



# Teamsters Canada Rail Conference

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General Committees of Adjustment  
Canadian Pacific Railway  
101-10820 24 Street SE  
Calgary AB T2Z 4C9

403 640-4115  
fax 640-4140  
genchair@tcrcalgary.ca

Dave Able  
General Chairman  
Locomotive Engineers

Dave Olson  
General Chairman  
Conductors, Trainmen & Yardmen

1900.24.01.40  
R72-563.3310

November 11, 2008

Mr. Doug McFarlane  
AVP Operations West  
Canadian Pacific Railway  
401 - 9th Avenue SW  
Calgary, AB T2P 4Z4

**VIA EMAIL**

Dear Sir,

This is in response to your letter dated October 31, 2008 and will serve as acknowledgement of the Company's decision to withdraw the Fort Steele Material Change Notice dated September 19, 2008.

Further to our "Without Prejudice" letter dated September 25 2008 there are a several significant facts which the Union respectfully suggests the Company consider prior to moving forward with the revisions detailed in the respective correspondence advanced to this Office.

Your letter contains the inaccurate assessment that the Union's letter dated September 25, 2008 included the position that the proposed revisions do not constitute a material change. In fact, our September 25, 2008 letter states that the proposed revisions would have the effect of amending terms and conditions of the Collective Agreement and other previous agreements and as such the Material Change provisions could not be used to override such in these circumstances.

We are not saying that the Company's proposed change could never constitute a material change as an absolute fact. Rather, in these unique circumstances, it is not yet necessary to determine such, because the Company cannot use the material change article to override the above agreements. It goes without saying that the Company cannot simply drop its material change notice/position and unilaterally implement the changes in question, simply because the Union relies upon our previous agreements and rights. This is not to forget that, also, the Company is withdrawing its position simply because our membership refuses to accept the Company's inadequate offer. If we are wrong, and in the alternative to and without prejudice to the position above, we assert that the Company may need to obtain a material change agreement(s) or an arbitration award in these circumstances. We reserve our right to take this position, should the Company attempt to unilaterally implement the proposed changes.

Further, our September 25 2008 letter referenced the applicable agreements and terms which prohibit the application of the material change provisions. Likewise, during the October 2 and 3 2008 meetings referenced in your letter we again made clear our position that these agreements bar the Company from unilaterally imposing the proposed changes either through a Material Change or otherwise.

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Contrary to your letter the Parties did not discuss any specific revisions to the Sparwood Agreement during national negotiations. However, it is a fact that the Company and Union negotiated all issues on the main table to finality during which the Company withdrew its demand to revise the Sparwood Agreement. As stated in our September 25, 2008 letter it was recommended that the Company engage in local rules negotiation for the purpose of considering negotiated revisions to the Sparwood Agreement. This would be in compliance with the Collective Agreements.

The Company's decision to serve a Material Change which would have the effect of fundamentally altering the terms of the Sparwood Agreement is not a legitimate use of the material change provisions. Despite this we agreed to meet on without precedent or prejudice basis to discuss our respective positions and consider the Company's proposal. Your letter accurately reflects the position advanced by yourself and Mr. McFarlane during the referenced meetings; essentially either the Union endorses the Company's material change notice in exchange for a lump sum payment of a nominal amount per employee or the Company would withdraw the material change and simply implement this change.

Please accept this as notice that the TCRC intends to formally challenge the position advanced in your October 31 2008 letter that Cranbrook employees will be unilaterally required to report to work at Fort Steele. That said, we remain committed and available to work toward a reasonable and constructive resolve to this dispute.

We trust this letter sufficiently clarifies the Union's position in a manner that will assist the Company in arriving at decisions that will result in effective and considerate labour relations between the Parties.

In view of the fact that we have discussed this matter several times at an advanced level, we respectfully suggest that the Company accept this letter as being a grievance at Step 2 of the Grievance Procedure and also pursuant to Article 34.08 and 72.13 of our respective Collective Agreements.

Sincerely

Sincerely,



Dave Able  
General Chairman



Dave Olson  
General Chairman

cc. Al Singer Local Chairman, Div 563 Engineers  
Blair Church Local Chairman, Div 563 CTY