



An appeal

- by -

AdvancedIO Systems Inc. ("ASI")

- of a Determination issued by -

The Director of Employment Standards (the "Director")

pursuant to Section 112 of the Employment Standards Act R.S.B.C. 1996, C.113 (as amended)

TRIBUNAL MEMBER: Shafik Bhalloo

FILE No.: 2015A/112

DATE OF DECISION: October 19, 2015





DECISION

SUBMISSIONS

Andreas Grooters

on behalf of AdvancedIO Systems Inc.

OVERVIEW

- Pursuant to section 112 of the *Employment Standards Act* (the "Act"), AdvancedIO Systems Inc. ("ASI") has filed an appeal of a determination issued by the Director of Employment Standards (the "Director") on July 10, 2015 (the "Determination").
- Hazem Ghanam ("Mr. Ghanam"), Paul Russell ("Mr. Russell") and Wesam Darwish ("Mr. Darwish") (collectively, the "Employees") filed complaints under section 74 of the *Act*, alleging that ASI contravened the *Act* by failing to pay regular wages and vacation pay to them (the "Complaints").
- Following an investigation, a delegate of the Director concluded that ASI had contravened sections 18 (wages) and 58 (vacation pay) of the Act in failing to pay the Employees' wages, and ordered ASI to pay a total of \$48,113.77 in wages, vacation pay and interest. The Director also imposed administrative penalties for in the amount of \$500 for each of the contraventions, for a total amount payable of \$49,113.77.
- In its appeal, ASI contends that the Director's delegate failed to observe the principles of natural justice in making the Determination and that new evidence has become available that was not available at the time the Determination was being made. ASI seeks to have the Determination varied or referred back to the Director.
- Pursuant to section 114 of the Act, the Employment Standards Tribunal (the "Tribunal") has discretionary power to dismiss all or part of an appeal without seeking submissions from the parties. At this stage, I will assess the appeal based solely on a review of the Reasons for the Determination (the "Reasons"); the written submissions of Andreas Grooters ("Mr. Grooters"), a director of ASI; and the record that was before the delegate when the Determination was being made (the "Record"). If I am satisfied the appeal, or part of it, has some presumptive merit and should not be dismissed under section 114 of the Act, the Employees and the Director will be invited to file further submissions. Alternatively, if I find the appeal is not meritorious, it will be dismissed under section 114(1) of the Act.

ISSUE

The issue in this appeal is whether there is any reasonable prospect that the appeal will succeed.

BACKGROUND AND FACTS

- The background and facts in this case are based on the Reasons and the Record adduced in the appeal.
- 8. ASI is a company incorporated under the laws of British Columbia and provides networking support and solutions to various industries.
- Based on the delegate's BC Online: Registrar of Companies Corporation Search conducted on April 9, 2014, Mr. Grooters and Jason David Neale ("Mr. Neale") were listed as ASI's directors.

