Board file: 585-02-44668

IN THE MATTER OF AN INTEREST ARBITRATION

UNDER THE *FEDERAL PUBLIC SECTOR LABOUR RELATIONS ACT*

BETWEEN:

Canadian Merchant Service Guild

(the “Guild”)

-and-

Treasury Board

(“Employer”)

Before:	William Kaplan, Chair JD Sharp, Employer Nominee Joe Herbert, Union Nominee

Appearances

For the Guild:	Samantha Lamb Allison Longmore Jewitt McLuckie & Associates Barristers & Solicitors
For the Employer:	Lourena Williams, Senior Director Alain Cousineau – Negotiator Michael Gager – Advisor / Economist Giuseppe Di Raimo – Advisor / Economist Jacques Lauperr – Advisor / Analyst Treasury Board of Canada

---

The matters in dispute proceeded to a hearing held in Ottawa on November 8, 2023.
The Board met in Executive Session on November 28, 2023.

Introduction

[1] The Canadian Merchant Service Guild (Guild) represents approximately 1300 Ships Officers (SOs), Instructors and Cadets employed by the Canadian Coast Guard and those working on ships belonging to the Department of National Defence in the Canadian Naval Auxiliary fleet. The Coast Guard – where 85% of Guild members work – is responsible for protecting Canada's coastal waters, not to mention search and rescue, ice breaking, fisheries patrols, surveying and research and security and marine operations. Some Guild members work as Instructors at the Canadian Coast Guard College in Sydney, Nova Scotia. Naval Auxiliary vessels – including harbour, coastal and fire-fighting tugs, a floating crane, torpedo recovery vessels, a submarine range patrol vessel, and floating plants for degassing and fueling – provide support at sea and in port to the Canadian Forces and our NATO allies. Auxiliary bases are located at Halifax, NS, Esquimalt and Nanoose Bay, BC..

[2] It is fair to say that, whether by four years of study at the Canadian Coast Guard College (College), or by working one's way up the ranks (and through study), becoming a SO, or any of the other positions represented by the Guild, is only achieved through rigorous training and hands-on experience. The contribution of these men and women to our safety and security is axiomatic.

[3] The previous collective agreement expired on March 31, 2018. The Guild gave notice to bargain in December 2020. The parties met bilaterally in July, October and November 2021, and then with the assistance of a mediator in March 2022. Various outstanding issues were agreed upon then and since – and some proposals were withdrawn – and we direct that the agreed-upon items be included in the collective agreement settled by this award. The matters in dispute proceeded to a hearing on November 8, 2023. Any outstanding Guild or employer issue not directly dealt with in this award is deemed dismissed. The Board met in Executive Session on November 28, 2023.

Criteria

[4] Section 148 of the *Federal Public Sector Labour Relations Act* (FPSLRA) sets out the relevant criteria to be considered by the Board in determining the outstanding issues in dispute:

…

> ***(a)*** *the necessity of attracting competent persons to, and retaining them in, the public service in order to meet the needs of Canadians;*
>
> ***(b)*** *the necessity of offering compensation and other terms and conditions of employment in the public service that are comparable to those of employees in similar occupations in the private and public sectors, including any geographic, industrial or other variations that the arbitration board considers relevant;*
>
> ***(c)*** *the need to maintain appropriate relationships with respect to compensation and other terms and conditions of employment as between different classification levels within an occupation and as between occupations in the public service;*
>
> ***(d)*** *the need to establish compensation and other terms and conditions of employment that are fair and reasonable in relation to the qualifications required, the work performed, the responsibility assumed and the nature of the services rendered; and*
>
> ***(e)*** *the state of the Canadian economy and the Government of Canada's fiscal circumstances.*

Guild Submissions

[5] In the Guild's submission, the governing criteria – properly applied – led to the conclusion that all its proposals should be awarded; they were, in the Guild's words, fair and reasonable as was demonstrated by the application of the different criteria to the issues in dispute.

Recruitment and Retention

[6] The Guild began by observing that there was – and this situation has only become worse with the passage of time – a serious recruitment and retention crisis. In the last interest arbitration award between these parties – the award of Arbitrator Baxter dated October 2, 2018 – the arbitrator categorically found that "there is considerable merit to the Guild's position that this group has historical issues related to retention and recruitment" (para. 58). Moreover, Arbitrator Baxter readily concluded that the SOs represented by the Guild lagged significantly behind their comparator counterparts. Accordingly, the Baxter arbitration board awarded a market adjustment to address and redress the recruitment and retention challenges, to respond to internal relativity concerns, and to bring rates closer to private sector counterparts.

