

**SUPPLEMENTAL AGREEMENT
COLLECTIVE AGREEMENT NO. 1**

between

**THE NATIONAL AUTOMOBILE, AEROSPACE,
TRANSPORTATION AND GENERAL WORKERS
UNION OF CANADA**

and

VIA RAIL CANADA INC.

governing

**EMPLOYMENT SECURITY AND
INCOME MAINTENANCE**

TABLE OF CONTENTS

<u>ARTICLE</u>		<u>PAGE NO.</u>
Article 1	The Trustee	1
Article 2	The Administrative Committee.....	1
Article 3	Powers of the Administrative Committee	3
Article 4	Weekly Layoff Benefits and Severance Payments.....	6
Article 5	Training of Employees.....	10
Article 6	Relocation Expenses.....	12
Article 7	Employment Security.....	14
Article 8	Technological, Operational and Organizational Changes.....	17
Article 9	Government Assistance Programs	21
Article 10	Seasonal Employees.....	21
Article 11	Casual and Part-Time Employees	22
Article 12	Special Provisions for Employees With Twenty Years or More of Cumulative Compensated Service	22
Article 13	Non-Applicability of Sections 52, 54 And 55, Part I, and Sections 214 to 226 Inclusive of Part III of the Canada Labour Code	22
Article 14	Amendment.....	23
Article 15	Commencement.....	23
Article 16	Duration	23

APPENDICES

PAGE NO.

Appendix "A" Eligibility for Benefits as Provided in Article 4..... 24

Appendix "B" Benefit Accumulation - Layoff Payments 27

Appendix "C" Example of Payment for Part Week on Recall 30

Appendix "D" Job Security Eligibility Territories..... 32

Appendix "E" Letter of Understanding Re: Timing of a Technological,
Operational and Organizational Change 34

Appendix "F" Employment Security Option Agreement 35

**THIS SUPPLEMENTAL AGREEMENT MADE EFFECTIVE AS OF THE 15TH DAY OF
MAY 1998, is**

BETWEEN:

**THE NATIONAL AUTOMOBILE, AEROSPACE,
TRANSPORTATION AND GENERAL WORKERS
UNION OF CANADA**

called the "UNION"

AND:

VIA RAIL CANADA INC.

called the "CORPORATION"

**establishing an Employment Security
and Income Maintenance Plan pursuant to the
Memorandum of Settlement dated June 5,1998.
which is applicable to employees governed by
Collective Agreement No. 1 – Off-Train employees**

ARTICLE 1 THE TRUSTEE

- 1.1 The Trustee shall pay to eligible employees the benefits for which they are entitled in keeping with the provisions of this Agreement.

ARTICLE 2 THE ADMINISTRATIVE COMMITTEE

- 2.1 There is hereby established a committee to be known as the Administrative Committee consisting of four members, two of whom shall be appointed by the Corporation, and two of whom shall be nominated by the Union.
- 2.2 The members of the Administrative Committee shall be appointed yearly and shall hold office until the 31st day of December next following the date of their appointment. At the same time and in the same manner, a like number of substitutes shall also be named. Should a vacancy occur on the Administrative Committee, whether temporary or otherwise, the vacancy shall be filled by one of the substitute members appointed by the same body which appointed the original member. Each party shall notify the other, in writing, of the members and substitutes appointed to the Administrative Committee within five days of the date of their appointment.
- 2.3 The Notice referred to in Article 2.2 shall be given in the manner following:
- (a) Notice on behalf of the Union shall be given by the designated National or Regional Representative of the Union (or a person authorized by either of them), addressed, and mailed by registered post, to the Director or Senior Manager of Labour Relations of the Corporation, P.O. Box 8116, Station "A", Montreal, Quebec, H3C 3N3.
 - (b) Notice on behalf of the Corporation shall be given by the Director or Senior Manager of Labour Relations of the Corporation (or a person authorized by either of them), addressed, and mailed by registered post, to the designated National or Regional Representative of the Union.
- 2.4 Three members of the Administrative Committee shall be a quorum.

- 2.5 The members of the Committee shall elect from their own number two Co-chairpersons, one from the Union and one from the Corporation, who shall hold office until the 31st day of December of the year for which they are appointed or until such earlier day as may be fixed by the Committee.
- 2.6 Each member of the Committee present at a meeting shall have the right to cast one vote on each question. Decisions of the Committee shall be carried by three or more votes, except as otherwise provided herein, and shall be final and binding.

Grievance Procedure and Final Disposition of Disputes

- 2.7 Should any dispute arise respecting the meaning, interpretation, application, administration or alleged violation of this Agreement, such dispute shall be progressed in accordance with the provisions of the applicable collective agreement commencing at the authorized "designated officer" level.
- 2.8 Failing settlement of such dispute at the final step of the grievance procedure, should either party elect to progress the dispute it shall do so by referring it to the Administrative Committee, EXCEPT that if the dispute is one involving the question of whether or not a change is a technological, operational or organizational one as contemplated under Article 8.1 of this Agreement, then such dispute shall be progressed to arbitration under the provisions of the applicable collective agreement.
- 2.9 The request to have the Administrative Committee adjudicate upon a dispute must be submitted in writing within sixty days of the date a decision was rendered at the final step of the Grievance Procedure. The request shall be submitted in writing to the Co-chairpersons of the Administrative Committee and shall be accompanied by a joint statement of issue and joint statement of facts. If the parties cannot agree upon such joint statement either or each, upon notice in writing to the other, may submit a separate statement to the Co-chairpersons of the Administrative Committee.
- 2.10 Except as otherwise provided in this Agreement, in the event the Committee is unable to reach a decision on any question, any two members of the Committee may require the question to be referred to arbitration. The parties will submit a Joint Statement of Issue or Issues to the Canadian Railway Office of Arbitration. Such Joint Statement of Issue or Issues will be as submitted under Article 2.9 to the Administrative Committee.

The Corporation and the Union will respectively bear any expenses each has incurred in the presentation of the case to the arbitrator, but any general or common expenses, including the remuneration of the arbitrator, will be divided equally.

In the event that the parties do not agree upon a Joint Statement of Issue or Issues remaining in dispute, either or each may submit a separate statement to the arbitrator in accordance with the procedure outlined above for the Joint Statement and the other party will be provided with a copy thereof.

The arbitrator will hear the dispute within 30 days from the date of the request for arbitration and will render his decision together with reasons therefor in writing within 30 days of the completion of the hearing.

- 2.11 When a question has been referred to an arbitrator as provided for in Article 2.10 hereof, the arbitrator shall have all the powers of the Administrative Committee as set out in Article 3 hereof in respect of that question. The arbitrator shall have no power to add to, subtract from, or modify any of the terms of this or any other collective agreement. The decision of the arbitrator shall be final and binding.
- 2.12 The Administrative Committee shall meet at the request of either one of the Co-chairpersons.

ARTICLE 3 POWERS OF THE ADMINISTRATIVE COMMITTEE

- 3.1 Subject to the provisions of this Supplemental Agreement, the Administrative Committee shall have full and unrestricted power and authority and exclusive jurisdiction to deal with and adjudicate upon all matters relative to this Supplemental Agreement, which does not add to, subtract from, or modify any of the terms of this Supplemental Agreement or any collective agreement. The Committee shall not have any power to deal with and adjudicate upon any benefits not specifically provided for in this Supplemental Agreement, or in any subsequent agreement reached between the Corporation and the Union.