- ASI employed Mr. Ghanam as a Senior FPGA Engineer from July 30, 2012, until March 28, 2014, when he quit his employment. Based on his written employment agreement with ASI, Mr. Ghanam was entitled to receive three (3) weeks of vacation accrued at 1.25 days per month. Mr. Ghanam filed his complaint against ASI on April 7, 2014.
- Mr. Russell was employed by ASI as the Chief Technology Architect from January 1, 2012, until he quit his employment on May 16, 2014. Pursuant to his written employment agreement with ASI, Mr. Russell was entitled to receive four (4) weeks of vacation accrued at 1.67 days per month. Mr. Russell filed his complaint on June 1, 2014.
- Mr. Darwish was employed by ASI as the Director of Engineering from March 1, 2006, until May 7, 2014, when he quit his employment. While Mr. Darwish's employment agreement, dated February 1, 2006, indicates that he was entitled to receive three (3) weeks of vacation accrued at 1.25 days per month, Mr. Darwish indicates in his complaint that ASI increased his entitlement in 2011 to four (4) weeks of vacation per year, which effectively translates to vacation accrual at 1.67 days per month. Mr. Darwish filed his complaint on June 1, 2014.
- 13. All of the Complaints were filed within the time period allowed under the *Act*.
- Each of the Employees' employment agreement contained a clause that provides, *inter alia*:
 - ...Vacation time may be carried forward for a maximum period of one year, after which time unutilized time will be forfeited. Except in extraordinary circumstances and at the sole discretion of the Company, money shall not be paid in substitution for vacation time. Vacation is to be scheduled at a time which is acceptable to the Company. After the first year of employment, the Company may grant additional vacation to employees based on seniority and their contributions to the Company.
- On November 19, 2013, ASI commenced a proceeding under the *Bankruptcy and Insolvency Act* (the "*BIA*") and, on January 10, 2014, entered into a Commercial Proposal to meet its obligations to its creditors.
- 16. The Commercial Proposal provided, *inter alia*:
 - ...Upon court approval of this, or any amended proposal, all arrears owing to current employees and contractors (defined as those employed by or under contract with the Company on November 19, 2013) and the arrears owing to the Revenue Services of British Columbia for Medical Services Plan premiums for current employees will receive 100% of their proven and admitted claim under the following conditions:
 - (i) The outstanding wages will be paid in full, with 50% paid on or before January 31, 2014, and the balance paid on or before February 28, 2014; and
 - (ii) The outstanding vacation pay is noted and accepted by the company. Employee use of vacation and/or payment for outstanding vacation will be negotiated on an individual basis between the company and each employee and is not part of the proposal.
- The Commercial Proposal was accepted following a vote of the creditors, and signed by Mr. Neale on January 10, 2014, and the trustee. The latter was appointed to monitor the Commercial Proposal, and ASI continued as a going concern.
- Mr. Russell was the only complainant not paid wages for his last day of work on May 16, 2014.

- In the investigation of the Employees' Complaints, the delegate considered two questions, namely, whether the Employees were excluded from the Act and, if not, what amount of vacation pay each was entitled to receive.
- ASI argued that although the Employees are not part of an engineering regulatory body, this did not mean that they were not performing the work of engineers and, therefore, should be excluded from the *Act* pursuant to section 31(f) of the *Employment Standards Regulation* (the "*Regulation*"). In support of its position, ASI relied on a number of documents for each of the Employees, including the employment agreements, *curriculum vitae*, LinkedIn profiles, and multiple Scientific Research and Experimental Development ("SR & ED") expenditure claims it submitted to the Canada Revenue Agency ("CRA").
- While ASI acknowledged in the Commercial Proposal and to the delegate that there may be outstanding vacation pay owing to the Employees, it expected the Employees to continue to work under the Commercial Proposal, and ASI would then have negotiated allowances with each of them to compensate them for vacation time. However, because the Employees decided to end their employment, ASI contends it did not have any obligation to uphold its offer to the Employees of negotiated allowances related to vacation pay.
- ASI also asserted that the Employees cannot pursue their vacation wage claims under the *Act* as they are prevented from doing so by virtue of the operation of section 31(f) of the *Regulation*, which excludes from the *Act* a professional engineer, as defined in the *Engineers and Geoscientists Act*, or a person who is enrolled as an engineer in training under the bylaws of the council of the Association of Professional Engineers and Geoscientists of the Province of British Columbia ("APEGBC").
- ASI also submitted that, due to an office relocation in which it was involved, many of the records pertaining to the Employees were lost. As a result, ASI was not in a position to provide information pertaining to the Employees' vacation leaves.
- On their part, the Employees argued that they were not professional engineers. They pointed out that they were not registered or licensed under the APEGBC and, therefore, the *Act* applied to their dispute.
- The Employees supplied the delegate with copies of their employment agreements, T4 statements (setting out their gross earnings for the period 2012 to 2014 inclusive) and a spreadsheet detailing vacation time taken by each in 2013 and 2014.
- ^{26.} In the case of Mr. Ghanam, he claimed he was entitled to 25 days of vacation based on his period of employment of 20 months and only took 11 days of paid vacation in 2013. Therefore, he claimed he was owed 14 vacation days.
- In the case of Mr. Russell, he claimed he was entitled to 47.6 days of vacation based on his period of employment of 28.5 months. He stated that he only took three (3) days of vacation in 2013 and, therefore, he was owed 44.6 days of vacation.
- In the case of Mr. Darwish, he claimed that he was owed 29 days of vacation based on his period of employment from January 1, 2013, to May 7, 2014. He submitted that he took no vacation time during this period, and is owed 29 days of vacation.
- Having obtained the evidence of both ASI and the Employees, the delegate went on to consider, first, the question of whether the Employees were excluded from the *Act* based on section 31(f) of the *Regulation*. In concluding that they were not, the delegate reasoned as follows:

The Engineers and Geoscientists Act (the "EGA") defines a professional engineer as a person who is registered and licenced as a professional engineer under the EGA. The EGA also describes in detail the practice of professional engineering which includes in part '...the carrying on of chemical, civil, electrical, forest, geological mechanical, metallurgical, mining or structural engineering, and other disciplines of engineering that may be designated by the council...'