[7] Since the Baxter award, the recruitment and retention crisis continued, the Guild submitted, and so too did the need, notwithstanding Arbitrator Baxter's market adjustment effective 2017, for significant across-the-board general wage increases along with another market adjustment, among other economic proposals advanced by the Guild. Anything less, in the Guild's submission, would not encourage recruitment, incentivize retention, deal with a compression problem – discussed below – and properly reflect private sector comparators.

[8] In support of these submissions, the Guild focused its attention on an internal Coast Guard document: *Western Region Fleet Personnel Risks (June 2023) (Western Region)*, which elaborated current and future recruitment and retention challenges, along with their actual and projected impact on operations. The Guild reviewed this document in detail. *Western Region* established that west coast SOs were underpaid and that there were not enough of them, leading to demonstrable and documented operational deficits. This situation would only worsen as there was a worldwide shortage of SOs, and this shortage of these very highly qualified personnel was not expected to abate in the short, medium, or long term. Indeed, it was expected to get much worse given demography and massive projected retirements.

[9] At the time of the hearing, the Guild observed, there were ongoing job competitions for virtually every level of SO across the country (a situation that would inevitably worsen as more ships were added to the Coast Guard fleet). SOs were increasingly unable to access vacation and other leaves (and were sometimes being ordered back to work while on leave). Current employees were regularly enticed to leave employment for more lucrative posts elsewhere. This was made manifest by *Western Region* which not only reported on the higher rates paid at BC Ferries – a key external comparator – but all the other bells and whistles it and other competitors had on offer for SOs to entice and incentivize SOs to join their ranks, including reimbursing them for any monies they had to repay the College for leaving before the end of the prescribed service period imposed on its graduates. Retired employees were being invited to return to the workplace with certain prohibitions waived given the pressing need. The bottom line was that unless measures were put into place to encourage recruitment and discourage departure, the core mandate of the Coast Guard was in jeopardy.

External Comparability

[10] This was not a normal case with a normal application of the statutory criteria. And the reason for that was simple: there were no SOs within the core public administration and, therefore, no direct comparators. The Ships' Crew (SC) were somewhat relevant; they had completely different qualifications, duties and responsibilities than the SOs, but their workplaces and scheduling systems were the same (and there were, as noted above, also compression issues discussed in more detail below justifying SO compensation increases). There were other government comparators such as BC Ferries, plus many private sector operators in the Great Lakes and on the East and West Coasts, and when these comparators were carefully examined, the conclusion was indisputable that SOs were underpaid.

[11] The Guild relied on its collective agreements with all these comparators – numerous Guild collective agreements were submitted in evidence– in support of its proposals. The Guild had negotiated these collective agreements. It knew the rates and the job classifications. It was in the best position to compare apples with apples and that exercise made it manifest that SOs were receiving substantially below-market rates (and this, the Guild observed, was in stark contrast to the data relied on by the employer which was limited, anecdotal and methodologically suspect).

[12] When the Guild private and public sector collective agreements were examined, it was crystal clear that significant compensation increases were required to recruit and retain: the Federal Government must be able to compete with the rates of pay that were both ubiquitous and normative in other workplaces. Numerous examples – set out in the Guild's brief and discussed at the hearing – were advanced in support of this proposition.

Internal Relativity

[13] The SOs, the Guild observed, not only command the vessels, but they supervise the SCs represented by PSAC. Hierarchy mattered in most workplaces but especially, for obvious reasons, on a ship. There was an incontestable need for meaningful differentials in pay rates. Every pay system must provide for appropriate relative compensation reflecting core differences in categories of work that are not equal. Due to differing compensation awards over the past years between SOs and SCs, the wage gap between the two had shrunk to the point that there was little incentive for SCs to consider becoming SO.

[14] At the same time, this compression was clearly discouraging applications to the College program, which took four years to complete. In marked contrast, to become a SC, only a few weeks of training were required before beginning work. The current system was out of whack: compression had eroded this necessary internal relativity, and the Guild provided the evidence establishing this. That was another reason supporting the Guild's compensation asks. Simply put, without a substantial market adjustment, the differential between SOs and SCs would continue to shrink throughout the term of the collective agreement, making a bad situation even more untenable.

