BRITISH COLUMBIA LABOUR RELATIONS BOARD

BANTREL CONSTRUCTORS CO.

(the "Employer")

-and-

INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIP BUILDERS, BLACKSMITHS, FORGERS AND HELPERS, LODGE 359

(the "Union")

PANEL: Leah Terai, Vice-Chair

APPEARANCES: William A. Duvall and Stephanie D.

Gutierrez, for the Employer

Allan E. Black, Q.C. and Carolyn M.

Janusz, for the Union

CASE NO.: 67941

DATE OF DECISION: April 9, 2015

DECISION OF THE BOARD

I. NATURE OF APPLICATION

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The Employer applies under Section 99 of the *Labour Relations Code* (the "Code") for review of an arbitration award issued by Ronald S. Keras (the "Arbitrator") dated November 17, 2014 (Ministry No. A-111/14) (the "Award").

The Award decided a termination grievance. The Arbitrator found there was just and reasonable cause for discipline, but that dismissal was an excessive response in all the circumstances. At the request of the parties, he remitted the matter of the appropriate disciplinary sanction back to the parties, retaining jurisdiction in the event they were unable to agree.

The Employer submits the Award is inconsistent with the principles expressed or implied in the Code and that it was denied a fair hearing. Specifically, it says the Arbitrator misapplied the legal test of just and reasonable cause as set out in *Wm. Scott & Company Ltd.*, BCLRB No. 46/76, [1977] 1 Canadian LRBR 1 ("*Wm. Scott*") by considering the grievor's (the "Grievor") years of experience in the industry rather than his period of service with the Employer. The Employer further says the Arbitrator failed to address and make findings regarding central points of evidence and argument and therefore failed to provide a reasoned decision. The Employer requests that the Board set aside the Award and refer the grievance to a new arbitrator.

After the Employer filed its application, a number of entities made applications for interested party status or to intervene in this matter. For the reasons set out below, under the heading "Other Applications", I find there are no other interested parties in this matter and I decline to grant intervenor status to these applicants. I am able to decide this matter on the basis of the written materials provided by the Employer and the Union, which include a copy of the Award as required by the Labour Relations Board Rules.

II. THE AWARD

As noted, the Award concerned a grievance brought by the Union on behalf of the Grievor, alleging that his termination from employment was without just and reasonable cause.

The Award reproduces (at pp. 2-5) the Employer's December 9, 2013 letter of termination. The letter alleged that, on the evening of November 24, 2013, the Grievor was observed by security guards "driving at an unsafe speed, spinning tires and fishtailing around a blind corner" in the Employer's parking lot (Award, p. 2). When the security guards intervened and instructed him to pull over, he was alleged to have ignored their instructions, and when they approached him after he stopped his vehicle, he was alleged to have sworn at them and shown "signs of intoxication" (Award, p. 3).

The Award also reproduces (at pp. 6-8) other written statements regarding the incident, including two by the Grievor, and summarizes (at pp. 9-17) the evidence of the witnesses at the arbitration hearing, which included one of the security guards and others who had witnessed the November 24, 2013 incident, as well as the Grievor.

The Award then summarizes (at pp. 17-21) the Employer's argument, noting the Employer argued termination was appropriate in the circumstances as the Grievor had recklessly breached the Employer's safety rules, persisted in reckless conduct despite directions from the security guards to stop, was rude and abusive, and provided non-plausible self-serving evidence in his testimony.

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The Union's position is summarized at pages 21-26 of the Award. The Union acknowledged the Grievor had engaged in unsafe driving, which was misconduct, but argued that dismissal was excessive in all the circumstances. It took the position there was no evidence to confirm whether the Grievor was intoxicated, and argued the Grievor's version of the incident should be preferred where it differed from that of other witnesses.

The Award notes that, in its reply to the Union's submissions, the Employer argued that "if the [Arbitrator] relied on the Grievor's thirty (30) year history with the Union the [Arbitrator] would be creating new law" (p. 26).

The Arbitrator began his analysis in the Award by setting out (at pp. 26-27) the three-question *Wm. Scott* test for just and reasonable cause for discipline or dismissal. He addressed the first question at pages 27-32 of the Award. Among other things, he found the Grievor had violated the Employer's safety rules "and in doing so potentially put others at risk", adding that it was "simply fortunate that there was no accident or injury" (Award, pp. 31-32). The Arbitrator concluded on the first *Wm. Scott* question that the Grievor had given just and reasonable cause for some form of discipline.

