IN THE MATTER OF AN ARBITRATION

BETWEEN

CANADIAN PACIFIC RAILWAY COMPANY

("Company")

and

INTERNATIONAL BROTHERHOOD OF ELECTRIC WORKERS (SYSTEM COUNCIL NO. 11)

("Union")

Standby Allowance Grievance

Arbitrator:

Richard I. Hornung, Q.C.

For the Union

| Denis Ellickson | Counsel |
|-----------------|------------------------------|
| Brad Kauk | IBEW Regional Representative |
| Lee Hooper | IBEW General Chairman |
| Steve Martin | IBEW Senior General Chairman |
| Bill Duncan | IBEW Regional Representative |

For the Company

| Lauren McGinley | Assistant Director Labour Relations |
|-----------------|-------------------------------------|
| Jeff Switzer | GM S&C Operations |
| Diana Zurbuchen | Manager Labour Relations |
| Scott Shaw | Senior Director Labour Relations |
| Cory Wogrinc | Assistant GM S&C Operations |
| Ed Harwick | Assistant GM S&C Operations |

Hearing

June 26, 2019 and January 7, 2020 Calgary, Alberta

THE UNION'S EX-PARTE STATEMENT OF ISSUE

Dispute:

On November 29, 2018 the Union initiated a Policy Grievance on behalf of all S&C Maintenance employees in receipt of a Standby allowance as outlined in Article 7 of Wage Agreement No. 1. This Policy Grievance alleges that the Company is in violation of the recently negotiated Article 7.2b) of the Memorandum of Settlement reached on May 29, 2019 between the parties where the correct interpretation and application of the new language was discussed and agreed upon. This Policy Grievance is based on the inconsistent interpretation and application of Article 7.2b) when payments were required. A specific instance of this violation was illustrated.

Union Position:

The Union claims that the Company has failed to provide remuneration in line with Article 7.2b). The compensation due was detailed in Article 7.2b) and is to be provided for each additional territory standby coverage is provided for. The Company has acted in bad faith and is breaching and abusing Article 7.2b) in this instance. In addition to acting in bad faith, the Company's interpretation of the Collective Agreement is unreasonable, arbitrary, and discriminatory.

The Union requires that all S&C Maintenance employees be compensated in accordance with the Wage Agreement and more specifically Article 7.2b). The Union is seeking a declaration of a violation, an order directing the Company to comply with the requirements of Article 7.2b) and full compensation for all losses.

The Company has failed to respond to the Union's grievance.

THE COMPANY'S EX-PARTE STATEMENT OF ISSUE

Dispute:

This dispute pertains to the parties' interpretation and application of Wage Agreement Article 7.2 (b), which reads as follows:

Notwithstanding the provisions of Article 7.2 (c), when required by the Company to protect an additional territory due to any company created vacancies the employee will be compensated as follows;

- An additional 0.3 hours for each regular work day
- An additional 2.25 hours for each assigned call day

Union Position:

The Union has alleged the Company failed to compensate employees for additional payments that are required for the coverage of each additional territory outside of their normal call coverage responsibilities. The Union further argues the Company's position of a one-time payment was never discussed or even contemplated during negotiations. Finally the Union has stated the Company has intermittently been providing compensation for additional coverage for each additional territory.

The Union is seeking an order that the Company apply Article 7.2(b) to apply for each additional territory and for all affected employees be made whole from September 21, 2018 until the resolution of this file.

Company Position:

Wage Agreement Article 7.2 reflects the final signed Memorandum of Settlement between the parties as ratified by IBEW represented employees. Article 7.2(b) provides for one such payment per day, if applicable.

The Company disagrees with the Union's contentions and denies the Union's grievance in its entirety.

II

AWARD

- 1. This arbitration revolves around the appropriate stand-by compensation to be provided to S&C employees.
- 2. The general responsibility of employees in the S&C department is the:

... operation and maintenance of electronic systems and equipment that govern the movement of trains. Each S&C employee is assigned a specific territory for which he/she is responsible. In addition, because of the critical nature of their work to the safe and efficient operation of the railway, S&C employees are required to provide 24/7 call coverage in order to respond to emergencies which may arise. This call coverage is referred to as "Standby". (CN v. IBEW **AH 656**)

- S&C employees are paid a weekly stand-by allowance to ensure their availability to be called on their days of rest (with the exception of every second weekend) to protect their own territory.
- 4. The current issue arises because the Company has increasingly required S&C employees in addition to being on standby-by for their own territory to also protect calls on one or more additional territories where the Company has failed to fill vacancies.

