



**CANADIAN  
PACIFIC**

**John Bairaktaris**  
*Director*  
*Labour Relations*

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Calgary Alberta  
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Mr. D. Able  
General Chair- Engineers West  
Teamsters Canada Rail Conference

Mr. D. Olson  
General Chair- Trainmen West  
Teamsters Canada Rail Conference

March 23 2010

Dear Sirs,

This is further to your letters of February 2nd, 2010 and November 11th, 2008 regarding the implementation of extended service runs. With you termed those letters as grievances, they are inconsistent with the material change process. The expectation for material changes is that discussions will take place in order to reach a settlement. Barring that, the matter will proceed to arbitration. Thus, we waited for the discussions to take place prior to responding. Our response follows, and is without precedent or prejudice.

The Company issued a Notice of Material Change with regard to extended service runs on September 19, 2008. Since that time, we have had several discussions on this topic. Specifically, the parties met in Regina in June 2009, and again in Calgary in January of 2010. A smaller group met for a third time in Calgary at your offices on Monday, March 1, 2010. While there were good discussions, the parties were not able to conclude a resolve to the matter.

The Company has offered to run a six month pilot of the operation, without precedent or prejudice, to the position of the parties. The concept was to set up the jobs on a 12 hour basis, and have employees bid the pilot. If there were no bidders, the pilot would not run. Thus, no one would be forced. The pilot would enable the parties to observe the operation, itemize any issues that needed to be addressed in an agreement, and gain experience with any significantly adverse effects to employees. Inasmuch as the pilot would be without precedent, the parties each retain the ability to revert to their former positions at the conclusion of the pilot. Thus far, you have not seen that as a viable option. Nonetheless, that offer remains available to you.

Given that we have not been able to reach resolve on the issues, the matter is slated for a Board of Review meeting on March 30, 2010.

While we remain open to discussion toward an agreement, we have nonetheless considered our position at arbitration, should that be necessary.

The Company seeks to implement of an extended run from Medicine Hat to Moose Jaw, and from Moose Jaw to Brandon. At arbitration we will seek:

- Up to 12 hours of service for any tour, including relief, of duty subject to applicable federal work/rest rules.
- 3 years of Maintenance of Basic Rates (MBR) for those who are bumped out of their class of service as a direct result of the change.
- 3 years of standard material change layoff protection to protect employees who are laid off as a direct result of this change. Layoffs due to a downturn in traffic, or as a result of other changes, bumping etc. would not be included.
- 3 years of mileage equalization, to be handled through pool sizing
- Employees who retire, resign or relocate through seniority will mitigate the need for MBRs, layoff benefits, and mileage equalization.
- Dual method of pay for these runs
- 100 mile deadhead

While a pilot would assist in identifying significantly adverse effects, we believe that the combination of MBR, layoff benefits, and mileage equalization will provide the necessary protections.

I trust that this makes our position clear, and I have taken the liberty of providing a proposed Joint Statement of Issue for your consideration.

As always, the Company remains available for additional discussions toward resolving or narrowing this matter.

Thank You,



*Alia Azim Garcia*  
For:

John Bairaktaris  
Director Labour Relations  
Canadian Pacific



CANADIAN  
PACIFIC

OFFICIAL SUPPLIER

IN THE MATTER OF AN ARBITRATION

BETWEEN:

TEAMSTERS CANADA RAIL CONFERENCE - WEST

(the "Union")

- and -

CANADIAN PACIFIC

(the "Employer")

JOINT STATEMENT OF ISSUE

**DISPUTE:**

The implementation of Extended Service Runs, also known as IDRs, including the plan to run through the two existing away from home terminals of Swift Current and Broadview in order to improve transportation efficiency. These ESRs would be based on a 12 hour day.

**JOINT STATEMENT OF ISSUE:**

On September 19<sup>th</sup>, 2008, the Company served a notice of Material Change upon the Union pursuant to Article 72 TCRC (CTY West) and Article 34 TCRC (Locomotive Engineers West) regarding its intention to run trains through the away from home terminals of Broadview and Swift Current without changing crews.

Under the auspices of the aforementioned Collective Agreement articles, the parties met to discuss the terms and conditions of this change in Regina in June 2009 and then twice in Calgary in January and March 2010. The parties were unable to reach agreement with respect to how potential significant adverse effects on employees, if any, may be addressed.

As laid out in a letter dated March 23, 2010 to the Union, the Company is prepared to provide Layoff benefits, Maintenance of Basic Rates (MBR), and Mileage Equalization, through pool sizing, all for a period of three years.

The Union maintains that the Company cannot implement these runs.

The Company disagrees.

**FOR THE UNION:**

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**Dave Olson**  
**General Chairperson**  
**TCRC-RTE Division, CTY West**

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**Dave Able**  
**General Chairperson**  
**TCRC-RTE Division, Locomotive Engineers West**

**FOR THE COMPANY:**

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**FOR: Guido De Ciccio**  
**VP Canadian Operations**