

COLLECTIVE AGREEMENT

BETWEEN:

NORTHWEST TANK LINES INC.

AND:

**TRANSPORT, CONSTRUCTION, AND
GENERAL EMPLOYEES' ASSOCIATION,
LOCAL NO. 66
affiliated with the
Christian Labour Association of Canada**

October 1, 2005 to September 31, 2009

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NORTHWEST TANK LINES INC.
(hereinafter referred to as “the Employer”)

AND

**TRANSPORT, CONSTRUCTION, AND
GENERAL EMPLOYEES’ ASSOCIATION,
LOCAL NO. 66**
affiliated with the
Christian Labour Association of Canada
(hereinafter referred to as “the Union”)

ARTICLE 1 - PURPOSE

- 1.01 It is the intent and purpose of the parties to this Agreement, which has been negotiated and entered into in good faith, to:
- a) recognize mutually the respective rights, responsibilities and functions of the parties hereto;
 - b) provide and maintain working conditions, hours of work, wage rates, and benefits set forth herein;
 - c) establish an equitable system for the promotion, transfer, layoff, and recall of drivers;
 - d) establish a just and prompt procedure for the disposition of grievances;
 - e) and generally, through the full and fair administration of all terms and provisions contained herein, to develop and achieve a relationship among the Union, the Employer, and the drivers which will be conducive to their mutual well being.

ARTICLE 2 - RECOGNITION

- 2.01 The Employer recognizes the Union as the sole bargaining agent of all employees and owner/operators in the bargaining unit as defined in Article 2.02.
- 2.02 a) This agreement covers all employees of the Employer, owner/operators, and employees of owner/operators in the bargaining unit in Canada excluding office, sales, and supervisory staff.
- b) Throughout this agreement, terms used will mean the following:
- i) employees – the broadest term and is meant to include all bargaining unit members;
 - ii) drivers – includes both company drivers and owner/operators but excludes employees of company drivers;
 - iii) company drivers – employees hired directly by the company;
 - iv) part-time company drivers – regularly assigned to less than ten (10) days of driving per month;
 - v) owner/operators – may have one (1) or more trucks on lease with the Employer;
 - vi) employees of owner operators – as stated.
- 2.03 Except in cases of emergency or for training and instructional purposes, non-working foremen, supervisors, and other non-bargaining unit personnel (employees) shall not normally perform work included in work or job classifications under this agreement and normally performed by members of the bargaining unit if this should result in a lay-off or reduce a driver's normal working hours.

- 2.04 There shall be no revision, amendment, or alteration of the bargaining unit as defined herein, or of any of the terms and provisions of this agreement, except by mutual agreement in writing of the parties.
- 2.05 Where it is mutually agreed that special dispensation is required to become competitive or provide further services, or where the members of the bargaining unit have specific concerns not addressed herein and should the necessity arise, the parties may add to or amend any terms or conditions of this agreement. Any such additions or amendments shall be in writing and executed by the Union and the Employer.
- 2.06 The Employer agrees that the Christian Labour Association of Canada, through its duly appointed Representatives, is authorized to act on behalf of the Union for the purpose of supervising, administering, and negotiating the terms and conditions of this agreement and all matters related thereto.
- 2.07 The Union acknowledges that it is the function of the Employer to:
- a) manage the enterprise, including the scheduling of work and the control of materials and equipment;
 - b) maintain order, discipline, and efficiency;
 - c) hire, direct, transfer, promote, layoff, suspend, and discharge, provided that such actions are consistent with the purpose and terms of this agreement and provided that a claim by any driver that he has been disciplined or discharged without just cause will be subject to the Grievance Procedure in Article 18.

ARTICLE 3 - SCOPE

- 3.01 Should any provision of the Collective Agreement be rendered null and void or materially altered by future legislation, the remaining provisions of the Collective Agreement shall remain in force and effect for the term of the Collective Agreement, and the parties shall negotiate a mutually agreeable provision to be substituted for the affected provision.
- 3.02 Notwithstanding Article 3.01, should any government legislation or regulation vary conditions as defined in this Agreement, such conditions, where more favourable, shall automatically apply.

ARTICLE 4 - UNION REPRESENTATION

- 4.01 For the purpose of representation with the Employer, the Union shall function and be recognized as follows:
- a) The Union has the right to appoint a reasonable number of Stewards. The Stewards are representatives of the employees in certain matters as determined by the Union pertaining to this agreement, including the processing of grievances.
 - b) CLAC Representatives are representatives of the employees in all matters pertaining to this agreement, particularly for the purpose of processing grievances, negotiating amendments to or renewals of this agreement, and enforcing collective bargaining right and any other rights under this agreement.
- 4.02 The Union agrees to notify the Employer in writing of the names of its officials and the effective dates of their appointments.
- 4.03 Stewards in the employ of the Employer will not absent themselves from their work to deal with grievances without first obtaining the permission of the Employer. The Employer agrees

to cooperate and arrange grievance meetings where required at times with compensation for the steward.