3.2 (a) Notwithstanding the provisions of Article 3.1 the following types of cases not specifically covered by this Agreement may be submitted to the Administrative Committee for adjudication and payment of benefits, but such cases shall not be subject to arbitration:

- (i) special case(s) involving extenuating circumstances.
- (ii) special case(s) of temporary layoffs of not more than 16 weeks lending themselves to an orderly implementation of layoff procedures based on the principle of inverse seniority. Where it is agreed that such a special case exists, this principle is to be applied at the work location where the layoffs are occurring and on an optional basis after all employees with less than two years' service have been laid off.
- (iii) special case(s) of permanent staff reductions lending themselves to special offers of optional early retirement separation allowances to employees eligible, or within one year of eligibility, to retire under the Corporation pension rules so as to prevent the otherwise unavoidable relocation and permanent separation of employees with two or more years' service. The separation allowance to apply in each such special case of optional early retirement shall be a lump sum payment calculated on the basis of the following formula:

Years of Cumulative Compensated Service	Number of Weeks Salary Credited for Each Year of Service Remaining to Normal Retirement
35 or more	4.0
34	3.9
33	3.8
32	3.7
31	3.6
30	3.5
29	3.4
28	3.3
27	3.2
26	3.1
25 or less	3.0

Note: a) A partial year of service remaining to normal retirement is to be expressed on a monthly basis, e.g. 4 years and 1 month (or major portion thereof) equals 4 1/12 (4.083) years.

b) One week's salary shall be the employees' basic weekly rate at the time of the change.

- (b) The Administrative Committee may only approve such special case(s) conditional upon the Committee's observance of the following governing principles:
- (i) approval of such special case(s) shall not involve increasing the existing benefit levels in this Supplemental Agreement.
 - (ii) approval of such special case(s) shall not be incompatible with the terms of this Supplemental Agreement.
 - (iii) approval of such special case(s) referred to in Article 3.2(a) (i) and (ii), above shall not involve costs higher than 90% of the costs that would otherwise have been incurred as a result of the standard application of this Supplemental Agreement.
 - (iv) approval of any special case(s) under Article 3.2(a) (ii) shall be contingent upon notification by Human Resources Development Canada that employees who avail themselves of such an inverse seniority layoff procedure will not be disqualified nor disentitled from unemployment insurance benefits for so doing.
 - (v) approval of such special case(s) shall not involve the modification of any Corporation plans or agreements dealing with such matters as pensions, health and welfare, etc.
 - (vi) approval of special case(s) involving special offers of optional early retirement separation allowances shall include the payment of money to the Pension Fund if it is demonstrated that such early retirement results in additional costs to the Pension Fund.
- (c) The foregoing procedures shall not alter the effective date of staff reductions.

3.3 The Committee shall have the power to admit to coverage under this Supplemental Agreement any applicant bargaining unit that has a collective agreement with the Corporation, subject to such conditions as may be determined from time to time by the Committee. Unless otherwise agreed between the employer and the union making application for admission, any admitted group can only be admitted under the same terms and conditions as apply to other employees in this Supplemental Agreement.

A union and employer who wish to seek admission to this Supplemental Agreement for an appropriate bargaining unit must make a joint application addressed to the Co-chairpersons of the Committee.

ARTICLE 4 WEEKLY LAYOFF BENEFITS AND SEVERANCE PAYMENTS

- 4.1 An eligible employee, as defined in Appendix "A", may, at the expiration of the seven-day waiting period specified in paragraph (b) of Clause 1 of said Appendix "A", make application to a designated officer in the form and manner prescribed by the Administrative Committee, for a weekly layoff benefit in accordance with Article 4.3(a), (b) or (c), such application to be made at the conclusion of the first week for which a claim is being made, subject to Article 4.3(d).
- 4.2 An eligible employee, as defined in Appendix "A", must, within seven (7) calendar days following layoff, make application to a designated officer in the form and manner prescribed by the Administrative Committee, if he desires a severance payment, in accordance with 4.4.
- 4.3 An eligible employee may claim weekly layoff benefits as follows:
 - (a) Employees with TWO or more years of continuous employment relationship and LESS THAN FIFTEEN YEARS of cumulative compensated service:
 - (i) A weekly layoff benefit for each complete week of seven calendar days laid off following the seven-day waiting period referred to in Article 4.1 of an amount that, when added to unemployment insurance benefits and/or outside earnings in excess of those allowable under unemployment insurance for such week, will result in the employee receiving 80 per cent of his basic weekly rate at time of layoff (hourly-rated employees 40 hours x the basic hourly rate; seasonal and spare employees, 80 per cent of average weekly earnings over the eight weeks preceding layoff.

- (ii) During any week following the seven-day waiting period referred to in Article 4.1 that an eligible employee is not eligible for unemployment insurance benefits because eligibility for such benefits has been exhausted or because such employee is not insured for unemployment insurance benefits, or due to the unemployment insurance waiting period, such employee may claim a weekly layoff benefit for each complete week of seven calendar days laid off of the maximum unemployment insurance weekly benefit currently in force, or such lesser amount that when added to the employee's outside earnings for such week will result in the employee receiving 80 per cent of his basic weekly rate (hourly-rated employees 40 x the basic hourly rate; seasonal and spare employees, 80 per cent of average weekly earnings over the eight weeks preceding layoff).
 - (iii) Weekly layoff benefits provided for under Article 4.3(a) shall cease when at any time an eligible employee has expended the benefit credits established in accordance with the provisions of Appendix "B" to this Agreement.
- (b) Employees with FIFTEEN OR MORE YEARS of cumulative compensated service:
 - (i) A weekly layoff benefit for each complete week of seven calendar days laid off following the seven-day waiting period referred to in Article 4.1 of an amount that, when added to unemployment insurance benefits and/or outside earnings in excess of those allowable under unemployment insurance for such week, will result in the employee receiving 80 per cent of his basic weekly rate at time of layoff (hourly-rated employees 40 x the basic hourly rate; seasonal and spare employees, 80 per cent of average weekly earnings over the eight weeks preceding layoff).
 - (ii) During any week following the seven-day waiting period referred to in Article 4.1 that an eligible employee is not eligible for unemployment insurance benefits because eligibility for such benefits has been exhausted or because such employee is not insured for unemployment insurance benefits, or due to the unemployment insurance waiting period, such employee may claim a weekly layoff benefit for each complete week of seven calendar days laid off of an amount that when added to outside earnings will result in the employee receiving 80 per cent of his basic weekly rate at time of layoff (hourly-rated employees 40 x the basic hourly rate; seasonal and spare employee, 80 per cent of average weekly earnings over the eight weeks preceding layoff).

- c) Subject to the provisions of Article 10 and Appendix "A", employees who at the time of layoff have fifteen or more years of cumulative compensated service are entitled to, for each period of layoff, weekly benefits as calculated in Article 4.3(b), for the following maximum periods:

<u>Years of Cumulative Compensated Service</u>	<u>Maximum Period for which Weekly Benefits Payable for each Period of Layoff</u>
15 years or more but less than 20 years	3 years
20 years or more but less than 25 years	4 years
25 years or more	5 years

- (d) It shall be the responsibility of the employee to report for each week for which he is claiming a weekly layoff benefit under this Agreement any amounts received in unemployment insurance benefits in respect of such week, as well as any wages earned during such week while employed outside of the Railway. In the event an employee does not report all such outside earnings for any particular week, this will be interpreted as notice from him that his outside earnings for such week are the same as those for the previous week.

- 4.4 An eligible employee may, upon submission of formal resignation from the Corporation's service, claim a severance payment equal to the net credit value calculated in accordance with the provisions of clauses 5(a) and (b) of Appendix "B" of this Agreement, but such severance payment shall not in any event exceed the value of one and one-half years' salary at the basic rate of the position held by the employee at the time he was laid off. Such severance payment must be claimed by an eligible employee within the seven (7) calendar days following layoff, provided that he has not been eligible for work or has not been recalled to service prior to the time such claim is made.

