

Counsel:

Brian Nelson for the Union
Mike Laverty for the Employer

Where the collective agreement provides that vacations shall be scheduled on the basis of departmental seniority an employer is not entitled to combine employees in different departments when it schedules vacations.

The employer had two separate claim centres. In the 2002 vacation scheduling process some employees in the two centres were combined and treated as employees in one location. The union argued that this violated an article in the collective agreement and brought this grievance. — Grievance upheld. — The correct interpretation of the article in the collective agreement turned on the parties' mutual intention as expressed in the language of their agreement. There was no basis upon which to conclude that management's determination of departmental requirements for the purposes of the article in the collective agreement should exclude consideration of valid and relevant factors external to the department. Such factors included the operational capacity and the needs of the employer's business enterprise. The article provided that vacations should be scheduled on the basis of departmental seniority. There was no language in the collective agreement or any other justification for the employer to unilaterally deny the seniority-related entitlement of employees to have their earned benefit scheduled according to the term in the collective agreement. The employer was not entitled to combine employees in different departments when it scheduled vacations. The employer contravened the collective agreement.

AWARD

Introduction

1 The Southern Interior Division of the Corporation's province-wide operations includes Claims Centres in Trail and Nelson. In the 2002 vacation scheduling process, some employees in those two Centres were combined and treated as employees in one location. The Union alleges that combining locations in this manner was contrary to Article 15.12 of the collective agreement. The Corporation contends it was a fair and reasonable exercise of management rights, and consistent with Article 15.12.

2 The parties agree this is a policy grievance, to be determined on the basis of agreed facts surrounding the scheduling of vacations at the Trail and Nelson Centres in 2002. The language of the provision in issue, Article 15.12, is this:

15.12 Vacation Scheduling

a) Scheduling of vacations shall be subject to departmental requirements. b) Employees will indicate their preference for vacation periods on the basis of seniority within the department and the employee's preference will not be unreasonably denied. Employees who transfer to a department after vacation periods are scheduled will be placed at the bottom of the seniority list and will not exercise their seniority position until the scheduling of the following year's vacation. Where employees choose to break their vacation into two or more periods, no employee's second choice, etc., will take preference over a junior employee's first choice, etc.

e) It is the intent of this Article that employees' seniority preferences be exercised amongst employees who are performing work on the same job level or pay grade, or within a work unit of a department, whenever possible.

3 Two other collective agreement provisions bear on the matter:

0.10 Management Rights

All management rights heretofore exercised by the Corporation, unless expressly limited by this Agreement, are reserved to and are vested exclusively in the Corporation.

ARTICLE 15

ANNUAL VACATIONS

15.01 Vacation

Except as otherwise provided in this Agreement, the provisions of this Section will apply to all bargaining unit employees.

(a) Employees will indicate when they wish to take vacation for the current calendar year, and whether they wish to carry over any of their vacation entitlement into the next calendar year in accordance with Article 15.10 of this Agreement, by March 31st of the current calendar year. Employees who fail to indicate their vacation preference by March 31st will forfeit their preferential rights and unless otherwise agreed to by the manager will be required to request vacation time no less than six (6) weeks in advance of the period being requested.

(b) A vacation schedule will be prepared and posted.

(c) Vacation credits will accrue to the employee during the period between July 1st of the previous year and June 30th of the current year. Any fraction, of a day's credit will be treated as a whole day.

(d) An employee may take vacation leave in each calendar year (January 1st to December 31st) equal to the number of vacation credits accruing to the employee.

4 Although this proceeding is confined to the issues arising from combining locations, this matter is only one aspect of a larger dispute over vacation scheduling in 2002. Other issues or potential issues concern the meaning of "department" in Article 15.12 and the pooling of employees in different job classifications. For purposes of this proceeding, the parties agree the Claim Centres at Trail and Nelson are each a "department" in the sense intended by that word in Article 15.12. In addition, the parties agree to defer their differences over the propriety of combining different job classifications for purposes of vacation scheduling. The parties so agree without prejudice to their positions in respect of those issues in other proceedings.

Background

5 The following account of the dispute is excerpted from the parties' Agreed Statement of Facts, agreed documents, and uncontested assertions at the hearing.

