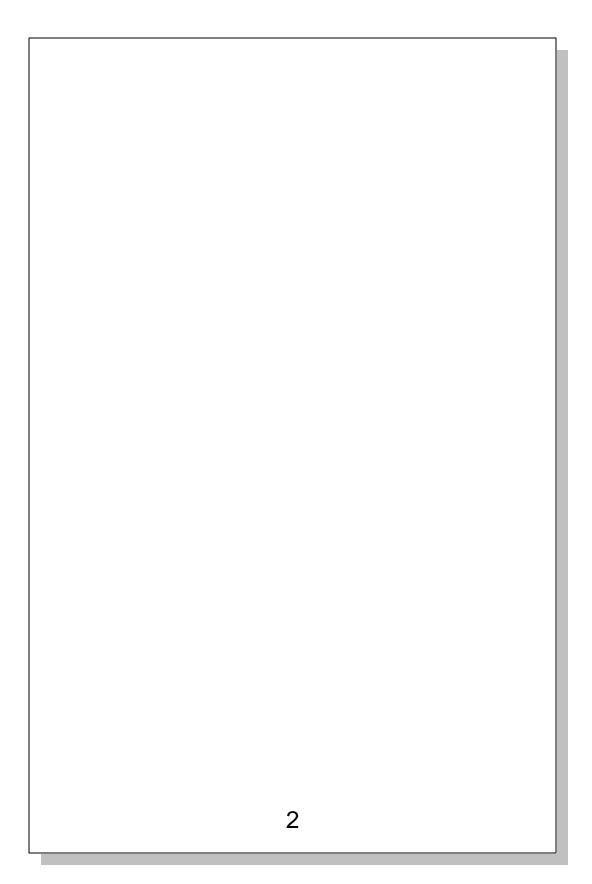
COLLECTIVE AGREEMENT BETWEEN THE OWEN SOUND TRANSPORTATION COMPANY, LTD. PELEE ISLAND DIVISION AND SEAFARERS' INTERNATIONAL UNION OF CANADA LICENSED PERSONNEL January 1, 2002 to December 31, 2004



COLLECTIVE AGREEMENT

BETWEEN

THE OWEN SOUND TRANSPORTATION COMPANY, LTD. PELEE ISLAND DIVISION (hereinafter referred to as "the Employer")

OF THE FIRST PART

AND

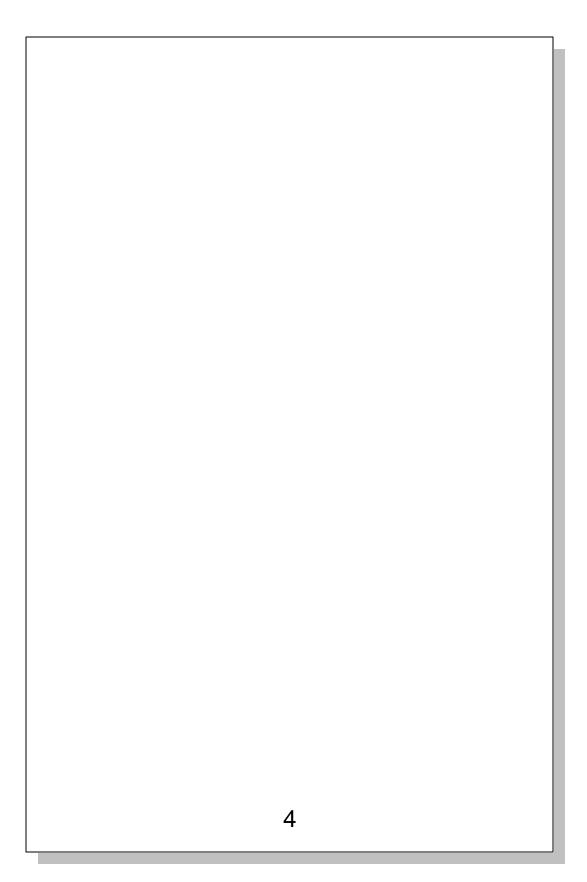
SEAFARERS' INTERNATIONAL UNION OF CANADA

hereinafter referred to as "the Union")

OF THE SECOND PART

LICENSED PERSONNEL

January 1, 2002 to December 31, 2004



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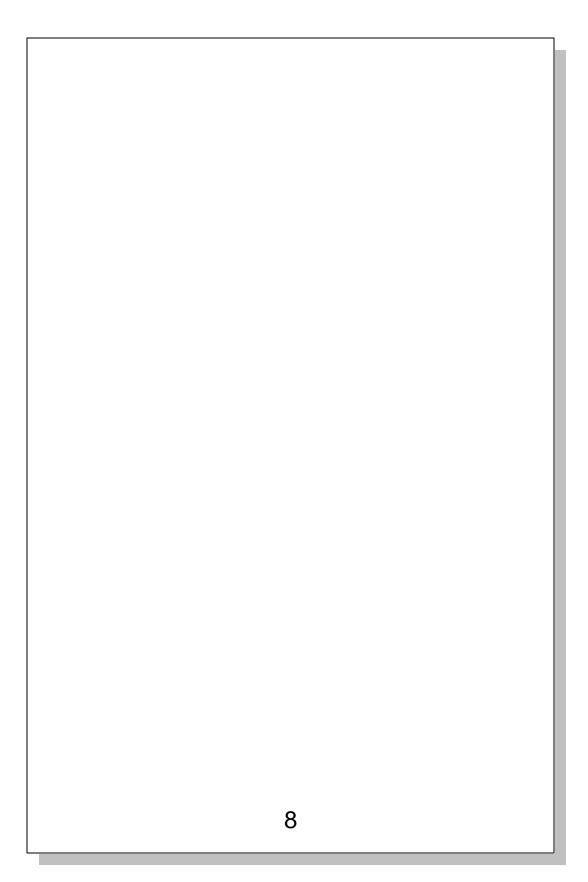
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MEMORANDUM OF AGREEMENT

between

THE OWEN SOUND TRANSPORTATION COMPANY, LTD. PELEE ISLAND DIVISION (hereinafter referred to as "the Employer")

and

SEAFARERS' INTERNATIONAL UNION OF CANADA (hereinafter referred to as "the Union")

(Licensed Personnel)

ARTICLE 1

PURPOSE OF AGREEMENT

1.01 The purpose of this Agreement is to provide orderly collective bargaining relations between the Employer and its employees covered by this Agreement through the Union to secure prompt and fair disposition of grievances, to secure the efficient operation of the Employer's business without interruption or interference with work, and to provide fair wages, hours and safe working conditions for the employees. It is recognized by this Agreement to be the desire of the Employer, the Union and the employees to co-operate fully, individually and collectively for the advancement of the said conditions.

1.02 Words imparting the masculine gender shall include the feminine and words imparting the

feminine shall include the masculine.

1.03 Throughout this Agreement, whenever the delegate is referred to, the reference shall also apply to the alternate delegate unless so noted otherwise.

1.04 Throughout this Agreement, whenever the Transportation Manager is referred to, the reference shall also apply to a designate unless so noted otherwise.