4.5 No weekly layoff benefit will be made for parts of a claim week as defined in Clause 1 of Appendix "A" except that:

(a) **Recall not covered by clause (b) below**

An employee who has qualified for weekly layoff benefits in accordance with Clause 1 of Appendix "A" and who returns to work for part of the last claim week and thereby receives earnings from the Corporation in that last claim week may make application for a partial weekly layoff benefit which, when added to the earnings received in that week and to unemployment insurance benefits and/or outside earnings in excess of those allowable under unemployment insurance for such week will result in the employee receiving 80 per cent of his basic weekly rate at time of layoff (hourly-rated employees, forty x the basic hourly rate; seasonal and spare employees, 80 per cent of average weekly earnings over the eight weeks preceding layoff).

Note: An example outlining the application of Article 4.5(a) above is attached as Appendix "C".

(b) **Temporary recall for less than five working days**

An employee who has qualified for weekly layoff benefits in accordance with Clause 1 of Appendix "A" will not have his weekly benefit payment reduced for any claim week during which he returned to the work temporarily for less than five working days.

4.6 Any agreement reached between the parties shall not be valid in respect of benefits under the Employment Security Plan unless approved by Human Resources Development Canada on the basis that no deductions shall be made from the Government unemployment insurance payments by reason of Employment Security layoff benefits. Notwithstanding anything contained in this Agreement, no eligible employee shall receive for any week a layoff payment under this Agreement in excess of that which can be allowed the employee without any reduction in his unemployment insurance payment.

ARTICLE 5 TRAINING OF EMPLOYEES

5.1 An employee who has two or more years of cumulative compensated service and:

- (a) has been laid off or who has been advised that he may be laid off and who is, or will be, unable to hold other work in the Railway because of lack of qualifications, or,
- (b) will be adversely affected by a notice served pursuant to Article 8 of this Agreement requiring an employee to relocate or suffer a substantial reduction in his rate of pay, will be considered for training for another position within or without his seniority group, providing he has the suitability and adaptability to perform the duties of that position and provided he has indicated a willingness to work in the job for which he may be trained whenever vacancies exist.

5.2 At the option of the Corporation such training may be:

- (a) at training classes conducted by qualified Railway personnel;
- (b) at classes conducted by an approved training agency.

The type of training for which an employee may apply must:

- (i) qualify the employee for a recognized position in the Railway;
- (ii) offer a likelihood of employment on the Railway on completion of the training period in a position for which the employee has been qualified, or
- (iii) in the case of employees with 20 or more years of cumulative compensated service, include the possibility of qualifying the employee for employment within or without the railway industry.

5.3 An employee will receive 80 per cent of the 40-hour straight-time pay associated with his last job classification during his period of training (hourly-rated employees, forty x the basic hourly rate; seasonal and spare employees, eighty per cent of average weekly earnings over the eight weeks preceding layoff). In addition, he will be provided for the training period with books, equipment, tools and allowed other necessary supplementary expenses associated with the training program.

- 5.4 Should the employee be recalled from layoff before the scheduled completion of training, the employee will be allowed to complete the program without forfeiture of pay or seniority rights.
- 5.5 Notwithstanding any agreement to the contrary, the Corporation may require an employee who has completed a training program to take a position for which he has been trained.
- 5.6 In addition the Corporation, where necessary and after discussion with the Union, will provide classes (after work or as arranged) to prepare presently employed railway employees for upgrading, adaptation to technological change and anticipated new types of employment on the railway. The cost of such retraining will be borne by the Corporation.
- 5.7 Upon request, the subject of training of an employee or groups of employees under any of the above provisions shall be discussed by the designated National or Regional Representative and the appropriate officer of the Corporation either prior to or at the time of layoff or at the time of the serving of the notice pursuant to Article 8 or as retraining under Article 5.6 is considered. Any unresolved differences between the parties concerning the usefulness of training for future railway service, the necessity for retraining or the suitability and adaptability of an employee for training, may be progressed to arbitration before an arbitrator selected by the parties or, failing that, appointed by the Minister of Labour.
- 5.8 An employee who is qualified under Article 7, Employment Security, who has his position abolished and is unable to hold work due to a lack of qualifications, will be trained for another position within his seniority group and, failing that, will be trained (if necessary) in order to fill a position in keeping with Article 7.2. Training (if necessary) will be provided for a position for which he has the suitability and adaptability to perform the duties of that position. Such employee will receive the 40 hour straight time pay associated with his last job classification during his period of training (hourly rated employees, 40 x the basic hourly rate; seasonal and spare employees, 40 x the average hourly earnings over the eight weeks preceding layoff).

ARTICLE 6 RELOCATION EXPENSES

Eligibility

- 6.1 To be eligible for relocation expenses an employee:
- (a) must have been laid off or displaced, under conditions where such layoff or displacement is likely to be of a permanent nature, with the result that no work is available at his home location and, in order to hold other work in the Corporation, such employee is required to relocate; or
 - (b) must be engaged in work which has been transferred to a new location and the employee moves at the instance of the Corporation; or
 - (c) must be affected by a notice which has been issued under Article 8 of this Agreement and he chooses to relocate as a result of receiving an appointment on a bulletined permanent vacancy which at the time is not subject to notice of abolishment under Article 8 of this Agreement and such relocation takes place in advance of the date of the change, provided this will not result in additional moves being made; or
 - (d) must have Employment Security and elected to relocate to hold work under the provisions of Article 7.2 of this Supplemental Agreement.
- 6.2 In addition to fulfilling at least one of the conditions set forth above, the employee:
- (a) must have two years' cumulative compensated service as defined in Clause 6 of Appendix "B"; and
 - (b) must be a householder, i.e., one who owns or occupies unfurnished living accommodation. This requirement does not apply to Articles 6.5 and 6.6.; and
 - (c) must establish that it is impractical for him to commute daily to the new location by means other than privately-owned automobile.

Relocation benefits

- 6.3 (a) Homeowners shall be entitled to a lump sum payment of \$20,000.00, payable at the employee's request in two (2) instalments, for relocation benefits and expenses.
- (b) in the event an employee is obligated to relocate, under the terms of a Technological, Operational or Organizational Change within his seniority region, to the greater Vancouver or greater Toronto areas, the employee may request a special relocation allowance of \$14,000.00, if the circumstances so justify.

To be eligible for such allowance, the employee must:

- (i) be eligible for the lump sum payment of \$20,000.00;
 - (ii) be a homeowner in the old location and sell his home;
 - (iii) physically relocate his residence to the new location;
 - (iv) purchase a home at or near the new location (i.e. Vancouver or Toronto).
- (c) This special relocation allowance is only applicable where physical relocation is made necessary by reason of commuting distance.
- (d) In case of disagreement on the payment of the special relocation allowance, the matter will be referred to the National or Regional Representative of the Union and the Director or Senior Manager of Labour Relations for resolution.

6.4 Renters shall be entitled to a lump sum payment of \$8,000.00, payable at the employee's request in two (2) instalments, in lieu of all relocation benefits and expenses. For those employees relocating from Winnipeg to Vancouver or Vancouver to Winnipeg, they shall be entitled to an additional payment of \$3,000 for additional moving expenses.

6.5 Employees who are not homeowners or renters, are eligible to a lump sum payment of \$1,000.00 to cover the cost of meals, temporary living accommodation and transportation expenses while seeking accommodation or undertaking the actual move to the new location.

- 6.6 If an employee who is eligible for moving expenses does not wish to move his household to his new location, he may opt for a monthly allowance of \$160 which will be payable for a maximum of twelve (12) months from the date of transfer to his new location.

Should an employee elect to transfer to other locations during such twelve (12) month period following the date of transfer, he shall continue to receive the monthly allowance referred to above, but subject to the aforesaid twelve (12) month limitation. An employee who elects to move his household effects to a new location during the twelve (12) month period following the date of his initial transfer will only be eligible for relocation expenses under this Article for one such move and payment of the monthly allowance referred to above shall terminate as of the date of his relocation.