5. On May 29, 2018, in an attempt to resolve the matter, the parties signed a *Memorandum of Settlement* which amended *Articles 7.2 and 7.3* of their Collective Agreement. The relevant provisions now read:

7.1 When employees are required by the Company to hold themselves available to protect the requirements of the service outside of regular working hours and on rest days, they will be paid a standby allowance in addition to their regular earnings.

7.2 (a) The standby allowance will be the equivalent of 0.6 hours for each regular work day and 4.5 hours for each assigned call day at the employee's straight time rate of pay.

(b) Notwithstanding the provision of Article 7.2 (c), when required by the Company to protect an additional territory due to any company created vacancies the employee will be compensated as follows;

- An additional 0.3 hours for each regular work day - An additional 2.25 hours for each assigned call day.

(c) When on call coverage is reduced by employee absence(s), the Local Management will canvas the available employees to cover the absence(s). Employees accepting a request by the S&C Supervisor to remain on call during their designated rest day will be compensated 9 hours at the employee's straight time rate of pay.

III

Interpretation Dispute

Union

- 6. The Union argues that the language of Article 7.2(b) is clear and unambiguous and dictates that each time the Company adds "*an* additional territory" (singular) to an employees' required coverage obligations, because of a Company created vacancy, a standby allowance for each additional territory is required.
- 7. According to the Union it would constitute an anomalous and unreasonable interpretation of the Collective Agreement to find that Article 7.2(b) permits the Company to assign any number of additional territories to an employee without additional compensation for that increased assignment. Further, in its view, the

interpretation advanced by the Company is unreasonable, arbitrary, discriminatory and a violation of Article 7.2(b).

 In the alternative, the Union submits that the wording of Article 7.2(b) only permits the Company to assign a single additional territory to each S&C employees' call coverage and it seeks a Declaration to that effect.

Company

- 9. The Company also argues that Article 7.2(b) is clear and unambiguous and requires a single payment for any or all additional territories covered by employees over and above their own territory (as provided for in Article 7.2(a)).
- 10. It asserts that the language of Article 7.2(b) lacks the specific wording necessary to support the Union's position. Had the parties intended for the payment under Article 7.2 (b) to be made for "each" additional territory they would have expressly said so in clear and unequivocal terms such as were originally proposed by the Union, or as are utilized elsewhere within the Collective Agreement between the parties.
- 11. In the event I conclude the language is ambiguous, it argues that extrinsic evidence and bargaining history corroborate its view of the meaning and intent of the language.
- 12. Finally, it contends that to interpret the language as proposed by the Union would permit pyramiding of payments for the same hours and same purpose.

Interpretation Principles

 In Gourmet Baker Inc. v. United Food and Commercial Workers Union, Local 832, [2004] M.G.A.D. No. 49, Arbitrator Wood thoroughly reviewed the principles which govern of collective agreement interpretation which, for our purposes here, can be summarized as follows:

124. ... the fundamental object in construing a term of a collective agreement is to discover the intention of the contracting parties. As noted in Brown and Beatty:

[...]

... the construction must be as near to the minds and apparent intention of the parties as is possible, and as the law will permit:" (para. 4-2100)

125. The parties are presumed to have intended what is stated in the collective agreement, ...

"... in determining the intention of the parties, the cardinal presumption is that the parties are assumed to have intended what they have said, and that the meaning of the collective agreement is to be sought in its express provisions:" (Canadian Labour Arbitration, supra, para. 4-2100)

126. If the language used in a collective agreement is clear and unambiguous, interpretation should be confined to that actual language. On the other hand, if a provision is ambiguous, then in interpreting the provision one may rely on extrinsic evidence. ...

"The prescribed task ... is to construe and interpret the Agreement according to the intention of the parties, which intention is derived from the words they have used, unless there is an ambiguity of the nature and to the extent that would warrant the admissibility of extrinsic evidence to aid in the interpretation of the Agreement." (University of Manitoba and Canadian Union of Educational Workers (1990), 11 L.A.C. (4th) 353 (Freedman.)