Fair and Reasonable Compensation

[15] SOs compensation had to reflect the education, training and experience required to do the job, not to mention the responsibility that accompanied it in every classification in the SO system. SOs normally worked on a 28-day on, 28-day off cycle, frequently in remote locations. They were responsible for the ships and the men and women who crewed them. SOs held very important and responsible jobs and should receive compensation that reflected this.

The Canadian Economy and Canada's Fiscal Circumstances

[16] The collective agreement being settled by this award was somewhat unusual as its term begins on April 1, 2018, running until March 31, 2026. Whether one focused on the pre-Covid part of the term, the pandemic part of the term, or the period that followed, there was no economic circumstance, the Guild argued, that could objectively serve as a barrier to its fair and reasonable proposals; proposals amply justified by the application of the other criteria.

[17] The economic evidence established that instead of a recession, a robust recovery was underway and that, therefore, fully supported all the proposals the Guild put forward. At the same time, inflation had skyrocketed beginning in 2022, and was continuing to this day, with SOs experiencing real and tangible impacts on purchasing power. Even if inflation begins to abate – and to date, the Guild observed there was little persuasive evidence of it doing so – inflationary increases were now baked into prices and that would not likely change no matter what. Notably, there were a slew of settlements, and arbitral awards, that had begun to materially take inflation into account – and the Guild referred to and relied on them in arriving at its proposed wage outcomes – wage outcomes that should be awarded here.

Guild Proposals

[18] The Guild's proposed general wage increases, (and those offered by the employer), are as follows:

Guild Proposal General wage increases as follows:		Employer Proposal
April 1, 2018	3%	2.8%
April 1, 2019	3%	2.2%
April 1, 2020	3%	1.35% (plus .15% for group specific challenges, i.e. allowances)
April 1, 2021	3%	1.5%
April 1, 2022	7.5%	3.5% (wage adjustment 1.25%)
April 1, 2023	5% plus market adjustment of 8%	3% (payline adjustment .5%)
April 1, 2024	4.5%	2% (wage adjustment .25%)
April 1, 2025	4% plus COLA re-opener in the event that CPI ending January 31, 2025 is over 4%	2%

[19] The Guild also proposed – prior to the application of any general wage increases – that three steps be added to existing wage schedules so that in all cases there would be seven steps instead of the current four to reach the job rate, (with an exception for College Instructors discussed below). The new steps would maintain the existing 3.5% differential between increments. Adding the additional steps would meaningfully address the serious recruitment and retention issues and correct existing SO-SC compression (exacerbated by the 4% market adjustment SCs received in 2023).

[20] Insofar as the requested general wage increases were concerned, the Guild was seeking 3% increases in the first four years of the collective agreement, followed by higher increases in the last four, together with an 8% market adjustment in April 2023, again to address recruitment and retention and compression and, needless to say, inflation which starting in 2022 has, the Guild observed, become a serious matter. To ensure that SOs do not fall behind in the future, a COLA reopener in 2025 was also sought if CPI ending January 31, 2025, was over the requested 4% general wage increase. A COLA reopener, the Guild submitted, was completely appropriate as it was impossible

to currently determine where settlements would land in 2025-2026. It was true enough that a small number of groups had negotiated agreements with the Federal Government for this year, but none of those results were applicable as none of them reflected the recruitment and retention challenges, compression and internal and external comparability concerns present here. There were also too few settlements to establish a pattern.

[21] Stated somewhat differently, the Guild did not dispute that its general wage increase request was greater than the federal government pattern for much of the term – 2.8% in 2018, 2.2% in 2019, 1.5% in 2020, 1.5% in 2021, 3.5% and 1.25% in 2022, 3% plus minimum .5% group-specific market adjustments in 2023, and 2% plus .25% in 2024 (and a one-time $2500 pensionable lump sum in 2023) – but argued that its ask was justified because of recruitment and retention, wage compression, and comparison with the private sector and inflation.

