

Railfax



July 5, 2006

To all Owner Operators CNTL:

Early Bargaining for Owner Operators Breaks Down

Your bargaining committee comprised of Bob Chernecki, Assistant to the President; Doug Olshewski, National Representative; Bob Fitzgerald, President, Council 4000; Dan Thomson, Bargaining Rep West; Jay Luddington, Bargaining Rep, Toronto; Masoud Panjehali, Local Chairperson Toronto; Steve Leng, Bargaining Rep, Montreal; and Blair Clark, Bargaining Rep East; met with CNTL on June 27th, 28th, and 29th. The meetings were a joint effort to reach an early collective agreement with the Company and the owner operators. Normally, bargaining would not take place until after September of 2006. Unfortunately talks broke down when the Company insisted on having the right to contract out, and served an estoppel notice on the issue of fueling.

CNTL initially offered a five year agreement with no improvements in the compensation package for the first two years. In addition, the company proposed to have the Owner Operators perform shunting in the CN yards to save on wait time. They refused to renew the appendices of the collective agreement and served an estoppel notice pursuant to Schedule B of the Standard Contract wherein they could adjust mileage rates pursuant to the price of fuel. In their initial offer, and in response to the Union's demands on contracting out, the Company suggested they would hire "up to" 60 new owner operators; however, the words "up to" were operative.

On day three of bargaining, the Company withdrew its initial offer and proposed a three year agreement with improvements of 3% on zone, mileage or wait time. However, they withdrew their previous offer to hire new owner operators and insisted upon having the "flexibility" to contract out.

In addition, CNTL presented the Union with graphs charting the costs of the fuel clauses and refused to renew the appendices (letters of understanding) in the collective agreement. Even though the Company admitted they had never used the provisions of the fuel clause they served notice to break any past

practice (estoppel) in that regard. Appendix 7 of the Collective Agreement protects the owner operators from fuel price increases and the Company simply refused to renew those provisions.

Other Company demands included the introduction of signature capture devices compatible with blackberries and paid for by the owner operators. They proposed that the owner operators wear uniform clothing and at least pay half the cost. The parties also discussed vehicle age standards and fuel efficiency standards. These standards were supposedly to reduce the impact on fuel subsidies; however, it was not clear on how this would be enforced. They also proposed a new safety bonus. At first glance the new bonus system appeared to be an improvement. However, on closer examination no bonus would apply if either the owner operator or his replacement driver had any of the following: a preventable accident, a driving conviction or violation, or a DOT inspection violation.

When your bargaining committee examined the company's proposals in their entirety, we came to the conclusion that any of the offers made by the employer had a negative impact on the Owner Operators, notwithstanding any improvements they had suggested. Needless to say, the issue of contracting out has and will continue to have a negative impact on owner operator earnings unless that issue is resolved.

We were not prepared to settle any agreement unless our contracting out proposals were met and your committee unanimously voted to reject the offers.

Should you have any further questions please contact either Bob Fitzgerald 416-861-1806 (office); or Doug Olshewski 1-800-665-7492 (office) or 204-228-5549 (cell).