- 4.04 The Union has the right to appoint or elect bargaining unit representatives to a Negotiating Committee. The Employer shall pay such representatives at their regular company driver's hourly wage rate for up to eight (8) hours daily when bargaining takes place during the normal working hours of the driver concerned. The cumulative maximum total so paid will be twenty-four (24) hours per collective agreement renewal.
- 4.05 The Employer may meet periodically with members of the bargaining unit for the purpose of discussing any matters of mutual interest or concern to the Employer, the Union, and the drivers. A CLAC Representative may attend such meetings.
- 4.06 There shall be no Union activity on the Employer's time or premises except as provided for in Article 3, unless otherwise authorized by Management.

ARTICLE 5 - WORK STOPPAGES

- 5.01 In accordance with the Canada Labour Code, during the term of this Agreement, or while negotiations for a further Agreement are being held:
- a) the Union will not declare or authorize any strike, slow-down, or any stoppage of work, or otherwise restrict or interfere with the Employer's operation through its members; and
 - b) the Employer will not engage in any lockout of its employees or deliberately restrict or reduce the hours of work when this is not warranted by the workload.

**ARTICLE 6 - EMPLOYMENT POLICY AND UNION
MEMBERSHIP**

- 6.01 The Union and the Employer will co-operate in maintaining a desirable and competent labour force. The Employer has the right to hire new employees as needed and will give preference to Union members for employment, provided such applicants are qualified, in the Employer's opinion, to meet the requirements of the job.
- 6.02 New drivers will be hired on a one hundred- (100) working day probationary period and thereafter shall attain regular employment status, provided such service is satisfactory to the Employer. In any event, the probationary period will not extend past six (6) months. Upon completion of the probationary period, seniority shall be dated back to the beginning of employment.
- 6.03 Probationary drivers are covered by the agreement, excepting those provisions, which specifically exclude such drivers. An employee may be discharged at any time during the probationary period in the discretion of the Company.
- 6.04 It shall be a violation of this agreement for the Employer to require that a company driver purchase truck, tractor and trailer, or other vehicular equipment or that any company driver purchase or assume any proprietary interest or other obligation in the business as a condition of continued employment. This provision is not intended to prevent the Employer from reducing its fleet through the sale of equipment.
- 6.05 When new types of equipment and/or new classifications of employment for which rates of pay are not established by this agreement are put into use, the Employer shall advise the Union as far in advance as possible, and prior to implementation the matter shall become the subject of discussion between the parties

for rates governing such equipment and classifications of employment. The Employer and the Union shall finalize, within sixty (60) days after such implementation, a rate to be established and such rate to be retroactive to date of implementation. If no agreement is reached, the issue will be submitted to binding arbitration.

- 6.06 Neither the Employer nor the Union will compel employees to join the Union or discriminate against an employee because of Union membership or lack of it, and will inform all new employees of the contractual relationship between the Employer and the Union. The Employer will communicate to the Union by memo the hiring of a new employee, indicating name, address, starting date, classification, and wage rate. Within the probationary period, any new employee will be referred by the Employer to a Steward or a CLAC Representative, in order to give such Steward or CLAC Representative an opportunity to describe the Union's purpose and representation policies. Notwithstanding this, it is understood that all employees in the bargaining unit are covered by the collective agreement, whether or not they join the union.

ARTICLE 7 - CHECK OFF

- 7.01 The Union agrees that it will make membership in the Union available to all drivers covered by this agreement on the same terms and conditions as are applicable to other members of the Union.
- 7.02 The Employer shall, as a condition of employment, and at the start of employment, have each driver sign a form authorizing the Employer to deduct, each month, an amount equal to Union dues from the drivers' pay.

- 7.03 The Employer is hereby authorized to check off from each driver an amount of Union dues as determined by the Union from time to time. The total amount checked off will be turned over the Union Treasurer within a week after the end of each month, together with an itemized list of the drivers for whom the deductions are made and the amount checked off for each.
- 7.04 Current dues level for company drivers is one and four tenths of one percent (1.4%) of gross wages, and for owner/operators and employees of owner/operators is thirty-five dollars (\$35.00) per month or part thereof. Owner/operators or employees of owner/operators who are retained less than half the available working time in a month shall be deducted twenty dollars (\$20.00) per month.
- 7.05 The Employer agrees to contribute two dollars (\$2.00) per driver per month to the Union Education and Training Fund.
- 7.06 Dues will be remitted together with the remittances contemplated in Article 7.05, Article 13, and Schedules "H and I".

ARTICLE 8 - WAGES AND RATES OF PAY

- 8.01 Wage schedules applicable to drivers are as set forth on the Schedules attached hereto and made part hereof.
- 8.02 A company driver who reports for work scheduled by the Employer in the usual manner and is prevented from starting work due to a cause not within his control shall be entitled to a minimum of two (2) hours' pay. If any employee begins work, he shall be entitled to a minimum of four (4) hours' pay.
- 8.03 Drivers shall be paid for all driving according to the agreed upon mileage, trip, or hourly rate, as applicable. Trips beyond a radius of one hundred (100) miles will be covered by the line haul

provisions described herein. Mileage shall be based on the most direct, legal truck route.