ARTICLE 2

SCOPE AND RECOGNITION

2.01 The Company recognizes the Union as the sole and exclusive representative for the purpose of collective bargaining for the licensed personnel employed on the Company's ships which licensed personnel are hereinafter referred to as "employees" which word shall include the singular, as well as the masculine and feminine.

ARTICLE 3

MANAGEMENT RIGHTS

3.01 The Union recognizes and acknowledges that the management of the operation and its facilities and direction of the working forces are fixed exclusively in the Employer and without limiting the generality of the foregoing the Union acknowledges that it is the exclusive function of the Employer to:

(a) maintain order, discipline and efficiency and in connection therewith to make, alter and enforce from time to time reasonable rules and regulations, policies and practices to be observed by its employees, discipline or discharge employees for just cause provided that a claim by an employee who has acquired seniority that he has been discharged or disciplined without cause may be the subject of a grievance and dealt with as hereinafter provided;

(b) select, hire, transfer, assign to shifts, promote, demote, classify, lay-off, recall or select employees for positions excluded from the bargaining unit;

(c) establish and administer relevant and reasonable tests for the purpose of assisting the employer in determining an employee's qualifications;

(d) require employees to be medically fit to perform assigned duties, and to be in possession of a Company approved Medical Fitness Card. The Company may, at any time, cause the employee to be medically examined at the Company's expense;

(e) determine the location of operations, and their expansion or their curtailment, the schedules of operations, the number of shifts; determine the methods and processes to be employed, job content, determine the qualifications of an employee to perform any particular job; the nature of tools, equipment and machinery used and to use new or improved methods, machinery and equipment, change or discontinue existing tools, equipment, machinery, methods or processes; decide on the number of employees needed by the Employer at any time, the number of hours to be worked, starting and quitting times, when

overtime shall be worked and require employees to work overtime;

(f) have the sole and exclusive jurisdiction over all operations, vessels, buildings, machinery, equipment.

3.02 The Employer agrees that it will not exercise its functions in a manner inconsistent with the provisions of this Agreement and the express provisions of this Agreement constitute the only limitations upon the Employer's rights.

3.03 Discipline shall be governed by the principles and procedures laid out in the Disciplinary Code as agreed to by the Company and the Union. (Appendix A).

3.04 Dress Code and Code of Conduct:

Given the nature of our customer service business all employees will be governed by rules concerning code of dress and conduct.

The purpose of the Code of Dress and Conduct is to maintain and enhance a proper image to the travelling public. In achieving such an image, employees must, at all times, in the course of employment:

- present themselves in a courteous and helpful manner acceptable to the travelling public,
- dress in the uniform clothing supplied by the company,
- wear only company-approved footwear,

- maintain clothing and footwear in a neat and clean manner,
- keep hair and beards in a neat, clean and trimmed fashion and hair must be worn in such a manner so as to avoid presenting a hazard to safety in employment,
- if no tie is worn, only the top button of the shirt may be unbuttoned, and
- uniform supplied by the company is only to be worn in the course of employment.
- treat all customers and fellow workers with dignity and respect at all times.
- refrain from the use of derogatory or foul language.

Employees failing to conform to the above standards may be subject to sanctions imposed under the Discipline Code.

UNION SECURITY

4.01 An employee covered by this Agreement who is not a member of the Union shall, within thirty (30) calendar days of commencing employment, make application for membership in the Union. If the Union refuses to accept such employee, a satisfactory written statement of reason must be supplied by the Union to the Employer.

4.02 The Employer agrees to maintain in their employ only members of the Union in good standing. "Good Standing" is herein defined to mean that a member has not failed to pay the periodic dues, assessments and initiation fees uniformly required to be paid by all members of the union.

4.03 The Employer shall not be required to discharge any employee under Article 4.02 above unless and until a qualified replacement is available subject to the Grievance Procedure.

4.04 The Employer agrees to deduct initiation fees and/or monthly Union dues and/or assessments in respect to all employees covered by this Agreement in the amounts as established by the Union. In addition, the Employer agrees to deduct and remit, at the request of the Union, any other monies related to Union membership.

4.05 All amounts required to be deducted by this Article shall be remitted monthly to the Union headquarters at Montreal, Quebec not later than the 15th day of the following month.

4.06 The Union will indemnify the Employer and save it harmless from any and all claims or demands which are made to it by any employee as a result of any action taken by the Employer pursuant to the provisions of this Article.

4.7 Union members who are current employees, active or laid off, shall be utilized for extra employment prior to any non-union employees being engaged. In order to be eligible for employment under this article, the employee must notify the Company of his/her availability.

ARTICLE 5

REPRESENTATION

5.01 The Union shall select one (1) delegate and one (1) alternate delegate from the employees in the bargaining unit and shall notify the Employer, in writing of their names. The Employer shall not be required to recognize anyone as delegate until it has been so notified

5.02 A delegate may investigate and process grievances in accordance with the Grievance Procedure set out in this Agreement.

5.03 No delegate shall leave his work to investigate or process any grievance without the prior consent of the Company. Consent shall not be unreasonably withheld. It is understood that the delegate will not absent himself from his regular duties unreasonably.

5.04 The Union will not nor will any employee engage in Union activities during working hours or hold meetings at any time on the premises of the Employer without the permission of the Employer except as hereinafter provided for in this Agreement.

ARTICLE 6

HIRING

6.01 The Union and the Employer recognize and acknowledge that the local economy of Pelee Island is dependent upon local residents being employed under this Agreement.

6.02 The Company agrees that all new employees in the bargaining unit to be hired shall be hired according to the following priority:

(a) First, the Employer shall assess whether or not there are any employees in the unlicensed bargaining unit who possess the skill, ability and qualifications for the job and who wish to be considered for the job. In the event there is more than one (1) applicant under this section, seniority shall govern where the skill, ability and qualifications of the applicants are relatively equal.

(b) Failing the hire of persons through (a) above, by seniority from a list of persons who are both members of the Union and local residents. This list will be supplied to the Company by the Union within two (2) weeks of the signing of this Agreement and thereafter, as is necessary;

(c) Failing the hire of persons through (b) above, the Employer may hire persons who are local residents;

(d) Failing the hiring of persons through (c) above, then the Employer agrees to hire persons through the closest Union hiring hall by requesting such persons from the Union; and

(e) Failing the supply of persons through (d) above, then the Employer shall be free to hire persons from any other available source.

6.03 For the purposes of Article 6.02 above, both the Union and the Employer shall have only five (5) calendar days under each of the above steps. The five (5) calendar day period in Article 6.02(a) shall commence with notification to the Union hiring hall by the Employer that an additional employee is required. The five (5) day time periods under Article 6.02(b) - (d) shall be calculated accordingly.

6.04 For the purposes of Article 6 "local resident" means a person who has resided for the three (3) consecutive months, immediately prior to the commencement of the five (5) day period under Article 6.02(b) in the Township of Pelee, the Town of Learnington, or the Town of Kingsville.

6.05 The Union agrees that its hiring facility shall be available as follows:

(a) The Union hiring hall shall be opened Monday through Friday from 09:00 hours to 17:00 hours.

