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COLLECTIVE AGREEMENT

between

Canadian Pacific Limited
(CP Rail System - Saint Lawrence and Hudson)
and the

Canadian Council of Railway Operating Unions
(Brotherhood of Locomotive Engineers United Transportation Union)

on behalf of the
Locomotive Engineers and Trainmen

employed on the

HAVELOCK/NEPHTON INTERNAL SHORTLINE

"Innovative Customer Rail Service
Through an Involved Workplace"

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CP Rail (StL&H) and the Canadian Council of Railway Operating Unions (BLE/UTU) have a joint Employee and Family Assistance Program (EFAP) in place to offer employees and their families a wide variety of assistance. Employees or their family members may seek information about services offered by contacting an EFAP Referral Agent, a list of whom are contained in the current timetable.

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CP Rail Internal Shortline Agreement

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PREAMBLE

This agreement is the result of a cooperative restructuring of the labour/management relationship at CP Rail System.

The Company, the Canadian Council of Railway Operating Unions, and all employees recognize the necessity of developing a problem solving relationship between management, employees and their unions, to address their responsibility to innovatively meet the immediate and long term needs of Shortline Stakeholders with an emphasis on improving productivity and customer service, enhancing the quality of work life, and securing the employment relationship.

The ISL work team is encouraged to make operational changes which are not inconsistent with the provisions of this collective agreement.

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DEFINITIONS

- Advisory - The ISL Advisory Board is to be chaired by the Chief operating officer of the StL&H and is to consist of equal numbers of StL&H representatives and Senior Union Officers (Vice Presidents) with not more than two members from the CCROU and each union. The Shortline Advisory Board is to meet a minimum of two times per year but is encouraged to meet more frequently if required.
- Project Team- (temporary) The project (implementation) team will consist of the CP Rail System Manager, Union Officers and employees. Initially the Project Team will be comprised of the members of the Internal Shortline Working Committee. Their function will be to assist with the start up operations, provide training, advice and follow-up, assist in the selection of the on site Manager.
- Work Team A self-directed work team consisting of the local Manager, an on-property representative as designated by each union, and the regularly assigned employees. Each work team shall select a team leader whose role will be to act as a liaison between the Work Team and the Project Team and/or the ISL Advisory Board. Functions of the work team will include preparing and managing budgets, setting production/team goals, working with customers & suppliers, selecting work methods, implementing process improvements, performing routine equipment maintenance, handling administrative duties, etc.
- Manager Charged with responsibility to facilitate and oversee operation in the context of empowered employees and the team concept of management.
- Trainperson - As used in this agreement is understood to include conductor and brakeperson
- Collective - The term collective agreement, when used within this Agreement document, will refer to the collective agreement(s) which cover StL&H employees.
- Auxiliary List - Those employees wishing to cover ad-hoc and temporary vacancies on the ISL.

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ARTICLE 1: Advisory Board

- 1.1 An Advisory Board consisting of an equal number of representatives from the StL&H and representative unions, with not more than two representatives from each union, will be formed for the purpose of facilitating interaction between the StL&H, the ISL(s) and the representative unions. Responsibilities will include but are not limited to:
- a) Consider future StL&H properties prior to sale or abandonment to determine the feasibility of a potential ISL.
 - b) Review requests for capital expenditures, significant changes in operating procedures, and business plan proposals that emanate from the ISL. Make recommendations to the Chief Operating Officer on the StL&H with respect to approval/implementation.
 - c) The Advisory Board will also serve as a step in the resolution of conflicts and disputes, grievances and general problem solving.
 - d) The Advisory Board will establish and sponsor Project Teams as determined necessary to ensure the safe, efficient and effective operation of the ISL.
 - e) The Advisory Board will not be in the direct chain of command for the operation of the internal shortline but will serve principally in an advisory and monitoring role, and will have particular concern for long range goals and the health of the ISL.

ARTICLE 2: Annual Vacation

- 2.1 The ISL work team will meet each December and determine the AV schedule ensuring all operational requirements are met.
- 2.2 Provided an employee renders compensated working service in any calendar year, time off duty account bonafide illness, injury, authorized pregnancy leave, to attend committee meetings, called to court as a witness or for uncompensated jury duty, not exceeding a total of 100 days in any calendar year, shall be included in the computation of service that year for vacation purposes.