[22] The Guild did not disagree that replication was essential but took the position that what the employer sought was duplication – duplication of a pattern of settlements that had nothing to do with the proper application of criteria in this case and duplication of results that were completely divorced from the reality of this workplace. True replication meant giving effect to the Guild's fair and reasonable proposals that reflected the recruitment and retention crisis, brought wages closer to normative external comparators – and the Guild pointed to collective agreements, its collective agreements, which showed exactly what they were – and properly addressed the compression issue between SOs and SCs.

[23] The point was also made that it was both inappropriate and wrong for the employer to disavow its own report – *Western Region* – that detailed the recruitment and retention crisis the Coast Guard currently faced. It was inconceivable that the Coast Guard would prepare and circulate an inaccurate or misleading report. It knew what it was talking about, a situation that mirrored the lived reality as reported by Guild members. It was also important to point out that the employer never took issue with one fundamental fact: there was a worldwide shortage of ships officers, and every shipping service, whether in the public or private sector, was competing to hire from the same small pool of certified personnel, a situation that was widely expected to only worsen for a variety of reasons, including additions to the fleet, growing demand and demographics.

[24] In addition to its proposed SOs increases, the Guild also sought reduction in the number of steps for the College Instructors' rates of pay (and the same general wage increases and market adjustment). There was a recruitment and retention crisis here too, and one that should require immediate attention so that the College could fulfil its role of educating future generations of SOs. Related to this was a Guild proposal to improve the monthly allowances (training and at sea) paid to cadets.

[25] By way of example, cadets accepted to the College were paid an allowance of $375 per month, with modest increases in successive years reaching a high of $581 a month in the fourth year of the program. These amounts have not been increased in just over a decade. The Guild proposed $800 a month in each year (reflecting the federal minimum wage) for College training and $1551.81 for sea training in the first part of the program and $2205.85 in the second part (increases of $424.81 and 603.85 respectively). In notable contrast, Officer Trainees in the Marine Communications and Traffic Services Program at the College receive about double the amount received by SO trainees, even after deductions for meals and accommodations.

[26] The Guild also sought improvements to the Extra Responsibility Allowance – in recognition of additional duties that are performed and paid to Commanding Officers and Chief Engineers assigned to certain classes of vessels – classifications disentitled to other collective agreement entitlements such as overtime (expect on a rest day), call back, reporting pay, travelling time and security duty pay. The Guild proposed increasing the amount and adding to the list of vessels where the master/commanding officer or chief engineer would be entitled to the premium. The Guild further sought increases to vacation pay – not improved since 2010 – the addition of Truth and Recognition Day to the list of designated holidays, improvements in paid travel time while on bereavement leave, and incorporation of the current practice of paid meal periods into the collective agreement among other demands.

Employer Submissions

Introduction

[27] The employer began its submissions by observing that the SO group was the only one that has not reached a settlement in the 2018-2021 collective bargaining round. Overall, 26 out of 27 collective agreements have been finalized in the core public administration; or, in other words, 99.4% of the represented employee population. In

addition, 100% of the separate agencies have completed their negotiations for the 2018 round. The employer's offer for the first four years of the term being settled by this award aligned with the established pattern and replication, therefore effectively dictating that it be followed. While the employer agreed that the SOs were unique in the public service, the fact of the matter was there were other specialized groups and they had replicated the pattern. Accordingly, there was no reason for the SOs not to also do so.

[28] Similar observations were made about post-2021 outcomes: twelve collective agreements were completed in the core public administration representing 67.8% of represented employees with, again, an established pattern. Here too, the employer submitted that replication directed that these outcomes be followed. Other common features from this settlement landscape should also, the employer urged, be likewise applied. Nothing brought forward by the Guild, the employer argued, could lead one to reasonably conclude that the SO group should receive a more favourable arrangement than the pattern set in 26 out of 27 agreements for the 2018-2021 period, nor the 12 out of 27 agreements within the core public administration for the 2022-2026 period. This conclusion was reinforced by the proper application of the governing criteria.

Recruitment and Retention

[29] There were, the employer argued, no issues – none whatsoever – in recruiting and retaining SOs. If anything, the evidence led to a finding that the exact opposite was true: the data was clear and compelling. The numbers of SOs – net of separations – was increasing. A one-time decline in hiring rates in 2020-2021 was just that, a one-time phenomenon. When it sought to recruit, the employer attracted many more qualified candidates than it required. Overall, separations were on the decline. SOs were not leaving the Coast Guard for outside employment. In these circumstances, it could not be fairly claimed that there was a retention issue that needed to be addressed.