- 8.04 Company drivers shall be paid semi-monthly for all wages earned to a day not more than sixteen (16) days prior to the day of payment. The pay shall include an itemized statement of all deductions, hours or mileage, overtime hours, and rates. Cheques shall be available on paydays before the employee starts his shift.
- 8.05 A company driver reporting for duty on a call-out or call-back basis inconsistent with his regular scheduled work day or shift, shall be guaranteed a minimum of four (4) hours' pay, but after completion of the duty he was called for, he may book off work with a minimum of two (2) hours' pay.
- 8.06 If a company driver must stay out of town overnight due to problems with his truck, waiting for a load, or for any other reason, payment from the original trip is to be stopped when the employee quits working. Thereafter payment is to be made at the regular hourly rates for eight (8) hours of each twenty-four (24) hour period, the first of which begins eight (8) hours after the employee quits working. If work re-starts, wait time shall not compound on work time. The Employer shall also cover all reasonable meal and accommodation expenses.

ARTICLE 9 - HOURS OF WORK, OVERTIME, AND SUNDAY LABOUR

- 9.01 a) Hours of work and overtime for employees shall comply with the requirements of the *National Safety Code* and the *Canada Labour Code* as modified, in accordance with the Act, by this agreement.
- b) Company drivers' wait time, layover time, or public transportation travel time will be paid straight time and will not compound into overtime.

- 9.02 Subject to other provisions in this agreement to the contrary (e.g. trip rates), company drivers shall be entitled to a fifteen- (15) minute rest period, with pay, during each half of the shift.
- 9.03 Subject to other provisions in this agreement to the contrary, (e.g. trip rates), company drivers shall be entitled to a lunch period of one-half (1/2) hour after the first four (4) hours of the shift. Should an employee be required by the Employer to stay with or operate equipment during this one-half (1/2) hour, it shall be considered as time worked.
- 9.04 There shall be no discrimination against any driver who refuses to report for work on the basis of religious conviction during days or hours recognized by the driver's religion.

ARTICLE 10 - VACATIONS

- 10.01 Company drivers will receive annual vacations upon completion of the following years of service, with pay calculated as a percentage of their gross annual earnings:
- from zero (0) to one (1) year of service – vacation pay at four percent (4%);
 - after one (1) year's service – two (2) weeks' vacation with pay at four percent (4%);
 - after three (3) years' service – three (3) weeks' vacation with pay at six percent (6%);
 - after ten (10) years' service – four (4) weeks' vacation with pay at eight percent (8%);
 - after eighteen (18) years' service – five (5) weeks' vacation with pay at ten percent (10%).
- 10.02 Employees entitled to three (3), four (4), or five (5) weeks' vacations as per Article 10.01, shall take no more than two (2) weeks during July and August. Additional weeks may be taken at

such time as mutually agreed upon by the employee and the Employer.

- 10.03 The Employer will endeavour to grant vacations at the time requested in the vacation season or period, considering business requirements. If a choice must be made between two (2) or more requests for vacation at the same time, seniority shall apply. It is understood that vacations may be denied during peak business periods.
- 10.04 Vacation pay shall be paid immediately prior to a company driver leaving on vacation for that period of vacation being taken. Such vacation pay shall be accounted separately from regular pay.

ARTICLE 11 - HOLIDAYS

- 11.01 The Employer agrees to pay a regular days pay for the holidays outlined below to all eligible employees, to a maximum of 10 hours per day. A regular rate shall be determined by adding the total regular earnings divided by the number of days worked in the previous 30 calendar days.

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

Any additional statutory holidays declared by the federal government shall be covered by the provisions of this article.

- 11.02 Article 11.01 applies to company drivers who have attained regular employment status and who have worked their scheduled workday before and their scheduled workday following the holiday, provided either is within thirty (30) days of the holiday

in question unless their absence is due to illness, authorized leave of absence, or vacation with pay. In case of illness or injury, the Employer shall have the right to request a certificate from a qualified medical practitioner.

- 11.03 If a company driver other than line haul, is required to work on one of the above-mentioned holidays, he shall be entitled to a day off with pay at some time prior to the next holiday, provided he has been available for employment for the entire week.
- 11.04 A company driver entitled to overtime compensation for working on a statutory holiday shall receive one and one-half (1½) times the hourly trip rate. A company driver shall be deemed to have worked on a statutory holiday only if his shift commences on the statutory holiday.

ARTICLE 12 - SENIORITY, LAYOFF, AND PROMOTION

- 12.01 a) Company seniority is defined as an employee's length of service in the bargaining unit since the most recent date of hire. Company seniority includes Articles 10, 12.07 and the various schedules attached. If two or more employees have the same length of service, the employee whose birthday occurs first in the year shall have the greater seniority.
- b) The parties agree to the general principle that job security and opportunity should increase commensurate with seniority.
- c) Locational seniority shall be defined as length of service in the location from which a company driver or owner-operator works. A location shall be the terminal or the municipality from which the driver generally commences his hauls. Where a driver has worked from more than one location at least once in six of the twelve months preceding a layoff, he shall have locational seniority rights in each such location.

- d) For employees of owner/operators, seniority is recognized only with regard to their position with their employing owner/operator.
- e) New drivers shall be placed on the appropriate seniority list at the end of their probationary period and their respective seniority shall be dated back to the date of the beginning of employment.