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- 2.3 An employee who, while on annual vacation, becomes ill or is injured, shall have the right to terminate (temporarily) their vacation and be placed on weekly indemnity. An employee who is again fit for duty shall immediately so inform the ISL Manager and will continue their vacation if within the scheduled dates. If the remaining vacation falls outside the employee's scheduled dates, such vacation will be rescheduled as may be mutually agreed between the ISL Manager and the authorized Local Union Representative.
- 2.4 An employee who, due to sickness or injury, is unable to take or complete their annual vacation in that year shall, at the option of that employee, have the right to have such vacation carried to the following year.
- 2.5 Annual vacation payment for permanently assigned ISL employees will be at the rate of the position to which they are assigned. Other than permanently assigned ISL employees will have their rate established in accordance with the applicable CCROU collective agreements affecting Auxiliary list employees.
- 2.6 Annual vacation must be scheduled to be completed by December 31st of the year entitled thereto. Carry over caused by illness or injury will be rescheduled to the following year.
- 2.7 In computing Cumulative Compensated Service (CCS) for purposes of this article, time worked in any position on the ISL or StL&H covered by similar vacation rules will be accumulated for the purpose of vacation with pay.
- 2.8 An employee who has completed more than 30 days and is retired, leaves the service of their own accord, is dismissed for cause, or whose services are dispensed with shall be paid for any vacation due them up to the date of termination of service. Vacation allowance for services rendered in the year service is terminated will be calculated on the basis of time worked and/or available for duty in that year.
- 2.9 An individual who leaves the service of their own accord, or who is dismissed for cause and not reinstated in their former standing within two years of date of such dismissal may, if subsequently returned to the service, be required to qualify again for vacation with pay as a new employee.
- 2.10 An employee suspended or who was dismissed but reinstated within 2 years, and who is not available for service during this period, shall have the time out of service deducted in computing service for vacation with pay purposes.

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2.11 In the event of death of an employee, vacation pay to which they are entitled up to the time of their death will be paid to the estate of the deceased.

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2.12 Annual vacation entitlement will be determined using the following table:

Vacation Entitlements - Effective January 1, 1996

Years Continuous Service January 1,	Required Months of Compensated Service	Maximum Entitlement	Ratio-Vacation Days to Days Worked and/or Available for Service or Major Portion Thereof Previous Year
Current year	Service	Entitlement	Previous Year
(a) less than 3	N/A	2 weeks	1 for each 26
(b) 3	30	3 weeks	1 for each 17
(c) 10	100	4 weeks	1 for each 13
(d) 18	180	5 weeks	1 for each 10.5
(e) 28	280	6 weeks	1 for each 8.5

ARTICLE 3: Pension and Benefits

3.1 ISL employees will be provided the same pension and benefit plans as those employees governed by the CPRS (StL&H) Collective Agreements.

ARTICLE 4: Bereavement Leave

4.1 Upon the death of an employee's spouse, child, parent, father-in-law, mother-in-law, brother, sister, step-brother, step-sister, step-parent, grandparents, an employee who has not less than 3 months' cumulative compensated service shall be entitled to 3 consecutive calendar days' bereavement leave with payment of lost earnings. In the application of this Article, an employee's spouse is defined as the person who is legally married to the employee and who is residing with or supported by the employee, provided that if there is no legally married spouse that is eligible, it means the person that qualifies as a spouse under the definition of that word in Section 2(1) of the Canadian Human Rights Benefit Regulations, so long as such person is residing with the employee.

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ARTICLE 5: Compensation

- 5.1 Employees governed by this Collective Agreement will be subject to a salaried method of pay. Proration to a daily and hourly rate is provided for the purpose of establishing wages for general holidays, spare employees, promotion on ad-hoc basis, training or other reasons which require a daily or hourly rate.
- 5.2 Starting rates for new employees will be 85% of the job rate, progressing 5% following each 7 months of cumulative compensated service (CCS) with full rate attained after 21 months of CCS. Service with the StL&H will count as CCS for purposes of this provision.
- 5.3 Jobs will be classified as 8/10 hour or 10/12 hour assignments based on the average or projected average length of tour of duty. Classification of assignment does not limit time on duty. In the event that a sustained adjustment of workload takes place, reclassification and/or changes to the assignment will be jointly determined by the work team and ISL Manager.
- 5.4 Rate Table (100% based on five day work week & one day's training per month)

8/10 Hour Assignments:	Annual	Weekly	Daily	Hourly
Locomotive Engineer	51,579.06	991.90	198.38	24.797
Conductor	47,876.40	920.70	184.14	23.017
Brakeman	43,633.98	839.10	167.82	20.977
10/12 Hour Assignments:	Annual	Weekly	Daily	Hourly
Locomotive Engineer	68,772.08	1,322.55	264.51	24.797
Conductor	63,835.20	1,227.60	245.52	23.017
Brakeman	58,117.60	1,118.80	223.76	20.997

- 5.5 Employees working under this agreement will be subject to a gainsharing program which will be tied to the performance of the ISL. Development of the gain sharing program will be by way of a Union/Company committee with the use of a third party consultant who has expertise in the field of gain sharing. Components of this program will include but are not limited to:
 - a) Specifications on qualifications to determine participation.
 - b) Implementation on July 1, 1996.
 - c) Payouts prorated on a quarterly/annual basis.
 - d) Attainable targets.
 - e) A gainsharing fund that will represent approximately 20% of the net financial improvement of the ISL which will be dispersed to employees.
 - f) Gainsharing benefits in the approximate range of 5 to 10 percent or a portion thereof, of gross annual wages as determined by the achievement of established targets.