(Emphasis added)

127. In determining the intention behind a provision, one assumes that the language is used in its normal and ordinary sense, that is, its plain meaning. There are exceptions. Thus, if there are two possible interpretations to the plain meaning of a provision, an arbitrator is to be guided by the reasonableness of each possible interpretation (including whether one interpretation gives rise to an anomaly). As well, interpreting in the ordinary sense is to be considered in the context of whether such interpretation leads

to an absurd or inconsistent result in light of the collective agreement as a whole. In summary:

"In searching for the parties' intentions with respect to a particular provision in the agreement, arbitrators have generally assumed that the language before them should be viewed in its normal or ordinary sense unless that would lead to some absurdity or inconsistency with respect of the collective agreement, or unless the context reveals that the words were used in some other sense... It has been stated, however, that where there is no ambiguity or lack of clarity in meaning, effect must be given to the words of the agreement, notwithstanding that the result may be unfair or oppressive, or that they were deliberately vague to permit continuing consensual adjustments." (Brown & Beatty, supra, para 4-2200).

V

Is the Language of Article 7.2(b) Clear and Unambiguous?

14. Article 7.2(b), with emphasis added, states:

7.2 (b) Notwithstanding the provision of Article 7.2 (c), when required by the Company to protect **an** additional territory due to **any** company created vacanc**ies** the employee will be compensated as follows:

- An additional 0.3 hours for each regular work day

- An additional 2.25 hours for each assigned call day

- 15. As noted, Article 7.2(b) was expressly brought to the bargaining table by the Union to encourage and eventually compel the Company to address the filling of vacancies. Failing which, as a consequence of not maintaining full staffing levels, it would be required to provide the additional compensation set out therein for the additional territories
- It notes that the phrase: "an additional territory" is singular and implies that Article 7.2(b) requires "An additional" compensation on "each regular workday" for each single additional territory, above and beyond the compensation paid, pursuant to Article 7.2(a).
- 17. The Company acknowledges that the negotiations with respect to Article 7.2(b) arose in the last bargaining round to address compensation for employees who

cover additional vacancies. However, it takes the position that the language agreed on reflects that the compensation is to be a onetime payment per day for any and all additional territories assigned to an employee as opposed to being multiplied for each additional territory that employees are required to protect on a single day.

- 18. It suggests that the terms: "*any*" and "*vacancies*" (plural), as well as the reference to "*An additional*" amount of compensation for "*each regular work day*" suggests that the additional premium envisaged by Article 7.2(b), was intended to encompass all additional vacancies assigned to an employee for each day.
- 19. Irrespective of which argument one prefers, the language used is nevertheless sufficiently ambiguous so as to warrant a review of the extrinsic evidence. As will become apparent, from a review of the same, the parties were not *ad idem* on the meaning and intent of the language in Article 7.2(b) as it relates to the compensation if any to be paid in the event an employee covers more than one additional territory.

VI

Extrinsic evidence

20. In **CROA 4404** Arbitrator Schmidt discusses the interplay of the concepts of ambiguity and extrinsic evidence as follows:

Extrinsic evidence including past practice and/negotiating history is admissible as an aid to interpretation of collective agreement language if the words of the Agreements reveal either a patent or latent ambiguity. Contract language is said to be latently ambiguous when certain facts relating to its negotiation reveal a lack of clarity. In such circumstances extrinsic evidence can be used to resolve the ambiguity and also to demonstrate the ambiguity in the first place.

- 21. The parties bargained through several changes in the language of the disputed Article as they jockeyed to include specific terminology which would support their declared intentions.
- 22. From the outset, the Union's intention was to include language, in Article 7.2(b), which would ensure that its employees would receive additional stand-by compensation for each territory assigned to them above and beyond that covered by Article 7.2(a). To that end, its proposals consistently included terminology that required the Company to pay additionally "... for each territory".
- 23. Conversely, the Company's intention was to arrive at language, in Article 7.2(b), which would ensure that employees who were assigned more than one additional territory would only receive a one-time, *"total"* daily payment for any and all additional stand-by assignments, To that end its lead up proposals consistently removed any reference to *"each territory"* and included the term *"total"* to reflect the one-time nature of the payment for all additional territories.
- 24. The parties' final positions, prior to signing off on the language of 7.2(b), are set out below.
- 25. On May 27, 2018, the Company proposed the following language (with changes noted in red):