6 The annual vacation scheduling process is carried out according to the timetable prescribed in Article 15.01. Specifically, Article 15.01(a) provides that employees indicate their vacation preferences by March 31st. But, because Article 15.12 provides that vacation scheduling is subject to departmental requirements, those requirements must be established before the employees indicate their preferences. The vacations are then scheduled pursuant to Article 15.12. The process subordinates the final vacation schedule to both departmental requirements and seniority.

7 The first sentence of Article 15.12 gives priority to departmental requirements. It is not disputed that this sentence accords management the opportunity to prescribe minimum staffing levels and restrict vacations during certain periods. The minimum staffing levels are expressed in terms of the maximum number of employees entitled to take vacation in each vacation period or calendar week. The restrictions are generally specified periods when vacations are precluded or "blocked out".

8 As stated, management determines and communicates departmental requirements to the employees before employees indicate their vacation preferences. This sequence is not disputed. It is also agreed that the grounds on which such decisions may be challenged are restricted. Management's determination of departmental requirements will stand unless it is unreasonable, arbitrary, discriminatory or in bad faith.

9 As far as seniority is concerned, Article 15.12 gives employees a qualified right to their preference based on seniority. The qualification is that the employee's preference is only that: a preference. As the language of Article 15.12 expressly states, preferences can be denied on reasonable grounds.

10 The second paragraph of Article 15.12 provides that "whenever possible" the vacations preferences are exercised within certain groups of employees, specifically those "who are performing work on the "same job level or pay grade, or within a work unit of a department". The Union refers to these groupings as "vacation leave groups".

11 The practice is that the senior employee in the group schedules her or his vacation first, followed by the next senior employee and so on, until the schedule is set for the coming year. The four vacation leave groups in Trail and Nelson relevant to this proceeding are: Bodily Injury Adjusters ("BI Adjusters"); Claims Adjusters; Estimators; and, Office Assistants ("OAs").

12 Prior to the 2002 vacation leave year, the vacation leave schedules in the Trail and Nelson Centres were, to quote the parties' Agreed Statement of Facts, "bid and scheduled separately by departmental location". There were separate vacation schedules for each of the four groups in each of the two Centres. The schedules were established after management, having regard to departmental requirements, determined minimum staffing levels. In 2001, the number allowed to take vacation at the same time was limited to one per group in each Centre. Management did not block out any periods.

13 In 2002, Mike Churko was the manager of both the Trail Centre and the Nelson Centre. The parties agree that this does not affect the departmental status of the Centres in this proceeding, but it is a significant element of the facts related to the 2002 vacation scheduling process at both Centres.

14 When Mr. Churko determined departmental requirements for the 2002 vacation year, he did so in the context of a reduced staffing complement in each of the Centres, due largely to a Voluntary Severance Program ("VSP") offered by the Corporation toward the end of the 2001 vacation year.

15 In Trail, the larger of the two Centres, the 2002 total staff complement in the four groups totaled 14. That was the complement of regular staff in 2001 as well, but it was supplemented by two temporary employees the previous year. The discontinuation of the temporary employees constituted a 13 per cent reduction in staff. In Nelson, the four groups totaled seven in 2002, compared to a complement of ten plus one temporary employee in 2001. In addition, there was a manager in the Nelson Centre in 2001. The changes represented a 37 per cent reduction in staff and, if the manager's position is factored in, a 42 per cent reduction in personnel.

16 The reduced staffing levels did not reflect a decline in the Corporation's business activity. There is no evidence the rate of motor vehicle accidents had moderated.

17 The parties agree Mr. Churko's 2002 determination of departmental requirements was made in light of the reduced staffing levels and several other factors: operational need; claims volume, or anticipated new work; 'pending and severities', which refer to work already in the system; customer service, which signifies anticipated output of work; and, staff absences, both planned and unplanned. He took into account the fact that the positions of BI Adjuster, Claims Adjuster and Estimator entail some travel and work outside of the Centres. That is especially so of the Estimators' work. Mr. Churko considered the extent to which that would occur, and the impact it would have on the operation of the Centres. Finally, Mr. Churko was conscious of the many smaller communities in the West Kootenays served by the Centres in Trail and Nelson. The operations of the two Centres are necessarily associated and interdependent.