ARTICLE 7 EMPLOYMENT SECURITY

- 7.1 (a) No technological, operational or organizational change, whether under this Employment Security and Income Maintenance Agreement or the Special Agreement, will be implemented if it would result in an eligible employee being laid off as a result.

- (b) For the purposes of Employment Security benefits:

An "eligible" employee is an employee that:

- (i) was employed with the Corporation on or before May 15, 1994;
- (ii) has completed 4 years of service as of the date of the notice;
- (iii) has not forfeited the right to Employment Security during their employment.

(Such employee will be entitled to Employment Security Benefits as set out in Appendix "F".)

- (c) An employee who meets the criteria outlined in 7.1(a) but has forfeited the right to Employment Security prior to May 15, 1998, will be eligible only for Options A and B of the Employment Security Benefits as set out in Appendix "F".

- (d) An “ineligible” employee is an employee that:
 - (i) was employed by the Corporation after May 15, 1994; or
 - (ii) has forfeited their right to Employment Security benefits after May 15, 1998.

**IF ALL EMPLOYEES WITHIN THE REGION ARE “ELIGIBLE”
FOR EMPLOYMENT SECURITY:**

Process:

- 7.2 (a) In determining whether a change would result in the layoff of an eligible employee, the parties will meet to determine if there are ineligible employees holding permanent assignments within the region governed by Collective Agreement No. 1. Each ineligible employee holding a permanent assignment will be counted only once while they remain on the same permanent assignment during the life of this Supplemental Agreement.
- (b) If there are no ineligible employees holding permanent assignments on the Region, an offer of Employment Security will be made, in seniority order, in the following sequence:
- (i) first to the terminal affected;
 - (ii) then to the Job Security Eligibility Territory (JSET) in which the affected terminal is located;
 - (iii) then to the region.
- (c) Only eligible employees holding permanent assignments may accept the offer of Employment Security benefits.
- (d) In the event there are no applications for an offer of Employment Security benefits by an eligible employee, the junior eligible employee will be forced to select an option under the Employment Security benefits (senior may, junior must).

- (e) The junior eligible employee may elect to receive lay-off benefits rather than Employment Security benefits, in which case, the offer of Employment Security benefits is withdrawn and cancelled. The junior eligible employee electing lay-off benefits does not lose the right to Employment Security benefits if subsequently recalled to work.
 - (f) An eligible employee is not required to displace a junior eligible employee within the region if the displacement will result in the junior employee being displaced and receiving Employment Security benefits.
- 7.3
- (a) Vacancies arising within the terminal or JSET as a result of the Employment Security offer will be filled by bulletin or by canvassing the employees in seniority order. Only permanent vacancies will be included in the reassignment exercise
 - (b) The employee accepting the offer of Employment Security benefits will not be permitted to leave their position until all vacancies have been successfully filled. No position vacated as a result of this exercise will remain vacant unless it is the position abolished pursuant to the technological, operational or organizational notice.
 - (c) Affected employees will not suffer any loss of earnings as a result of delays in the process.
- 7.4
- (a) The Corporation has the onus to provide adequate training, exclusive of language training, for employees whose qualifications prevent them from holding a position at the terminal affected, in the JSET or the region.
 - (b) If an employee is subsequently disqualified from the position for which he was trained, the Corporation must demonstrate the employee's unsuitability for the position.

IF THERE ARE EMPLOYEES WITHIN THE REGION THAT ARE "INELIGIBLE" FOR EMPLOYMENT SECURITY:

Process:

- 7.5
- (a) If it is determined that there is an ineligible employee holding a permanent assignment within the region, the junior eligible employee will be obligated to displace within his region. Failure to displace within the region when qualified or qualifiable will result in the employee forfeiting their right to Employment Security benefits.

- (b) It is the employee's option to exercise his seniority to a position within the region, however, failure to do so will not impede or delay the technological, operational or organizational change. An employee who fails to exercise their seniority to the region remains eligible for layoff benefits under this Employment Security and Income Maintenance Agreement or the Special Agreement, if he/she meets the eligibility requirements therein.
- (c) Junior employees holding a permanent position who are ineligible for Employment Security will be displaced in the ordinary operation of the displacement procedure, seniority permitting, under the Collective Agreement.

7.6 For the purpose of these Employment Security provisions "service" will be based on an employee's seniority date. If an employee concurrently has seniority in more than one seniority group/collective agreement, "service" will be based on the earliest of seniority dates.

ARTICLE 8 TECHNOLOGICAL, OPERATIONAL AND ORGANIZATIONAL CHANGES

- 8.1 The Corporation will not put into effect any technological, operational or organizational change of a permanent nature which will have adverse effects on employees without giving as much advance notice as possible to the designated National or Regional Representative representing such employees to receive such notices. In any event, not less than three months' notice shall be given, with a full description thereof and with appropriate details as to the consequent changes in working conditions and the expected number of employees who would be adversely affected.
- 8.2 When a notice is issued under Article 8.1 and it becomes known to the Corporation that the change will be delayed for reasons over which the Corporation has no control, advice will be issued to the designated National or Regional Representative, and employees involved explaining the situation and revising the implementation dates. If necessary, more than one such advice may be issued.
- 8.3 When the implementation of a technological, operational or organizational change is delayed or is to be delayed at the instance of the Corporation in excess of thirty calendar days, a new notice as per Article 8.1 shall be given.

- 8.4 (a) Upon request, the parties shall negotiate on items, other than those specifically dealt with in this Agreement with a view to further minimizing the adverse effects on employees. Such measures, for example, may be related to exercise of seniority rights, or such other matters as may be appropriate in the circumstances, but shall not include any item already provided for in this Agreement.
- (b) The parties shall determine the number of Employment Security options to be made available as a result of the notice of technological, operational or organizational change. The number of offers made will be reduced correspondingly as follows:
- (i) by the number of employees ineligible for Employment Security occupying a permanent position within the region. Each ineligible employee will be counted only once while they remain on the same permanent assignment during the life of this Supplemental Agreement;
 - (ii) by the number of permanent vacancies created or made available within the region simultaneously with the issuance of the Article 8 notices.
- (c) The parties will also address the issues of those employees, if any, who are on short-term leave due to injury, illness or other authorized leave of absence who have sufficient seniority to hold a permanent assignment.
- 8.5 If the above negotiations do not result in mutual agreement within thirty calendar days of the commencement of such negotiations, or such other period of time as may be agreed upon by the parties, the matters in dispute may be referred to a Board of Review composed of an equal number of senior officers of the Corporation and the Union.
- 8.6 If the Board of Review is unable to resolve the differences within a fixed period of time to be determined at the commencement of its meetings, or some mutually agreed extension thereof, the matters in dispute may be referred for final and binding settlement to a referee selected by the parties or, failing that, appointed by the Minister of Labour. The matters to be decided by the referee shall not include any question as to the right of the Corporation to make the change, which right the Union acknowledges, and shall be confined to items not otherwise dealt with in this Agreement.
- 8.7 The terms operational and organizational change shall not include normal reassignment of duties arising out of the nature of the work in which the employees are engaged nor to changes brought about by fluctuation of traffic or normal seasonal staff adjustment.

8.8 In addition to all other benefits contained in this Agreement which are applicable to all eligible employees, the additional benefits specified in Article 8.9 and 8.10 are available to employees who are materially and adversely affected by technological, operational or organizational changes instituted by the Corporation.

Maintenance of Basic Rates

8.9 An employee whose rate of pay is reduced by \$2.00 or more per week, by reason of being displaced due to a technological, operational or organizational change will continue to be paid at the basic weekly or hourly rate applicable to the position permanently held at the time of the change providing that, in the exercise of seniority, he

- (a) first accepts the highest-rated position at his location to which his seniority and qualifications entitle him; or
- (b) if no position is available at his location, he accepts the highest-rated position on his basic seniority territory to which his seniority and qualifications entitle him.