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5.6 A discretionary fund of 1% of payroll will be established at the close of each calendar year. These funds will be used, at the discretion of the ISL team, for initiatives which will enhance the performance of the ISL.

ARTICLE 6: Filling of Vacancies

Ad-Hoc Vacancies:

- 6.1 Ad-hoc vacancies for the purpose of this Article will be vacancies of less than five days duration in any work week.
- 6.2 An ISL employee from outside the CCROU may elect to be trained as a brakeperson/conductor. Selection criteria for this purpose will be based on personal availability and service with the company. When so qualified and personally available, such employees may elect to fill ad-hoc vacancies as an ISL brakeperson/conductor. Such employees will not accumulate nor establish seniority as a trainperson.
- 6.3 Ad-hoc running trades vacancies and extra work will be filled using the following steps:
- a) From the ISL (CCROU) employee group based on craft, seniority, qualifications and personal availability. When so used such employees will be paid at the rate applicable to the position filled; if none
 - b) An ISL locomotive engineer will be given an opportunity to work as a trainperson subject to seniority and personal availability and providing that doing so does not create a shortage of locomotive engineers. When so used such employees will be paid at the rate applicable to the position filled; if none
 - c) Subject to personal availability, an ISL employee from outside the CCROU bargaining unit who is qualified as a trainperson. When so used such employees will be paid at the rate applicable to the position filled, if none;
 - d) The ISL Manager may work in any position for which qualified; if none,
 - e) Senior available employee on the ISL Auxiliary list(s). (Toronto running trades employees who have indicated a desire to protect work on the ISL); if none
 - f) The first out available spare employee at Toronto as provided for in StL&H local agreements.

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6.4 ISL ad-hoc vacancies in other than running trades service may be filled by an ISL trainperson who is personally available, qualified and elects to take such work. The filling of such vacancies should not result in a shortage of running trades employees.

Temporary Vacancy:

6.5 For purposes of this Agreement a temporary vacancy is defined as a vacancy of one work week or more which does not meet the definition of a permanent vacancy.

- (a) A temporary vacancy will first be posted for ISL employees and awarded to the senior qualified employee applying.
- (b) Vacancies not filled or which result from the application of clause (a) will be awarded to the senior available qualified employee on the ISL auxiliary list desiring such work; if none,
- (c) The temporary vacancy will be awarded to the senior laid off trainperson or the senior qualified locomotive engineer not working as such, with home terminal Toronto; if none
- (d) The temporary vacancy must be filled by the junior trainperson on the road spareboard at Toronto.

Permanent Vacancy:

6.6 All positions will be considered as permanent vacancies at every spring general change of assignments.

6.7 A permanent vacancy occurring between general changes of assignments is defined as a vacancy resulting from an employee leaving the service of the Company, the creation of a new assignment, an employee taking an official position with the Company or the Union or an employee leaving the ISL.

- (a) A permanent vacancy will be advertised to employees on the master seniority district and awarded to the senior qualified employee applying, if none
- (b) The vacancy will be awarded to the junior spare employee working at Toronto who will be required to remain on the ISL until they are no longer the junior spare employee.

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- 6.8 Auxiliary list employees who are required on the ISL for ad-hoc temporary or permanent vacancies will be governed by the following;
- (a) No deadhead payment if required to work on the ISL regardless of home location.
 - (b) Transportation to ISL reporting locations will be at the employees expense.
 - (c) Accommodation at the work location will be at the employees expense.
- 6.9 Toronto based spare employees who are required on the ISL for ad-hoc or temporary vacancies:
- (a) StL&H (main line) agreement applies when required to report for a ISL assignment.
 - (b) ISL agreement will apply to spare employees while performing a ISL tour of duty.

ARTICLE 7: Final Settlement of Disputes

- 7.1 All differences between the parties to this Agreement concerning its meaning or violation which cannot be mutually adjusted shall be submitted to Canadian Railway Office of Arbitration for final settlement without stoppage of work.

ARTICLE 8: General Holidays

- 8.1 An employee who is assigned to an ISL position under the provisions of this article will be entitled to such provisions on the following general holidays: New Years Day, January 2nd, Good Friday, Victoria Day, Canada Day, First Monday in August, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day, Boxing Day.

NOTE: If the Government of Canada designates heritage day or such other day as a general holiday, the day so designated by the Government shall be substituted for the day after that on which New Year's day is observed.

- 8.2 General holiday payment will be an amount equal to the daily rate of pay for the position to which regularly assigned.
- 8.3 An employee who is required to work on a general holiday will be paid for such time at one and one-half times the basic hourly rate.