The Arbitrator then turned to the second *Wm. Scott* question, whether the misconduct of the employee was serious enough to justify termination. In the course of that analysis, he stated that the Grievor's conduct "was serious as it could have resulted in a tragic event" (Award, p. 32), but that there was no evidence of premeditation (Award, p. 33). He then stated:

(iii) Does the employee have a record of long service with the employer in which he proved an able worker and enjoyed a relatively free disciplinary history?

The Grievor had been a welder since 1982 however his employment with this Employer was short term and previous discipline with other employer's was about thirty (30) years ago. As outlined in *Canadian Engineering and Contracting Co. (supra)* the construction industry is somewhat unique in that "employment relationships are transitory", which I don't believe precludes a consideration of how long an employee has been in the industry. While such consideration is not the same as an employee with 30

years of service with one employer the fact that the Grievor had 30 years in the industry is an indication of his competency as a welder. (Award, p. 33)

The Arbitrator then noted that this was a first offence with the Employer (Award, p. 33), and that even if the conduct was reckless, "there was no evidence of an immediate risk" (Award, p. 34). The Arbitrator then concluded with respect to the second *Wm. Scott* guestion:

With regard to the second *Wm. Scott* question, "was the employer's decision to dismiss the employee an excessive response in all of the circumstances of the case?" My conclusion on a careful review of the evidence, the testimony, and the submissions of counsel, is 'yes', termination is excessive in consideration of all the circumstances of this case. The fact that there was no accident or injury distinguishes this case from some of the other more serious cases such as the *British Columbia Railway (supra)* case. (Award, pp. 34-35)

As noted, the Arbitrator then referred the third *Wm. Scott* question, the appropriate disciplinary sanction, to the parties as they had requested, retaining jurisdiction in the event they did not agree on an appropriate sanction.

III. POSITIONS OF THE PARTIES

POSITION OF THE EMPLOYER

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The Employer submits the Arbitrator misapplied *Wm. Scott* by considering the Grievor's length of service in the industry as opposed to his length of service with the Employer. The Employer cites a number of arbitration awards in support of its position that the Grievor's length of service in the industry was not a proper consideration. With respect to the Ontario Labour Relations Board decision cited by the Arbitrator, *Canadian Engineering & Contracting Co. Ltd.*, [1983] OLRB Rep. July 1017 ("*Canadian Engineering*"), the Employer submits the Arbitrator wrongly relied on it "to change the *Wm. Scott* analytical framework and raise the bar for establishing just cause in the construction industry, despite that the Ontario Board held that there is a need for arbitral restraint when reviewing discharge for just cause in that industry".

The Employer further submits that *Manning Kumagai Joint Ventures*, IRC No. C145/87 "supports the proposition that the standard of just cause should be applied with less, not more, vigour in the construction industry". It submits arbitrators "have held that the just cause standard is lower, and not higher, where the nature of the employment relationship is transient and short term" citing an arbitration award in support of this proposition.

The Employer further submits that, in any event, by crediting a 2-month employee with 30 years of industry service, the Arbitrator misapplied *Wm. Scott* and created new law contrary to the principles expressed in the Code. It submits that it is

"untenable" to suggest that employers must take into account an employee's work and disciplinary history with prior employers in deciding what disciplinary response is appropriate in the circumstances. It submits sound labour relations policy dictates that an employer must make its disciplinary decisions based on the employee's employment with the employer, otherwise the principles of just cause and progressive discipline would be unworkable. The Employer concludes on this ground for review:

Just as past discipline or discharge by past employers should not forever plague the employee with future employers, past service with past employers should not put into question the disciplinary decisions of future employers. The Decision is contrary to the law and policy of just cause expressed in the Code, and should not be permitted to stand.

The Employer also submits the Arbitrator failed to provide a reasoned decision as he failed to address and make findings regarding central points of evidence and argument and failed to assess credibility in a reasoned manner. The Employer says the Arbitrator failed to apply an adverse inference he decided to draw because the Union did not call a witness whose evidence, the Arbitrator found, would not have advanced the Union's case (Award, p. 29). The Employer says the Arbitrator did not give effect to this adverse inference to resolve conflicts of evidence in the Award.