18 Mr. Churko concluded that departmental requirements could be met most effectively by placing the BI Adjusters in both Centres in a single pool, and establishing a minimum staffing level for the combined vacation leave group. He stipulated that only one BI Adjuster from the combined group could take vacation

each week, with limited allowance for one-day overlapping vacations. Mr. Churko followed the same pattern with the Claims Adjusters and the Estimators. But vacation scheduling for OAs was carried out separately according to the previous practice, with one OA from each Centre permitted to take vacation in any particular week.

19 By letter dated February 15, 2002, the Union advised the Corporation that combining the “vacation leave bidding schedules” in Trail and Nelson was a “clear violation” of Article 15.12. The Union requested an explanation of “the contractual basis on which the employer relies to initiate this change”, and whether it was a “provincial wide initiative”. The Corporation did not reply in writing, but it is agreed the Corporation advised the Union it interpreted Article 15.12 to provide for combining locations “in appropriate circumstances”.

20 On March 4, 2002, the Union grieved, alleging that combining employee groups in different locations for vacation scheduling purposes interfered with vacation and seniority rights, and violated Article 15.12. The Union requested several remedies, including a compliance order and a make-whole order for affected employees. Following a grievance meeting, the Employer denied the grievance on April 16, citing “operational requirements”.

Parties’ Positions

21 The Union emphasizes the province-wide implications of the issue; if the Corporation is free to combine the employees at Trail and Nelson when scheduling vacations, then it will be able to combine locations throughout the province. The Union submits that Article 15.12 is based on departmental seniority, a form of seniority rights well known to the parties because it enters into the operation of other contract provisions. In contrast with contracts that are silent in relation to vacation scheduling, the Union submits Article 15.12 expressly fetters the Corporation’s management rights under Article 0.10 to schedule vacations. The Union characterizes Article 15.12 as an earned benefit and invokes the arbitral protection of seniority rights. The Union says the cost cutting and staff reductions, which made combining Trail and Nelson administratively convenient to management, do not permit the Corporation to interfere with seniority rights, even if the consequences impose some economic hardship on the Corporation. In the Union’s submission, the employer is not free to unilaterally proclaim a policy which would restrict employees’ rights.

22 The Union submits the second paragraph of Article 15.12 confirms the clarity with which the first provides for scheduling based on departmental seniority. The Union contends that “whenever possible” provides the Corporation with less flexibility than a “wherever practicable” qualification. Further, the Union says it is possible for the Corporation to meet the requirements of Article 15.12 because it can utilize temporary employees under Articles 6.04 and 6.05 to provide relief for regular employees.

23 The Corporation submits the dispute concerns a balancing of the interests of employees and the Corporation in the application of Article 15.12, and the issue is whether management balanced those interests in a fair and equitable manner in 2002. It is submitted Mr. Churko was able to ensure that employees took their vacations, that staffing remained adequate to operate and meet customer needs, and that the process was transparent. The fact he did not combine the OAs, in the Corporation’s submission, demonstrates that Mr. Churko’s determination of departmental requirements was not arbitrary. The Corporation contends that “departmental requirements” are not determined in a vacuum or in isolation from the whole of the Corporation’s regional and provincial operations. Since Article 15.12 must be read in context of Article 0.10, and since the Corporation exercised its management rights in a fair and reasonable manner in this instance, the Corporation contends the grievance must fail. The Corporation emphasizes the applicable test is “fair and reasonable”, not whether management was correct.

24 The second paragraph of Article 15.12, it is submitted, “is the key which hinges [vacation scheduling] to departmental requirements”. The words “of a department” at the end of the second paragraph modify “work unit” only. Therefore, the Corporation argues, the combining of the vacation groups in Trail and Nelson complied with the provision by combining “employees who are performing work on the same job level or pay grade” at the two locations. On that basis, the impugned vacation scheduling process in fact did consider employee preferences according to seniority as required. In sum, then, it is the Corporation’s submission that Article 15.12 permits management to decide that departmental

requirements necessitate the combining of departments for vacation scheduling purposes, as long as management does so fairly and reasonably.

25 In reply, the Union underscores the words “unless expressly limited by this Agreement” in Article 0.10. Article 15.12, it is submitted, is an express limitation on management’s rights in relation to, vacation scheduling. While the Corporation may have regard to business reasons when it establishes departmental requirements, it would “turn the collective agreement on its head” if the Corporation could establish departmental requirements by reference to business reasons outside the walls of each location. Further, the Union argues the second paragraph of Article 15.12 only clarifies the first, in which the employees’ “seniority within the department” is the basis for vacation scheduling.