The maintenance of basic rates, and four-week guarantees if applicable, will continue until:

- (i) the dollar value of the incumbency above the prevailing job rate has been maintained for a period of three years, and thereafter until subsequent general wage increases applied on the basic rate of the position he is holding erase the incumbency differential; or
- (ii) the employee fails to apply for a position, the basic rate of which is higher by an amount of \$2.00 per week or more than the basic rate of the position which he is presently holding and for which he is qualified at the location where he is employed; or
- (iii) the employee's services are terminated by discharge, resignation, death or retirement.

In the application of (ii) above, an employee who fails to apply for a higher-rated position, for which he is qualified, will be considered as occupying such position and his incumbency shall be reduced correspondingly. In the case of a temporary vacancy, his incumbency will be reduced only for the duration of that temporary vacancy.

An example of the application of Article 8.9(b) (i) follows:

<u>DATE</u>	<u>BASIC RATE</u>	<u>INCUMBENCY LEVEL</u>
October 1, 1985	\$450.00	\$500.00
January 1, 1986 (4% inc.)	\$468.00	\$518.00
January 1, 1987 (3% inc.)	\$482.04	\$532.04
January 1, 1988 (3% inc.)	\$496.50	\$546.50
January 1, 1989 (3% inc.)	\$511.40	\$546.50
January 1, 1990 (3% inc.)	\$526.74	\$546.50
January 1, 1991 (3% inc.)	\$542.54	\$546.50
January 1, 1992 (3% inc.)	\$558.82	Incumbency disappears

For the purpose of this Article 8.9, the basic rate of a position paid on a four-week guarantee basis shall be converted to a basic rate on a forty-hour week basis.

Example: The basic rate of an employee who is guaranteed 179.3 hours for each four-week period, comprised of 160 straight time hours and 19.3 hours at time and one-half which is the equivalent of 189 straight time hours, is \$3.00 per hour at the straight time rate. Inasmuch as his guarantee represents \$567.00 per four-week period, his basic weekly rate shall be considered as \$141.75 and his basic hourly rate shall be considered as \$3.54.

Note: The method of administering incumbencies as outlined in Clause 8.9(b)(i) will be applied to any employee who was placed on an incumbency rate under the provisions of the April 28, 1978 Job Security Agreement, and the three year period will commence from the date of the establishment of the incumbency rate.

Early Retirement Allowance

8.10 An employee whose position is abolished due to a technological, operational or organizational change or who is displaced by a senior employee, such displacement being brought about directly by and at the time of the implementation of a technological, operational or organizational change will, if he is eligible and elects to receive an early retirement pension with an actuarial cutback, be entitled to receive:

- (a) an allowance of \$60.00 per month commencing in the month immediately following the last month in which the employee received wages and continuing each month until the date at which he would have been eligible for the pension without a cutback. The maximum period for which the employee will be eligible for the allowance is five years; or

(b) a lump sum payment calculated as follows:

<u>AGE AT RETIREMENT</u>	<u>LUMP SUM EQUIVALENT OF THE TOTAL VALUE OF MONTHLY ALLOWANCES HE COULD HAVE RECEIVED UNDER THIS PROVISION</u>
55	75% up to 60 months entitlement
56	80% up to 48 months entitlement
57	85% up to 36 months entitlement
58	90% up to 24 months entitlement
59	95% up to 12 months entitlement

An employee who elects benefits under Article 8.10 will not be entitled to any other benefits provided elsewhere in this Agreement.

The early retirement allowance will cease upon the death of the employee.

ARTICLE 9 GOVERNMENT ASSISTANCE PROGRAMS

9.1 All payments under this Agreement are to be reduced in whole or in part in each case by any amount payable for the same purpose under a Government Assistance Program.

ARTICLE 10 SEASONAL EMPLOYEES

10.1 Seasonal employees are defined as those who are employed regularly by the Corporation but who normally only work for the Corporation during certain seasons of the year. Articles 4 and 8 of this Agreement shall apply to these employees except that payment may not be claimed by any seasonal employee during or in respect of any period or part of a period of layoff falling within the recognized seasonal layoff period for such group.

In respect of seasonal employees laid off during the recognized seasonal working period, the seven and thirty-day waiting periods provided for in Clause 1, paragraphs (b) and (c) respectively of Appendix "A" will apply, except that in the case of a seasonal employee who is not recalled to work at the commencement of the recognized seasonal working period, the seven or thirty-day waiting period, as the case may be, will begin on the commencement date of the recognized seasonal working period. Seasonal employees and recognized seasonal working periods shall be as defined in Memoranda of Agreement signed between the Corporation and the Union.

ARTICLE 11 CASUAL AND PART-TIME EMPLOYEES

11.1 Casual and part-time employees are those who work casually on an as-required basis from day to day, including those who work part days as distinguished from employees who work on regular or regular seasonal positions.

Casual and part-time employees are entirely excluded from the provisions of this Agreement.

ARTICLE 12 SPECIAL PROVISIONS FOR EMPLOYEES WITH TWENTY YEARS OR MORE OF CUMULATIVE COMPENSATED SERVICE

12.1 An employee with 20 years of cumulative compensated service who, in any calendar year, is laid off and unable to hold work on his basic seniority territory shall, upon return to work, count the period of layoff, up to a maximum of 100 days in any such calendar year from 1976 on, towards the qualifying period for vacation in the ensuing years; such period of layoff in one year shall, upon return to work, also count as service for determining the vacation entitlement in the following year. Layoff days credited for vacation purposes shall not be used in any other manner to obtain additional credit.

12.2 An employee with 20 years of cumulative compensated service who is laid off and unable to hold work on his basic seniority territory will have his group life insurance continued during the period of layoff, up to a maximum period of two years from date of layoff.

12.3 Where an employee with 20 years of cumulative compensated service laid off and unable to work on his basic seniority territory, in a province where Medicare premiums are required, the Corporation will pay the Medicare premiums but up to the amount of the maximum Medicare allowance provided under the existing collective agreements, up to a maximum period of two years from date of layoff.

ARTICLE 13 NON-APPLICABILITY OF SECTIONS 52, 54 AND 55, PART I, AND SECTIONS 214 TO 226 INCLUSIVE OF PART III OF THE CANADA LABOUR CODE

13.1 The provisions of this Agreement are intended to assist employees affected by any technological change to adjust to the effects of the technological change and Sections 52, 54 and 55, Part I of the Canada Labour Code do not apply.

13.2 The provisions of this Agreement are intended to minimize the impact of termination of employment on the employees represented by the union party to this Agreement and are intended to assist those employees in obtaining other employment and Sections 214 to 226 of Part III of the Canada Labour Code do not apply.

ARTICLE 14 AMENDMENT

14.1 The parties hereto may at any time during the continuance of this Agreement amend its provisions in any respect by mutual agreement.

ARTICLE 15 COMMENCEMENT

15.1 Payment of benefits under this Agreement shall commence on the 5th day of June 1998.

ARTICLE 16 DURATION

16.1 This Supplemental Agreement supersedes the Supplemental Agreement of November 6, 1992 between the Canadian Brotherhood of Railway, Transport and General Workers and VIA Rail Canada Inc.

16.2 This Supplemental Agreement shall remain in effect until revised in the manner and at the time provided for in respect of the revision of Collective Agreement No. 1.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed this _____ day of May 2003.