7.2 (b) Notwithstanding the provision of Article 7.2 (c), when required by the Company to protect an additional territory **due to company created vacancies** the employee will be compensated **as follows** *in accordance* with Article 7.2 (a) for each territory:

0.75 hours (total) for each regular work day 5 hours (total) for each assigned call day

26. According to the Company's submission (para. 25), it intended that:

... the word "total" was used by the Company to imply the total amount of standby allowance payable to an individual for covering their own territory pursuant to Article 7.2 (a) and additional territory per 7.2(b) (i.e. 0.6 hours for

7.2(a) and 0.15 hours for 7.2(b) for each regular work day; 4.5 hours for 7.2(a) and 0.5 hours for 7.2(b) for each assigned call day.) In other words, when applicable, the payment detailed in Article 7.2(b) would be payable instead of Article 7.2(a) as opposed to in addition to.

(As expanded upon later, this position does not square with the language of Article 7.2(a) nor is it consistent with subsequent conduct of the Union or the later Submissions of the Company: see, *inter alia*, paras 45/46 below.)

27. On May 28, 2018, the Union responded proposing the following language (with its changes noted in green):

7.2 (b) Notwithstanding the provision of Article 7.2 (c), when required by the Company to protect an additional territory **due to any company created vacancies** the employee will be compensated **as follows** in accordance with Article 7.2 (a) for each territory:

An additional 0.3 hours for each regular work day An additional 2.25 hours for each assigned call day

- 28. As noted, the Union added the word "any" and removed the reference to "each territory". In addition, it removed the reference to the word "total" and replaced it with the words "An additional" while reducing the amount payable for each additional territory to ½ of that payable under Article 7.2(a) and less than ½ of that in the final proposal of the Company. Its intention was to have the compensation set out in Article 7.2(b) payable, in addition to Article 7.2(a), for each additional territory.
- 29. Ultimately, the Union's language for Article 7.2(b) was adopted.
- 30. The Union contends that by agreeing to the addition of the words *"any*" and *"An additional*" and the removal of the word *"total"* from the language of Article 7.2(b) along with a reduction in compensation for the additional territories the Company acquiesced to its demands that the payments set out would apply to each additional territory.

- 31. The Company disagrees and says that the Union's decision to remove the phrase *"for each territory*" confirms the fact that it had abandoned its request for individual payments for each additional standby assignment and acquiesced to an all-inclusive payment.
- 32. It argues that the Union's final proposal was consistent with a May 28, 2018, side bar discussion (Company Tab 4) between Vice-President Meyer, Assistant General Manager Jeff Swtizer and IBEW Regional Representatives Duncan and Kauk, which took place prior to the Union submitting its final proposal.
- 33. Mr. Switzer testified at the hearing. He identified his notes (Company Tab. 4) and was referred to the notation that contained the phrase: *"7.2(b) not stack"*. However, he was unable to recall who, at the meeting, made that statement.
- 34. The discussion was, in his words, a "side bar" discussion with individuals who were not at the bargaining table and were not authorized to speak for the respective parties. Its purpose was to work through technical matters and issues that arise on "day to day" aspects so that the negotiations at the table could deal with the larger issues such as wage increases.
- 35. He acknowledged that at the meeting he was aware that the Union was looking for an additional multiplier because of the numerous additional territories that were required to be covered. Nevertheless, his recollection was that the side bar discussion included "pyramiding" and the "stacking" of payments for additional territories. And, when he left the meeting, it was his view that the Union agreed there would only be a single payment, and not a multiplier, for additional territories.
- 36. Following that meeting, the Union made its proposal on May 28, 2018, with changes in the language of Article 7.2(b) which were ultimately adopted.