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- 8.4 If the general holiday falls on a rest day, the employee may, if not required, have the option of taking the day off immediately before or after his rest days.
- 8.5 If the general holiday falls during annual vacation or on a scheduled day of work the employee may elect one of the following options:
- a) Payment in lieu of time off.
 - b) Employees may bank a maximum of five general holidays, which must be taken during the year they are entitled thereto. Time off shall be granted subject to manpower requirements.
 - c) Take a day off in lieu thereof following the date that the holiday is celebrated.
- 8.6 Tours of duty commencing between 2400 and 2359 inclusive on a general holiday specified herein shall be considered as work on that holiday.

NOTE: No employees shall as a consequence of transferring between the StL&H and the ISL be entitled, if qualified, to less or more than a total of 11 general holidays in any year.

ARTICLE 9: Held off on Company Business

- 9.1 Employees held off on Company business, or to appear as witnesses in Court for the Company, or before a Coroner's Inquest in a case in which the Company is concerned, will be paid lost wages including reasonable expenses and mileage.
- 9.2 Court witness fees and mileage will be assigned to the Company in cases in which pay is allowed by the Court.

ARTICLE 10: Injury/Illness

- 10.1 Employees suffering from a bonafide injury or illness will report their prognosis for recovery to the ISL Manager.
- 10.2 Work related injuries and illnesses must be reported to the ISL Manager on the prescribed form.
- 10.3 Lost wages due to a bonafide injury or illness shall be paid to a maximum of three working days if relief is provided from within the ISL at no additional costs. In the event that the employee is otherwise compensated for such time lost, wage payments shall be repaid.

ARTICLE 11: Jury Duty

- 11.1 An employee summoned for jury duty and who is required to lose time from their assignment as a result thereof shall be paid for actual time lost less the amount allowed him for jury duty for each day on which actual time lost is paid by the Company, excluding allowances paid by the court for meals, lodging or transportation subject to the following requirements and limitations:
 - (a) An employee must exercise any right to secure exemption from the summons and/or jury service under Federal, Provincial or Municipal statute and will be excused from duty when necessary without loss of pay to apply for exemption.
 - (b) An employee must furnish the Company with a statement from the court of jury allowances paid and the days on which jury duty was performed.
 - (c) The number of working days for which jury duty pay shall be paid is limited to a maximum of 60 days in any calendar year.
 - (d) No jury duty pay will be allowed for any day for which the employee is entitled to vacation or General Holiday pay. An employee who has been allotted vacation dates will not be required to change those dates because of jury duty.
 - (e) Notwithstanding the provisions contained in the last sentence of Paragraph (d) above, an employee's annual vacation will, if the employee so requests, be rescheduled if it falls during a period of jury duty.

- (f) For the purpose of qualifying for General Holiday pay, a day served on jury duty in respect of which compensation is paid by the Company shall be deemed to be a tour of duty. In the event a day served on jury duty was the last day preceding the General Holiday and for which an employee received compensation by the Company the General Holiday pay shall be an amount equal to the compensation paid for jury duty on that day.

ARTICLE 12: Leave of Absence

- 12.1 If employees require time off they must obtain a leave of absence from the ISL Manager. When requesting such leave of absence, it must be for a specific period, such as one shift or a specified number of days. Reasonable requests of this kind will be granted, conditional upon sufficient personnel being available to meet operating requirements.
- 12.2 Employees may, at their discretion, make arrangements among themselves to offset the need to request leave of absence. Such arrangements must be communicated to the ISL Manager to ensure that service and operational requirements are met.
- 12.3 Employees who are required for Union business will be granted leave of absence when required for such work when the necessities of the service will allow. Notice must be given to the ISL Manager and work team in sufficient time to provide relief. Should a dispute arise with respect to securing time off for union work, it will be advanced to the Advisory Board.

ARTICLE 13: Material Change

- 13.1 When the Internal Shortline work team desires to implement changes that have the potential to impact the StL&H and which would typically result in negotiations pursuant to the Material Change provisions in the Collective Agreements, the ISL Manager will progress these matters to the StL&H Chief Operating officer and the appropriate General Chairs for handling under the Material Change Articles of the Collective Agreements.
- 13.2 Sale, abandonment or restructuring of the ISL by the StL&H which would typically result in the application of the material change rule shall be negotiated pursuant to the material change provisions of the Collective Agreements. The cost of such changes shall be borne by the StL&H

ARTICLE 14: Performance Management

The ISL approach to improving performance will place emphasis on problem identification, prevention and resolution by using communication and problem solving techniques designed to educate and increase the skills of all employees of the ISL.

It is recognized that each employee is responsible for their job related conduct and performance. It is also recognized that the work team is best suited to identify and correct performance which may be counter-productive to the operation of the ISL.

Work performance can be impacted by many operational, resource or individual problems. The first and most important stage in improving performance is to identify not only the problem, but also the factors which are impacting the problem. Problems related to individual performance are dealt with through Positive Action.

