2014 CarswellBC 3100 British Columbia Arbitration

Carrier Lumber Ltd. and USW, Local 1-424 (Statutory Holiday Pay), Re

2014 CarswellBC 3100, [2014] B.C.W.L.D. 7792, [2014] B.C.W.L.D. 7794, [2014] B.C.C.A.A.A. No. 105, 120 C.L.A.S. 198, 248 L.A.C. (4th) 258

In the Matter of an Arbitration Pursuant to the Collective Agreement and the Labour Relations Code R.S.B.C. 1996, c. 244

Carrier Lumber Ltd. and United Steelworkers, Local 1-424

Christopher Sullivan Member

Heard: July 10, 2014 Judgment: September 23, 2014 Docket: None given.

Counsel: Donald J. Jordan, Q.C., for Employer

Sarbjit S. Deepak, for Union

Subject: Public; Labour

Related Abridgment Classifications

Labour and employment law

I Labour law

I.6 Collective agreement

I.6.c Wages

I.6.c.x Overtime pay

I.6.c.x.C Miscellaneous

Labour and employment law

I Labour law

I.6 Collective agreement

I.6.c Wages

I.6.c.xiii Holiday pay

I.6.c.xiii.F Calculation

Headnote

Labour and employment law — Labour law — Collective agreement — Wages — Holiday pay — Calculation

Union alleged that employer improperly failed to include overtime pay in calculation of pay for hourly-rated employees on statutory holidays — Collective agreement provided formula for calculating statutory holiday pay for piecework employees but not for hourly-rated employees — While overtime was voluntary under collective agreement, once employee agreed to work such overtime, it became part of their schedule — Contract administration manual contained interpretation of provision in dispute — Union filed grievance — Grievance dismissed — Collective Agreement language was clear and unequivocal that overtime by hourly-rated employees was not to be included in calculation of statutory holiday pay — Collective agreement distinguished between "regular hours of work" and "overtime", and terms were mutually exclusive, with consequence that overtime was not part of one's "regular job rate of pay for their regular work schedule", notwithstanding that such additional work might be performed on regular basis — "Earnings approach" to statutory holiday pay entitlement for piecework employees did not apply to hourly-rated employees who instead were entitled to pay based on "regular" 8-hour day/40-hour week — Overtime under collective agreement was offered at discretion of management, and its acceptance by employees was voluntary — Elements of discretion and voluntariness were inconsistent with notion of additional overtime work being part of one's

"regular work schedule" — Manual's statement on issue in dispute could not be accepted as evidence of mutual intention that overtime was to be included in calculation of statutory holiday pay herein.

Labour and employment law --- Labour law — Collective agreement — Wages — Overtime pay — Miscellaneous Table of Authorities

Cases considered by Christopher Sullivan Member:

Andres Wines (B.C.) Ltd. v. B.F.C.S.D., Local 300 (1977), 1977 CarswellBC 776, [1978] 1 W.L.A.C. 648, 16 L.A.C. (2d) 422, [1978] 1 Can. L.R.B.R. 251 (B.C. L.R.B.) — referred to

British Columbia Hydro & Power Authority v. O.P.E.I.U., Local 378 (1997), 1997 CarswellBC 3417 (B.C. Arb.) — referred to

Catalyst Paper Corp. v. C.E.P., Local 686 (2010), 2010 CarswellBC 3975 (B.C. Arb.) — followed

Consumers Glass Co. and United Glass and Ceramic Workers of America, Local 257, Re (1976), [1977] 1 Can. L.R.B.R. 234, 1976 CarswellBC 731 (B.C. L.R.B.) — referred to

Delta School District No. 37 v. C.U.P.E., Local 1091 (1999), 1999 CarswellBC 3233, (sub nom. School District No. 37 (Delta) v. C.U.P.E., Local 1091) 85 L.A.C. (4th) 33 (B.C. Arb.) — referred to

Health Employers Assn. of British Columbia v. H.E.U. (2010), 2010 CarswellBC 3988 (B.C. Arb.) — referred to

Health Employers Assn. of British Columbia v. Nurses' Bargaining Assn. (2002), (sub nom. H.E.A.B.C. v. Nurses' Bargaining Assn.) 109 L.A.C. (4th) 161, 2002 CarswellBC 3315 (B.C. Arb.) — referred to