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The Employer further submits the Award does not resolve major conflicts in the evidence, ignores key evidence and fails to address significant issues as set out in the Statutory Declaration filed with its submission. The Employer says the extent of the Arbitrator's factual findings in respect of conflicts in the evidence are limited to a paragraph at page 30 of the Award:

With respect to a number of differences in the testimony of the guards compared to the testimony of the Grievor, based on a Faryna v. Chorny (supra) assessment of both, I find that with regard to the fishtailing, and the failure to come to a complete stop, there is not a significant factual difference. I however accept the guard's testimony that the Grievor was in fact also speeding as he exceeded the 20kph posted limit. As well in testimony the Grievor said that at times he may have been doing 30 kph.

With regard to intoxication, it is simply uncertain whether the Grievor was intoxicated or not...

The Employer submits the Arbitrator failed to make certain factual findings which it submits were key to determining the seriousness of the misconduct and whether to interfere with the Employer's decision to discharge the Grievor. These included: what speed the Grievor was driving in excess of the posted limit; whether fishtailing occurred; whether the Grievor ran a stop sign; whether the Grievor's driving was out of control; whether the Grievor intentionally failed to comply with the security guards' direction to pull over; whether the Grievor sped away in an attempt to evade the security guards; whether he hid from security guards; and whether he made profane and rude or abusive

comments to them once caught. The Employer submits the Arbitrator could not engage in any reasoned analysis about the recklessness of the Grievor's driving and the seriousness of the safety breach without making these factual findings on disputed evidence as to what had actually occurred during the incident.

The Employer also submits that while the Arbitrator considered the Grievor's 30-year industry service (which the Employer submits is irrelevant), he ignored certain evidence concerning the Grievor's industry discipline record. Specifically, the Arbitrator was mistaken when he found the Grievor had only one previous discipline.

Finally, the Employer says the Arbitrator ignored certain arguments it made about what was the most significant or egregious aspects of the Grievor's misconduct. The Employer says it emphasized the extremely serious nature of the conduct involved and that it was not a single, isolated incident but rather repeated and deliberate acts of reckless driving and attempts to evade the security guards. The Employer says the Arbitrator failed to address these arguments in the Award, as well as its argument that the Grievor failed to admit reckless driving and never expressed "genuine remorse". The Employer submits that, in failing to address these arguments, the Arbitrator denied it a fair hearing.

Position of the Union

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The Union submits the Award is consistent with Code principles and the Arbitrator correctly applied the *Wm. Scott* test in determining whether there was just cause to terminate the Grievor. The Union further submits the Employer was not denied a fair hearing: the Award shows that he heard and considered all of the evidence and arguments before him, and provided a reasoned analysis with respect to all of the issues and evidence in dispute that were determinative.

The Union concedes that arbitrators are held to a standard of correctness with respect to assessing the just cause standard by applying the three-part *Wm. Scott* test. However, the Union submits, the Board has adopted a non-interventionist approach to reviewing an arbitrator's application of the *Wm. Scott* test. Provided an arbitrator answers the three questions posed under *Wm. Scott*, the Board gives considerable deference to an arbitrator's evaluation of whether there was just cause for the discipline imposed in light of all the circumstances: *Northstar Lumber, a Division of West Fraser Mills Ltd.*, BCLRB No. B137/2007 ("West Fraser").

With respect to the Employer's objection to the Arbitrator's consideration of the Grievor's lengthy work history in the construction industry, with the only discipline having occurred more than 25 years earlier, the Union submits the Arbitrator did not change the law or misapply the *Wm. Scott* test in considering this circumstance. The Union submits that *Wm. Scott* directs arbitrators to consider all of the relevant circumstances to determine whether the discipline imposed was excessive, consistent with Section 89(d) of the Code. While the Board in *Wm. Scott* provided a list of circumstances that are appropriately considered, the Union submits it is "clear from the arbitral and Board jurisprudence that not all of those criteria will be relevant considerations in any particular

case, and in some cases, factors beyond those set out in *Wm. Scott* will be necessary to consider in order to fully canvass 'all of the circumstances'". For example, arbitrators have considered factors not listed in *Wm. Scott* such as economic hardship and the existence and terms of a last chance agreement.