[30] As already noted, the employer took issue with the Guild's reliance on *Western Region*: it was a working document, was limited in scope applying to one part of the country and had never been officially approved. To the extent it suggested that there was a pay delta between SOs and comparable positions at BC Ferries, it employed unreliable methodology in reaching this (incorrect) result (for reasons the employer outlined in its written submissions). The employer rejected the assertion that operations were being delayed or cancelled because of lack of personnel. The table relied on by the

union did not discriminate between classifications. There was no way one could conclude from examining this data that insufficient SOs was the cause of operations being reduced (even assuming for the sake of argument that operation reductions rose to the level claimed by the Guild, a proposition the employer rejected).

[31] The fact was that the data relied on by the Guild had serious deficiencies (a problem that unfortunately extended to the Guild's pay rate and other data); it also failed to indicate how long operations were delayed, cancelled or reduced. This was not the kind of evidence, the employer argued, that could possibly support wage demands well in excess of anything agreed or imposed anywhere in the federal public service and applying to hundreds of thousands of government employees. The Coast Guard had a target of no more than 3% of operations compromised because of crew and operational issues and was successful in meeting that target.

[32] Speaking of which, it was accurate to say that there were vacancies posted in a variety of positions but that did not actually tell the true story: postings were a fact of staffing life, and not necessarily an indication of a recruitment and retention crisis requiring a non-normative wage response. Unfilled postings did not establish a recruitment deficit: some positions were deliberately kept vacant to provide management with staffing flexibility. The Coast Guard had no intention of filling all open positions; it filled positions based on current and forecasted needs and was consistently able to do so (vessels held out of service for refit and otherwise were obviously not being staffed). To be sure, the employer would like to have more space at the College, and more SOs so that it could fulfil all the (increasing) leave requests, but those likes did not establish a recruitment and retention crisis justifying the wage increases sought by the Guild (wage increases that demonstrably exceeded an established pattern). And to the extent that the Guild's entire compensation requests were almost entirely based on a report that did not say what the Guild claimed, it simply could not form the basis for any non-pattern wage increases or unjustified special adjustments.

External Comparability

[33] Here too, the employer pointed to the data and the evidence comparing outside rates with SO rates (both private and public sector). The employer relied on a study prepared by Mercer Canada LLC, and it established that overall SO wages were either competitive with or leading the market for every single position but Commanding Officer (an especially good result considering that the results in the study compared SO

rates effective April 1, 2017, compared to August 1, 2021 market rates). Should the employer's wage offer be awarded, all SO positions would be within the target range, or above. The conclusion was inescapable that the Guild's wage proposals could not be justified based on this criterion.

Internal Relativity

[34] When measured against the core public administration – the necessary comparator because of the absence of any direct internal comparators – it was quite clear that the SOs in the 2018-2021 period have received beneficial, indeed superior, outcomes. Likewise, all SO positions were paid more than SCs: the evidence established that in every case the SO was paid more than the SC. Accordingly, the employer took the position that the Guild's wage demands were not justified by application of this criterion. Simply put, there was no compression issue now and there would be definitely no compression issue if the employer's wage proposal was adopted.

The Canadian Economy and Canada's Fiscal Circumstances

[35] While Canada managed to quickly recover from the economic damage caused by the pandemic, the truth was that persistent and deep-rooted challenges remained, with weaknesses in that recovery becoming increasingly evident. In addition to the materials set out in its brief, the employer provided an *Update to Economic & Fiscal Conditions.* And the long and short of it was that the outlook was discouraging. Economic growth was slowing: the result of higher interest rates, tighter credit conditions, reductions in exports, international events, declining consumer and business confidence, high interest rates and persistent inflation. GDP was slowing. Unemployment was increasing. More and more Canadians were living in households experiencing financial difficulties. Public debt was climbing (a situation that was compounded by high interest rates, making it even more expensive to service that debt).