I.U.O.E., Local 796 v. University of Toronto (1972), 24 L.A.C. 275 (Ont. Arb.) — referred to

North Cariboo Forest Labour Relations Assn. v. IWA, Local 1-424 (April 26, 1982), Doc. A-145/82 (B.C. Arb.) — referred to

Renfrew County Board of Education and O.P.S.T.F., Re (1995), 1995 CarswellOnt 6200 (Ont. Arb.) — referred to Ronalds Printing v. G.C.I.U., Local 525-M (1990), 1990 CarswellBC 2041 (B.C. Arb.) — referred to

Southern Railway of British Columbia v. C.U.P.E., Local 7000 (2010), 2010 CarswellBC 4027, 198 L.A.C. (4th) 283 (B.C. Arb.) — referred to

West Fraser Mills Ltd. and IWA-Canada, Local 1-425 (Orenchuk), Re (2001), 2001 CarswellBC 3947 (B.C. Arb.) — referred to

West Fraser Mills Ltd. and NIWA (Wickson), Re (2001), 2001 CarswellBC 3966 (B.C. Arb.) — referred to Woodlands Enterprises Ltd. v. I.W.A., Local 1-184 (1975), 9 L.A.C. (2d) 367, 1975 CarswellSask 200 (Sask. Arb.) — referred to

UNION GRIEVANCE concerning overtime pay in calculation of pay for statutory holidays.

Christopher Sullivan Member:

- 1 The parties agree I have jurisdiction to hear and determine the matter in dispute. The case involves a grievance filed by the Union on May 9, 2012 alleging the Employer is violating Article XI Section 2(a) of the Collective Agreement by not including overtime pay in the calculation of pay for statutory holidays.
- 2 Article XI Section 2(a) of the Collective Agreement provides as follows:

ARTICLE XI — STATUTORY HOLIDAYS

Section 2:

a) All hourly-rated and piece-work employees who qualify for the paid holiday under the conditions set out below shall be paid for the holiday at their regular job rate of pay for their regular work schedule. The Parties hereto agree that the paid Statutory Holidays shall be as follows:

New Year's Day Good Friday Victoria Day Dominion Day British Columbia Day Labour Day Thanksgiving Day Remembrance Day

Christmas Day

Boxing Day

3 During the course of these proceedings the parties also made reference to the following provisions of the Collective Agreement:

ARTICLE VII — HOURS OF WORK AND OVERTIME

Section 1:

- a) The regular hours of work shall be eight (8) hours per day and forty (40) hours per week, Monday to Friday inclusive.
- b) Overtime will be paid at rate and one-half for all hours worked in excess of eight (8) in a day, and for Saturday and/or Sunday, with the following exceptions....

ARTICLE XI — STATUTORY HOLIDAYS

Section 2

- b) Piece-work employees shall receive pay for the statutory holidays for which they qualify, based on the daily average earnings for the days actually worked during the previous thirty (30) working days.
- 4 The parties acknowledged there existed no extrinsic evidence of past practice that supported either position as such evidence was "mixed". Nor was any extrinsic evidence adduced relating to the parties' mutual intentions as expressed during collective bargaining.
- In support of its position the Union adduced evidence in the form of an excerpt from a "Contract Administration Manual" issued on January 1, 2001 by the Council on Northern Interior Forest Employment Relations (Conifer), which prior to December 10, 1985 was known as the North Cariboo Forest Labour Relations Association. The Employer objected to this board of arbitration admitting the excerpt as evidence prior to viewing it and submissions were received on the matter of admissibility.
- 6 The basis of the Employer's objection to admit the excerpt of the Manual as evidence was that since 1983 it has bargained with the Union separate from Conifer and the North Cariboo Forest Labour Relations Association, and it would be inappropriate to admit evidence relating to the intentions of a party other than the ones at the arbitration.
- I ruled in favour of admitting the evidence and reserved judgement on its relevance and the weight it should be given in deciding the issue before me. Suffice it to observe the Employer was a member of the employer bargaining agent as at the time the language in question was interpreted in an arbitration decision referred to in the Manual in relation to the specific question in the present grievance: *North Cariboo Forest Labour Relations Assn. v. IWA, Local 1-424*, [1982] B.C.C.A.A.A. No. 504 (B.C. Arb.) (Hope).
- 8 Conifer's current website indicates it "is a non-profit society formed for the purpose of coordination of collective bargaining activities for membership organizations, along with the provision of general labour relations support and services, as well as for the orchestration for employment benefit plan design and administration." Conifer's website further indicates the Employer, Carrier Lumber Ltd., is currently a "full member", although as noted above the Employer bargains its own Collective Agreement with the Union. By letter dated February 28, 1983 the Employer withdrew from North Cariboo Forest Labour Relations Association "for the purpose of IWA Contract Negotiations". The IWA was the bargaining agent for employees prior to the United Steelworkers, Local 1-424.
- 9 The January 1, 2001 Conifer Contract Administration Manual contains an interpretation of the provision in dispute in these proceedings. The Manual includes the following:

GENERAL OUTLINE

<u>Purpose</u>: The purpose of the Contract Administration Manual is to provide a reliable reference to member companies of the Council on Northern Interior Forest Employment Relations to assist in the administration of the Collective Agreement with IWA-Canada. This manual is designed as a general reference tool and may not serve to address more complex or unique issues. Matters of this nature should be discussed with staff at Conifer....

Guidelines

ARTICLE XI — STATUTORY HOLIDAYS

Section 2

Subsection a) obligates the employer to pay qualifying (i.e.: eligible) employees statutory holiday pay for the designated holidays on the basis of their regular job rate of pay for their regular work schedule. This calculation includes any premium rates, bonus, and regularly scheduled overtime that are part of an employee's regular schedule. (See Case Reference #1).

The employee should be paid statutory holiday pay on the basis of what he would have earned had he worked. The "regular job" implies that there must be some regularity or some permanence to the relevant assignment....

Case References:

(1) North Cariboo Forest Labour Relations Association and IWA, 1-424 Arbitrator: H. Allan Hope, April 26, 1982 (AR 6/82)

In this interpretation case, the question posed to the arbitrator was, "What premiums contained in the Collective Agreement are to be recognized in the calculation of statutory holiday pay"? The conclusion was that employees who receive premium rates as part of their regular pay while working their regular schedule are entitled to have those premiums included in the calculation of their statutory holiday pay entitlement.

10 For the purposes of the present case the parties acknowledge they use the Conifer collective agreement as a "framework" for their negotiations. They also note that while overtime is voluntary under the Collective Agreement, once an employee agrees to work such overtime it becomes a part of their schedule.

Arguments on the Merits

- On behalf of the Union, Mr. Deepak argues that overtime work regularly performed is to be included in the calculation of statutory holiday pay pursuant to Article XI Section 2(a) of the Collective Agreement. Counsel points out the Conifer Contract Administration Manual contains the same interpretation of the relevant Collective Agreement language that the Union seeks to have upheld in these proceedings, and this Manual constitutes evidence of a mutual intention as to what the relevant language means.
- Mr. Deepak points out the relevant Collective Agreement language has existed since at least the 1970's, and the Employer was a member of the North Cariboo Forest Labour Relations Association as at the time Arbitrator H. Allan Hope rendered his decision that was referred to in the Conifer Contract Administration Manual. Since 1983 when the Employer ceased having Conifer or its predecessor negotiate its Collective Agreement, the relevant language has not changed, nor has the intention of the parties regarding its interpretation. Once an employee accepts overtime that is offered, it becomes part of his or her regular schedule. Arbitrators have recognized an employee's regular pay should not be reduced by reason of idleness on a statutory holiday, and this would be the result if the Employer's argument in the present case is accepted.
- In support of its position on the merits of the grievance the Union cites the following authorities: *Renfrew County Board of Education and O.P.S.T.F.*, Re, [1995] O.L.A.A. No. 948 (Ont. Arb.) (Thorne); *North Cariboo Forest Labour Relations Assn. v. IWA, Local 1-424*, [1982] B.C.C.A.A.A. No. 504 (B.C. Arb.) (Hope); *Catalyst Paper Corp. v. C.E.P., Local 686 (Wage Rates Grievance)* [2010] B.C.C.A.A.A. No. 49 (B.C. Arb.) (Germaine); *Ronalds Printing v. G.C.I.U., Local 525-M*, [1990]

B.C.C.A.A.A. No. 118 (B.C. Arb.) (Hope); and Woodlands Enterprises Ltd. v. I.W.A., Local 1-184, [1975] S.L.A.A. No. 4 (Sask. Arb.) (Norman).