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The Union submits the Employer did not make all of the arguments it now makes as to why the Grievor's record with other employers in the industry is not a proper consideration before the Arbitrator, and therefore it should not be permitted to make those arguments now. In any event, the Union submits, the Arbitrator's finding would not require construction industry employers to always make disciplinary decisions based on an employee's industry-wide discipline record. Rather, the Union submits, the Arbitrator's consideration of the Grievor's industry record in this case was merely one example of the many cases where an arbitrator has considered circumstances not listed in *Wm. Scott* which arose out of the evidence before them. The Union further submits that in this case the Employer had the opportunity to request the Grievor's employment history from the Union prior to imposing discipline on him.

In summary on this point, the Union submits the Award is consistent with Code principles because the Arbitrator relied on the Grievor's industry-wide record "for a narrow and legitimate purpose", and because the Employer could have obtained and was entitled to rely on the Grievor's industry-wide record in its decision-making.

With respect to the Employer's allegation that the Arbitrator denied it a fair hearing, the Union submits the Board's jurisprudence is clear that arbitrators are not required to make specific findings regarding every issue in dispute nor to address explicitly every issue raised by a party: *Western Mines Limited*, BCLRB No. 81/76, [1977] 1 Canadian LRBR 52; *Lornex Mining Corporation Limited*, BCLRB No. 96/76, [1977] 1 Canadian LRBR 377. The Union submits the Arbitrator properly considered the key evidence and arguments, with some being addressed implicitly rather than explicitly. It submits that not addressing facts and arguments which were not central to the determinative issues does not constitute a denial of a fair hearing.

The Union made further submissions with respect to the specific factual and evidentiary matters raised by the Employer. On the issue of the Grievor's past disciplinary record with other employers, the Union agreed that the Arbitrator made a mistake in concluding that the Grievor had only one recorded instance of discipline, "as the Union did in fact put two documented instances of discipline into evidence, from 1982 and 1989". However, the Union submits, the omitted discipline from 1982, like the 1989 discipline considered by the Arbitrator, was also more than 25 years old. Accordingly, the Union submits, "express consideration of that evidence would not have led the Arbitrator to a different result had he considered it".

In conclusion, the Union submits, the Award is consistent with Code principles and the Arbitrator did not deny the Employer a fair hearing. If the Board concludes otherwise, the Union submits the matter should be remitted to the Arbitrator because there are not circumstances warranting remittal to a new arbitrator.

EMPLOYER'S FINAL REPLY

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The Employer submits that *West Fraser* is distinguishable because in this case it is not complaining about the Arbitrator's factual findings under the established *Wm. Scott* test. Rather, it submits the Arbitrator misapplied or altered the test by creating a new sub-factor with the second *Wm. Scott* question, namely, the employee's employment history with previous employers. With respect to the Union's argument that arbitrators may consider "all the circumstances" and that *Wm. Scott* does not exhaustively list all the matters they may consider, the Employer submits that the subfactors in relation to the second question set out by the Board in *Wm. Scott* all relate to the grievor's interaction with the employer. It submits the examination of "all the circumstances" in this context means circumstances relating to this employment relationship, not prior industry experience beyond the work and disciplinary history of the employee with the employer.

In its final reply, the Employer reiterated its position that it was denied a fair hearing because the Arbitrator did not expressly make certain factual findings. In particular, it emphasizes the Arbitrator's failure to make a finding with respect to whether the Grievor attempted to evade the security guards during the incident. The Employer submits this was a critical finding of fact because it went to the nature of the misconduct and because it was a ground for discipline separate and apart from the reckless driving. The Employer submits that even on a sympathetic reading, the Arbitrator did not address numerous key allegations the Employer made against the Grievor.

IV. ANALYSIS AND DECISION

Under Section 99 of the Code, the Board reviews arbitration awards for (a) denial of a fair hearing and (b) consistency with Code principles. Arbitration awards which decide disputes over collective agreement interpretation and application are reviewed on the deferential "genuine effort" standard. Awards which involve the interpretation and application of the Code are reviewed on a correctness standard.