Problem Identification

14.1 The first stage in performance management is to identify problems and factors which may be impacting performance. Problem identification is a shared responsibility of all ISL employees. If a work team is unable to arrive at identification of the problem and such problem is identified by the ISL Manager, it will refer same to the work team for resolution. It is not expected that the Manager will direct individual performance problems to the work team.

Problem Resolution (operational/Team Performance)

14.2 Resolution is best achieved within the work team. If the work team requests assistance, the Manager and/or local union representative(s) will serve as a link to outside parties to secure the required assistance/resources.

14.3 If a resolution is not achieved using the process outlined in 14.2, the Manager, and/or local union representative may advance the issue to the Advisory Board.

ARTICLE 15: Performance Contract

15.1 The StL&H and the ISL will enter into a Performance Contract wherein the terms and conditions of issues like; car and locomotive availability, interchange times and locations, the provision of wrecking equipment, employees on Company business, relief etc. shall be specified. The parties shall not unilaterally change any of the terms and conditions agreed upon.

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- 15.2 The Performance Contract will include key performance indicators which if not met will result in penalties being assessed to either party.
- 15.3 Initiatives advanced by the StL&H/ISL which have an adverse effect on the performance and viability of the StL&H/ISL will result in the review/renegotiation of the StL&H/ISL Performance Contract. In the event of a dispute between these two parties, the matter will be resolved by the StL&H/ISL Advisory Board. If a resolution is not achieved, the issue will be advanced to third party arbitration as mutually agreed between the parties.

ARTICLE 16: Positive Action & Discipline

The ISL approach to individual problems is that discipline should be a last resort. This approach emphasizes positive action directed at education.

- 16.1 Positive Action is not to be undertaken with the intent to punish, but rather to enable employees to learn from their mistakes and improve performance without diminishing the employees' self-esteem.
- 16.2 Positive Action will be handled fairly and consistently. it will be non-discriminatory, reasonable, and appropriate to the specific situation. Positive Action steps do not constitute discipline under the collective agreements and shall not be relied on in the event of formal disciplinary action. Positive action will consist of informal and formal counseling.

Informal Counseling

- 16.3 The Manager will counsel the employee privately on an informal basis. The purpose of informal counseling is to make the employee aware that the performance or behavior is not meeting generally accepted standards and to ensure that the employee understands how to properly perform the task, and knows what is expected of him/her.
- 16.4 In most situations, a face-to-face discussion between the Manager and the employee will successfully correct unacceptable behavior or performance. The Manager has the responsibility to properly coach and develop the employee, thereby ensuring the employee understands what is expected of them and knows how to perform their duties satisfactorily. The employee is responsible for making improvement required by changing any unsatisfactory behavior.
- 16.5 There will be no documentation of informal counseling placed on an employees personal file.

Formal Counseling

- 16.6 If informal counseling does not correct the situation or has been tried previously, the Manager may formally counsel the employee on the performance or behavior issues. The purpose of this counseling is to thoroughly discuss the nature of the problem and to identify specific steps to be taken by the employee to correct the situation. Formal counseling will include a written Positive Action Plan (PAP) jointly developed by the supervisor and the employee.
- 16.7 a) A PAP is a written understanding between Manager and employee of what is required to achieve and maintain acceptable behavior and job performance. It will include a description of the area of performance or behavior requiring improvement, specific steps the employee must take to correct the situation and the date of the discussion. The employee may request to have a union representative present while the positive action plan is being developed.
- b) In the event of a dispute between Manager and employee with respect to the terms and conditions of the PAP, a union representative of the employee's choice will be requested to participate.
- c) The formal discipline process may commence immediately if the employee elects not to participate in PAP.
- 16.8 The PAP will include a clear explanation of the consequences of failure to correct the behavior or performance problem.
- 16.9 The Manager and the employee will sign the written plan. The plan will be entered into the employee's personnel file. An employee's performance is subject to continual review. The employee will receive a copy of the PAP for reference.
- 16.10 The time frame for behavior or performance to be corrected is also stated in the PAP. The level of improvement achieved will be confirmed at the time of the follow-up manager/employee discussion. Established standards covered in the PAP, unless subsequently changed by the ISL, and performance criteria as specified in the PAP will be in effect until changed. Failure to meet this required performance standard may result in activation of the formal discipline process.
- 16.11 An employee who has been covered by a PAP and who continues to have performance or behavior problems will be placed in the formal discipline process.