12.02 a) The Employer shall maintain separate up-to-date locational seniority lists for owner/operators, company drivers and part-time company drivers in each location. Such lists shall be provided to the Union on a regular basis and as requested.

b) In the event of an indefinite or permanent loss of business resulting in a layoff at a location, the parties shall meet to determine available driving opportunities elsewhere within the employer's operations across Canada. In the event that there are no other driving opportunities available elsewhere, and, subject to service requirements, ability and reliability, drivers with greater than five years seniority may bump drivers in other locations who have less than one year's service with the Company.

c) Where paragraph (b) is applicable, an owner-operator may only bump another owner-operator and a company driver may only bump another company driver. In the event that a driver bumps into another location he shall be placed at the bottom of the seniority list for that location. Their company seniority shall remain the same.

12.03 Seniority rights shall cease for drivers who:

- a) voluntarily terminate their employment;

- b) are discharged and such discharge is not reversed through the Grievance Procedure;
- c) have one (1) year or more of service, after twelve (12) continuous months of layoff, or have less than one (1) year of service, after two (2) continuous months of layoff.
- d) are absent due to job-related sickness or injury for a continuous period of more than eighteen (18) months;
- e) are absent due to a non-work related sickness or injury for a continuous period of more than twelve (12) months.

12.04 When the Employer deems it necessary to reduce the work force in a locational seniority grouping at any location, it shall inform the Union of the need for layoffs. When a reduction of the workforce is inevitable, probationary drivers shall be laid off first. If further reductions are necessary, the Employer shall determine the order of layoff guided by the following considerations:

- a) seniority; and
- b) ability, reliability, and qualification of the drivers to perform the work.

The above considerations shall also guide the Employer when drivers on layoff are recalled.

12.05 Any appeal in regard to a layoff must be taken up under the first step of the Grievance Procedure hereinafter set forth within five (5) workdays after the layoff took place.

12.06 Any driver laid off and recalled for work must return within two (2) workdays when unemployed and within seven (7) workdays

when employed elsewhere after being recalled, or make definite arrangements with the Employer to return.

- 12.07 a) The Employer shall post, for a minimum of six (6) work-days, in a conspicuous place, notice of all vacant and new positions. Any member of the bargaining unit covered by this agreement may apply for such vacant or new position. Provided the driver is capable, reliable, and qualified, seniority shall prevail in the appointment. Employee transferring to another location will be placed at the bottom of the locational seniority list. Their company seniority shall remain the same.

ARTICLE 13 - HEALTH AND WELFARE PROGRAM

- 13.01 a) In order to assist in protecting the drivers and their families from the financial hazards of illness and accidents, the Employer agrees to pay one hundred and sixty dollars (\$160.00) for premium cost of the Health and Welfare Plan, administered by the CLAC Health and Welfare Trust Fund. An outline of the Plan is listed in Schedule "J". Premiums shall be remitted monthly, in accordance with the timelines stipulated for Union dues. Employees are eligible to receive coverage on the first day of the month following completion of the probationary period. At that time, the Employer shall remit two (2) months' premiums to commence coverage and shall continue to submit as per Article 12.01 thereafter. It is the responsibility of the employee to complete the enrolment form for the benefit plan, which is a condition of coverage. A driver must drive at least ten (10) days in each of the previous three (3) months in order for the Employer to make a remittance on his or her behalf.
- b) In the case of owner operators, the Employer shall make one remittance for each truck, provided that at least one of the

employees of the owner operators is eligible for benefits pursuant to this article.

- c) Employees of owner/operators who work more than one hundred twenty (120) hours per month shall qualify for coverage as outlined in Article 13.01(a) through their owner/operator.

13.02 It is understood and agreed that it is the responsibility of each employee to be familiar with the specific details of coverage and eligibility requirements for all benefit plans, and that neither the Union nor the Employer has any responsibility for ensuring that all requirements for eligibility or conditions of coverage or entitlement of benefits are met by the employee beyond the obligations specifically stipulated in this agreement.

13.03 The Employer agrees to continue to pay the insurance premiums to provide uninterrupted coverage for the following maximum periods:

- a) in the case of a quit – to the end of the month;
- b) in the case of layoff or termination – if before or on the fifteenth (15th) of the month, to the end of that month; if after the fifteenth (15th) of the month, to the end of the following month;
- c) in the case of non-job related sickness or injury – one (1) month beyond the month in which the sickness or injury commenced;
- d) in the case of job related injury or illness – three (3) months beyond the month in which the illness or injury commenced.

- 13.04 In the event that the monthly premium exceeds one hundred sixty dollars (\$160.00), such amount shall be deducted from the wages of each driver and remitted to the Union.
- 13.05 Effective October 1st, 2005, the Employer agrees to administer, and contribute to fifty percent (50%) of the cost of the BC Medical Plan for all eligible employees. Effective October 1st, 2008, the Employer's contribution shall increase to eighty percent (80%) of the premium cost.
- 13.06 The employer will pay for sick days from the first (1st) day of non-occupational injury and the seventh (7th) day of illness if the employee qualifies for Short Term Disability on the benefit plan as per Schedule "J".