For example, in *Wm. Scott* the Board set out the correct way for arbitrators to interpret and apply the "just and reasonable cause" requirement in Section 84 of the Code:

...arbitrators should pose three distinct questions in the typical discharge grievance. First, has the employee given just and reasonable cause for some form of discipline by the employer? If so, was the employer's decision to dismiss the employee an excessive response in all of the circumstances of the case? Finally, if the arbitrator does consider discharge excessive, what alternative measure should be substituted as just and equitable? (p. 5)

The Board in *Wm. Scott* listed a number of sub-factors to consider in answering the second question (if the answer to the first question is yes). These include whether the employee had "a record of long service with the employer in which he proved an able worker and enjoyed a relatively free disciplinary history" (p. 5).

In West Fraser, the Board stated:

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... <u>Provided an arbitrator has answered the three questions posed under Wm. Scott</u>, the Board gives considerable deference to an <u>arbitrator's evaluation of the circumstances before them, including factual inferences drawn from the evidence, as well as the weight attributed to aggravating and mitigating circumstances: *OPEIU*. That approach was set out in *BC Transit* as follows:</u>

In terms of consistency with the express or implied principles of the Code, an arbitrator faced with a discharge grievance must pose and answer the three well-established questions enunciated in Wm. Scott, supra. In terms of the second Wm. Scott question - whether the employee's misconduct was serious enough to justify the penalty of discharge an arbitrator's evaluation of management's decision must be especially searching. The Wm. Scott decision also lists a number of factors for consideration by arbitrators when making this broad judgment about whether the employee in question should lose his or her job. One such factor involves discriminatory discipline. While the application of the three Wm. Scott questions involves a matter of law and policy of the Code, the judgments and evaluations involved in dealing with the sub-factors generally fall within the "essentially factual and discretionary" category, and are therefore not amenable to review under Section 99: Coulson Forest Products Ltd., BCLRB No. B348/95; Labatt Brewing Company Limited, IRC No. C189/89. Additionally, like an arbitrator's factual findings, the particular weight given to the sub-factors is not regarded as a reviewable error: Wire Rope Industries Ltd., BCLRB No. 268/85. (para. 34)

I add that these principles were cited with approval by the Reconsideration Panel in *Fraser Lakes* Sawmills *Ltd.*, BCLRB Letter Decision No. B390/2002 (Leave for Reconsideration of BCLRB No. B213/2002) at paras. 59-63.

(paras. 39-40, emphasis added)

Thus, as long as an arbitrator properly applies the three-part *Wm. Scott* test for just and reasonable cause for discipline and dismissal to the facts, the Board will not

review the arbitrator's factual findings or the judgments and evaluations the arbitrator made with respect to the "sub-factors".

In the present case, the Union conceded the answer was yes to the first Wm. Scott question (whether the Grievor had given just and reasonable cause for some form

of discipline). The focus of the parties' submissions and the Award was therefore on the second question, whether the discipline imposed, termination, was excessive in all the circumstances. The Award demonstrates that the Arbitrator gave consideration to the facts and to the arguments of the parties in answering that question. Furthermore, he organized his analysis of the second question in accordance with the sub-factors listed in *Wm. Scott* (Award, pp. 32-34).

In addressing the Wm. Scott sub-factors, the Arbitrator found that the Grievor "violated the safety rules" of the Employer and in doing so "potentially put others at risk" (Award, p. 31), such that his conduct was "serious as it could have resulted in a tragic event" (Award, p. 32). In light of these significant findings, I find it was not necessary for the Arbitrator to resolve subsidiary disputes such as precisely how much over the posted speed limit the Grievor was driving, whether he ran a stop sign, and whether his driving was "out of control". The point was that his driving was dangerous and his misconduct was therefore serious.

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The Arbitrator also found the Grievor's conduct was not premeditated, the evidence did not establish he was intoxicated, and the Grievor's interactions with the security guards did not constitute harassment. The Arbitrator further stated: "The fact that there was no accident or injury distinguishes this case from some of the other more serious cases..." (Award, p. 35). In the result, he found termination was excessive in the circumstances.

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In reaching this conclusion, the Arbitrator was not required to address every argument advanced by the parties or resolve every factual dispute. I am not persuaded the Arbitrator denied the Employer a fair hearing by failing to address a key or central argument advanced by the Employer. I find the Arbitrator addressed the facts and arguments before him sufficiently to meet the Board's requirement that an arbitrator provide a reasoned analysis for the conclusion reached in the award. Accordingly, I find no denial of a fair hearing.