The EGA establishes a council that will issue licences and registration to those applicants seeking the designation of professional engineer. A prospective applicant must submit evidence to show that they have graduated from an approved program or school of study, passed the requisite exams, have obtained experience in engineering or geoscience work, are of good character and have paid the required examination and registration fees. Based on the evidence submitted by the applicant the council will make a decision whether or not to register and licence the applicant as a professional engineer.

ASI contends that since the Complainants were carrying on the work of professional engineers I should find that they are excluded from the provisions of the Act. However, I find that I cannot reach the same conclusion as ASI. In order for the Complainants to be excluded they would need to be both, registered and licenced as professional engineers under the EGA and as well as carrying on the occupation of a professional engineer. The evidence presented by ASI only supports the latter requirement. No evidence has been submitted to support that the Complainants were registered or licenced by the APEGBC. The employment contracts of the Complainants do not require them to maintain standing as a professional engineer nor is there any evidence that ASI paid the Complainants' professional dues to APEGBC. Furthermore, in the course of my investigation I found no record of any of the Complainants registered in the APEGBC membership directory and the Complainants themselves have maintained they are not registered or licenced as professional engineers. For these reasons I find that the Complainants are not excluded and therefore are entitled to receive at least the basic standards of compensation and conditions provided for under the Act.

- 30. Having determined that the Employees were not excluded under the *Act*, the delegate then went on to consider the question of what amount of vacation pay was due to the Employees. In this regard, the delegate noted that ASI did not dispute vacation pay was owed to the Employees, but Mr. Neale, in his letter to the delegate dated December 2, 2014, states that ASI only acknowledged outstanding vacation pay and agreed to negotiate an allowance to compensate the Employees for the same if they carried on working for ASI, which they did not.
- The delegate also noted due to ASI's office relocation, ASI was unable to provide any records pertaining to vacation leaves taken by the Employees and, therefore, the best evidence that was available for calculating outstanding vacation pay owed to the Employees was the Employees' spreadsheets detailing their vacation time taken in 2013 and 2014. Relatedly, the delegate also noted that ASI did not argue that the Employees had forfeited their vacation time under the terms of their employment agreements, based on the provision that appeared in each employment agreement which stated that "vacation time may be carried forward for a maximum period of one year after which unutilized time will be forfeited". In any event, the delegate noted that this term of the employment agreement was inconsistent with section 4 of the Act as a contract of employment cannot waive the minimum requirements of the Act and, therefore, the said term was of no force or effect.
- The delegate then went on to calculate the amount of vacation pay to which each of the Employees was entitled, based on the following methodology:
 - ...I must first determine the amount of vacation days owed to each Complainant based on the terms of the employment contract and the recovery period for vacation pay. I must then calculate each Complainant's daily wage rate. Using this figure I can calculate how much vacation pay is owed as well as how much vacation pay was paid to each Complainant, through salary continuance, for any vacation taken.

- In the case of Mr. Darwish whose contract of employment commenced February 1, 2006, and contained a provision entitling him to three (3) weeks of vacation accrued at 1.25 days per month, the delegate decided to calculate his vacation pay based on an accrual rate of 1.67 days per month. Although the delegate does not mention clearly why he used the higher accrual rate, I note Mr. Darwish in his complaint (which forms part of the Record) states that ASI increased his entitlement from three (3) weeks to four (4) weeks of vacation per year in 2011.
- The delegate also noted that ASI failed to pay Mr. Russell his regular wages for May 16, 2014, which Mr. Neale admitted in his submissions of December 2, 2014, to the delegate.
- In the result, the delegate concluded that ASI owed the Employees \$461.52 in regular wages, \$46,026.41 in vacation pay, plus interest in the amount of \$1,625.84, for total wages owing of \$48,113.77.
- The delegate then went on to levy two (2) administrative penalties under the *Regulation* for ASI's failure to pay vacation pay in contravention of section 58 of the *Act* and its failure to pay all wages owing to an employee within six (6) days of an employee quitting their employment in contravention of section 18 of the *Act*.