ARTICLE 14 - LEAVES OF ABSENCE

- 14.01 The Employer shall grant leaves of absence without pay and without loss of seniority rights for reasonable requests made in writing.
- 14.02 The above shall not preclude extensions for personal illness where it is established in an application submitted prior to the expiration of the leave of absence that such request for extension is justified.
- 14.03 In the event of death in a company driver's immediate family (parents, sisters, brothers, spouse, children), he/she shall be entitled to be absent from work three (3) days (eight [8] hours at regular rates) with pay, which do not compound on overtime calculation if these are working days.

ARTICLE 15 - ACCIDENTS

15.01 When a company driver is involved in an accident, provided he has started his shift, he shall be paid at the regular hourly rate for the remainder of his normally scheduled shift.

ARTICLE 16 - SAFETY CONDITIONS AND EQUIPMENT REPAIRS

- 16.01 The parties agree to maintain the highest standard of safety, health, sanitation, and working conditions throughout the Employer's operation.
- 16.02 The Union shall appoint, upon drivers' recommendation, a safety captain from among the drivers in each province whose duties it shall be to foster a safety-oriented attitude among the drivers and to report to the Employer any safety matters which he notices or which are brought to his attention. The Employer will pay for any training that may be required by it for this position.
- 16.03 The Employer shall supply duplicate forms on which drivers can note, at the end of each shift or trip, safety defects and other data relating to the functioning of the equipment. Such forms shall provide for a statement of the problem or condition which requires action, as well as for the comments and signature of the person who has attended to the problem.
- 16.04 The Employer is responsible to direct the repairs as necessary to conform with the safe and efficient operation of company owned or leased equipment. No driver shall be required to use equipment that he considers unsafe. However, the drivers agree that in matters not affecting the safety of the equipment, the Employer has discretion regarding the use of such equipment.

16.05 Any dispute regarding safety and the safe handling of equipment or the installation of proper accessories to equipment, may become a matter of grievance under the terms of this agreement.

16.06 The Employer will provide a safety boot allowance of \$80.00 per year for the purchase of black CSA approved safety boots.

ARTICLE 17 - UNION-MANAGEMENT COMMITTEE

- 17.01 a) The Employer and the Union agree to schedule a Union-Management meeting every three (3) months, or as required, during the life of this agreement. The meeting shall serve as a forum for discussion and consultation about policies and practices not necessarily covered by this collective agreement. The areas for discussion shall include, but not be limited to:
- i) hiring policies;
 - ii) discipline and discharge policies;
 - iii) training and promotion;
 - iv) safety measures;
 - v) matters that affect the working conditions of the drivers.
- b) The Employer and the Union shall each appoint two (2) representatives to the Union-Management Committee. The Minutes shall record the business of each meeting and a copy shall be mailed to the Union's provincial office.

ARTICLE 18 - LICENSE TESTS

18.01 Whenever it becomes necessary for an employee to undertake the renewal of licenses or tickets, the Employer shall, upon request, provide appropriate equipment for this purpose.

ARTICLE 19 - GRIEVANCE PROCEDURE

- 19.01 Should a dispute arise between the Employer and an employee or the Union regarding the interpretation, application, administration, or violation of this Agreement, it shall be resolved by the grievance procedure in the manner set out below.
- 19.02 **INFORMAL PROCEDURE** - As an informal step, an employee is encouraged to make an earnest effort to resolve the issue directly with the Management person to whom the employee reports. The employee may choose to be accompanied by a steward.
- 19.03 The parties to this Agreement recognize that CLAC Representatives and the Union Stewards are the agents through whom employees shall process their grievances and receive settlement thereof.
- 19.04 Neither the Employer nor the Union shall be required to consider or process any grievance which arose out of any action or condition more than fourteen (14) days after the subject of such grievance occurred. If the action or condition is of a continuing or recurring nature, this limitation period shall not begin to run until the action or condition has ceased. The limitation period shall not apply to differences arising between the parties hereto relating to the interpretation, application, or administration of this Agreement.
- 19.05 A "Policy Grievance" is defined as a grievance that involves a question relating to the interpretation, application, or administration of this Agreement. A Policy Grievance may be submitted by either party directly to arbitration under Article 20 bypassing Step 1 and Step 2 of the Grievance Procedure. A Policy Grievance shall be signed by a Steward, a Union Officer, or a

CLAC Representative, or in the case of an Employer's Policy Grievance, by the Employer or his representative.

19.06 A "Group Grievance" is defined as a single grievance signed by a Steward or a CLAC Representative on behalf of a group of employees who have the same complaint. A group grievance must be dealt with at successive stages of the Grievance Procedure, commencing with Step 1. The grievers shall be listed on the grievance form.

19.07 Step 1

A grievance shall be submitted in writing to the Employer within fourteen (14) days of the act or condition causing the grievance. The Employer shall address the grievance and shall forward a written response to the griever and the Union Representative within seven (7) days of the day on which the grievance is submitted.

19.08 Step 2

If the grievance is not resolved at Step 1, a Union Representative may, within seven (7) days of the decision under Step 1 or within seven (7) days of the day this decision should have been made, submit a Step 2 grievance to the Employer. The parties shall attempt to meet to resolve the grievance within one (1) week after the Step 2 grievance has been filed. The Employer shall forward a written response to the griever and the Union Representative within seven (7) days of the day on which the Step 2 grievance is submitted.