[36] The Parliamentary Budget Officer released its *Economic and Fiscal Outlook* in October 2023, projecting a $6.4 billion higher deficit for 2023-2024 than in Budget 2023. Announced federal government spending targets was part of the solution, one that also required wage restraint, which was completely justifiable in circumstances where this employer has provided economic stability and security to federal public service employees along with a pension and benefits package that would be the envy of most Canadians. Providing wage increases above the established pattern would not be fair and

reasonable in these circumstances. Not a single bargaining unit had received a COLA provision, and there was no justification for one here. What would be fair and reasonable was the employer's proposed pattern settlement, which was on the table, and which provided increases of more than 22% compounded over the term. In contrast, the employer costed the Guild's economic proposals at 32.48% (not compounded).

Employer Proposals

[37] Along with its economic proposals – accompanied by its submissions about why the Guild's economic demands, including any increase to Cadet stipends and increases to the Extra Responsibility Allowance, were completely contrary to all the criteria and application of the replication principle – the employer proposed a number of other amendments to the collective agreement, including to Article 14 concerning provision of the collective agreement to employees. In brief, the change would provide employees with electronic access to the collective agreement, but where that was impractical or impossible, a printed copy would be supplied on request. The employer further sought a modified memorandum of understanding regarding the timelines for the implementation of collective agreements.

Discussion

[38] We begin with the observation that the SOs are unique: there are, as both parties agree, no classification comparators in the core public administration. Many of the SOs are first responders who venture out to sea to assist vessels in distress and to protect our coasts. They render incredibly valuable service to the people of Canada often in the most challenging of physical conditions. The Coast Guard and the SOs who operate on Coast Guard ships protect our sovereignty and serve our communities on all three coasts. Their jobs are difficult, complex and often dangerous. The Canadian people owe the SOs and SCs a debt of gratitude for putting themselves in harm's way to rescue and aid others at sea and to keep us safe. It is critical that the Coast Guard and auxiliary vessels be adequately staffed and properly compensated so that they can perform these vital public functions.

[39] While all the statutory criteria are relevant, it is fair to say that the Guild emphasized recruitment and retention challenges as a key driver behind its economic demands. Without a doubt there is a worldwide shortage of ships' crews. In direct response – to give just one example – the Governments of Canada and the Philippines,

the CBC reported in April 2023, signed an agreement to make it easier for qualified Filipino seafarers to work on board Canadian ships (alongside seafarers from Australia, France, Norway, Ukraine, Georgia and the United Kingdom where similar arrangements are already in place). In June 2023, Drewry Press reported that the seafarer supply shortfall had reached a record high with the officer availability gap widening to a deficit of around 9% (up from 5% the previous year). In its September 12, 2023, response to a Guild unfair labour practice complaint, the employer noted "despite recruiting efforts there has been a significant engineering shortage since at least early 2021" in the Coast Guard Western Region, a theme elaborated as indicated above in *Western Region.* The employer response to the ULP details the challenges that it faced to keep Lifeboat stations operational, including fast-tracking employees to become engineering officers and Guild members. In these circumstances, one can readily conclude that the staffing issues identified in the Baxter award continue. However, it must be said that findings in previous interest arbitration awards are obviously not binding as they are based on information, evidence and arguments at a particular moment in time.

[40] Other indices of recruitment and retention challenges are ongoing SO postings across the country (and some may just be placeholders as the employer indicates), and some disruptions in service, although the reasons why, how many and for how long is disputed. The Guild insists that disruptions in service are because of a lack of SOs; the employer completely disagrees. The fact is that there are challenges in SOs accessing vacation and other leaves and SOs are regularly requested to work back-to-back tours on board vessels. Retired SOs are being returned to service. Labour market projections anticipate significant retirements in years to come, which will inevitably introduce additional pressures into the system.

[41] *Western Personnel* – albeit focused on British Columbia – indicates that departures of indeterminate employees is up in 2022 compared to 2019, that from April to December 2022, 748 days of operations were affected by delays, cancellations, or reduced capability on board Coast Guard ships due to personnel, and that between May 2022 to June 2023, lifeboat stations in the western region have had operations affected because of personnel issues – i.e., insufficient personnel (see above and see also the Guild's and the employer's reply submissions). Other data indicates that employees with relatively low levels of experience are being shipped out; this is a situation of obvious concern given the tasks SOs are called upon to perform. There is evidence put forward by the Guild establishing that the private sector, for example Algoma with its Officer

Recruitment Program, Canada Steamship Lines, and others, are willing to pay substantial incentives to refer, recruit and retain (whether they are being successful in attracting SOs is another matter).