Analysis

26 The correct interpretation of Article 15.12 turns on the parties’ mutual intention as expressed in the language of their agreement. That is not disputed. The Union submits the “foundation of an interpretation” was captured in this passage from *Richmond Lions Senior Citizen Housing Society and BCNU* (1982), 6 L.A.C. (3d) 319 (Hope):

The aim in any interpretation is to uncover the mutual intention of the parties. The first resource in that interpretative exercise is the language itself. From that principal resource an arbitrator moves to consideration of any extrinsic evidence properly receivable that addresses any vagueness or uncertainty, in the language. (p. 324)

1 The passage does not suggest it is necessary to identify vagueness or uncertainty as a prerequisite to the admission and consideration of extrinsic evidence. It is well settled that there is no such prerequisite: *Nanaimo Times Ltd. and GCIU, Local 525-M*, BCLRB Decision No. B40/96. With that clarification, I accept the passage as a statement of the correct approach to the task before me in this dispute.

27 The extrinsic evidence in this case is not particularly useful as a guide to the parties’ intention. Although there is no evidence of negotiating history, the Union canvassed the history of vacation scheduling language in the parties’ previous collective agreements. I need not detail the changes to Article 15.12 since the first contract in 1974. It will be sufficient to observe that the first sentence of the provision, which accords priority to “departmental requirements”, has been a feature of the language from the beginning. The second paragraph of the current version of Article 15.12, elaborating the intent of the Article, made its first appearance in a Letter of Understanding attached to the 197880 contract. **In general, the evolutionary changes over the years do not shed any especially illuminating light on the meaning of the current language at issue in this proceeding.**

28 There is a modicum of evidence regarding the parties’ practice under Article 15.12. With respect to Trail and Nelson, the parties agree that the scheduling process in 2002 was a change from previous practice. The parties also agree there are no awards interpreting the current Article 15.12 or its generally similar antecedents in previous agreements. Further, the parties agree that, prior to 2002, there were no grievances respecting the pooling of employees in different locations for purposes of vacation scheduling. It appears that locations were combined elsewhere in the province in 2002. But there is no evidence or agreement that it occurred anywhere prior to 2002. I infer it did not. However, the Union does not assert there is any past practice which is determinative of the parties’ mutual intention in the sense discussed in *John Bertram & Sons. Co. Ltd.* (1967), 18 L.A.C. 362 (P.C. Weiler), and I make no such finding.

29 What, then, of the intention indicated by the language of the agreement?

30 The Union properly concedes that, under the first sentence of Article 15.12, management possesses the authority to determine departmental requirements. As I have said, that sentence subordinates the vacation scheduling process to departmental requirements. In the absence of any language to the contrary, it falls to management to establish those requirements. This conclusion is confirmed by the management rights language of Article 0.10. But management’s right to make the determination does not, of itself, resolve the scope of the considerations available to management when determining departmental requirements. One of the issues between the parties is whether the legitimate considerations are somehow

restricted to the department itself? As articulated by the parties, this issue is whether the requirements are confined to “the four walls of the department”. Alternatively, the question is whether, when establishing departmental requirements, management is obligated to ignore factors external to the department, such as the staffing level at another department in sufficiently close physical proximity to be operationally interdependent. Although argued and apparently important to the parties, this is an issue subsidiary to the more central question of whether departmental requirements may in some circumstances permit the Corporation to combine the employees in different departments for purposes of scheduling their vacations.

31 The relevance of the subsidiary issue is evident in the Corporation’s assertion that, because external factors are legitimate considerations for management, Mr. Churko could have effectively achieved the result he did by using a less transparent and more convoluted method. Taking the BT Adjusters for example, he could have simply asked the most senior employee in both Centres what her or his vacation preference was, and then blocked out that period for junior employees in the other Centre.

32 On the Union’s interpretation of “departmental requirements”, that method of scheduling vacations would have been contrary to the collective agreement. The breach would have been that management did not confine its determination to the “four walls of the location”. That aspect of the subsidiary issue is hypothetical and it was not fully argued by the parties. I need not decide it. If a department’s vacations were scheduled in that manner, and if a grievance of such a schedule were to progress to arbitration, the issues would include an appraisal of management’s determination of departmental requirements according to the reasonableness standard. That is, was it reasonable and not arbitrary, discriminatory or in bad faith? The matter might include other issues under Article 15.12 as well.