FOR THE UNION:

FOR THE CORPORATION:

R. Johnston
President
CAW – National Council 4000

B.E. Woods
Director, Labour Relations

APPENDIX "A"

ELIGIBILITY FOR BENEFITS AS PROVIDED IN ARTICLE 4, CLAUSES 4.1, 4.2, 4.3 AND 4.4 OF THIS SUPPLEMENTAL AGREEMENT

1. An employee who is not disqualified under Clause 4 hereof, shall be eligible for a benefit payment in respect of each full week of seven consecutive calendar days of layoff (herein called "a claim week") or to a severance payment provided he meets all of the following requirements.
 - (a) He has two years or more of continuous employment relationship at the beginning of the calendar year in which the period of continuous layoff in which the claim week occurs began (calendar year shall be deemed to run from January 1st to December 31st);
 - (b) For weekly layoff benefit payment, a continuous waiting period of seven days in the period of layoff has expired. Each period of layoff will require a new seven-day waiting period in order to establish eligibility for weekly layoff benefits, except that once an employee has been on layoff for more than seven days, and is recalled to work for a period of less than ninety calendar days, such employee will immediately become eligible for weekly layoff benefits upon layoff within such ninety days.
 - (c) For severance payment, an application is submitted within seven (7) calendar days of being laid off.
 - (d) He has made application for benefits in the prescribed form and in accordance with the procedures prescribed by the Administrative Committee;
 - (e) He has exercised full seniority rights on his basic seniority territory as provided for in the relevant collective agreement, except as otherwise expressly provided in Clause 4, paragraphs (b) and (c) of this Appendix "A".
2. Notwithstanding any other provision in this Agreement, if upon the effective date of resignation from the Corporation's service an employee is eligible for an early retirement pension, he will not be eligible for a severance payment.

3. An employee who, on being laid off, does not qualify under paragraph (a) of Clause 1 of this Appendix shall, if still laid off in the next calendar year, qualify under said paragraph (a) if at the beginning of said next calendar year he has two years of continuous employment relationship. The seven-day waiting period provided for in paragraph (b) of Clause 1 of this Appendix shall commence from the 1st day of January of that year. If the employee becomes eligible for a severance payment, application must be made within seven calendar days of the 1st day of January of that year.
4. Notwithstanding anything to the contrary in this Appendix, an employee shall not be regarded as laid off:
 - (a) during any day or period in which his employment is interrupted by leave of absence for any reason, sickness, injury, disciplinary action (including time held out of service pending investigation) failure to exercise seniority (except as otherwise expressly provided for in Clause 4(b) of this Appendix "A"), retirement, Act of God, including but not limited to fire, flood, tempest or earthquake or a reduction or cessation of work due to strikes by employees of the Railway;
 - (b) during any interval between the time that he is recalled to the service of the Corporation after a period of layoff, and the time at which he actually resumes work during any waiting period provided for in the relevant collective agreement; except that an employee who does not, as a consequence of the foregoing, return to service on the day work is available shall be governed by the provisions of Article 4.5 of this Agreement, on the same basis as if he had returned to work on the date such work became available;
 - (c) if he declines, for any reason, other than as expressly provided for in Clause 4(b) of this Appendix "A", recall to work on his basic seniority territory in accordance with the seniority provisions of the relevant collective agreement;
 - (d) in respect of any period in which he is receiving other payments of any kind or nature directly from the Corporation, except as otherwise expressly provided in Article 4.5.
 - (e) during any recognized period of seasonal layoff as defined in Article 10 hereof;

(f) after his dismissal from the service of the Corporation.

Note: "Basic seniority territory" as referred to in Clause 1, paragraph (e) and Clause 4, paragraph (c) of this Appendix "A" shall be those Job Security Eligibility territories as defined in Appendix "D" of this Agreement together with the rules written pursuant thereto.

5. An employee who is on layoff on the effective date of this Agreement and not receiving weekly layoff benefits but who now qualifies for benefit payments in accordance with the terms of this Agreement shall be entitled to claim weekly layoff benefit payments for the period of layoff subsequent to the date such claim is received by the designated Corporation officer providing such claim is submitted within sixty calendar days of the effective date of this Agreement. The period of continuous layoff immediately prior to the date claim is received by the designated Corporation officer shall be applied to the waiting period defined in Clause 1, paragraph (b) of this Appendix "A". Such employee who fails to file a claim within sixty calendar days of the effective date of this Agreement will forfeit his right to any benefit payments unless subsequently returned to work and again laid off.

APPENDIX "B"

Benefit Accumulation - Layoff Payments

1. For each year of cumulative compensated service (or major portion thereof) an employee will be allowed a gross layoff benefit credit for each such year based on the following.

<u>Years of Cumulative Compensated Service</u>	<u>Credit weeks for each Year of Cumulative Compensated Service</u>
2 years or more but less than 5 years	5 weeks per year
5 years or more but less than 10 years	6 weeks per year
10 year or more but less than 15 years	7 weeks per year

This will be calculated from the last date of entry into the Corporation's service as a new employee.

Note: In arriving at net layoff benefits available for an employee, any previous layoff payments made under the provisions of previous Job Security Agreements and Article 4 of this Supplemental Agreement must be taken into account on a 'weeks of benefits paid' basis. For example, if an employee with 10 years of cumulative compensated service was laid off under the provisions of this agreement, he would be treated as follows:

Gross weeks of layoff benefits entitlement - 10(yrs) x 7 (weeks)	-	70 weeks
Less weeks of layoff benefits paid under the provisions of previous Job Security Agreements and Article 4 of this Agreement	-	<u>10 weeks</u>
Net Layoff Benefits available	-	60 weeks

2. The accumulation of gross layoff benefit credits pursuant to item (1) above shall apply until such time as the employee has completed 15 years of cumulative compensated service, when the benefits payable under the provisions of Article 4.3(b) of this Agreement shall be for the periods specified in Article 4.3(c) of this Agreement.
3. An employee who at the beginning of the calendar year has completed 12 years of cumulative compensated service and subsequently receives weekly benefits due to layoff in accordance with the provisions of Article 4 of this Agreement shall, upon return to service after termination of layoff, be credited with the accumulated layoff benefit weeks he had to his credit at the time of layoff.
4. Except as provided in Clause 3 of this Appendix, an eligible employee who is laid off, and whose layoff benefit credit is reduced due to weekly layoff benefit payment being made during the period of layoff in accordance with Article 4 of this Agreement, will, on recall, accumulate layoff benefit credits in accordance with the above provisions of this Appendix.

Benefit Accumulation - Severance Payment

5. (a) For each year of cumulative compensated service or major portion thereof calculated from the last date of entry into the Corporation's service as a new employee, an employee will be allowed credit weeks as follows:
 - For each of the first ten years
 - one weeks' pay.
 - For the eleventh and subsequent years
 - two weeks' pay.
- (b) An employee eligible for a severance payment who resigns and who at a later date will become eligible for an early retirement pension under the Corporation pension rules shall be entitled to receive the lesser of:
 - (i) his severance payment entitlement under this Agreement; or
 - (ii) a lump sum amount equal to the basic pay he would have earned had he worked until eligible for an early retirement pension. The basic pay is to be calculated at the employee's basic rate of pay in effect at the time of his resignation.

Cumulative Compensated Service

6. One month of cumulative compensated service will consist of 21 days or major portion thereof.

Twelve months of cumulative compensated service shall constitute one year of cumulative compensated service. For partial year credit, six or more months of cumulative compensated service shall be considered as the major portion thereof and shall be counted as a year of credit towards computation of severance or layoff benefits. Service of less than six months of cumulative compensated service shall not be included in the computation.

Time off duty on account of bona fide illness, injury, to attend committee meetings, called to court as a witness, or for uncompensated jury duty, not exceeding a total of one hundred days in any calendar year, shall be included in the computation of cumulative compensated service.

