

Interest Arbitration Results with Toronto Professional Firefighters' Association, Local 3888

Date: March 16, 2026

To: City Council

From: City Manager and Interim Chief People Officer

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report is about labour relations or employee negotiations.

SUMMARY

This report is to advise City Council of the results of the interest arbitration between the City of Toronto and the Toronto Professional Firefighters Association (TPFFA) Local 3888.

The collective agreement between the City of Toronto and TPFFA Local 3888 expired on December 31, 2023. The parties attempted to negotiate a new collective agreement in early 2024. While several changes were agreed upon, including a three-year term, the parties were unable to conclude a complete collective agreement.

Since the Toronto Fire Service is an essential service, there are no strikes/lock-outs in the event of an impasse at collective bargaining. Instead, the matter is referred to an interest arbitrator who determines the content of the collective agreement based on the submissions of the parties and the criteria set out in the *Fire Prevention and Protection Act* (FPPA).

RECOMMENDATIONS

The City Manager and Interim Chief People Officer recommend that:

1. City Council authorize the Chief Financial Officer and Treasurer to make the necessary adjustments to the 2026 Non-Program Expenditure Budget and Operating

Budgets for Toronto Fire Service to reflect the provisions of the interest arbitration award as set out in Attachment 1.

2. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it contains advice which is about labour relations or employee negotiations.

FINANCIAL IMPACT

The financial impact of the interest arbitration is as follows:

WAGES	Cost
2024: 4.75%	\$22.25M
2025: 4.72%	\$23.18M
2026: 3.12%	\$16.08M
Total Compounded Increase: 13.12%	\$61.52M
3% Front Line Premium	\$11.76M
Total	\$73.28M

BENEFITS/OTHER	Cost
Prescription requirement removal for massage	\$0.06M
Reduction in Drug Reviews	TBD
Increased reimbursement for medical certificates	\$.012M
National Day of Truth & Reconciliation	\$2.738M
Total	\$2.81M

TOTAL 3-YEAR INCREMENTAL COST	\$75.738M
--------------------------------------	------------------

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

On July 11, 2023 the Executive Committee approved the collective bargaining mandate.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX6.26>

The 2019-2023 contract was resolved through a negotiated agreement.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.CC1.26>

The 2015-2018 contract was resolved through interest arbitration.

<https://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-107683.pdf>

The 2010-2014 contract was resolved through interest arbitration.

<https://secure.toronto.ca/council/agenda-item.do?item=2013.CC37.3>

COMMENTS

A major obstacle during the negotiations was the proposed 3% "front-line" wage premium. A 3% premium for front-line police officers with five (5) years of service was negotiated into the Toronto Police Service collective agreement in 2019. This premium was intended to incentivise experienced officers to remain in patrol/front-line positions. It has since expanded to many other police services and to other ranks and civilian classifications. Fire Associations across the province have been attempting to obtain a similar premium for their members. The City would not agree to this premium as it does not have problems retaining Firefighters in front-line roles.

The Interest Arbitration Process

Interest arbitration is grounded in the principle of incrementalism. The process is intended to replicate, as closely as possible, the results that would likely have been achieved through collective bargaining. This requires a measured approach that builds on existing terms and conditions of employment, with changes occurring gradually over time. Interest arbitration is not the forum for "breakthrough" items. Arbitrators have repeatedly emphasized that significant changes, particularly those that carry substantial cost or operational implications, are more appropriately achieved at the bargaining table, where the parties can fully test positions through negotiation pressure and trade-offs. Such an approach promotes stability, predictability, and comparability across the broader labour relations landscape. By focusing on modest adjustments and established patterns, arbitrators are supposed to ensure that arbitration does not become a vehicle for leapfrogging or for achieving gains that could not realistically be secured through bargaining.

Arbitrators appointed under the FPPA are required to consider comparable terms and conditions of employment, the economic health of the municipality that will be funding the services, the demonstrated need for any proposals, and the interest and welfare of the community served by the fire service.

The City of Toronto retained outside legal counsel to support this process. On August 15, 2024, Arbitrator Stout issued an interim award that provided for a 4.75% wage increase for 2024, bringing a First Class Firefighter (FCFF) annual salary to \$114,532.57. On October 4, 2024, the parties made submissions on the remainder of all outstanding items and a final decision was rendered on December 16, 2025. This new collective agreement expires January 1, 2027, so the parties will enter collective bargaining again later this year.

The Concept of Police-Fire Parity

There is a long-history of "police-fire parity" in Toronto, a concept that dictates that the base annual salary of a First Class Police Constable (FCPC) and a FCFF ought to be the same or substantially similar (the rates of pay for all other classifications pivot around the FCFF rate). However, the concept of parity has not extended to shift premiums, speciality pay, work schedules, benefits, vacation, or hours of work.

Arbitrator Stout awarded base salary compensation increases for FCFF consistent with the Toronto Police as follows:

Effective January 1, 2025 - \$119,339 (4.2%)
Effective July 1, 2025 – \$119,936 (0.5%)
Effective January 1, 2026 – \$123,198 (2.72%)
Effective July 1, 2026 – \$123,679 (0.39%)

Over the life of the three-year collective agreement, the net effect of these increases raises the base salary of a FCFF by 13.12%.

With respect to the 3% front-line premium, the City argued that the introduction of this premium must be rejected on the basis that there is no "demonstrated need" and that it did not meet the principle of "replication" or "comparability", as no other fire service in the province had agreed to such a premium in collective bargaining, nor had it been ordered by any arbitrator. In addition, the City argued that the financial position of the City did not support incurring this cost as it would not produce any additional value, since it was not addressing an operational problem as was the case for TPS.