33 Nevertheless, one aspect of the matter can be addressed. That is whether management is entitled to take into account factors external to the department in which vacations are to be scheduled. I have no hesitation rejecting the Union’s submission that any consideration of factors outside of the department itself renders the determination of departmental requirements, in effect, a per se contract breach.

34 The Union accepts the factors considered by Mr. Churko as valid. To the extent he took anticipated new business into account, those factors included considerations external to the department itself. His decision also illustrates that the point of this exercise is not simply to establish the requirements within the department. Rather, it is to establish the requirements of the department. What is the department reasonably expected to accomplish?

35 The input data in that determination will include any and all relevant and valid business considerations. It would make very little sense to suggest it should exclude the Corporation’s regional and even provincial business projections: Each department is one component of a larger enterprise, and planning for every department is necessarily influenced by workflow and other interdepartmental considerations. There is no language in the collective agreement to support the exclusion of such basic factors from management’s determination of departmental requirements, and no other basis on which to make such a finding.

36 In short, when Mr. Churko considered the staffing level and operational capacity of the related department as a factor in his determination of departmental requirements in Trail and Nelson in 2002, he did not commit any contravention of the collective agreement. I repeat, this is not a finding that his determination met the standard of reasonableness to which I have referred; it is a finding only that the determination was not unreasonable or otherwise contrary to the collective agreement simply because it was based in part on external factors.

37 Turning now to the central issue, the priority accorded departmental requirements in the first sentence of Article 15.12 is only one feature of the provision. The language of Article 15.12 continues after that sentence to address the scheduling of vacations. Before examining the nature of the process prescribed by the provision, it is important to recognize the implications of the existence of the provision. The fundamental point is that the provision reflects an agreement by the parties on vacation scheduling as part of their collective agreement. This collective agreement, then, is not silent on the subject of vacation scheduling. I accept the Union’s submission that this is an important feature of this case, and one that distinguishes it from the many authorities which have considered vacation-scheduling issues under contracts which do not contain any language governing the process. As Arbitrator Burkett said 20 years ago,

...it is useful to review the awards which have dealt with the scheduling of vacations. There are two broad categories of cases which are of interest; those in which the agreement is silent and those which expressly provide for the scheduling of vacations. It is trite that under the latter type the requirements which must be met in scheduling vacations are a function of the specific wording found in the collective agreement. (*United Parcel Service Canada Ltd. and Teamsters Union, Local 141* (1981), 29 L.A.C. (2d) 202 (Burkett), at p. 206)

38 Therefore, while the management rights reserved by Article 0.10 are relevant to the determination of departmental requirements, those rights and requirements co-exist with other vacation scheduling requirements. Article 0.10 also expresses the parties' agreement that management rights must be exercised within the limits imposed by collective agreement obligations. It reserves and vests management rights exclusively in the Corporation "unless expressly limited" by the collective agreement. The vacation scheduling process prescribed by Article 15.12 is such an express limitation. The management rights reserved under Article 0.10 must be exercised in the manner limited by Article 15.12.

39 Is the process of vacation scheduling prescribed in Article 15.12 incompatible with combining locations? I have no doubt it is. Under the second sentence of the provision, the parties agreed that employees are to indicate their vacation preference "on the basis of seniority within the department" (emphasis added). Further, the parties agreed the Corporation will accept those preferences, unless it has reasonable grounds to deny them. To adopt the characterization often used in the authorities, these terms fetter the management rights of the Corporation.

40 As the facts of this case illustrate, if different departments are combined for purposes of vacation scheduling, the employees do not have the agreed opportunity to express their preferences within the department. Thus, the Corporation's interpretation effectively removes the second sentence from the provision, and empowers management to direct employees to express their preferences within combined departments or, potentially, some other unit. There is no language in the collective agreement giving the Corporation or its management that authority.