ARTICLE 20 - ARBITRATION

20.01 If the parties fail to settle the grievance at Step 2 of the Grievance Procedure, the grievance may be referred to arbitration under the following procedure.

- 20.02 The party requiring arbitration must serve the other party with written notice of desire to arbitrate within fourteen (14) days after receiving the decision given at Step 2 of the Grievance Procedure.
- 20.03 If a notice of desire to arbitrate is served, the two parties shall meet in an attempt to obtain an agreement to refer the matter to an agreed upon single arbitrator within ten (10) days of service. The single arbitrator will meet with the authorized representatives of the Union and the Employer in a hearing to ascertain both sides of the case.
- 20.04 The decision of the single arbitrator will be final and binding on the two parties to the dispute and shall be applied forthwith.
- 20.05 If the parties fail to agree to refer the matter to an agreed single arbitrator within seven (7) days of service as aforesaid, either party may request appointment of an arbitrator as provided in the *Labour Relations Code*.
- 20.06 Except as agreed expressly by the parties, no person may be appointed as Chairman who has been involved in an attempt to negotiate or settle the grievance.
- 20.07 Notice of desire to arbitrate and of nominations of an arbitrator shall be served personally or by receipted delivery. If served by receipted delivery, the date of mailing shall be deemed to be the date of service.
- 20.08 If a party refuses or neglects to answer a grievance at any stage of the Grievance Procedure, the other party may commence arbitration proceedings and if the party in default refuses to meet to appoint an arbitrator, the party not in default may request appointment of an arbitrator as provided in Article 20.05 to hear the grievance. The decision of the arbitrator shall be final and binding upon both parties.

- 20.09 It is agreed that the single arbitrator shall have the jurisdiction, power, and authority to give relief for default in complying with the time limits set out in Articles 19 and 20 where it appears that the default was owing to a reliance upon the words or conduct of the other party.
- 20.10 A grievor found to be wrongfully discharged or suspended will be reinstated without loss of seniority and with back pay calculated on the basis of mileage, hourly, or trip rate times, normal trip miles, hours, or trips, as applicable, less any monies earned, or by any other arrangement which is just and equitable in the opinion of the arbitrator.
- 20.11 Where the arbitrator is of the opinion that there is proper cause for disciplining an employee but considers the penalty imposed too severe in view of the employee's employment record and the circumstances surrounding the discharge or suspension, the arbitrator may substitute a penalty, which is, in the opinion of the arbitrator, just and equitable.
- 20.12 The parties will equally bear the expense of the single arbitrator.
- 20.13 An arbitrator dealing with a matter other than discipline shall be empowered to render his decision or interpretation consistent with the provisions of this agreement.

ARTICLE 21 - DISCHARGE, SUSPENSION, AND WARNING

- 21.01 When a warning of record is called for, such warning shall be in writing with copies issued immediately to a Steward and to the Union office. Employees may request that a Union Steward be present for all disciplinary discussions. If such request is made, no reprimand will be made until a Steward or Representative can be present.

- 21.02 An employee may be suspended or discharged for proper cause by the Employer. Within five (5) workdays following the suspension or discharge, the employee involved, together with a Union Representative, may interview the Employer concerning the reason leading to the suspension or discharge. Within five (5) workdays following the interview, the Union may submit the complaint to arbitration. This provision excludes probationary drivers.
- 21.03 Letters of discipline will not compound any further discipline after eighteen (18) months from the date of issue. On request, employees shall be granted access to their personal file.

ARTICLE 22 - TECHNOLOGICAL AND MECHANICAL CHANGE

- 22.01 Technological and mechanical changes shall be defined to mean the introduction and use of vehicular and other equipment changes which have not previously been used in the bargaining unit by the Employer and the use of which results in the termination or the laying off of regular drivers.
- 22.02 All parties to this agreement recognize that technological and mechanical changes that result in the increased efficiency and productivity must be encouraged and further, all parties have a direct responsibility to reduce to a minimum the adverse effects that may result from such changes.
- 22.03 The Employer shall advise the Union as far in advance as possible, and not less than thirty (30) calendar days prior to the introduction or technological or mechanical changes, and the matter shall immediately become the topic of general discussion and consultation between the Employer and the Union, and particularly in regard to:

- a) the effect such changes will have on the number of drivers within the bargaining unit;
- b) the probable effect on working conditions;
- c) any changes in job classifications.

22.04 In the event technological or mechanical changes result in a reduction in the work force or the demotion or promotion of drivers, such reductions, demotions, or promotions shall be done in accordance with Article 12 as contained herein.

22.05 The parties jointly and individually will undertake, with the assistance of Human Resources Development Canada, and through provincial or local adult training programs if necessary, to retain and upgrade regular employees to enable them to become qualified and capable of performing new jobs resulting from or created by the technological or mechanical change.

ARTICLE 23 - DURATION

23.01 This agreement shall be effective on the first (1st) day of October, two thousand five (2005) and shall remain in effect to and including the thirty-first (31st) day of September, two thousand nine (2009). Thereafter the agreement shall remain in effect from year to year unless notice is given in writing by either party to the other of a desire to cancel, change, or amend any of the provisions of this agreement. Such notice shall be given within four (4) months preceding the date of expiration of this agreement.

