



**CANADIAN  
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January 7, 2009

Dear Sirs:

This is further to your letter of December 23, 2008 and the balance of your correspondence with regard to the Company's pending change of reporting location to Fort Steele from Cranbrook.

Upon reviewing your most recent letter in conjunction with the prior correspondence on this pending change, I am at a loss to even understand what the Union's actual position is on this issue.

In your letter of September 25, 2008, the Union stated, in part, that:

*"In the last round of collective bargaining the Company attempted to renegotiate the Sparwood agreement. The Union's position was that this was a matter for local rules negotiation and the Company did not achieve their objective at the bargaining table. The Union maintains that the position that the Company is trying to accomplish with this notice is a matter for local rules negotiation and the Material change articles of our Collective Agreements have no application". (emphasis added)*

Thus, your stated position on September 25, 2008, was that the change did not belong at the national table nor could it be accomplished as a material change. This is consistent with the approach the Union maintained at the main table every time any issue surrounding Sparwood was raised. On that basis the Union refused to address any Sparwood related matter at bargaining. Moreover, the Company indicated it would, subsequent to ratification, proceed to address issues related to the Cranbrook terminal.

Your November 11, 2008 letter attempted to retract some or all of your September 25, 2008 letter, when you state in part:

*"We are not saying that the Company's proposed change could never constitute a material change as an absolute fact".*

This directly contradicts your stated position in the letter of September 25.

Your letter of December 23, 2008 contains a number of issues at odds with your previous correspondence. You allege that the Sparwood Agreement somehow forms part of the collective agreement and the Company must bargain any changes at the

main table. The collective agreement, in fact, contains just three minor references to the Sparwood Agreement. Moreover, the Sparwood agreement itself is not included in the collective agreement. Notwithstanding that fact, your December 23 position that changes must be made at the bargaining table directly contradicts your position at the bargaining table and your position of September 25 where you stated that it was a matter for local rules negotiation.

You allege estoppel while also recognizing that the Sparwood agreement was raised at national bargaining and sent to local negotiations at the insistence of the Union. How then can you now suggest that you did not know the Company wanted changes. You have stated in your December 23, 2008 letter that, "*The Union also clearly relied upon the Company's silence at the bargaining table over the last 25 years.*" This is not true, and entirely inconsistent with your September 25, 2008 letter.

I trust that you can see why the Company is confused as to the Union's position(s).

It is well established that the Company has the right to make operational changes such as the one contemplated at Fort Steele. Given that ability, we are moving forward with the change. Inasmuch as you have failed to clearly answer the question about the cancellation of the Sparwood Agreement we will make a determination on our own and advise you accordingly.

This letter will also serve to inform you that we will require Cranbrook based road freight crews to report to Fort Steele once the new building is completed at Fort Steele. We will provide you with advance notice of the specific date as we draw closer.

I trust that this clarifies our position.

Should you wish to discuss further please advise.

Yours truly,

A handwritten signature in cursive script, appearing to read "R.E. Wilson".

R.E. Wilson  
Assistant Vice President  
Industrial Relations  
Canadian Pacific

Cc: D.N. McFarlane