41 Specifically, I do not agree that the second paragraph of Article 15.12 permits the pooling of employees from different departments as long as they are performing work on the same job level or pay grade. If that were the correct interpretation, the second paragraph would be inconsistent with the first. Vacations could be scheduled on the basis of seniority in a wider group than a department as contemplated by the first paragraph. It is not necessary to interpret the second paragraph in that fashion. It can be construed to refer to employees performing the work on the same job level or pay grade *within a department*. It is a canon of interpretation that two provisions of the same written instrument should be given a harmonious interpretation if possible. A harmonious interpretation is preferable to an interpretation that places the provisions in conflict: *Pacific Press, A Division of Southam Inc. - and - GCIU, Local 25-C* (November 14, 1995), unreported award (Bird). The principle is even more compelling when interpreting two paragraphs of the same provision. The two paragraphs should be read together and construed as compatible language if at all possible. I conclude the second paragraph is intended to clarify the first by defining the composition of vacation groups within a department.

42 The foregoing conclusions are based on the ordinary meaning of the words of the collective agreement. The interpretation that flows from these conclusions allows Article 15.12 to be read together with Article 0.10 in precisely the manner urged by the Corporation. On this interpretation, the two provisions are meaningfully consistent. The Corporation's management possesses the reserved and exclusive management authority to determine departmental requirements but, when it has done so, it must follow the contract limitations regarding vacation scheduling, including the express stipulation to not unreasonably deny employee preferences indicated in accordance with departmental seniority.

43 This interpretation is reinforced by the nature of the contract term in question. As the Union contends, vacation is an earned benefit. Such benefits, and associated rights, should not be diminished by narrow interpretations. In addition, the second sentence of Article 15.12 expresses a seniority right. As the Union also contends, it is well settled that seniority rights "should only be affected by clear language... and arbitrators should construe the collective agreement with the utmost strictness wherever it is contended that an employee's seniority has been forfeited, truncated or abridged": *Tung-Sol of Canada Ltd.* (1964), 15 L.A.C. 161 (Reville), at page 162; *British Columbia Railway Co. and Canadian Union of Transportation*

Workers, Local 6 (1988), 2 L.A.C. (4th) 331 (Hope), at page 344.

44 The Corporation is not at liberty to unilaterally amend the collective agreement by rescinding the prescribed right to schedule the earned vacation benefit according to seniority. Neither of the parties individually has the authority to re-write the collective agreement. Nor does an arbitrator. Until renegotiated between the parties, the obligations imposed by the collective agreement must be observed, despite inconvenience and cost: *Pinehaven Nursing Home and London & District Service Workers' Union, Local 220* (1993), 36 L.A.C. (4th) 440 (Levinson), at page 446; *Health Employers Association of British Columbia (Tumbler Ridge Health Care Services Society) - and - BCNU* (November 21, 1994), unreported award (Taylor), [1994] B.C.C.A.A.A. No. 413, at paragraph 38.

45 The Corporation's contention that departmental requirements may warrant combining employees in different departments therefore fails. It follows that the 2002 vacation scheduling process in Trail and Nelson was not consistent with Article 15.12 because it did not give the employees the opportunity to express their vacation preferences "on the basis of seniority within the department". Regardless of management's determination of departmental requirements, the Corporation is bound to perform its obligations in Article 15.12. One of those obligations is to refrain from unreasonably denying employee vacation preferences indicated according to seniority within the department. In 2002, the employees did not indicate the preferences on the basis of seniority within the departments. Instead, they indicated their preferences within a larger group, consisting of the employees of two departments. I conclude that process was contrary to the collective agreement. At the parties' request, I defer issues of remedy and I retain jurisdiction to determine all such issues if the parties are unable to settle the matter by agreement.

Conclusion

46 In summary, there is no basis on which to conclude that management's determination of departmental requirements for purposes of Article 15.12 should exclude consideration of valid and relevant factors external to the department. Such factors would include the operational capacity and needs of the Corporation's larger business enterprise. But, Article 15.12 provides that vacations shall be scheduled on the basis of departmental seniority. There is no language in the collective agreement or any other justification for the Corporation to unilaterally deny the seniority-related entitlement of employees to have their earned benefit scheduled according to this contract term. The Corporation is not entitled to combine the employees in different departments when it schedules vacations.

47 On this basis, I have concluded that the Corporation contravened the collective agreement when it combined employees in the Trail and Nelson Centres in the 2002 vacation scheduling process. I retain jurisdiction to determine issues of remedy and any other issue arising from this award.