(b) Dispatching of personnel shall be conducted at all ports in accordance with the above stated hours Monday through Friday.

(c) Outside the hours of 09:00 hours to 17:00 hours, the Union hiring hall shall have the answering service for incoming calls.

(d) Telephone numbers of Union officials shall be furnished to the Company in case of emergency calls for employment.

(e) The Union hiring facility shall be closed on all statutory holidays specified in Article 19.01 hereof and on all other applicable federal or provincial statutory holidays. Where such statutory holidays fall on a Saturday or on a Sunday, the Union hiring hall shall be closed on the following Monday or on the next juridical day should the following Monday be a statutory holiday.

6.06 Members who are refused for employment must be immediately furnished in writing with the reason for such refusal. If the member is not accepted by the Employer, as a result of, or because of an error committed by the Employer in placing a call for a replacement, the said member shall be reimbursed for reasonable transportation costs to and from the vessel, living expenses supported by receipts and shall receive eight (8) hours' pay at the straight time hourly rate specified in this Collective Agreement.

6.07 If the Employer's vessel is delayed in transit and the employee must stay overnight waiting for it, the Employer shall pay reasonable living expenses supported by receipts until the arrival of the Employer's vessel or until the call is cancelled.

NO DISCRIMINATION

7.01 The Union shall not discriminate in any way against persons hired pursuant to Article 6.02(c) and (e).

7.02 The Employer shall not discriminate, in any way, against persons hired pursuant to Article 6.02(b) and (d).

ARTICLE 8

GRIEVANCE PROCEDURE

8.01 The purpose of this Article is to establish a procedure for the settlement of grievances.

8.02 An employee who has a complaint relating to the interpretation, application, administration or alleged violation of this Agreement may discuss his complaint with the Captain of the Vessel. Such a complaint shall be brought to the attention of the Captain within five (5) working days of the incident giving rise to the complaint. The Captain shall provide a verbal decision within five (5) working days of receiving the complaint.

STEP 1: Should the employee be dissatisfied with the Captain's disposition of the complaint, he may, with the assistance of his delegate, refer such matter on a written grievance form, if available, supplied by the Union to the Manager who shall answer the grievance in writing to the Union by registered mail and the griever with brief reasons for the decision within fifteen (15)

working days. The complaint shall constitute a formal grievance at Step 1 and shall be filed within fifteen (15) working days of receipt of the reply of the Manager to the complaint. The grievance should specify the provisions of the Agreement of which a violation is alleged and indicate the relief sought and shall contain a brief statement of the facts relied upon and be signed by the employee.

STEP 2: If no settlement is reached at Step 1, the Union representative, the delegate and representatives of management shall meet within fifteen (15) working days of date of registration of the reply of the Manager, or a time mutually agreed upon, to discuss the grievance. If the grievance is not settled within fifteen (15) working days, it may be referred to arbitration as hereinafter provided.

8.03 The Union or the Employer may initiate a grievance beginning at Step 2 of the Grievance Procedure. Such grievance shall be filed within fifteen (15) working days of the incident giving rise to the complaint and be in the form prescribed in Step 1. Any such grievance may be referred to arbitration under Article 10 by either the Union in the case of a Union grievance, or the Employer in the case of an Employer grievance. The Union may not institute a grievance directly affecting an employee which such employee could himself institute and the regular Grievance Procedure shall not thereby be bypassed. The Union may institute group or policy grievances and without limiting the generality of the foregoing, these grievances may include claims for monetary compensation.

8.04 No grievances may be submitted concerning the termination of employment, lay-off or

disciplining of a probationary employee. An employee will have no seniority rights during the probationary period and if his employment is terminated at any time during such probationary period such termination shall not be subject to the Grievance Procedure.

ARTICLE 9

DISCHARGE AND SUSPENSION CASES

9.01 In all cases where an employee who has acquired seniority with the Employer is discharged or suspended, the Employer shall notify the Union. The Union, or the employee who has acquired seniority with the Employer who believes he has been unjustly discharged or suspended may, within five (5) working days of notice of discharge or suspension, file a grievance at Step 2 with the Transportation Manager and the grievance shall be dealt with in accordance with Step 2 and the balance of the Grievance Procedure.

9.02 The Employer agrees that where meetings are held with employees who have acquired seniority with the Employer, which implement discharge or suspension, the employee has the right to have the delegate present if he so desires. An employee who has acquired seniority with the Employer, who is discharged or suspended shall also be given a reasonable opportunity to an interview with his delegate before leaving the Employer's premises, unless it is necessary, because of the circumstances giving rise to his discharge including, but not limited to. circumstances such as safety, drunkenness, fighting, theft or any other similar serious matter, to require the immediate expulsion of the employee from the

Employer's premises.

9.03 All warnings shall be given in writing. Any warning or disciplinary action shall be removed from an employee's record after the expiry of two (2) years from the date of issue if no disciplinary action or warnings have been issued within the two (2) year period.

9.04 Where a suspension or discharge grievance is not settled and becomes the subject matter of an arbitration, the arbitrator may substitute such other penalty for the discharge or suspension as to the arbitrator seems just and reasonable in all the circumstances.

ARTICLE 10

ARBITRATION

10.01 When a grievance has not been settled through the grievance procedure, either party may notify the other in writing of its desire to submit it to arbitration. The notice shall be delivered to the other party within thirty (30) working days of the reply under Step 2. Matters involving any requests for a modification of this Agreement which are not covered by this Agreement shall not be subject to arbitration.

10.02 The sole arbitrator shall be jointly selected by the Union and the Company. This selection shall be made within ten (10) days after the request for arbitration has been made by either party to this Agreement. In the event that the parties fail within the said ten (10) day period to agree upon the selection of an arbitrator, the matter may be referred by either party to the

Minister of Labour of Canada, who shall select and designate the arbitrator.

10.03 In the event the arbitration board is vacated by reason of death, incapacity or resignation, or for any other reason, such vacancy shall be filled in the same manner as is provided herein for the establishment of the board in the first instance.

10.04 A statement of the dispute or question to be arbitrated shall be submitted by both parties, either jointly or separately, to the arbitrator within 15 days of his appointment. The arbitrator shall convene at the earliest convenience.

10.05 The decision of the arbitrator shall be limited to the dispute or question contained in the statement or statements submitted to it by the parties. The decision of the arbitrator shall not change, add to, vary or disregard any conditions of this Agreement. The decisions of the arbitrator which are made under the authority of this Arbitration Article shall be final and binding upon the Company, the Union and all persons concerned.

10.06 The expenses, fees and costs of the arbitrator shall be paid by the party to this Agreement found to be in default upon the arbitrator's resolution of the grievance or, if the arbitrator resolves the grievance in such a way that neither side shall be found wholly in the right, then the arbitrator shall also establish the proper split of the expenses, fees and costs between the two parties in the proportion appropriate to the share of responsibility that each side had in the production of the grievance.

SENIORITY

11.01 The Union and the Company both recognize and acknowledge that the employees are entitled to an equitable measure of security and advancment based on length of service.