Formal Discipline

- 16.12 when an investigation is to be held, each employee whose presence is desired will be notified as to the time, place and subject matter. Reasonable delay or postponement of an investigation will be allowed if an employee requests that a particular representative be present who, at a given time, may not be available. Requests for such postponement should be made in advance of the scheduled time for the investigation.
- 16.13 When technical documents are going to be used as evidence at an investigation the employee will be advised in advance to enable the selection of a representative who is qualified to deal with such evidence.
- 16.14 An employee, if he so desires, may have an accredited representative of the Union assist him. The employee will sign his statement and be given a copy of it.
- 16.15 If the employee is involved with responsibility in a disciplinary offense, they shall be accorded the right for themselves and/or an accredited representative of the Union to be present during the examination of any witness whose evidence may have a bearing on the employee's responsibility, to offer rebuttal thereto and to receive a copy of the statement of such witness.
- 16.16 An employee will not be disciplined or dismissed until after a fair and impartial investigation has been held and until the employee's responsibility is established by assessing the evidence produced and no employee will be required to assume this responsibility in his statement(s). The employee shall be advised in writing of the decision within 20 days of the date the investigation is completed, i.e., the date the last statement in connection with the investigation is taken except as otherwise mutually agreed.
- 16.17 An employee is not to be held off unnecessarily in connection with an investigation, however, it is acceptable to hold an employee off duty for an investigation in circumstances where, in order to expedite the investigation, this is necessary to ensure the availability of all relevant witnesses to an incident to participate in all the statements during an investigation which could have a bearing on their responsibility. Layover time will be used as far as practicable. An employee who is found blameless or an employee called by the Company as a witness, will be reimbursed for time lost.

ARTICLE 17: Grievance Resolution

- 17.1 Step 1 - Within 28 days of the cause of the grievance, the employee, the union representative and the ISL Manager, will meet in an attempt to resolve the grievance. This meeting will include the joint development of facts and their respective positions on the issue which will be advanced to the StL&H Chief Operating Officer and Union General Chair(s) in the event that the grievance is not resolved at this level.
- 17.2 Step 2 - The Chief Operating Officer and the General Chair(s) will attempt to resolve the dispute. In the event that a solution is not achieved within 28 days of being advanced to Step 2, the grievance may be directed to the Advisory Board for resolution short of proceeding to arbitration.
- 17.3 Application for arbitration will be made within 28 days of the Chief Operating Officer or the Advisory Board's ruling at Step 2.
- 17.4 Time limits may be extended if mutually agreed by both parties.

ARTICLE 18: Printing and Translation of Agreement

- 18.1 The Company will be responsible for printing of this agreement as may be required and will absorb the cost of such printing.
- 18.2 The Company, where necessary, will undertake to translate this Collective Agreement into French.

ARTICLE 19: Qualification, Certification and Training

19.1 Payment for Periodic Medical Examinations

Arrangements will be made to allow employees an opportunity to take their periodic medical examination during a regular tour of duty.

If this is not possible, an employee shall be allowed payment of 3 hours, pay at the rate applicable to the position to which assigned.

19.2 Minimum Qualification Training and Examination

- (a) In order to permit ISL employees to qualify in accordance with the Railway Employee Qualification Standards Regulations, the ISL will provide training courses covering all required subjects for the occupational category involved at a home terminal location.
- (b) Where the training location is at other than a home terminal location, the ISL will provide the employee with the mileage allowance provided in this Collective Agreement as well as accommodation which may be in hotels, motel or company facilities. Such accommodation will be in clean, single occupancy rooms and, to the extent it is practicable to do so, will include cooking facilities.
- (c) Employees covered by clause (b) will be paid an allowance of \$15.00 per day on each day of the training program for meals when the accommodation provided has cooking facilities and \$25.00 per day where cooking facilities are not available. These amounts may be amended by the Team.
- (d) Employees attending a training course who fail to qualify in accordance with the regulations for their occupational category will not work or receive payment until they become qualified. It is their responsibility to arrange for qualification at no cost to the Company.
- (e) Employees attending a training program in accordance with this Clause will not suffer any loss of income nor will attendance at any such training result in a loss of entitlement to the Gain Share Program.

The provisions of this clause will not apply to employees who have failed to qualify in accordance with the regulations on their first attempt or who are required to attend such training for disciplinary reasons.

Should an employee attending a training course be subject to the step rate provisions contained in this Collective Agreement, the appropriate percentage of the above-noted rates will be paid.

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19.3 Instruction Classes Other Than MQ Training

Employees attending training/team meetings totaling more than eight hours in any calendar month will be compensated on an hourly basis for all time in excess of 8 hours.

The provisions of this clause will not apply to employees who attend training for disciplinary reasons.

Should an employee attending a training course be subject to the step rate provisions contained in this Collective Agreement, the appropriate percentage of the above-noted rates will be paid.

19.4 Training Program Development

- a) Classroom instruction and on-the-job training (OJT) will be performance based and will not be tied to any obligatory number of working tours of duty prior to being declared qualified. An ISL employee undergoing additional OJT training will be compensated.
- b) Training programs for Minimum Qualification and other related subjects will be developed in consultation with the General Chair(s) or their designates.
- c) Within six (6) months of the implementation of a new training program, the Advisory Board may meet to review the course material to determine if changes are appropriate, based on the first six (6) months of training that has been completed. The time period within which this review will be conducted, may be adjusted as deemed appropriate by the parties.