SUBMISSIONS OF ASI

- Mr. Grooters, in his written appeal submissions on behalf of ASI, challenges both the delegate's conclusion that the Employees are not excluded from the Act and the delegate's calculation of the Employees' entitlement to vacation pay.
- With respect to the application of the Act, Mr. Grooters states that he "would like to revisit the eligibility of the [A]ct". He argues that given the Employees' roles in the company, the Act does not apply to them. He states that it was the Employees' "sole responsibility to register under the APEGBC", but they "simply failed to do so".
- 39. With respect to the matter of the Employees' vacation entitlement, Mr. Grooters, in challenging the delegate's conclusions, argues that both Mr. Russell and Mr. Darwish kept access to the administrator server from him and Mr. Neale. He states the administrator server contained confidential information and it was not until November 25, 2014, that "the new director team" was allowed access to it and then only to selective files. Therefore, he suggests that ASI was not in a position to determine what holidays the Employees had taken when ASI made a creditor proposal but he now has access to relevant information. In the case of Mr. Darwish, Mr. Grooters states he took 19 days of holidays in 2012 with 16 days during the period for which the delegate awarded him vacation pay. Mr. Grooters produces two (2) Vacation Request Forms, dated October 1, 2012, and November 27, 2012. The first appears to show a request from Mr. Darwish for 15 days of vacation during the period October 5, 2012, to October 26, 2012, inclusive. I am unable to make out both the signature of the requester and the signature approving the request. The second request appears to be a request for a single day off on November 28, 2012, and again I am unable to make out the signatures of the requester and the approver of the request. As to whether Mr. Darwish actually took the days indicated in the request forms, Mr. Grooters only confirms that Mr. Darwish "took a couple of Fridays in 2013 off during the period of my directorship".
- ^{40.} Mr. Grooters also submits that, based on Mr. Darwish's employment agreement of February 1, 2006, Mr. Darwish was entitled to three (3) weeks of vacation accrued at 1.25 days per month, and not 1.67 as calculated by the delegate.

- With respect to Mr. Russell, Mr. Grooters indicates that no employment files of Mr. Russell were ever recovered and insinuates that Mr. Russell may have something to do with the missing files. Nevertheless, he goes on to submit that Mr. Russell was awarded vacation pay to which he was not entitled. He states that Mr. Russell is owed 39.6 vacation days, but does not clearly explain how he arrived at that number without any source documents.
- With respect to Mr. Ghanam, Mr. Grooters states that the latter is actually owed ten (10) days and not 14, as claimed. As in Mr. Russell's case, Mr. Grooters does not indicate how he arrived at that number, except that all of the calculations are "[b]ased on evidence found [to] date".
- Mr. Grooters concludes his submissions stating that there is additional evidence of some emails involving the Employees and Mr. Neale which may be material to the issue of vacation, but Mr. Neale is out of the country at present and he needs the latter's permission to submit this evidence.

ANALYSIS

- Section 112(1) of the *Act* provides that a person may appeal a determination on the following grounds:
 - (a) the director erred in law;
 - (b) the director failed to observe the principles of natural justice in making the determination;
 - (c) evidence has become available that was not available at the time the determination was being made.
- The Tribunal has consistently stated that an appeal under the *Act* is intended to be an error correction process, with the burden in an appeal being on the appellant to persuade the Tribunal that there is an error in the determination under one of the statutory grounds of review delineated in section 112(1). Therefore, the onus is on the appellant to provide, demonstrate or establish a cogent evidentiary basis for the appeal, failing which the appellant will not succeed.
- 46. It should also be noted that an appeal to the Tribunal is not intended to serve as an opportunity for a party dissatisfied with a determination to resubmit the evidence and argument that was before the delegate during the complaint process with a view to having the proverbial "second kick at the can".
- In this case, ASI has advanced two (2) grounds of appeal under section 112; namely, the "natural justice" and the "new evidence" grounds of appeal. I also find that the written submissions of Mr. Grooters may also be invoking a further ground of appeal, namely, the "error of law" ground.
- ^{48.} I will address each separately below, starting with the natural justice ground of appeal first.