APPENDIX "C"

EXAMPLE OF PAYMENT FOR PART WEEK ON RECALL

Assume that an employee with a rate of \$12.50 per hour (\$100.00 per day, \$500.00 per week) is laid off Friday, February 7, 1986 (last day worked February 6) and recalled to work Wednesday, March 19, 1986. This is 41 days, or 5 weeks and 6 days.

For the purposes of this illustration the employee's Income Maintenance claim week is Friday to Thursday, and the unemployment insurance claim week is Sunday to Saturday.

In these circumstances the employee's benefit entitlement would be as follows:

I.M. Claim Week 1: Nil (waiting period)

I.M. Claim Week 2:

- (i) employee with less than 15 years of service -
unemployment insurance maximum -
\$297 (From I.M.)
- (ii) employee with 15 or more years of service -
80% of basic weekly salary at the time of layoff
(80% x \$500) - \$400 (From I.M.)

I.M. Claim Week 3, 4 & 5:

80% of basic weekly salary at the time of layoff (80% x \$500) -
\$400 (\$297 unemployment insurance and \$103 from I.M.)

Last I.M. Claim Week (March 7-March 13, 1986 inclusive):

- For unemployment insurance purposes, employee works 2 days, (March 13 and 14), both of which days fall in one unemployment insurance claim week) - Earnings:	\$200.00
- Deduct unemployment insurance allowable earnings (25% of employee's unemployment insurance entitlement of \$297) -	\$ 74.25
- Net earnings for unemployment insurance purposes	\$125.75
- Unemployment insurance entitlement during last I.M. Claim Week - \$297-\$125.75:	\$171.25

In order to make up the 80% of his basic weekly rate during the last I.M. claim week - i.e., \$400, the employee would receive:

- One day's wages for Thursday, March 13, the last day of the I.M. claim week	\$100.00
- Unemployment insurance entitlement	\$171.25
- From I.M.	<u>\$128.75</u>
Total	\$400.00

APPENDIX "D"

JOB SECURITY ELIGIBILITY TERRITORIES

VIA RAIL CANADA INC.

1. The following are the Job Security Eligibility territories on VIA Rail Canada Inc. for purposes of application of Article 4 (Weekly Layoff Benefits and Severance Payments), 8.9 (Maintenance of Basic Rates) and Article 12 (Special provisions for employees with 20 years or more of cumulative compensated service) of the Job Security Agreement:

TERRITORY NO.	WORK LOCATIONS
V-3	Sydney, North Sydney and Port Hawkesbury
V-4	Halifax, Truro, New Glasgow, Stellarton
V-5, 6	Charlottetown, Amherst, Sackville, Moncton, Saint John, Summerside, Sussex
V-7	Newcastle, Bathurst, Campbellton, Edmunston
V-8	Gaspé, Chandler, New Carlisle
V-9	Mont-Joli, Rimouski, Quebec (Ste-Foy), Levis
V-10	Trois Rivières, St-Hyacinthe, Drummondville
V-11	Montreal, Dorval, St-Lambert
V-13	Ottawa
V-13A	Cornwall, Brockville, Kingston
V-14	Belleville, Cobourg
V-15, 16	Oshawa, Toronto, Brampton, Oakville, Guildwood, Etobicoke
V-17(a)	St. Catherines, Niagara Falls, Brantford, Woodstock, Aldershot
V-17(b)	London, Chatham, Sarnia, Windsor
V-18	Stratford, Guelph, Kitchener
V-19	Capreol, Sudbury, Parry Sound, North Bay
V-21	Thunder Bay
V-22	Sioux Lookout, Dryden, Kenora
V-23, 24	Winnipeg, Brandon
V-26	The Pas, Thompson

TERRITORY NO.	WORK LOCATIONS
V-27	Saskatoon, Unity, Melville
V-28	Moose Jaw, Regina, Swift Current
V-30, 31	Edmonton, Jasper, Edson, Wainwright
V-32	Calgary, Medicine Hat, Red Deer, Banff
V-33	Kamloops, Revelstoke
V-34	Terrace, Prince George, Prince Rupert
V-35, 36	Vancouver, New Westminster, Port Coquitlam
V-37	Vancouver Island

2. The foregoing Job Security Eligibility Territories as they exist on the date of signing of this Agreement shall not be changed without the mutual consent of the parties.

APPENDIX "E"

May 1, 1986

Mr. T. McGrath
National Vice-President
C.B.R.T. & G.W.
2300 Carling Avenue
Ottawa, Ontario
K2B 7G1

**Subject: Letter of Understanding Re: Timing of a
Technological, Operational and Organizational Change**

Dear Mr. McGrath:

When the Corporation has issued notice of a technological, operational or organizational change as provided for in Article 8.1, of the Supplemental Agreement Governing Employment Security and Income Maintenance, the officer(s) of the Union upon whom the notice has been served and whose members are likely to be affected by the change may meet with the appropriate officers of the Corporation with the object of discussing the proposed implementation date of the change.

It is understood that any such change in the proposed implementation date would be considered by the Corporation on the basis of the possible alleviation of any undue hardship on the employees if the implementation date were to be changed, plus any other factors which might be considered relevant. It is further understood that nothing in this letter restricts the right of the Corporation to implement the change at the time issued in the original notice or at any later time that the Corporation might consider appropriate.

Should any employee undergo any undue financial hardship as a result of the change, the Brotherhood may refer the situation to the Administrative Committee for possible consideration as a special case as contemplated under Article 3.2 of the Supplemental Agreement.

Yours truly,

(signed A. Gagné)

A. Gagné
Director, Labour Relations

APPENDIX "F"

***Employment Security and
Income Maintenance benefits**

(OPTION A)

MAXIMUM OF 55 TO 65 YEARS OF AGE WITH 85 POINTS

- Receive applicable pension entitlement and VIA Formula as stipulated in the Mackenzie Award.

The Mackenzie Award stipulates the VIA Formula as follows:

- (A) An employee who is at least 55 years of age and whose age and years of service total at least 85 will be entitled to a monthly separation allowance payable until age 65 (or time of death if earlier) which, when added to his Corporation pension, will give him an amount equal to the following percentage of average annual earnings over his best five year period:

YEARS OF SERVICE AT TIME EMPLOYEE ELECTS RETIREMENT	PERCENTAGE AMOUNT AS DEFINED ABOVE
35 (and over)	80%
34	78%
33	76%
32	74%
31	72%
30	70%
29	68%
28	66%
27	64%
26	62%
25 (or less)	60%

- (B) Eligible employees, as defined in Clause (A) of this OPTION A, may elect, in lieu of the monthly allowance, a lump sum payment which will be equal to the current value of such monthly separation allowance payment calculated on the basis of a discount rate of ten percent (10%) per annum.
- (C) A separation allowance shall cease upon the death of the employee.

(D) Employees covered by the foregoing provisions of this section shall:

1. Be entitled to have their group life insurance continued, fully paid by the Corporation, until age 65, at which time they will be provided a paid-up life insurance policy, fully paid by the Corporation, in an amount equal to that in effect in the existing Collective Agreement.
2. Be entitled to have their Extended Health Care benefits continued, fully paid by the Corporation, until age 65.

(OPTION B)

TRANSITION TO RETIREMENT:

(I.E. AVAILABLE TO EMPLOYEES WHO WILL REACH 85 PTS AND AT LEAST 55 YEARS OF AGE, OR AGE 65 WITHIN THE TRANSITION PERIOD)

- Maximum of 5 year transition at applicable rate of pay or until age 65 or until reaching 85 pts and at least 55 years of age, whichever comes first:
 - 1 year @ 90%
 - 2 years @ 85%
 - 3 years @ 80%
 - 4 years @ 75%
 - 5 years @ 70%

100% PENSION CONTRIBUTIONS

FULL BENEFITS FOR DURATION OF TRANSITION

NO WAGE INCREASE

NO RECALL

1. Upon reaching age 65, receive applicable pension entitlement.

or
2. Upon reaching 85 pts and at least 55 years of age, receive applicable pension entitlement and VIA Formula as stipulated in the Mackenzie Award.