- On behalf of the Employer, Mr. Jordan argues an employee's "regular job rate of pay for their regular work schedule" as contained in Article XI Section 2(a) is effectively the same as one's "regular hours of work" in accordance with Article VII, which sets out an eight hour day, forty hour week, Monday to Friday. While an employee's "regular rate" can include a "shift premium" if that shift premium relates to the "regularly scheduled hours of work", it would take specific language in a collective agreement to show the parties intended the word "regular rate of pay" to include overtime.
- Mr. Jordan asserts the arbitral jurisprudence regarding what is to be considered one's regular rate of pay is well established and creates a "presumptive framework" within which the interpretive task takes place. He adds the difficulty with the Union's position is that it reads out the word "regular", and would change "scheduled hours" to hours worked at the discretion of an employee. The bargain between the Employer and the Union contemplates an employee being compensated only for the hours they are "regularly scheduled to work", not the hours they regularly "choose" to work in order to benefit from overtime premiums.
- In support of its position on the merits of the grievance the Employer cites the following authorities: Catalyst Paper Corp. v. C.E.P., Local 686, supra; Southern Railway of British Columbia v. C.U.P.E., Local 7000 [2010 CarswellBC 4027 (B.C. Arb.)], 2010 CLB 24058 (Germaine); I.U.O.E., Local 796 v. University of Toronto [(1972), 24 L.A.C. 275 (Ont. Arb.)], 1972 CLB 1767 (Egan); North Cariboo Forest Labour Relations Assn. v. IWA, Local 1-424, supra; Health Employers Assn. of British Columbia v. Nurses' Bargaining Assn. [2002 CarswellBC 3315 (B.C. Arb.)], 2002 CLB 20169 (Kelleher); British Columbia Hydro & Power Authority v. O.P.E.I.U., Local 378 [1997 CarswellBC 3417 (B.C. Arb.)], 1997 CLB 11831 (Germaine); Consumers Glass Co. and United Glass and Ceramic Workers of America, Local 257, Re [1976 CarswellBC 731 (B.C. L.R.B.)], 1976 CLB 1988; Andres Wines (B.C.) Ltd. v. B.F.C.S.D., Local 300 [1977 CarswellBC 776 (B.C. L.R.B.)], 1977 CLB 4994; West Fraser Mills Ltd. and NIWA (Wickson), Re [2001 CarswellBC 3966 (B.C. Arb.)], 2001 CLB 13320 (Stevenson); West Fraser Mills Ltd. and IWA-Canada, Local 1-425 (Orenchuk), Re [2001 CarswellBC 3947 (B.C. Arb.)], 2001 CLB 13319 (Brokenshire); Delta School District No. 37 v. C.U.P.E., Local 1091 [1999 CarswellBC 3233 (B.C. Arb.)], 1999 CLB 13552 (McPhillips); and Health Employers Assn. of British Columbia v. H.E.U. [2010 CarswellBC 3988 (B.C. Arb.)], 2010 CLB 18237 (Gordon).

Decision

- 17 In *Catalyst Paper Corp. v. C.E.P., Local 686*, Arbitrator Germaine outlined the established principles of collective agreement interpretation, stating:
 - **31** The applicable law is uncontroversial. Both parties direct me to this recent statement of the relevant principles in *Government of BC*, *supra*, at pages 6 to 8:

It is well established that an arbitration board must attempt to determine what the mutual intention of the parties was when they arrived at their agreement.... It is certainly not the role of an arbitration board to impose its own sense of fairness or equity into a particular dispute. The overriding object of the exercise is to determine what the parties meant when they made their bargain.

Many authorities have discussed the "rules of construction" which are to be applied in interpreting the terms of an agreement.... The most frequently cited list is the one set out by Arbitrator Bird in *Pacific Press*, *supra*:

- 1. The object of interpretation is to discover the mutual intention of the parties.
- 2. The primary resource for an interpretation is the collective agreement.
- 3. Extrinsic evidence (evidence outside the official record of the agreement, being the written collective agreement itself) is only helpful when it reveals the mutual intention.
- 4. Extrinsic evidence may clarify but not contradict a collective agreement.