(a) Natural Justice

- ^{49.} With respect to the natural justice ground of appeal, I note that principles of natural justice are, in essence, procedural rights ensuring that parties have an opportunity to know the case against them, the right to present their evidence, and the right to be heard by an independent decision maker.
- 50. In *Dusty Investments Inc. dba Honda North* (BC EST # D043/99), the Tribunal stated that a party alleging a denial of natural justice must provide some evidence in support of that allegation. In this case, I find there was no evidence or argument put forward by the appellant, ASI, to demonstrate that the delegate failed to observe the principles of natural justice. My examination of the Record shows ample evidence of the delegate



affording ASI an opportunity to know the Employees' cases and to present its evidence. There is also ample evidence in the Record that the delegate provided ASI sufficient opportunity to respond to the delegate's queries. Throughout the investigation process, both Mr. Neale and Mr. Grooters participated in numerous exchanges with the delegate. There is also no evidence of bias on the part of the delegate or any assertion by ASI that the delegate was biased. In these circumstances, I do not find there is merit to ASI's "natural justice" ground of appeal.

(b) Error of Law

- With respect to the error of law ground of appeal, I note that the Tribunal has adopted the following definition of "error of law" delineated by the British Columbia Court of Appeal in Gemex Developments Corp. v. British Columbia (Assessor of Area #12 Coquitlam), [1998] B.C.J. No. 2275 (B.C.C.A.):
 - 1. a misinterpretation or misapplication of a section of the Act [in Gemex, the legislation was the Assessment Act];
 - 2. a misapplication of an applicable principle of general law;
 - 3. acting without any evidence;
 - 4. acting on a view of the facts which could not reasonably be entertained; and
 - 5. adopting a method of assessment which is wrong in principle.
- In *Britco Structures Ltd.* (BC EST # D260/03), the Tribunal noted that the *Act* does not provide for an appeal based on errors of fact, and the Tribunal has no authority to consider appeals based on alleged errors in findings of fact unless such findings raise an error of law.
- In this case, Mr. Grooters' written submissions suggest that based on the nature of the work the Employees performed, the delegate erred in concluding that the Employees are not excluded from the Act. I do not share Mr. Grooters' view. I find that the delegate properly interpreted section 31(f) of the Regulation (at page R6 of the Reasons). More particularly, I agree with the delegate that for the Employees to be excluded from the Act under section 31(f) of the Regulation they would need to be both registered and licensed as professional engineers under the EGA and carry on the occupation of a professional engineer. In this case there was no evidence to support that the Employees were registered or licensed by APEGBC. While I note that Mr. Grooters submits that it was the Employees "sole responsibility to register under the APEGBC" and they "simply failed to do so", it was not a requirement of the Employees' employment agreement(s) to be so registered.
- In these circumstances, I do not find ASI has established that the Director erred in law. However, I do find Mr. Grooters is simply attempting to re-argue the question of the application of the Act and is seeking to have the Tribunal revisit the Determination with a view to reaching a different conclusion on the matter largely on the same argument his colleague, Mr. Neale, previously submitted during the investigation process. As indicated above, an appeal process is not intended to serve as an opportunity for a party dissatisfied with a determination to take a second "second kick at the can".

(c) New Evidence

The applicable test for accepting "new evidence" on appeal is set out by the Tribunal in *Bruce Davies and others, Directors or Officers of Merilus Technologies Inc.* (BC EST # D171/03). In this case, the Tribunal delineated the following four (4) conjunctive requirements the appellant has the onus of proving before the Tribunal will admit new evidence:



- (a) the evidence could not, with the exercise of due diligence, have been discovered and presented to the Director during the investigation or adjudication of the complaint and prior to the Determination being made;
- (b) the evidence must be relevant to a material issue arising from the complaint;
- (c) the evidence must be credible in the sense that it is reasonably capable of belief; and
- (d) the evidence must have high potential probative value in the sense that, if believed, it could, on its own or when considered with the other evidence, have led the Director to a different conclusion on the material issue.
- The purported new evidence Mr. Grooters is submitting on behalf of ASI in the appeal includes the two (2) Vacation Request Forms, dated October 1, 2012, and November 27, 2012, containing vacation requests from Mr. Darwish. I also note that Mr. Grooters has re-submitted Mr. Darwish's employment agreement of February 1, 2006, which is contained in the Record and was before the delegate before the Determination was made. While that latter document is not "new evidence", it is reproduced by Mr. Grooters in the appeal for the purpose of arguing that the delegate incorrectly calculated Mr. Darwish's vacation pay using the higher vacation accrual rate of 1.67 days per month, rather than the contractual rate of 1.25 per month. I will address this point in due course.
- With respect to the two (2) Vacation Request Forms, I find there are a few problems with accepting these documents as new evidence in the appeal. While Mr. Grooters (as did his colleague, Mr. Neale, earlier in the investigation process) argues that problems with access to administrator server of ASI delayed ASI in obtaining relevant vacation information pertaining to the Employees, he submits that "the new director team" received administrator access to ASI's server on November 25, 2014. It is uncertain in the submissions of Mr. Grooters whether the Vacation Request Forms were accessed by him or "the new director team" then or at some other time. If they were accessed in or around late November 2014 then why were they not presented to the delegate in the intervening eight (8) months before the Determination was made on July 10, 2015? Had Mr. Grooters provided these documents to the delegate before the Determination was made, the delegate would have had the opportunity to provide them to Mr. Darwish and obtained his response. Perhaps any question surrounding the authenticity of the documents could have been properly dealt with then.
- In these circumstances, I am not persuaded that the purported new evidence, now being presented by ASI, could not, with the exercise of due diligence, have been discovered and presented to the delegate during the investigation, and prior to the Determination being made.
- While the content of the Vacation Request Forms appears to be relevant to a material issue arising in Mr. Darwish's complaint particularly, I am unsure how credible or authentic these documents are when I am unable to decipher or make out the signatures on the documents. This also raises for me some concern with its potential probative value. Furthermore, if the forms were indeed signed by Mr. Darwish, there is no evidence at this stage whether he did, indeed, take vacation during the periods set out in the forms. As indicated, the forms and the evidence contained in the forms (based on Mr. Grooters' representation that ASI had access to the server on November 25, 2014) could have been tested during the investigation process and before the Determination was made had ASI produced them then and not waited to produce them over eight (8) months later in the appeal of the Determination. In any event, I am not convinced, based on the submissions of Mr. Grooters that ASI has discharged its onus of showing that the evidence in question could not, with the exercise of due diligence, have been discovered and presented to the Director during the investigation or adjudication of the complaint and prior to the Determination being made. As the



requirements set out in *Merilus Technologies, supra*, for admitting new evidence on appeal are conjunctive, I find that ASI has failed the test for admitting the Vacation Request Forms as new evidence in the appeal.

- ^{60.} I also note that while Mr. Grooters is also challenging vacation entitlements of Mr. Ghanam and Mr. Russell in the Determination, he has not adduced any evidence to persuade me that the delegate's calculations in the Determination are incorrect, or that the delegate's reliance on the Employees' evidence was wrong.
- 61. Finally, Mr. Grooters submits that the delegate, in calculating Mr. Darwish's vacation entitlement, failed to apply the proper contractual rate of 1.25 days per month for vacation accrual and wrongfully applied the rate of 1.67 days per month. While Mr. Darwish's employment agreement dated February 1, 2006, set out the accrual rate of 1.25 per month, Mr. Darwish unequivocally notes in his complaint submissions that in 2011 ASI increased his vacation entitlement to four (4) weeks per year, which is effectively 1.67 days per month. ASI did not challenge Mr. Darwish's submission during the investigation and the delegate appears to have accepted it. The proper time for challenging Mr. Darwish's submission on this matter was during the investigation and not on appeal. Having said this, I am also not persuaded that the delegate erred in using the vacation accrual rate of 1.67 per month.
- 62. In the circumstances, I do not find ASI's appeal has any reasonable prospect of succeeding and I dismiss it.

ORDER

Pursuant to section 114(1)(f) of the Act, I dismiss the appeal. Accordingly, pursuant to section 115(1) of the Act, the Determination, dated July 10, 2015, is confirmed, together with any further interest that has accrued under section 88 of the Act since the date of issuance.

Shafik Bhalloo Member Employment Standards Tribunal