- 37. Even accepting Mr. Switzer's evidence, which I do, it is insufficient to establish that the parties were *ad idem* on the effect of Article 7.2(b. He was unable to recall who it was that said there would be "*no stacking*" as referred to in Tab 4. Further, even if the statement can be attributed to a Union Rep, Mr. Switzer acknowledged that the members present did not have the authority to bind the Union (or the Company) at the bargaining table; and, that this was a "side bar" meeting designed to deal with "day to day" aspects in order that the negotiations at the main table could deal with the larger issues such as wage increases.
- 38. Mr. Switzer's understanding as he left the meeting while it confirms the interpretation advanced by the Company here cannot be reconciled with the subsequent conduct of the Union following the meeting.
- 39. The final offer proffered by the Union following the meeting, proposes a level of compensation which is less than that already offered by the Company on May 27, 2018. If in fact, the Union understood the Company's position and intended to agree to a single, total payment inclusive of all additional territories, it would be incongruous considering the realities of collective bargaining, and the Union's intention from the outset to compel the Company to increase the compensation on a per territory basis for it to propose an all-inclusive, one-time daily payment of compensation which was less than that already on the table with the Company's previous offer. To conclude otherwise would not only be unreasonable, it would represent an anomalous interpretation which empirical evidence, and this board's experience, simply do not support.
- 40. Accordingly, the evidence of Mr. Switzer taken in its full context at best serves only to establish that the parties were clearly not *ad idem* on the purpose and effect of the language in Article 7.2(b). The meeting itself taken in context of what the Union did thereafter does not materially assist in arriving at the fundamental objective of construing the terms of Article 7.2(b) so as to reveal the shared intention of the parties.

- 41. In addition the Company, in support of its position, relies on a draft internal Question and Answer document dated June 13, 2018 (Company Tab 14) relative to a presentation to S&C Managers.
- 42. The presentation essentially echoes the Company's intention that there would be only one, total standby payment for any and all additional territories covered by an S&C employee. The document contains the following interpretation:
 - Q12. When required by the Company to protect **an additional territory** due to **any company created vacancies** the employee is compensated with **an augmented Standby allowance**. If an employee is already in receipt of this payment per new article 7.2 (b), can they receive additional Standby increases (0.3 hours per work day / 2.25 hours per assigned call day) on the same day for each additional territory beyond the first one?

A12. No. The augmented allowance is payable one time per day.

(Emphasis Added)

- 43. The payment of 0.3 hours for each regular work day and 2.25 hours for each assigned call day for additional territories as set out in Article 7.2(b) could only be interpreted to be an "augmented" allowance if it is **in addition** to the payment set out in Article 7.2(a).
- 44. The above exchange makes it apparent that the Company understood the provisions of Article 7.2(b) to require an "augmented" payment in addition to that paid pursuant to 7.2(a) when an employee was required to cover an additional territory *"due to any company created vacancies"*. This appears to be an apparent contradiction with the position taken by the Company relative to its final offer as set out in paragraph 25 of its Submission.
- 45. Were it otherwise, and the Union understood the Company's intentions (as set out in paragraph 25 of its submission) at time of its final offer, it would at that stage be effectively agreeing to one-time total payment, for employees to cover their

home territory and additional territories which was less than the already existing payment provided for in Article 7.2(a) alone. Notwithstanding the Company's argument in paragraph 25 of its Submission, it acknowledges - in its remedy request at paragraph 33 - the practical reality that Article 7.2(b) would augment the payment in Article 7.2(a).

- 46. In all events, the Q&A evidence is contained in the Company's subsequent documentation. Coming as it did after the agreement was signed, it does not assist in an interpretation of the language in Article 7.2(b), nor does it confirm that the parties had reached a consensus on its intent and application prior to signing the MOA. Rather, it underscores the parties' divergent perspectives regarding the intended effect of the language and the Company's view of the same.
- 47. The same can be said, and the same conclusion drawn as above, regarding the Union's extrinsic evidence of subsequent emails and documents (*inter alia,* Union Tabs 17 27) relative to its interpretation of the application of Article 7.2(b).
- 48. The Company argued further that had the parties intended for the payment under Article 7.2 (b) to be made for "each additional" territory they would have expressly used those terms in the manner employed elsewhere in the Collective Agreement. Having reviewed the provisions and considered the context and circumstances in which the terms "each" and "additional" are applied therein, I do not find them persuasive either in interpreting the language or as convincing extrinsic evidence.

VII

Pyramiding

49. Finally, the Company argues that in the absence of language which specifically requires the payment of compensation, as set out in Article 7.2(b), for "each" additional territory, I should adopt the Company's interpretation *"which does not provide for pyramiding of payments for the same hours and same purpose".* While

I have reservations relative to the application of the rule against pyramiding in circumstances of this case, in light of my conclusion below, it is unnecessary for me to deal with that argument here.