23.02 Notwithstanding Article 23.01, the parties agree that all provisions of the expired agreement will remain in full force until mediation procedures have been exhausted.

23.03 The collective agreement will be re-opened by mutual agreement between the parties eighteen (18) months before expiry. In the event that the parties fail to reach agreement, either party may submit the matter to binding arbitration pursuant to the arbitrator provisions of this agreement. In addition to any factors which the arbitrator considers relevant to establishing wage rates herein, the arbitrator shall have regard for the competitive position of the Employer relative to its principal competitors.

Signed at _____, British Columbia this _____ day of _____, 2005.

SIGNED on behalf of
**NORTHWEST TANK
LINES INC.**

SIGNED on behalf of
**TRANSPORT, CONSTRUCTION
AND GENERAL EMPLOYEES'
ASSOCIATION, LOCAL NO. 66**

AUTHORIZATION FOR THE DEDUCTION OF DUES

I hereby authorize and request the Employer to deduct from my earnings union dues in the amount of one and four tenths of one percent (1.4%) of gross wages or an amount set by the National Convention of CLAC, or to deduct an amount equivalent to union dues and to remit this amount to the Treasurer of Transport, Construction, and General Employees' Association, Local No. 66 affiliated with the Christian Labour Association of Canada.

I hereby authorize and request the Employer to deduct from my earnings and to remit to the Treasurer of Local 66, CLAC, such amounts as exceed one hundred sixty dollars (\$160.00) per month for the cost of premiums for Health and Welfare Plan coverage.

I further agree that the Employer shall be saved harmless for all deductions and payments so made.

Signature

Print Name

Witness

Address

Date

Telephone Number

Signature

SCHEDULE 'A'

National and Location Compensation Schedules

Some terms and conditions will apply to all locations nationally, others only to one or several locations.

National Terms will include:

1. Company drivers in training will be paid a rate of one hundred twenty five dollars (\$125.00) per day.
2. Company drivers assigned to train new drivers will be paid their regular rate of pay plus twenty-five dollars (\$25.00) per day.
3. Company drivers will be paid mileage rates of pay when trips are beyond one hundred (100) miles from the point of dispatch unless modified by the local wage schedule or otherwise agreed by the parties.
4.

New hires	first 6 months	Deduct \$1.50	4 cents/mile
	second 6 months	Deduct \$1.00	3 cents/mile
	third 6 months	Deduct \$0.50	2 cents/mile

New company drivers may be paid as per the above table.
Experienced new company drivers may be accelerated in accordance with their skills.
5. When designated a charge hand, the rate will be a minimum of an additional one dollar (\$1.00) per hour.
6. Trip rates may be established from time to time by agreement of the Union and the Employer, such rates to be inclusive of all work and wait time. Where the parties have agreed to establish a trip rate but cannot agree upon a rate, it shall be submitted to binding arbitration.
7. Subsistence allowance will be paid at a rate of sixteen dollars (\$16.00) per day or seventy-five cents (\$0.75) per hour that a driver is away from the home terminal after the initial twenty-four (24)

Schedule 'A' – National & Location Compensation Schedule

Page 2

hour period. When required, drivers will be reimbursed for lodging expenses.

8. Fuel surcharge: the surcharge credit will be calculated as follows:
 - The benchmark for BC shall be forty-five cents (45¢) per liter for diesel
 - The benchmark for Alberta shall be forty-one point seven cents (41.7¢) per liter for diesel based on the Edmonton rack price.
 - The benchmark for Ontario shall be fifty two point seventy five cents (52.75¢) per liter for diesel based on the Toronto rack price.
 - The Employer shall calculate the price for diesel on the weekly Bloomberg Report.
 - For every increase of one (1) full cent above the benchmark, the owner/operator gross pay will be increased by six tenths of one percent (0.6%).
 - Any fuel surcharge will be added to the pay cheque after the gross revenue.

In the event of a substantial spike in the cost of fuel that causes hardship for any owner operator, the employer will advance funds against the anticipated increase in the fuel surcharge, at no additional cost to the owner operator. Such advance will be repaid according to a reasonable payment schedule and deducted from pay on a monthly basis.

9. Safety wear and equipment will be provided to the company driver on an exchange basis. Safety wear and equipment will be provided to the owner operators on per unit basis.
10. In calculating overtime compensation, work time shall be determined based on the logbook unless a driver can establish that such calculation is inaccurate.

Location Terms follow on Schedules "B" through "H".