11.02 Newly hired employees pursuant to Article 6.02(c) and (e) shall serve a probationary period of sixty (60) days worked and shall have no seniority rights during this period. Upon completion of the probationary period, a new employee shall have his seniority dated back to his most recent date of hire. During the probationary period an employee shall be considered as being employed on a trial basis and may be discharged at the sole discretion of the Employer.

11.03 Seniority is the principle of granting preference to employees within the bargaining unit for purposes of promotions, demotions, lay-offs, recalls, assignments to shifts, selections and transfers. Seniority shall mean an employee's length of continuous service with the Employer. An employee shall maintain and accumulate seniority under the following conditions:

(a) while he is actively at work for the Employer after he has completed his probationary period as set out in Article 11.02 above if applicable;

(b) during any period when he is prevented from performing his work for the Employer by reason of injury arising out of and in the course of his employment for the Employer and for which he is receiving

compensation under the provisions of the <u>Workers'</u> <u>Compensation Act</u>, subject to Article 11.06;

(c) during the first ninety (90) days of any absence due to illness, lay-off or written leave of absence. Such lay-off period shall not include the winter lay up.

11.04 The Employer will consider the requirements and efficiency of operations and the skill, ability and physical fitness of the individual employee to perform the normal required work in determining which employee is to be assigned, promoted, demoted, or transferred and where these are relatively equal, seniority shall govern. For lay-off and recall seniority within the bargaining unit shall govern provided the employee has the ability to perform the work.

11.05 Seniority lists will be supplied to the Union and posted on the bulletin board within two (2) weeks of the signing of this Agreement and at the start of each navigation season during this Agreement.

11.06 Seniority once established for an employee shall be forfeited and the employee's employment shall be deemed to be terminated under the following conditions:

(a) if he voluntarily quits;

(b) if he is discharged for any cause and not reinstated through the Grievance Procedure;

(c) if he fails to report for duty after a lay-off or leave of absence in accordance with the provisions of this Agreement; (d) if twelve (12) months or a period of time equivalent to the employee's seniority, prior to lay-off, whichever is less, have elapsed from the day of lay-off. (It is agreed that the time spent on lay-off by an employee as a result of the winter lay up shall not be included for the purposes of 11.06(d);

(e) if he is absent from work for more than three (3) consecutive scheduled working days without notifying the Employer; and

(f) if he is absent from work for more than twent-four (24) months due to accident or illness or a period equivalent to the employee's seniority prior to absence, whichever is less, and where no definite return to work date has been determined.

11.07 When recalling an employee after lay-off, he shall be personally notified by telephone or notified by registered mail or telegram and allowed five (5) working days from the date he is personally notified by telephone or notified by registered mail or telegram to report for work and, in the meantime, if an employee who is recalled for work and is not immediately available for work, other employees in seniority standing may be recalled, but will be temporarily employed until the senior employee reports within the five (5) working day period as outlined. An employee to whom a registered letter or telegram is sent in accordance with this Article must contact the Employer within forty-eight (48) hours of the notice of return to work if he wishes the Employer to hold the job open for him for the full five (5) working day period. It shall be the employee's responsibility to keep the Employer notified as to any change of his address or telephone number so that they will be up to date at all times.

11.08 At the lay up of the vessel for the season, the Employer shall provide each satisfactory employee with a letter of intent.

ARTICLE 12

NO STRIKES OR LOCK-OUTS

12.01 In view of the orderly procedure established by this Agreement for the settling of disputes and the handling of grievances, there will be no strikes, lock-outs, walkouts, secondary boycotts, picketing, slow-downs or stoppages of, or interference with work or production, either complete or partial, during the life of this Agreement.

12.02 It is agreed for the purposes of this Agreement that the refusal of an employee to pass through a lawful picket line established because of a dispute between the Company and the Union connected with the Pelee Island Ferry operation shall not be construed as a violation of this Agreement and shall not be a reason for dismissal.

BULLETIN BOARD

13.01 The Union shall have the use of a bulletin board on the Employer's premises for the purpose of posting notices relating to the Union's business.

ARTICLE 14

LEAVE OF ABSENCE

14.01 The Employer may grant a leave of absence of up to ninety (90) days without pay to employees for legitimate personal reasons. The employee must renew such a leave of absence at the end of each ninety (90) day period. Leave of absence shall not be granted to an employee for the purpose of working elsewhere.

14.02 Any leave of absence granted by the Employer shall be in writing and shall set out the length of leave of absence granted, the purpose of the leave and the terms, if any, on which it is granted.

14.03 In order to facilitate an employee's occasional need to arrange for time off:

(a) On approval from the Company and on notifying the Captain who will be affected by the change, employees will be allowed to exchange shifts with other qualified crew members for the purpose of time off. Should the exchanging of shifts occur when the office is closed, the approval of the Captain who is scheduled to be on board on the day of the exchange will be required. (b) Exchanging of shifts shall be at the expense of the employee and shall not create any additional cost for the Company. I.e. overtime, meal allowance, transportation expenses etc.

(c) The approval for exchanging of shifts will not be unreasonably withheld.

ARTICLE 15

HEALTH AND SAFETY

15.01 The Employer and the Union agree that they mutually desire to maintain high standards of safety and health in the Employer's operations in order to prevent industrial injury and illness.

15.02 There shall be established one Joint Health and Safety Committee for both the unlicensed and licensed bargaining units composed of a maximum of two (2) members elected by the employees and two (2) members designated by the Employer. The Committee shall meet at least once every three (3) months. A Union Officer may be in attendance at this meeting.

TRAINING AND EDUCATION

16.01 School Plan

An employee who has celebrated his/her first (a) anniversary with the Company and who succeeds in obtaining or upgrading certification shall be entitled to receive from the Company, after 60 days of service, remuneration according to the following schedule:

Navigation:

Watchkeeping Mate w/Command Endorsement

	\$1,50
	0.
CNII	2,500.
CNII to CNI	2,500.

Engine:

3rd Class Engineer	\$2,000.
2nd Class Engineer Part A or B	2,000.ea
1st Class Engineer Part A or B	2,000.ea

(b) If an employee is required by the Company to attend any course and he/she accepts, the Company shall pay all costs related to the training course, including two-way transportation. Also during the period that the said employee is on the course, he/she shall not suffer any loss in basic hourly pay or benefits as provided by this agreement.

UNION OFFICERS BOARDING VESSELS

17.01 The Union representatives will not enter upon the premises of the Employer without obtaining the prior consent of the Employer except as hereinafter provided.

17.02 The Employer agrees to issue boarding passes to the Union's representatives for the purpose of consulting with its members. No more than two (2) union representatives shall be allowed on board the Employer's vessels at one time. The representatives of the Union shall be allowed on board vessels at principal loading and unloading ports as well as during transit between ports. Such representatives shall not interfere in any way with the operations of the vessel. The employer shall provide, free of charge, transportation to union representatives and their vehicles upon the Employer's vessels. Union representatives and their vehicles shall not be allowed to "bump" paying passengers and their vehicles off the Employer's vessels. Reservations for Union representatives will not be recognized under this clause.