- 5. A very important promise is likely to be clearly and unequivocally expressed.
- 6. In constructing two provisions a harmonious interpretation is preferred rather than one which places them in conflict.
- 7. All clauses and words in a collective agreement should be given meaning, if possible.
- 8. Where an agreement uses different words one presumes that the parties intended different meanings.
- 9. Ordinarily words in a collective agreement should be given their plain meaning.
- 10. Parties are presumed to know about relevant jurisprudence.

...[I]t is the actual language of the collective agreement which is the primary source for determining the mutual intention of the parties.... As well, the words used by the parties must be given their plain and ordinary meaning and an arbitration board must presume the parties intended to mean what they said....

Moreover, it is not only the words of a particular phrase but also the context of the sentence, the section and the collective agreement as a whole which must be considered.... As a result, the interpretation of any specific provision in a collective agreement must be consistent with the remainder of the collective agreement. In other words, there are occasions where the wording of a particular section might be interpreted more than one way but when the words at issue are considered in the overall context of the entire provision in which it exists or of the remainder of the contract, one particular meaning may be more likely to reflect the actual intention of the negotiators.

Finally, it is also appropriate for arbitrators to consider extrinsic evidence (bargaining history or past practice) which sheds light on the mutual intentions of the parties....

- 32 Accepting the direction provided by these principles, I appreciate that an arbitrator has no authority to alter, revise or amend the terms of the collective agreement. The Union emphasized this fundamental principle out of a concern that its interpretation would be viewed as unduly burdensome to the Company or unfairly advantageous to the employees on PM5 during the curtailment. I need not recite the authorities in this regard; I accept that it is the parties' mutual intention which is sought and which is determinative, even if conditions may have changed since the applicable terms were negotiated and even if another meaning might seem more suitable in the new conditions. An arbitrator's "own sense of fairness or equity", to borrow the words of Arbitrator McPhillips, does not inform the search for mutual intention, and it would be wrong to disguise the application of some abstract standard by couching it in terms of "the parties' reasonable expectations" (Northwood Pulp and Timber, supra, page 19).
- Having carefully considered the evidence, together with the parties' respective submissions, I determine the calculation of statutory holiday pay does not include an employee's overtime pay. The Collective Agreement under review in the present case, read in context and as a whole, is clear to this effect.
- 19 Suffice it to observe Article VII Section 1 of the Collective Agreement specifically draws a distinction between "regular hours of work" and "overtime", and it is evident the terms are mutually exclusive of each other, with the consequence that overtime is not part of one's "regular job rate of pay for their regular work schedule", notwithstanding that such additional work may be performed on a regular basis.
- Put another way, Article VII Section 1(a) expressly provides that one's "regular hours of work shall be eight (8) hours per day and forty (40) hours per week, Monday to Friday inclusive", and this term is consistent with and clearly reflects one's "regular job rate of pay for their regular work schedule" under Article XI Section 2(a). If the parties had a different intention they would have used different language to reflect their consensus.

