

CANADIAN RAILWAY OFFICE OF ARBITRATION

CASE NO. 2057

Heard at Montreal, Wednesday, 10 October 1990

Concerning

CANADIAN NATIONAL RAILWAY COMPANY

And

**CANADIAN BROTHERHOOD OF RAILWAY,
TRANSPORT AND GENERAL WORKERS**

DISPUTE:

Alleged contracting out of tracing and billing work to customers on the Mountain Region, in violation of Appendix VIII of Agreement 5.1 dated June 18, 1985.

JOINT STATEMENT OF ISSUE:

The Company has continuously developed the application of computer technology with the aim of enhancing the opportunities it can provide to its customers to directly access Company information by computer to trace its shipments and to communicate electronically for servicing and billing purposes.

The Brotherhood contends that this development on the Mountain Region constitutes contracting out of the tracing and billing work which was previously handled by clerks covered by Agreement 5.1 and violates Appendix VIII of that Agreement. The Brotherhood requests that the work be returned to employees covered by Agreement 5.1.

The Company disagrees with the Brotherhood's contention and, therefore, has denied the Brotherhood's request.

FOR THE BROTHERHOOD:

(SGD.) T. MCGRATH
NATIONAL VICE-PRESIDENT

FOR THE COMPANY:

(SGD.) W. W. WILSON
FOR: ASSISTANT VICE-PRESIDENT, LABOUR RELATIONS

There appeared on behalf of the Company:

M. M. Boyle	– Manager, Labour Relations, Montreal
K. G. MacDonald	– Manager, Labour Relations, Edmonton
B. R. O'Neill	– System Labour Relations Officer, Montreal
G. D. Sims	– System Manager, Transportation Systems, Montreal

And on behalf of the Brotherhood:

H. L. Critchley	– Representative, Vancouver
P. J. Askin	– Representative, Vancouver

AWARD OF THE ARBITRATOR

It is common ground that the Company has eliminated a number of positions in the bargaining unit as a result of technological change, including innovations whereby the customers are able to access the Company's mainframe computer, thereby providing direct information in respect of bills of lading, and obtaining direct information from the Company's computer system in tracing the progress of their shipments. Previously both the functions of shipment tracing and the inputting of information for bills of lading was performed by clerical employees in the bargaining unit. The Brotherhood's position is that the abolishing of the work by bargaining unit employees, and the transfer of the computer inputting functions to the Company's customers constitutes contracting out contrary to the provisions of the Collective Agreement.

The Arbitrator can find no evidence to support that conclusion. In industrial relations parlance contracting out normally involves the securing of the services of an independent contractor, for a price, by an employer to perform work which would otherwise be performed by bargaining unit employees. The representation of the Company, which is un rebutted by any evidence tendered on behalf of the Brotherhood, is that the Company has provided no equipment or financial incentives to its customers, save perhaps the enhancement of the quality of service available to them, by providing them with direct access to its computer system. At most, what has transpired has been the streamlining of the means of communication between the Company and its customers. Rather than using mail, telephone, personal or facsimile communication, the Company has established a system whereby customers may directly input information onto bills of lading and directly retrieve information as to the progress of shipments by means of computer communication. While that development is plainly a technological change which has impacted the bargaining unit, in respect of which special provision is made in the agreements between the parties, it does not constitute the contracting out of work.

That conclusion was, moreover, reached in a similar case decided recently in the United States. In **Award No. 27975**, dated June 29, 1989 between the **Missouri Pacific Railroad Co. and the Transportation Communications International Union**, the National Railroad Adjustment Board determined that the electronic transmission of bill of lading information from a customer directly into a company's computer system did not constitute "farming out" in violation of the Union's collective agreement. In this Arbitrator's view that Board correctly characterized what transpired as an elimination of work, rather than a transfer of work.

A change of this kind is not unlike a retail outlet which converts part or all of its store operations from clerical service to self-service. It is within the prerogative of an employer, subject to the terms of a collective agreement, to reorganize its work force and its service to its customers in a way that streamlines operations and enhances services. While the elimination of jobs attendant on such changes is of obvious concern to the employees involved, their protections are to be found in collective agreement provisions respecting technological and organizational change, and not in prohibitions against contracting out.

For the foregoing reasons the grievance must be dismissed.

12 October 1990

(Sgd.) MICHEL G. PICHER
ARBITRATOR