Arbitrator Stout nevertheless ordered the introduction of this 3% premium over the City's objections, and ordered that it apply to the entire bargaining unit with more than 5 years of service, meaning even those who are not serving in a front-line capacity are also receiving a front-line premium. Arbitrator Stout concluded that given the expansion of this premium throughout the police sector and to civilian roles, it was essentially a wage increase, and therefore, the principles of parity and replication rather than demonstrated need were determinative.

Analysis

The Interest Arbitration Award is concerning to City staff for several reasons.

1) The City was not awarded any cost-saving measures to defray the significant cost increases. Further, the delay in issuing the award has not allowed TFS to experience

the full benefit of the negotiated/awarded operational language changes, since the agreement expires in one year, while base rate compensation increases are retroactive.

2) The City sought to introduce ways to provide the same benefit coverage, but at a lower cost. For example, the City sought to introduce the mandatory use of generic drugs. Instead, Arbitrator Stout reduced the existing controls within the plan. In the interest arbitration of the 2015-2018 collective agreement, the only cost-savings awarded to the City was the requirement for massage coverage to require a medical prescription, but Arbitrator Stout ordered this requirement be removed.

Arbitrator Stout also ordered a reduction in drug reviews conducted by the City's benefits administrator. Drug reviews contribute to the financial sustainability of drug plans and also function as an important check-and-balance by providing independent oversight to help identify potential overprescribing, inappropriate escalation, or prolonged use, particularly for higher-risk drug classes such as opioids, where careful monitoring is widely recognized as best practice.

Staff are working with the City's benefits administrator to fully understand the impact of this change on their drug review process.

3) In 2023 the City successfully defended its position at rights arbitration regarding union representation. Despite this, Arbitrator Stout amended the article on Disciplinary Discussions to include an entitlement for employees who are a witness in an investigation to have a union representative in attendance. Representation for witnesses is not a best practice in workplace investigations and introduces the risk of coordination of evidence among witnesses, increases the likelihood of delays due to scheduling, and thus has the potential to negatively impact the complaints investigation process.

4) It is challenging to justify a front-line premium with an on-going cost of \$11 million/year as either incrementalism or replication given that no other fire service in the province has agreed to or been mandated to do so, particularly when there remains no demonstrated need.

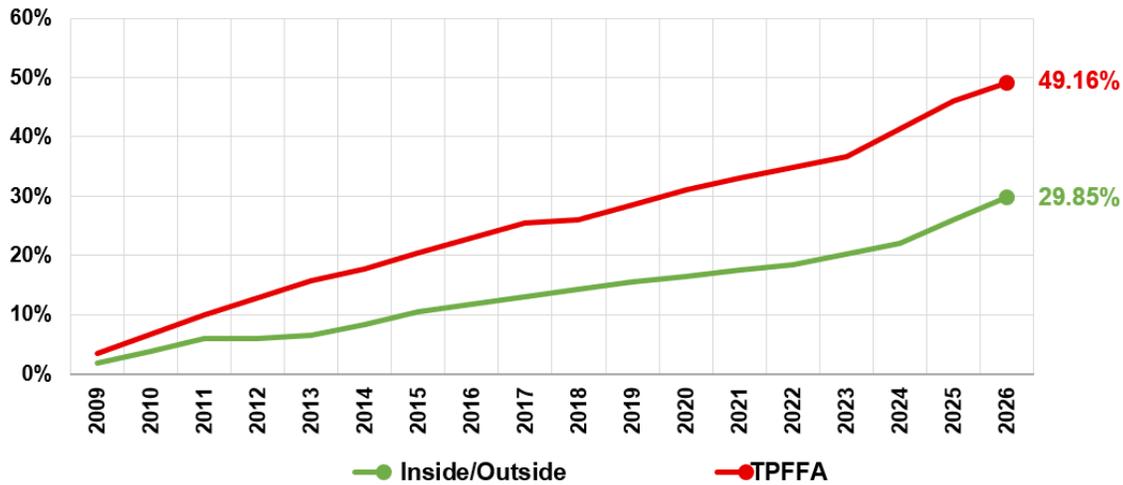
Ongoing Impact of Interest Arbitration on Municipal Emergency Services Costs

The comparison below of TPFFA with other City of Toronto unionized workers demonstrates that contracts which are subject to interest arbitration do not replicate outcomes that have been reached in regular collective bargaining.

While governing legislation references concepts such as affordability and the comparison with freely negotiated collective agreements of other municipal workers, these concepts are not granted primacy in the process. Staff reports to City Council on the two previous rounds of interest arbitration also reference this challenge. Until amendments are made to the legislation governing interest arbitration, including requirements for arbitrators to meaningfully evaluate the cost consequences of their decisions and to calibrate their awards based on the freely negotiated collective agreements within the municipality, the City must anticipate that labour costs for

emergency services will continue to grow at rates substantially greater than the labour costs for all other municipal services.

Comparison of Salary Increases (2009–2025) for Inside/Outside Workers and TPFPA



Note: To ensure a proper comparison of base increases, this data excludes lump-sum payments, market adjustments, job evaluation increases, firefighter annual retention pay (i.e. 3%/6%/9%), any other non- across-the-board adjustments (e.g. increases to rank differentials) and the new 3% front-line premium for firefighters. When multiple increases occur within the same year, the non-compounded rate is reported.

CONTACT

Sean Milloy, Executive Director, Employee Relations
(416) 392-5006 Sean.Milloy@toronto.ca

SIGNATURE

Tobie Mathew
Interim Chief People Officer

Paul Johnson
City Manager

ATTACHMENTS

Attachment 1 - TPFPA/City of Toronto Interest Arbitration Award from Arbitrator John Stout

Confidential Attachment 1 - Labour Relations Review