VIII

Decision

- 50. The primary objective in collective agreement interpretation is to discover the mutual intention of the parties. Where the language of the agreement does not disclose the same, extrinsic evidence can be relied on if it assists in revealing that mutual intention. Keeping in mind that important promises are likely to be clearly and unequivocally expressed, there must be a clear expression of intention to confer a financial benefit. (Pacific Press v. Graphic Communications International [1995] B.C.C.A.A.A No. 67; Canadian Blood Services v. UNA [2013] A.G.A.A. No. 48).
- 51. The Union sought stand-by compensation for each additional territory assigned to an S&C Technician. Its stated objectives were to both see its employees fairly compensated for their additional responsibilities and to compel the Company to fill the vacant territory positions. The Union's urgency in this regard was driven by the Company assigning employees to multiple vacancies without compensation and without filling the existing vacancies. Accordingly, the Union insisted, from the outset, that the payment to be bargained under Article 7.2(b) was to apply to each additional standby territory assigned to an employee.
- 52. As is apparent from the above description of facts, the Company agreed to provide standby compensation for additional territories. It saw its compensation concession in Article 7.2(b) as a substantial "give" to the Union. In doing so it insisted that the single additional, daily augmented payment, for additional stand-by duties, was to be "all inclusive", in the sense that it would apply to any and all

additional territories covered by a standby employee over and above the existing payment in place pursuant to Article 7.2(a)

- 53. In pursuit of its goal, the Union sought specific language which would ensure that the additional compensation, required in 7.2(b), would apply to "*each territory*" covered by a standby employee.
- 54. Conversely, the Company sought specific language which would ensure that the additional compensation, required in 7.2(b), would be a one-time *"total"* payment for all additional territories covered by a standby employee.
- 55. Unfortunately, the parties adopted language which does not fully support either interpretation.
- 56. The parties are sophisticated and experienced in the art of collective bargaining. In the back and forth of bargaining here, they agreed to language in Article 7.2(b) which removed the specific and clear references, *inter alia* to "*each territory*" and *"total*", so as to effectively create the ambiguity in the Article which remained.
- 57. As discussed, the extrinsic evidence does not assist in disclosing a mutual intention with regard to whether the compensation contained in Article 7.2(b) applies to each additional territory or otherwise represents the *"total"* compensation for all additional territories.
- 58. Nevertheless, a purpose had to be served by the inclusion of Article 7.2(b) into the Collective Agreement.
- 59. In my view, by including it the parties intended, at a minimum, to provide additional compensation over and above that provided for in Article 7.2(a) to employees who "... protect **an** additional territory due to any company created vacancies...".

- 60. A further reasonable conclusion is that the parties equally at a minimum agreed to the amounts payable under Article 7.2(b) for an employee who covers at least "**an** additional territory". No mutual intention can be said to have been disclosed nor is it necessary to do so in in support of this conclusion with respect to whether or not that payment was also to be repeated for every subsequent additional territory assigned to an employee or was to be all inclusive of any further additional territory assignments.
- 61. While the resulting determination may be unsatisfactory to both parties, the fact remains that both sides chose to exclude determinative language from Article 7.2(b) and, instead, effectively left the matter for this board. It is trite to say that the board lacks jurisdiction to re-write the provisions of the collective agreement.
- 62. It remains incumbent on the parties to address the terms of Article 7.2(b) and reach a mutual understanding in regard to the compensation, if any, to be provided to an S&C employee who covers more than one additional territory.

IX

Conclusion

63. Accordingly, it is hereby ordered / declared that:

(i) Article 7.2(a) provides for standby compensation to be paid to employees who hold themselves available to protect the requirements of service, on their own territories, pursuant to Article 7.1.

(ii) For the duration of the current Collective Bargaining Agreement, employees who are required by the Company to protect one additional territory, due to any Company created vacancies, shall be compensated in the amounts set forth in Article 7.2(b) for that single territory.

(iii) For the duration of the current Collective Bargaining Agreement, an employee shall not be assigned, nor be required to cover, more than one additional territory pursuant to Article 7.2(b), except with the agreement of the parties.

(iv) I shall retain jurisdiction with respect to the interpretation, application and implementation of this award.

Dated at Calgary, Alberta this 7th day of May, 2020.

Richard I. Hornung, Q.C. Arbitrator