17.03 The Union shall submit to the Employer the names and relevant particulars of the bona fide Union members authorized by the Union to act as its representatives. The Employer upon receiving from the representatives a waiver, in a form satisfactory to the Employer, of any claim for any damage resulting from an accident or an injury on or about the Employer's property, shall thereupon issue a pass valid for the duration of this Agreement to each such representative enabling them to board the Employer's ships in port for the purpose herein provided. In the event that such

privilege is withdrawn from a designated Union representative, the Union will undertake to notify the Employer to revoke such pass.

17.04 The Union representative shall not violate any provision of this Agreement or interfere with the Officers aboard the ship, or retard the work of the vessels, subject to penalty or revocation of the pass granted herein. Any such revocation shall be subject to the Grievance Procedure.

17.05 The Employer assumes no responsibility for securing passes to or through Company property owned or controlled by others, but the Employer agrees to co-operate with the Union in endeavouring to secure such passes.

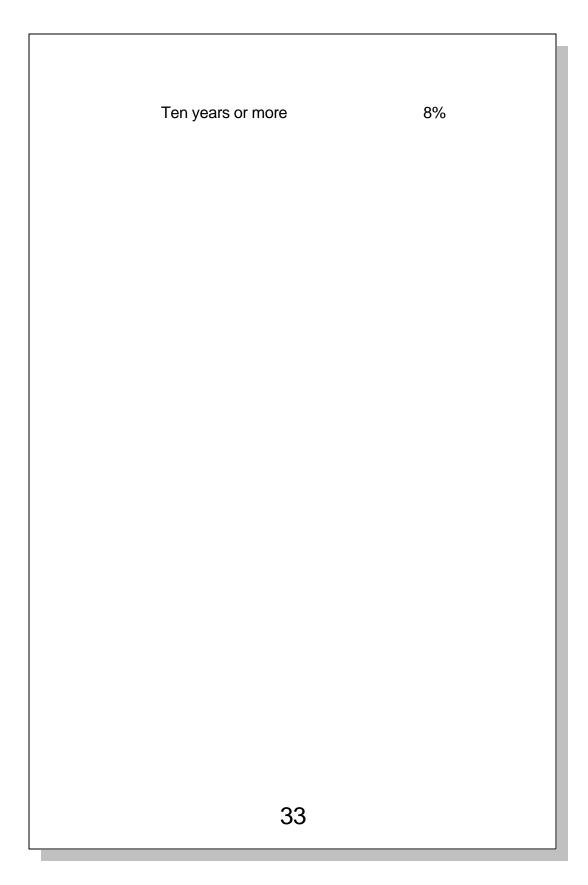
ARTICLE 18

VACATIONS

18.01 The employer shall pay all accumulated vacation pay to an employee at each time any payment for wages is made.

18.02 Vacation entitlement will be paid as a percentage of the gross wages earned during the current navigation season in accordance with the following schedule:

Less the one year	4%
One year but less than seven years	5%
Seven years but less than ten	6%



PAID HOLIDAYS

19.01 The following shall be recognized as holidays to be paid for on the basis of the employee's straight time hourly rate multiplied by the number of hours the employee would normally have worked on such day:

New Year's Day Good Friday Easter Monday Victoria Day Canada Day Civic Holiday Labour Day Thanksgiving Day Remembrance Day Christmas Day Boxing Day

or days celebrated in lieu thereof, regardless of the day on which it falls.

19.02 An employee will be paid for a holiday provided he:

(a) works his last scheduled shift which immediately precedes and his first full scheduled shift which immediately follows such holiday unless he is excused by the Transportation Manager; and

(b) is on the active payroll of the Employer and not on leave of absence, sick leave, Workers' Compensation, or layoff, or on layoff as a result of the lay up of the Employer's vessels at the end of the navigation season.

19.03 If an employee works on any of the said holidays, he shall be paid for all hours worked on the holiday at two and one-half (2 1/2) times his straight time hourly

rate of pay.

ARTICLE 20

HOURS OF WORK

20.01 The work schedule during the season will be a seven (7) days on followed by seven (7) days off schedule. The exception to this will be during the period where special runs are scheduled during any months where special runs are scheduled and where a vessel's operating schedule has been reduced to 40 or less hours per week. During such periods, crew will be scheduled accordingly. The Company reserves the right to alter schedules as well as starting and guitting times. In such cases the Company will provide as much advance notice to the Union as possible and will meet with the Union to discuss the alterations. The proposed work schedule will be posted on each ship at the beginning of the season and in each terminal building. Except in cases of emergency, notification of shift change and schedule change shall require fourteen (14) days notice.

20.02 The regular work day shall include a one-half (I/2) hour unpaid lunch period.

OVERTIME

21.01 Time and one half the employees' straight time hourly rate shall be paid for all hours worked in excess of 80 hours in a two week period. For overtime purposes the two (2) week period shall correspond to the Company's pay periods. There shall be no duplication or pyramiding of overtime and any other premiums.

21.02 It is agreed that overtime is compulsory and that the Employer has the right to assign overtime, but the Employer agrees that it will give employees as much notice as is reasonably possible.

21.03 For ship personnel all overtime must be authorized by the Captain. Overtime for all other personnel requires the authorization of the Manager

21.04 All time worked on a paid holiday under Article 19 shall be used in calculating overtime entitlement.

ARTICLE 22

FRINGE BENEFITS

22.01 It is agreed that the contributions payable to the union in connection with the Seafarers' Medical Plan, Pension Plan and Hiring Hall will be covered in a separate Letter of Understanding between the parties.

ARTICLE 23

BEREAVEMENT LEAVE

23.01 An employee will be granted bereavement leave when a death occurs to a member of his/her immediate family. In the case of death of a spouse, child or parent. the employee will be paid his/her basic rate of pay for five (5) days. In the case of death of a brother, sister, parent-in-law and grandparents the employee will be paid his/her basic rate of pay for three (3) days.

23.02 Employees shall not be paid pursuant to this Article for any period during which they would not have worked.

23.03 In order to qualify the employee must have been continuously employed with the Company for three (3) consecutive months.

ARTICLE 24

REPORTING PAY

24.01 Employees who report for work at the regular starting time and for whom no work is available shall receive not less than the regularly scheduled hours of work for that day at the regular hourly rate.

24.02 The employee shall be available for work for the remainder of his regularly scheduled shift and the Employer shall not be liable for additional payment if the employee is called back in during the course of his regularly scheduled shift.

24.03 The provisions of this Article shall not apply in the event of strikes, or where damage or repairs to docking facilities, or the Employer's vessels prevent the Employer from providing work, or where the Employer is unable to advise the employee, or leave a message not to report for work because the employee has not provided his current address and telephone number to the Employer. This clause shall not apply in situations where the Employer's vessel(s) is(are) unable to operate due to weather conditions.

ARTICLE 25

CALL IN PAY

25.01 If an employee is called in to work after having left the Employer's premises after completion of his regular scheduled shift, he shall receive a minimum of three (3) hours' pay at the applicable rate. This provision shall not be applicable to overtime worked in

conjunction with an employee's regularly scheduled shift and there shall be no duplication of this premium and any other premium provided for in this Agreement.