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With respect to the Employer's argument that the Arbitrator misapplied or wrongly altered the Wm. Scott test by considering the Grievor's industry employment record rather than his service and disciplinary record with the Employer, I find it is clear from the impugned passage at page 33 of the Award that the Arbitrator recognized the distinction between industry record and employer record, and he did not fail to consider the Grievor's record with the Employer. However, I accept that he also noted the Grievor's industry record. The Arbitrator stated in the impugned passage:

> (iii) Does the employee have a record of long service with the employer in which he proved an able worker and enjoyed a relatively free disciplinary history?

The Grievor had been a welder since 1982 however his employment with this Employer was short term and previous discipline with other employer's [sic] was about thirty (30) years ago. As outlined in *Canadian Engineering and Contracting Co.* (supra) the construction industry is somewhat unique in that "employment relationships are transitory", which I don't believe precludes a consideration of how long an employee has been in the industry. While such consideration is not the same as an employee with 30 years of service with one employer the fact that the Grievor had 30 years in the industry is an indication of his competency as a welder. (p. 33)

The Employer submits it is inconsistent with the *Wm. Scott* framework, and therefore with Code principles, to consider the length of an employee's history in the industry and his industry disciplinary record; the only relevant and proper consideration is the employee's employment history and disciplinary record with the employer. The Union joins issue with the Employer on this point, and various other parties seek standing to make submissions on this issue.

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As noted, I find it is evident on the face of the impugned passage that the Arbitrator recognized the difference between the Grievor's record of service and discipline with the Employer and his industry service and discipline record. Accordingly, I am not persuaded the Arbitrator erred by improperly considering the industry record instead of the Grievor's record with the Employer.

Examining the Arbitrator's comments in context, I find the matter considered by the Arbitrator was whether the Grievor was a competent or able employee. The Arbitrator did not consider the Grievor's years in the industry as a factor in itself but as assisting to establish the Grievor's "competency as a welder". This is also consistent with giving the Award a sympathetic reading.

The parties present opposing positions on the question of whether it is a misapplication of the *Wm. Scott* test, or otherwise inconsistent with principles expressed or implied in the Code, for the Arbitrator to have referred to the Grievor's industry record in the manner he had in the Award. The other applicants seek to make submissions on this issue. I find, however, that it is evident on the face of the Award that it was not a factor in and of itself and went only to competency. Also, this was only one relatively minor consideration among several that the Arbitrator mentioned in reaching his conclusion and other considerations clearly played a far greater role in the outcome of this case. For example, the Arbitrator found the fact that there was no accident or injury was of particular significance and made specific reference to this in setting out his conclusion on the second question (Award, p. 35).

In the circumstances, I am not persuaded the Award should be set aside as inconsistent with Code principles. In reaching this conclusion I express no opinion on whether it is or is not consistent with Code principles for arbitrators to consider an employee's industry service and discipline record in the context of the construction industry as argued by the parties. As previously noted, I find the Arbitrator considered

industry service to say it was indicative of the Grievor's competency as a welder. I further find I do not need to decide the issue as to industry service as framed by the parties, and on which other applicants seek to intervene, as I find the Arbitrator's brief reference to the Grievor's industry record in the Award was not determinative of the outcome or even a significant factor in the Arbitrator's analysis in reaching his conclusion.

V. <u>OTHER APPLICATIONS</u>

With respect to the applications for interested party standing, I find the Arbitrator's brief reference to the Grievor's industry record in this Award has a direct and legally material effect only on the Union and the Employer. Accordingly, I find there are no other interested parties to this Section 99 application. With respect to the applications for intervenor standing, I find the submissions of the Union and the Employer were sufficient for me to address this issue as it arises in this case. That is, given my finding as to the effect of the reference to industry service and the relative lack of significance of this issue to the outcome of this particular Award, I decline to grant intervenor standing to any other parties to make submissions on the issue.

VI. CONCLUSION

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For the reasons given, the application is dismissed.

LABOUR RELATIONS BOARD

"LEAH TERAI"

LEAH TERAI VICE-CHAIR