The Mackenzie Award stipulates the VIA Formula as follows:

- (A) An employee who is at least 55 years of age and whose age and years of service total at least 85 will be entitled to a monthly separation allowance payable until age 65 (or time of death if earlier) which, when added to his Corporation pension, will give him an amount equal to the following percentage of average annual earnings over his best five year period:

YEARS OF SERVICE AT TIME EMPLOYEE ELECTS RETIREMENT	PERCENTAGE AMOUNT AS DEFINED ABOVE
35 (and over)	80%
34	78%
33	76%
32	74%
31	72%
30	70%
29	68%
28	66%
27	64%
26	62%
25 (or less)	60%

- (B) Eligible employees, as defined in Clause (A) of this OPTION B, may elect, in lieu of the monthly allowance, a lump sum payment which will be equal to the current value of such monthly separation allowance payment calculated on the basis of a discount rate of ten percent (10%) per annum.
- (C) A separation allowance shall cease upon the death of the employee.
- (D) Employees covered by the foregoing provisions of this section shall:
1. Be entitled to have their group life insurance continued, fully paid by the Corporation, until age 65, at which time they will be provided a paid-up life insurance policy, fully paid by the Corporation, in an amount equal to that in effect in the existing Collective Agreement.
 2. Be entitled to have their Extended Health Care benefits continued, fully paid by the Corporation, until age 65.

OPTIONS C AND D ARE AVAILABLE TO ALL EMPLOYEES WHO DO NOT QUALIFY FOR OPTIONS A AND B.

(OPTION C)

MAXIMUM OF 5 YEARS @ 90%

100% PENSION CONTRIBUTIONS

APPLICABLE WAGE INCREASE

FULL BENEFITS

- No declaration of outside earnings
- Recall to a temporary assignment of less than 90 days will be at employee's option and time worked on (such a temporary assignment extends the 5 year period under this Option C by an amount of days equal to the number of days worked).
- Recall to a temporary assignment of 90 calendar days or more in the JSET in seniority order (such a temporary assignment extends the 5 year period under this Option C by an amount of days equal to the number of days worked). (Senior may - Junior must)
- Mandatory recall to a permanent position within the region in seniority order. (Senior may - Junior must)

In the event of lay-off of the employee within 12 months of mandatory recall to a permanent position, an offer of Employment Security options will be made to the terminal to which they were recalled.

NOTE 1: All employees who decline recalls to an assignment of 90 days or more or to a permanent assignment will forfeit seniority rights. The employee will then terminate his employment relationship with the Corporation, without further severance payments

NOTE 2: Employees who elect Option C will be recalled to work in priority to those who elect Option D, notwithstanding seniority order.

NOTE 3: All employees who may be recalled to the terminal or JSET will be notified five (5) calendar days in advance of recall and must report for duty within five (5) calendar days whether accepting or forced.

All employees who may be recalled to the region, will be notified ten (10) calendar days in advance of recall and must report duty within ten (10) calendar days whether accepting or forced. The local chairman will be advised of notification of recall given to the employees to the terminal, JSET or the Region.

At the end of the 5 years or such further period, if extended:

- The employee will be placed on recall list and forfeit all future Employment Security benefits.

(OPTION D)

MAXIMUM OF 5 YEARS @ 70%

100% PENSION CONTRIBUTIONS

NO WAGE INCREASE

FULL BENEFITS

- No declaration of outside earnings
- Recall to a temporary assignment of less than 90 days will be at employee's option and time worked on such temporary assignment extends the 5 year benefit period under this Option D by the amount of days equal to the number of days worked.
- Recall to a temporary assignment of 90 calendar days or more within the JSET in seniority order (such temporary assignment extends the 5 year benefit period under this Option D by the amount of days equal to the number of days worked). (Senior may - Junior must)
- Mandatory recall to a permanent position within the region in seniority order. (Senior may - Junior must)

In the event of lay-off of the employee within 12 months of mandatory recall to a permanent position, an offer of Employment Security options will be made to the terminal to which they were recalled.

NOTE 1: All employees who decline recalls to an assignment of 90 days or more or to a permanent assignment will forfeit seniority rights. The employee will then be entitled to the severance payment and conditions as outlined in subparagraph i) below.

NOTE 2: Employees who elect Option C will be recalled to work in priority to those who elect Option D, notwithstanding seniority order.

NOTE 3: All employees who may be recalled to the terminal or JSET will be notified five (5) calendar days in advance of recall and must report for duty within five (5) calendar days whether accepting or forced.

All employees who may be recalled to the region, will be notified ten (10) calendar days in advance of recall and must report duty within ten (10) calendar days whether accepting or forced. The local chairman will be advised of notification of recall given to the employees to the terminal, JSET or the Region.

At the end of the 5 years, the least costly to the Corporation of:

- 1)
 - a) \$50,000.00
 - b) 2 weeks salary at the basic weekly rate of the employee's position for his first year of service; and
 - c) one week's salary at the basic weekly rate of the position for each subsequent full year of service.
 - Basic weekly rate for weekly severance under this Option shall be at the weekly rate at the time of bridging and shall include the bridging period.
 - The Corporation's employment relationship with the employee will be severed upon payment of the severance amount.
- or
- 2) remaining years with age 65 at 70% (lump sum payment).

(OPTION E)

SPECIAL E.S. INCENTIVE PAYMENT:

- 25k initial payment when voluntary transfer to another region. Individual transfers with one E.S. Option to new region.
- A further payment of 5,000 will be paid on the anniversary date of the transfer and on each subsequent anniversary date while the individual is employed with the Corporation to a maximum of 5 years.
- At any time, employees who elect to transfer to a new region, such employee will forfeit all E.S. eligibility in the region from which he transferred, unless he transfers back through the application of Article 14. Such employee will maintain E.S. eligibility in his new region.
- Can only transfer where there is no E.S. obligations.
- This option is in lieu of and not in addition to relocation benefits under the Collective Agreement.
- Seniority Replacement: If you have greater seniority than an individual who departs at receiving location, you take the seniority of departing employee. If you have less seniority than departing employee, you take your full seniority.
- The receiving region must accept the relocation.

(OPTION F)

EDUCATIONAL LEAVE:

An eligible employee may request an uninterrupted twenty-four (24) month educational leave to obtain further education or skills. In return for the leave, the employee shall resign from the Corporation effective 24 months after commencement or sooner as set out hereafter. Such educational leave is subject to the following conditions:

- (a) the employee will receive 90% of their salary for the 24 month period, including benefits.
- (b) in the event the employee is in full time attendance without interruption, for a full calendar year, they will receive vacation entitlement in accordance with their seniority.

- (c) the employee must be in full time attendance at an accredited learning institution in Canada, with full time attendance confirmed by submitting an attestation of attendance.
- (d) the Corporation will pay up to Four Thousand Dollars (\$4,000.00) per calendar year, toward employee's tuition only. Said payments are made directly to the approved institution upon presentation of invoice. Any refund of tuition, however arising, is repaid to the Corporation.
- (e) in the event the employee ceases to attend the approved institution, a minimum of two (2) semesters per school year, they shall be paid Seventy Thousand Dollars (\$70,000.00) less any monies already paid under this section.
- (f) in the event there is a disagreement regarding the institution selected, attendance of the employee or any other matter regarding the employee's educational leave, the matter will be resolved jointly by the representatives of the Corporation and the CAW, failing which the parties will proceed to binding arbitration.
- (g) an employee may interrupt his or her educational leave by reason of maternity leave or bona fide illness or injury. On return from maternity or illness/injury, the employee will be entitled to the balance of the educational leave.