ARTICLE 26

JURY DUTY

26.01 An employee who is selected for service as a juror, or is required by subpoena to appear in court as a Crown witness, will be compensated for loss of pay from his regularly scheduled shift due to such jury service or appearance in court. Such compensation will be based on his regularly scheduled hours at his straight time hourly rate less the fee received for his services as a juror or witness. However, should the employee present himself for selection as a juror and not be selected, or appear as a witness and be released, then he is required to return to his place of employment to complete his remaining normally scheduled work day.

26.02 In order for an employee to qualify for payment under this Article, he must:

(a) inform the manager within seventy-two (72) hours of his selection for service as a juror or witness;

(b) if released from service as a juror or witness and six (6) hours or more remain in the employee's regularly scheduled hours, he must return to work to complete his remaining normally scheduled work day;

(c) provide a written schedule to the Employer indicating the date of his service as a juror or witness,

the time so spent and the fee received for his services as a juror or witness;

(d) have completed his probationary period.

ARTICLE 27

CONVENIENCES

27.01 The employer agrees to provide the following conveniences to employees during the life of the agreement:

1. Where a uniform is required to be worn by personnel, the Company will identify the uniform standards and the cost of such uniforms shall be borne by the Company. All uniform items will be replaced when necessary.

Uniforms are to be worn only in the course of employment.

2. Two (2) blankets per bed, two (2) sheets, two (2) pillow cases, two (2) bath towels, two (2) hand towels and two (2) face cloths per employee per week as well as adequate soap for the employee's use.

3. An adequate supply of crockery, cutlery and cooking utensils.

4. Reasonable accommodation and meals where necessary in laying up of the vessels on the mainland at the end of the employer's navigation season or when the vessel must lay over due to weather conditions.

5. Employees shall receive, free of charge, standby

placement on the employer's vessels for themselves and their personal vehicles. Employees in their vehicles shall not be entitled to bump paying customers from the employer's vessels.

27.02 Meal Allowance on the Pelee Islander

If food is not provided by the Company, employees working on the Pelee Islander will receive a meal allowance of thirty dollars (\$30.00) per day for each day worked during the navigation season.

ARTICLE 28

TRANSPORTATION COSTS

28.01 Effective January 1, 1996, the Employer shall pay transportation costs of thirty-four (\$0.34) per kilometer under the following circumstances:

(a) When an employee is required to lay up the vessel at the end of the navigation season, he will be reimbursed from the vessel to his place of residence or the Union Hall in Thorold, Ontario, whichever is closer.

(b) When an employee is required to join the vessel at fit-out at the commencement of the navigation season, he will be reimbursed from his home or the Union Hall in Thorold, Ontario, to the place of winter lay up, whichever is closer.

28.02 The Employer will pay for the cost of air fare between Pelee Island and Windsor and/or Windsor and Pelee Island, if necessary, at the time of winter lay up, or for the commencement of the Employer's navigation season.

ARTICLE 29

ROOM AND MEAL ALLOWANCE

29.01 Where, due to weather conditions or mechanical failure of the Employer's vessels, the Employer's vessel is forced to dock overnight at a place other than its scheduled destination and the Employer is unable to provide room and board on the vessel, the Employer will arrange and pay for accommodation for employees and will reimburse employees for meals up to a maximum of eight dollars (\$8.00) for breakfast, ten dollars (\$10.00) for lunch, thirteen dollars (\$13.00) for dinner, per meal where supported by receipts.

29.02 (a) When employees are required to work on Employer vessels during fit-out, lay up or when the vessel is in dry-dock, and room and meals are not provided on board the vessel, the Employer shall provide these to all employees who cannot reach the job site from their home within one (1) hour by car, as per 29.01 above.

(b) Employees who can reach the job site within one (1) hour, but not one-half (1/2) hour, shall be provided with the lunch allowance only.

ARTICLE 30

SAFETY AND EQUIPMENT

30.01 Each cabin where employees are required to sleep shall be fitted with a smoke detecting device and such devices shall not be disconnected by employees except for repair purposes.

30.02 The Employer agrees to supply and maintain safety equipment for the use of employees in accordance with Department of Transport regulations and Labour Canada regulations (Part II) including safety goggles, ear muffs or ear plugs and hard hats where required.

30.03 The Employer will reimburse each employee for an amount up to eighty dollars (\$80.00) per year towards the purchase of Employer-approved safety shoes where required, up to a maximum of once per year. In the alternative, employees may choose to purchase safety footwear under the existing company policy.

30.04 Employees of the deck department, engineroom department and linesmen, who have completed their probationary period shall be supplied one (1) pair of insulated coveralls. Coveralls shall remain the property of the Company and may only be worn in the course of employment. Insulated coveralls shall be exchanged as needed.

ARTICLE 31

PAYMENT OF WAGES

31.01 All current and future employees will participate in a Direct Deposit payroll system.

ARTICLE 32

WAGE RATES

32.01 Employees shall be classified and paid according to the following Schedule "A".

ARTICLE 33 PENSION PLAN

33.01 To be covered in Letter of Understanding as outlined in Article 22.

ARTICLE 34

ENGINEERS

34.01 Engineers shall be called back to work at fit-out a minimum of one (1) day prior to the scheduled date on which the Steamship Inspector is to arrive.

ARTICLE 35

TERM OF AGREEMENT

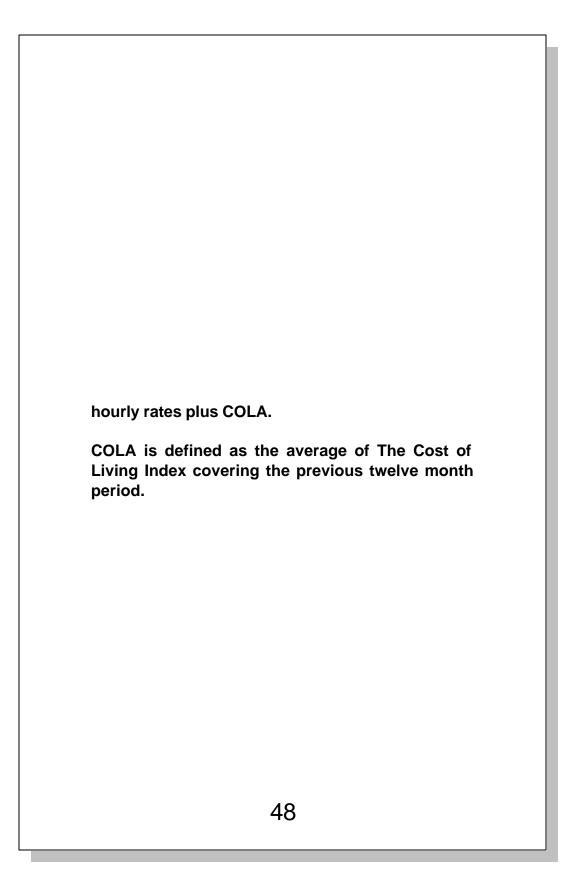
35.01 This Agreement shall commence on the 1st day of January 2002 and end on the 31st day of December 2004, and shall continue for one year unless either party gives notice in writing to the other not less than thirty (30) days, or more than ninety (90) days prior to the expiry date hereof of that party's intention to terminate this Agreement or to negotiate revisions thereto.