[42] To be fair, there are obvious issues with *Western Personnel*. It does not distinguish between SOs and SCs. It, along with other data, shows that indeterminate departures are up, a serious matter to be sure, and that operations have been affected, however, without indicating for how long these disruptions actually are and what impact they have (other than the Engineers and lifeboat stations) and whether they fall, as the employer insists, within established operational parameters. *Western Personnel* is limited to British Columbia and its conclusions cannot necessarily be credibly mapped across the entire system.

[43] At the same time, the employer's overall data is to the exact opposite effect to that advanced by the Guild taking strong issue with the proposition that recruitment and retention requires any attention whatsoever. The employer's evidence demonstrates no difficulty in filling classes at the College. From the employer's perspective, there is no reason to believe that operations are being seriously compromised. There was also – the employer pointed out – no evidence that SCs were not availing themselves of the opportunity to become SOs because of compression – a state of affairs which it, in any event, rejects – and the employer further points out that there was only anecdotal and highly unpersuasive evidence that SOs were leaving for better employment opportunities elsewhere.

[44] These competing narratives have to be considered and balanced, and after doing so we conclude that there are definitely recruitment and retention issues that need to be acknowledged, although more modestly than requested by the Guild (reflecting their actual scope). Clearly there are issues on the west coast: the Coast Guard's own document makes this clear (and we do not accept the suggestion that it is some kind of low-level working document that cannot be taken seriously). There are the postings, the failure to grant leaves, the back-to-back shifts, the private sector incentives, and other factors discussed above establishing that recruitment and retention is a serious matter requiring attention.

[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.

[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).

[47] We conclude that the Cadet stipends need to be addressed. By any metric, they are woefully inadequate, a not surprising situation given that they have not been increased in more than a decade. At the same time, the employer's electronic collective agreement proposal should be awarded as should the Guild's proposed Extra Responsibility Allowance. Rates have not increased in a decade, and we are also directing that the Extra Responsibility Allowance be extended to the Naval Large Tugs, both effective date of award.

[48] Insofar as the employer's proposed Memorandum of Understanding in Respect to Implementation of the Collective Agreement is concerned, we simply cannot agree to a provision that could conceivably delay retroactive payments – dating from 2018 – to up to 460 days after the issue of the award. While we are far from indifferent to ongoing

pay implementation challenges, this could never be the outcome of free collective bargaining and would, in this instance given the term, and even assuming it even took half as long, be completely unfair (and not in some arbitrary or notional sense, but because SOs in this bargaining unit have not had any wage increase at all for more than five years and the lump sums for non-compliance after more than 181 days proposed in the MOU would not adequately compensate for excessive delay).

Award

Wages

April 1, 2018:	2.8%
April 1, 2019:	2.2%
April 1, 2020:	1.5%
April 1, 2021:	1.5%
April 1, 2022:	3.5% + 1.25% Wage Adjustment*
April 1, 2023:	3%
Date of Award:	4% Market Adjustment*

One-time Allowance Related to the Performance of Regular Duties: $2500. This one-time allowance will be paid to incumbents of positions within the SO group at the date of the issue of the arbitration award for the performance of regular duties and responsibilities associated with their position.

April 1, 2024:	2% + .25% Wage Adjustment*
April 1, 2025:	Remitted to parties and Board remains seized.

* Market and Wage Adjustments are compounded

Cadet Training and Sea Training Allowances

[49] Guild proposals awarded effective date of award.

Truth and Reconciliation Day

[50] As agreed by the parties.

Article 14.01

[51] Employer proposal awarded:

> *14.01 Officers of the bargaining unit will be given electronic access to the collective agreement. Where electronic access to the agreement is unavailable or impractical, an officer will be supplied with a printed copy of the agreement upon request.*

Extra Responsibility Allowance

[52] Increase by 25% effective date of award.

[53] Extend to Naval Large Tugs effective date of award.

Bereavement

[54] Employer proposal awarded.

Meal Period

[55] Existing policies to continue.

Conclusion

[56] At the request of the parties, we remain seized with respect to the implementation of this award.

DATED at Toronto this December 21, 2023.

"William Kaplan"

William Kaplan, Chair

I concur.

JD Sharp, Employer Nominee

I concur.

Joe Herbert, Union Nominee