- This conclusion on the meaning of the language used by the parties, is buttressed by their choice of words in relation to the calculation of statutory holiday pay for piece-work employees who, under Article XI Section 2(b), receive statutory holiday pay based on their "daily average earnings for the days actually worked during the previous thirty (30) working days." This bargained language is starkly different than that negotiated for hourly-rated employees and clearly discloses a different intention regarding the calculation of statutory holiday pay for the two types of employees.
- The "earnings approach" to statutory holiday pay entitlement for piece-work employees does not apply to hourly-rated employees, who instead are entitled to such pay based on their "regular" eight hour day/forty hour Monday to Friday workweek. This point is underscored by the fact the Collective Agreement contains no formula for calculating statutory holiday pay for hourly-rated employees based on hours worked in addition to their regular eight hour per day/forty hour per week, Monday to Friday work schedule, while it does so for piece-work employees. If the Union were to be successful at these proceedings, a formula for calculating statutory holiday pay entitlement would have to negotiated or ordered, and the absence of such a formula clearly indicates such a result was not intended.
- The *North Cariboo Forest Labour Relations Association* case reference cited in the Conifer Contract Administration Manual guidelines does not support the contention that overtime is to be included in the calculation of one's statutory holiday pay. In that decision, Arbitrator Hope stated:
 - 2 The specific provision requiring interpretation is Article XI, Sec. 2(a), as follows:...
 - 3 Neither party seeks to rely on extrinsic evidence in the sense of practice but both parties rely on what amounts to evidence of bargaining history in the form of a Memorandum of Agreement executed by the parties wherein they agreed to the terms and conditions of the subject Collective Agreement. That Memorandum provided as follows with respect to the disputed provision:
 - 20. The parties agree that in regard to statutory holiday pay for those holidays designated in Article XI Statutory Holidays the Association will instruct its members, in bulletin form, to pay shift differential where applicable in addition to the payment of statutory holiday pay on the basis of what the employee would have normally earned had he worked that day as per present practice." (underlining in original)
 - 4 I repeat, no extrinsic evidence beyond the Memorandum of Agreement was adduced. The parties stated what amounted to a hypothetical case to illustrate the disputed interpretation. It was noted that employees in a designated job category can receive premium pay by reason of their performance, or their qualification to perform, duties in addition to their regular job. The example given was that of an employee in the category of "Job Cleanup 930" who received in that category hourly pay at the rate of \$12.48. In addition he was qualified as a First Aid Man with an "A" ticket and was a "Designated First Aid Attendant" and thereby received a premium rate described in the Collective Agreement as "Job Rate Plus .50." The same employee was designated as a "Chargehand" and received a further premium described in the Agreement as "Job rate plus 25[cents] per hour". That employee, when working, regularly received as his hourly rate the designated rate for his job plus the two premium rates. The Union takes the position that the words "regular job rate of pay for their regular work schedule" means the hourly rate plus the two premium rates. The Employer says that those words mean the hourly rate for the job and do not include the two premium rates.
- In the case before him, Arbitrator Hope found that the calculation of statutory holiday pay must include the First Aid and Chargehand premiums referred to. He stated:
 - 21 I do not say that the Employer is bound to include in the calculations of statutory holiday pay the payment of premiums that are within its continuing discretion. In order to claim premiums in statutory holiday pay it is necessary for the employee to show that those premiums are part of his regular pay in response to his regular schedule. Where the Employer exercises a discretion with respect to the scheduling of employees to positions that include premium pay the employee would not be entitled to have the premium included in statutory holiday pay. The premium must, as the provision contemplates, form part of a regular job rate of pay for the employee while he is working at his regular work schedule. It excludes premiums

such as overtime or temporary work in a higher paid category that are paid outside of regular scheduling for that employee. The rationale of the provision is that the employee is entitled to be paid statutory holiday pay at the rate of pay he would have received if he had been at work. Premiums that are paid as other than incidental to the regular work schedule do not fall within the provision. In short, an employee who seeks to have premiums included in statutory holiday pay must meet two criteria, he must be receiving a premium above his job rate of pay and he must be receiving that premium incidental to his regular work schedule.

- 22 In fact, that is the response to the argument advanced by the Union that the term "for their regular work schedule" in the qualifying provision is redundant. I interpret those words as meaning that pay earned other than coincidental with regular work scheduling is excluded from calculation in the fixing of statutory holiday pay. The phrase does not support the interpretation of the Employer but it does import a restriction into the application of the provision to exclude all rates other than those coincidental with routine scheduling. In the result, I conclude that employees who receive premium rates as part of their regular pay while working there regular schedule are entitled to have those premiums included in the calculation of their statutory holiday pay entitlement.
- Of significance in relation to Arbitrator Hope's reasoning, unlike premiums that are "incidental to (an employee's) regular work schedule", overtime under the Collective Agreement is offered at the discretion of management, and its acceptance by employees is voluntary. These elements of discretion and voluntariness are inconsistent with the notion of additional overtime work being part of one's "regular work schedule", as per Articles XI Section 2(a).
- The Conifer Contract Administration Manual's statement on the issue in dispute in the present case cannot be accepted of evidence of mutual intention that overtime is to be included in the calculation of statutory holiday pay for the parties in these proceedings, particularly as it was based on an arbitration decision that did not consider that issue. In the circumstances, the express Collective Agreement language is clear and unequivocal on its face to the effect that overtime performed by hourly-rated employees is not to be included in the calculation of statutory holiday pay. The grievance must therefore be denied.
- 27 It is so awarded.

Grievance dismissed.

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