This Agreement signed this 24th day of January, 2002.

For: The Owen Sound Transportation Company Ltd.-Pelee Island Div.: For:Seafarers'International Union of Canada:

Susan SchrempfBill RossDirector Marine ServicesVice-President

	SCHEDULE "A"		
HOURLY CLASSIFICATION SCHEDULE			
Rates of Pay Effective January 1, 2002			
	<mark>M. V. Jiimaan</mark> <mark>Pelee Islander</mark> Hourly Rate		
Hourly Rate	-		
Captain	\$26.27		
\$24.62			
Engineer	\$23.99		
\$21.33			
Mate			
\$21.85			
\$20.07			
Rates of Pay Effective January 1,2003: 2002 hourly rates plus COLA.			
Rates of	Pay Effective January 1, 2004: 2003 47		



APPENDIX "A"

DISCIPLINARY CODE

THE OWEN SOUND TRANSPORTATION COMPANY, LTD. PELEE ISLAND DIVISION

It is understood that this Disciplinary Code is to be used as a guide only by supervisors on board the ship and members of shore management in the discipline of shipboard personnel.

Discretion, good judgement and consistency should be applied in all instances. Accordingly, in applying this code, consideration should be given to all the circumstances surrounding the incident or infraction for which discipline is contemplated, as well as the previous record of the seaman involved. Investigations should be as thorough and as objective as possible. The following factors, amongst others, should be considered in the determination of the appropriate disciplinary measure to be imposed:

- a) The seaman's length of service with the company;
- b) The seaman's disciplinary record;
- c) The seaman's performance;
- Whether the safety of the ship and/or its crew was endangered by the act;
- e) seriousness of the offence in terms of company policy and company obligations;

- f) the accidental or deliberate nature of the act;
- g) factors outside the seaman's control contributing to the offence.

The following lists of offences are not intended to be exhaustive:

A. OFFENCES WHICH WARRANT IMMEDIATE DISMISSAL:

- 1. Possession, consumption, or the bringing aboard ship of illegal drugs;
- 2. Acts of violence;
- 3. Refusal to obey lawful commands;
- 4. Refusal to comply with safety standards, rules and regulations contained in the Canada Shipping Act or the company's safety regulations;
- 5. Theft;
- 6. Sabotage (including willful destruction of company property);
- Absence from place of duty, thereby endangering the safety of the ship and/or other members of the crew;
- Gross incompetence and/or gross negligence, thereby endangering the safety of the ship and/or other members of the crew and/or damage to company property;

9. Smuggling;

- 10. Desertion.
- B. OFFENCES WHICH WARRANT SUSPENSION:
- * 1. Possession and/or consumption or bringing aboard alcohol or boarding the ship from shore in a visibly impaired state;
- 2. Threats of violence;
- 3. Sleeping on duty;
- 4. Absence without leave;
- 5. Insubordination;
- 6. Dishonest conduct;
- 7. Fighting.
 - A seaman will be deemed to be in a visibly impaired state when so judged by the Captain or Chief Engineer. However, before imposing the suspension a union representative or ship's delegate will be given the opportunity to assess the seaman's condition.

The offences in this Category B if repeated, shall result in immediate dismissal. Any suspended seaman will not be allowed to register at his dispatch hall without forfeiting his job with the company. Suspensions will exclude time off for vacation. Anyone suspended will be responsible for his own transportation costs, both ways.

C. OFFENCES WHICH REQUIRE WRITTEN WARNINGS:

- 1. Abusive language;
- 2. Incompetence;
- 3. Absence from place of duty;
- 4. Lateness;
- 5. Negligence;
- 6. Non-compliance with safety standards, rules and regulations contained in the Canada Shipping Act or the company's Safety Regulations, including the International Safety Management Code; all employees shall be properly trained regarding the above.
- 7. Lack of co-operation with officers or other crew members;
- 8. Harassment;
- 9. Missing ship.

The offences in this Category C if repeated, may result in dismissal.

Depending on the seriousness and frequency of the offences committed by the seaman and the considerations set forth in (a) to (g), the possibility of his dismissal in the event of continued discipline should be mentioned in the final warning. Warnings should also



be explicit in outlining the offence, whether previous verbal or written warnings had been given and the improvement which is expected.

Typically, three (3) written warnings should be given prior to dismissal for offences under Category C. However, once again, this will depend on the particular offence or offences of the seaman involved, his record and the circumstances tending to mitigate or aggravate the gravity of the offence. Warning notices should be removed from a seaman's file 24 months after their issuance provided that no other written warning was issued within that period. Failing that, notices will only be removed following a 24 month period during which the seaman received no written warning.

Any disciplinary measure in a seaman's file at the time the present disciplinary code comes into force shall remain in effect and shall be subject to the preceding paragraph.

A seaman called by the Captain or Chief Engineer for the imposition of a disciplinary measure shall have the right to be accompanied by a union representative, or ship's delegate.

Notice of discipline should be in writing and remitted to the employee within ten (10) working days of the alleged offence. Failure to do so will nullify the disciplinary notice which may not thereafter be invoked in a subsequent disciplinary action of any arbitration under the collective agreement. Copies of all such notices shall be forwarded to the union concerned.

Suspensions will normally take effect within ten (10) working days following the advice to the seaman of the

impending discipline.

Understanding that this is a new endeavour the parties agree to monitor the results and meet regularly to discuss same, amend, add to or change. Nothing in this document prevents the parties from exercising their rights under the grievance procedure.

January 26, 1993

8323-4 (HHR)

Mr. William Ross, Vice President, Seafarers' International Union, 70 St. David Street E., Thorold, Ont L2V 3Y7

Dear Bill:

RE: Letter of Understanding - Article 18 Vacation

During our negotiations concerning the agreements for Licensed and Unlicensed Personnel within our Pelee Island Division, Article 18, Vacation, was revised.

This letter is to outline our commitment that in implementing this Article regular employees would not see a reduction in vacation pay entitlement. As we discussed at the beginning of the 1993 sailing season, a listing of vacation eligibility, based on our service records, will be posted. Should an employee be identified as eligible for less vacation than received in 1992, then this employee will be red circled, for vacation purposes, until the provisions of the revised Article 18 are met.

Please indicate your concurrence below.

Regards,

Jerry D. Knox, Director Human Resources.



l Concur:	William Ross Vice President, SIU					
c.c. Leath D	c.c. Leath Davis					
	56					

March 27, 1995

Mr. Bill Ross, Vice-President, S.I.U., 70 St. David St. E., Thorold, Ont L2V 3Y7

Dear Bill:

RE: Letter of Understanding - Article 11: Seniority

Further to our telephone discussions regarding the treatment of Article 11: Seniority, in the Pelee Transportation collective agreement for unlicensed personnel, I would like to summarize our mutual interpretation.