ARTICLE 20: Rest

20.1 The ISL Work Team may make such provisions with respect to rest as may be deemed necessary and acceptable within the regulatory environment.

ARTICLE 21: Seniority

Protection of Seniority for Employees Assigned to StL&H and the ISL

21.1 Annual General Advertisement of Assignment (Spring)

- a) At each Spring General Advertisement of Assignment all positions will be considered permanent vacancies. These

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vacancies will be bulletined on the master seniority territory. Applications must be filed with the Crew Management Centre, with a copy provided to the respective Local Chair.

- b) Positions will be awarded to senior qualified employees pursuant to the provisions of Collective Agreements.
- c) Employees who indicate a desire will be placed on an ISL auxiliary list.
- d) An employee who holds a permanent position on the ISL prior to the general advertisement of assignments and who is not awarded or who does not apply for a position bulletined under paragraph (a) above, will exercise seniority within CP Rail according to the applicable provisions of the Collective Agreements.
- e) An employee who is absent for any reason throughout the entire bulletining period specified herein, may exercise their seniority on the ISL immediately upon return to active service in accordance with the provisions of the Collective Agreements.
- f) An employee displaced through the application of paragraph (d) above will exercise their seniority to a position on the ISL or the StL&H pursuant to the terms of the applicable collective agreements.
- g) An employee awarded a permanent position on the ISL will be obligated to remain in ISL service for the duration of the general advertisement of assignments.
- h) An employee awarded a permanent position on the ISL will be protected against displacement for a general advertisement of assignments except as provided for in paragraph (e) above, clause, 21.3(a) of this agreement, a material change in working conditions, or a catastrophic event that the ISL Advisory Board believes should trigger a displacement.

21.2 Seniority

Employees from the StL&H assigned to positions at the ISL under the terms of this Collective Agreement shall have their names retained on the StL&H seniority list.

21.3 Exercise of Seniority

- a) Employees on the StL&H may, in lieu of relocation or taking layoff, displace to positions on the ISL, pursuant to the

applicable collective agreements. Such employees will have the right of recall on the StL&H.

- b) Employees on the ISL, may in lieu of relocation or taking layoff, displace to positions on the StL&H, pursuant to the applicable collective agreements. Such employees will have the right of recall to the ISL.
- c) Employees on the StL&H covered by the Collective Agreement(s) between CP Limited and the CCROU will have the right to apply for positions advertised on the ISL at the spring Advertisement of Time Table pursuant to the applicable collective agreements.
- d) A qualified Locomotive Engineer who is not regularly assigned as a Locomotive Engineer and is working on the ISL as a Trainperson will not be required nor permitted to follow their seniority turn as a Locomotive Engineer on the StL&H for the duration of the general change of assignment.
- e) A qualified Yardmaster who is not regularly assigned as a Yardmaster and is working on the ISL as a Trainperson or Locomotive Engineer will not be required or permitted to follow their seniority turn as a Yardmaster on the StL&H for the duration of the general change of assignment.

NOTE: The provisions of clauses (d) and (e) above will not have an adverse effect upon the seniority standing of Locomotive Engineers or Yardmasters.

- f) StL&H Trainperson working on the ISL who are required to train as Locomotive Engineer in accordance with their District seniority will be required to do so in their proper turn. Upon completion of training such employees will be allowed to exercise their seniority back to the ISL.

ARTICLE 22: Team Profile

- 22.1 The ISL is to be managed in manner that will foster a highly involved, flexible and safe workplace with full employee participation in the operation by way of empowering well trained on-site work teams. An on-site Manager will have a specific role and perform many tasks including acting as a facilitator to assist employees to function as a team when problem solving and making reasonable business based day-to-day decisions.

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- 22.2 Partnership and the team concept will be a critical element in the management of the Internal Shortline. The Unions are intended to be a full partner in the ISL. Work Teams will be expected to participate in the day to day management and to provide input on strategic management issues such as the structuring of assignments and customer service, the acquisition of new equipment, the implementation of marketing initiatives, and the identification of technological and other advancements which will enhance operation of the ISL.
- 22.3 ISL Work Teams will hold regular meetings at least once a month or more frequently as they decide. The parties agree that the consensus process, as outlined below, is the primary method for making decisions and resolving disagreements on the ISL.
- a) Resolution is achieved through the joint efforts of the ISL employees in discovering the "best" solution, in the context of the philosophy and mission of the ISL while at the same time, satisfying the stakes and equities of all major stakeholders.
 - b) The solution must provide a high level of acceptance by all parties.
 - c) Once agreement is reached, ISL employees must be totally committed to the solution.
 - d) During the meeting when an issue is resolved, any ISL team member(s) may request a postponement in its implementation, to enable a re-examination of the potential decision. Not later than 14 days following such request, the ISL employee(s) doing so, must present a viable alternative to the team's decision, based on the principles set out herein.
 - e) In the event an alternative solution is not reached as outlined herein, the ISL employee(s) requesting a postponement must reevaluate their position in the context of the philosophy and mission of the ISL.
 - f) voting or trading are not part of this process.
 - g) In the application of Item (d), postponements for a reexamination of a decision reached by the team will not be allowed in circumstances where, in the opinion of the team and/or ISL Manager, customer service or operations may be jeopardized or such delay will negate the implementation of the decision. In this event the ISL employee(s) may request a re-examination of the decision and must, at a subsequent meeting of ISL employees, present a viable alternative based on the principles set out in Item (a) herein.

