet been set for 2025 at the time of the arbitration hearing.

For ease of reference, paragraphs 45 and 46 are reproduced below:

> [45] We are also of the view that it is important to ensure appropriate compression between SO and SCs rates and we are, therefore, on that basis and recruitment and retention, awarding a 4% market adjustment effective date of award (SCs received market adjustments in 2016 and 2023, SOs only in 2017). This market adjustment will ensure no compression deterioration which would otherwise occur. Other than this, we are of the view that the general settlement pattern – except for 2025 as it is too early to conclude that there is yet a pattern – should be followed for obvious reasons most particularly the fact that it is the normative throughout the federal public service and should be replicated except for exceptional circumstances which are not present here.
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> [46] Put another way, we are of the view that there should be a modest adjustment to address compression and recruitment and retention (replicating the special adjustment the SCs received), but other than that, the employer's proposed general wages increases should be awarded – again, except for 2025 – as that pattern of settlement clearly, cogently and persuasively establishes what the parties would have agreed upon had collective bargaining been allowed to come to its natural conclusion. After all, these rates apply to 350,000 public servants and were achieved for at least half this number following lengthy strikes. To depart from this normative outcome would require more evidence than what is set out in *Western Personnel* and the other materials relied on by the Guild. In all these circumstances, we award the pattern settlement, generally as proposed by the employer – except for 2020 (same total, different configuration) and 2025 – including $2500 together with a 4% market adjustment effective date of award (and identical to that received by the SCs).

The arbitral award already addressed deviations from the established pattern, provided they were justified with a demonstrated need as prescribed by the factors enshrined in the Federal Public Sector Labour Relations Act. As such, confirming an established pattern of general wage increases for 2025 is the only unresolved matter, and a market adjustment is not within the arbitration board's retained jurisdiction.

The Employer submits that for 2025, the pattern of settlement is set. As of October 2025, thirteen (13) bargaining units have negotiated 2% general wage

increase at the bargaining table for 2025, which were subsequently ratified by the membership without involving a third party. These bargaining units are:

- Comptrollership (CT)
- Economics and Social Science Services (EC)
- Electronics (EL)
- Foreign Service (FS)
- Architecture, Engineering and Land Survey (NR)
- Research (RE)
- Radio Operations (RO)
- Applied Science and Patent Examination (SP)
- Translation (TR)
- Border Services (FB)
- Law Practitioner (LP)
- Health Services (SH)
- Correctional Services (CX)

Three bargaining units have been awarded a 2% general wage increase for 2025 by a third party in arbitration: the Air Traffic Control (AI), the Aircraft Operations (AO), and the Ship Repair West (SRW) groups. These awards were determined by three different arbitrators in support of the established pattern.

The Commerce and Purchasing (CP), the Ship Repair Chargehands (SRC) and the Ship Repair East (SRE) groups also had the 2025 economic increases remitted to the parties by the arbitration board. In these three cases, the parties have now mutually agreed on a 2% general wage increase for 2025 without returning to the arbitration board.

The University Teachers (UT) are the only group with a collective agreement including general wage increases effective in 2025 still in negotiations.

All Separate Agencies that have negotiated the 2025 general wage increases have also received 2%. Notably, the Professional Institute of the Public Service of Canada has agreed to the 2% general wage increase for 2025 with the Canada Revenue Agency, the Canada Energy Regulator (formerly National Energy Board), the Canadian Food Inspection Agency, the Canadian Nuclear Safety Commission, the National Film, Board, the National Research Council of Canada, and the Office for the Superintended of Financial Institutions. The Public Service Alliance of Canada also agreed to the 2% increase for 2025 with the Communications Security Establishment. The Research Council Employee Association in the National Research Council of Canada has also agreed to the 2% general wage increases for 2025.

These represent a total of 20 additional bargaining units from separate agencies that recognized the pattern of settlement as fair and suitable.

Consequently, 99% of the collective agreements that include economic increases in 2025 are resolved, and all of these agreements reflect a consistent pattern of 2% general wage increases for 2025. The pattern of settlement clearly, cogently and persuasively established what the parties would have agreed upon had collective bargaining been allowed to come to its natural conclusion.

The Employer therefore respectfully requests the arbitration board award the SO Group a 2% general wage increase effective April 1, 2025, for the collective agreement expiring March 31, 2026.

Yours sincerely,

Asselin, Daniel

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