Since Owen Sound Transportation began operating Pelee Island Transportation in 1992, the practice of the company has been to maintain lists for:

> Company seniority Ship specific seniority Ship/Department specific seniority

Separate seniority lists are maintained for permanent and summer employees for both ship and shore staff.

It has not been a recognized practice to allow "bumping" by virtue of company seniority (read "length of total service") between ships, between departments on a ship or between the shore and the ships.

When a temporary relief has been required, it has been the practice to fill the vacancy from the summer crew with the most senior qualified summer employee in that department, on that ship.

Permanent vacancies have been filled by moving the next most senior qualified employee in that department, on that ship, into the vacancy; remaining employees in the department are then moved ahead accordingly. If a person from another ship wishes to transfer to the ship where there is a vacancy, he/she is considered on the following basis:

- a) The employee must have stated their desire to be transferred, in writing, to the office. The letter must contain the name of the ship and the department the employee wishes to transfer to.
- b) The employee must have the ability to perform the work required.
- c) The employee fills the position which is available and goes to the **bottom** of the seniority list for that department and is promoted accordingly. On transfer, the employee has no right to exercise seniority back to his/her original ship or department.
- If there is no permanent employee with a letter on file, the position will be filled by the most senior of the qualified summer employees for that ship or department.
- e) Permanent employees from either vessel will be considered for permanent vacancies over summer help provided all of the above criteria are met.

The "bumping" of summer staff by permanent staff who wish to change ships or departments, for the summer only, is not permitted. All transfers, with the exception of temporary reliefs, are considered permanent. Permanent employees who choose to work only summer will not be allowed to exercise seniority back into their previous department. The employee is removed from the seniority list of the department they left for the summer position.

In the case of a summer employee who wishes to change ships, he/she may do so but forfeits any seniority rights to their old ship. The employee's seniority will be at the bottom of the summer list for that department and future promotions will be based on their new departmental/ship seniority.

The above practice has been in effect for the 92, 93 and 94 operating seasons and has been considered to be fair and equitable to the employees. The company recognizes employees' desire to change positions and does not wish to deter an employee's skill development. However, the company strongly believes in assuring permanent employees have some protection from being overlooked for a permanent position vacancy in deference to summer help. This practice does not preclude summer employees from being offered permanent positions, but only in accordance with the practice set out above.

I trust this covers the issues we have discussed and those which may arise during the remainder of this contract. I would appreciate your signature as concurrence on the above understanding and with your permission, will make this letter available to the employees by posting it with their current seniority list. Please forward a signed copy to my attention for that



purpos	se. Tha	ank you.		
Yours	truly,			
	n Schre e Supei			
I Conc	cur:	William Vice-Pre	S.I.U.	
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MEMORANDUM OF UNDERSTANDING BETWEEN OWEN SOUND TRANSPORTATION COMPANY, LTD. AND SEAFARERS' INTERNATIONAL UNION OF CANADA.

As contemplated in Article 22 of the Agreement governing licensed employees, and the Memorandum of Settlement dated January 24, 2002, payments will be made by the Company for fringe benefits as follows:

Seafarers' Medical Plan Per Job Per Payroll Day

Effective January 1, 2002	\$6.41
Effective January 1, 2003	2002 rate plus COLA
Effective January 1, 2004	2003 rate plus COLA

Where a member becomes ill or is injured while at work with the Company and is entitled to draw benefits under the Seafarers' Medical Plan, the Company agrees to continue Seafarers' Medical Plan contributions during any period the employee is off work as a result of such compensable disability or illness up to a period of twentfour months for the same compensable disability or illness.

(Note: The administration of premium payment to the Plan will be covered under a separate Letter of Understanding between the parties)

<u>Dispatch Hall</u> Day

Per Job Per Payroll

Effective January 1, 2002 Effective January 1, 2003 Effective January 1, 2004

\$4.66 2002 rate plus COLA 2003 rate plus COLA

Retirement Savings Plan Hourly Wage

% of the Basic

Effective January 1, 2002 10%

The parties also agree that the level of Company contribution to the plan will not be discussed for a minimum period of five years (not before January 1, 2008.)

(a) The Company will make pension contributions to a locked-in RRSP (as noted above) established by each employee, to a maximum of one-hundred and sixty (160) hours per month. Payment to such RRSP's will be made June 30, September 30, and December 31.

(b) In order to facilitate the payment of these contributions, all employees are required to establish a locked in Registered Retirement Savings Plan acceptable to Revenue Canada at a recognized institution. Employees are required to advise the Company, in writing, of the location and deposit details of the RRSP account prior to receiving their first pay of the season.

(c) Failure of an employee to make the necessary arrangements as provided in (b) above, will nullify the Company's obligation to make the contributions as defined in (a).



(d) Employees shall not hold the SIU or the Company in any way responsible for any short comings in their resultant pension benefits.						
(e) Employees will be responsible for insuring that his/her total RRSP contributions do not exceed the applicable Revenue Canada limits.						
The parties agree that the above fully satisfies the requirements of the Fringe Benefit Article in the Collective Agreement.						
Signed this 24th day of January 2002.	Signed this 24th day of January 2002.					
For: Owen Sound Transportation Company Lt Pelee Island Div. For:Seafarers'International Union of Canada						
Susan Schrempf Bill Ross Director Marine Services Vice-President						
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MEMORANDUM OF UNDERSTANDING BETWEEN

OWEN SOUND TRANSPORTATION COMPANY LIMITED AND SEAFARER'S INTERNATIONAL UNION OF CANADA

LICENSED PERSONNEL

As contemplated in Article 22 of the agreement covering licensed employees, payments to the Seafarer's Medical Plan will be made by the Company as follows:

Medical Plan: Effective January 1st, 2002 and for the duration of this agreement the following will apply:

- 1. At the end of each navigation season, the Company shall notify the Seafarer's Medical Plan as well as the Union which employees will be considered as "Designated Full Time Permanent Employee" for the following season.
- 2. The Company agrees to contribute the agreed upon amount to the Seafarer's Medical Plan for each day worked by a Designated Full Time Permanent Employee.
- 3. Should a Designated Full Time Permanent Employee not perform services for 180 days, the Company will make additional

contributions so that the total contributions for such employee is equal to 180 days.

- 4. The Company shall pay the amounts as set out under Article 22 on behalf of each Designated Full Time Permanent Employee in the manner set out below.
- Prior to April 1st of the following season the Company shall forward to the Seafarer's Medical Plan, the full annual contribution for each Designated Full Time Permanent Employee.
- 6. Should a Designated Full Time Permanent Employee leave the employ of the Company and is replaced by another Designated Full Time Permanent Employee, the Seafarer's Medical Plan shall not be required to reimburse premiums paid. The employer shall then immediately advise the Seafarer's Medical Plan of the name of the terminated employee and the replacement. Should the Designated Full Time Permanent Employee not be replaced during the balance of the season, the Seafarer's Medical Plan shall reimburse the Company premiums paid on a prorated basis.

Dated this 24th day of January, 2002

WILLIAM F. ROSS For the Union SUSAN M. SCHREMPF For the Company