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22.5 A formal ongoing monitoring program will be developed in a cooperative fashion by the team and the Advisory Board to monitor the health and progress of the ISL. This will include, but not be limited to: employee/customer surveys, economic analyses, review of the gain share program, team development and interaction, Manager/team relationship, evaluation of team training programs and interaction between the StL&H and the ISL (performance contract). In every event the results of any monitoring will be reviewed and evaluated by all the stakeholders.

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ARTICLE 23: Transportation - Private and Company Vehicle

- 23.1 Employees authorized to operate their personal vehicle for ISL use under this clause will be reimbursed at a rate of 28(,, a kilometer.
- 23.2 Providing they are properly licensed, employees may be authorized to operate a company vehicle for the purpose of conducting ISL business.

ARTICLE 24: Union Dues Deductions

- 24.1 The provisions of the Collective Agreements will apply.

ARTICLE 25 - Duration of Agreement

- 25.1 This Agreement is effective on the date of implementation and supersedes all previous Agreements. It will remain in effect until December 31, 1997 and thereafter until revised or superseded. Three months notice will be given by either party of its desire to revise or supersede this Agreement and may be served at any time subsequent to September 30, 1997
- 25.2 It is understood that the implementation of the provisions of this Memorandum of Agreement will become effective for employees working on the territory referred to herein, on the StL&H, following the ratification of this Memorandum of Agreement.

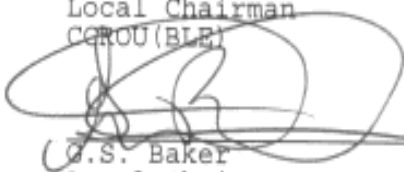
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S.B. Keene
CCROU (UTU) Member
Shortline Committee



R.F. Hewitt
Local Chairman
CCROU (BLE)



G.S. Baker
Local Chairperson
CCROU (UTU)

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LETTER #3 - Kawartha Lakes

CANADIAN PACIFIC RAILWAY

CALGARY, May 23, 1999

Mr. R.S. McKenna General Chairman Canadian Council of Railway Operating Unions Suite 309, 8989 Macleod Trail South Calgary, Alberta T2H 0M2	Mr. D.A. Warren General Chairperson Canadian Council of Railway Operating Unions Suite 32, 695 Markham Road Scarborough, Ontario M1H 2A5
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Dear Sirs:

This has reference to various discussions during this round of negotiations concerning the need to address issues unique to the Kawartha Lakes Railroad.

We have agreed to renew the Collective Agreement between Canadian Pacific Limited (Saint Lawrence and Hudson) and the Canadian Council of Railway Operating Unions (United Transportation Union & Brotherhood of Locomotive Engineers) on behalf of the Trainpersons and Locomotive Engineers employed on the Havelock/Nephton Internal Shortline.

The following amendments will apply affective January 1, 1999.

1. Article 3 pensions and benefits amended establishing increases under the terms of the National Agreement, Memorandum of Settlement dated May 23, 1999.
2. Article 4, clause 4.1, bereavement leave to be amended providing benefits upon the death of a spousal grandparent effective January 1, 2000 and grandchild and step-grandchild effective January 1, 2001.
3. Article 5, clause 5.4 will be amended to increase wages under the terms of the National Agreement, Memorandum of Settlement dated May 23, 1999.
4. Article 5, clause 5.4 new paragraph (b) to read; Employees assigned to 8/10 hour assignments required to work beyond 10 hours will be paid the daily rate for 10/12 hour assignments for that day.
5. Article 5, new clause 5.7 establishing employee Stock Purchase Plan under the terms of the National Agreement, Memorandum of Settlement dated May 23, 1999.
6. Article 6, clause (e) amend paragraph to read "Senior available employee on the ISL auxiliary List (s) . (Running trades employees who have indicated a desire to protect work on the ISL); if none".
7. Article 25, clause 25.1, duration of Agreement will be amended to reflect renewed for a period of four years commencing January 1, 1999.

Yours truly,

Assistant Vice-president
Industrial Relations

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cc: Mr. T.G. Hucker
Mr. J.W. Armstrong

I concur:

D.A. Warren

R.S. McKenna