**SCHEDULE "B" - ONTARIO
WAGE RATES**

	Date of Ratification 3%	October 1st, 2006 4%	October 1st, 2007 4%	October 1st, 2008 4%
Backhaul				
Leased Operators	\$157.61	\$163.91	\$170.47	\$177.28
Company Driver	\$50.43	\$52.45	\$54.55	\$56.73
Sarnia Stevensville				
Leased Operators	\$630.42	\$655.64	\$681.86	\$709.14
Company Driver	\$225.90	\$234.94	\$244.33	\$254.11
Sarnia Montreal				
Leased Operators	\$1,418.45	\$1,475.19	\$1,534.20	\$1,595.56
Company Driver	\$483.32	\$502.66	\$522.76	\$543.67
Sarnia Lindsay				
Leased Operators	\$735.49	\$764.91	\$795.51	\$827.32
Company Driver	\$267.93	\$278.65	\$289.79	\$301.38
Sarnia Hanover				
Leased Operators	\$587.77	\$611.28	\$635.73	\$661.16
Company Driver	\$210.67	\$219.09	\$227.86	\$236.97
Sarnia Bancroft				
Leased Operators	\$915.46	\$952.08	\$990.17	\$1,029.77
Company Driver	\$304.29	\$316.46	\$329.12	\$342.29
Sarnia Peterborough				
Leased Operators	\$746.00	\$775.84	\$806.87	\$839.15
Company Driver	\$270.04	\$280.84	\$292.07	\$303.75

Schedule 'B' – Ontario Wage Rates

Page 2

	Date of Ratification	October 1st, 2006	October 1st, 2007	October 1st, 2008
	3%	4%	4%	4%

Sarnia Wellington				
Leased Operators	\$832.24	\$865.53	\$900.15	\$936.16
Company Driver	\$280.88	\$292.12	\$303.80	\$315.95
Wait Time				
Leased Operators	\$21.63	\$22.50	\$23.40	\$24.33
Company Driver	\$17.51	\$18.21	\$18.94	\$19.70
Fort Erie Hourly Rate				
Company Driver	\$20.09	\$20.89	\$21.72	\$22.59

**SCHEDULE “C”
DUKE POINT COMPANY DRIVERS**

WAGE RATES and TRIP RATES

	Date of Ratification	October 1st, 2006 3%	October 1st, 2007 3%	October 1st, 2008 3%
Duke Point/Port Alberni Trip				
0 – 1 years of service	\$100.79	\$103.81	\$106.92	\$110.13
1 – 2 years of service	\$107.94	\$111.18	\$114.52	\$117.95
Over 2 years of service	\$112.19	\$115.55	\$119.02	\$122.59
Titanium Run	\$309.00	\$318.27	\$327.82	\$337.65
Delta Tex Run	\$257.50	\$265.23	\$273.18	\$281.38
Latex Run	\$300.00	\$300.00	\$300.00	\$300.00
Powell River	\$280.00	\$288.40	\$297.05	\$305.96

1. The Employer may approach the Union to change the Duke Point rates if this is necessary to maintain the current work. Any changes will be subject to both parties agreement.
2. Charge hands to be selected at the discretion of the Employer.
3. Any letters of agreement that have been agreed to previously, that effect the Duke Point employees, will continue to apply.
4. The Powell River, Titanium, and Latex run trip rates will be established based on a \$20.00 per hour straight time rate. If agreement is not reached the issue will be submitted to binding arbitration.

SCHEDULE “D” – TRAIL

Mileage Rates	Date of Ratification 3%	October 1st, 2006 4%	October 1st, 2007 4%	October 1st, 2008 4%
8 Axle	1.66	1.73	1.8	1.87
7 Axle	1.54	1.61	1.67	1.74
6 Axle	1.48	1.54	1.6	1.67
5 Axle	1.37	1.42	1.48	1.54
Hourly Rate				
5/6/7 Axle	\$46.35	\$48.20	\$50.13	\$52.14
8 Axle	\$49.44	\$51.42	\$53.47	\$55.61
Non – Prorate equals \$2.00 less than above				

**SCHEDULE “E” – ALBERTA / SASCKATCHEWAN /
NORTHEASTERN B.C. WAGE RATES**

Company Drivers Hourly Rates	Date of Ratification 3%	October 1st, 2006 4%	October 1st, 2007 4%	October 1st, 2008 4%
Northern BC	\$20.09	\$20.89	\$21.72	\$22.59
Alberta	\$17.00	\$17.67	\$18.38	\$19.12
Saskatchewan	\$16.48	\$17.14	\$17.82	\$18.54

Company Drivers Mileage Rates	Date of Ratification 3%	October 1st, 2006 4%	October 1st, 2007 4%	October 1st, 2008 4%
5 Axle	0.327	0.340	0.354	0.368
6 Axle	0.337	0.350	0.364	0.379
7 Axle	0.354	0.368	0.383	0.398
8 Axle	0.366	0.381	0.396	0.412

Owner Operators	Date of Ratification 3%	October 1st, 2006 4%	October 1st, 2007 4%	October 1st, 2008 4%
Mileage Rates				
5 Axle	1.22	1.26	1.31	1.37
6 Axle	1.27	1.32	1.37	1.43
7 Axle	1.36	1.41	1.47	1.53
8 Axle	1.42	1.48	1.54	1.60

Owner Operator Minimum Hourly Rates	Date of Ratification	May 1st, 2006	October 1st, 2006	October 1st, 2007	October 1st, 2008
8 Axle	\$49.50	\$49.50	\$51.00	Re-opener	
5/6/7 Axle	\$45.00	\$45.00	\$46.35	\$47.75	Re-opener
All Cube Rates	5.00%	Minimum 5%			

1. The above Owner/Operator hourly rates are minimum rates. It is understood that no rates will be changed without agreement between the parties.
2. At or before May 1st, 2006 the parties will meet to review the cube rates. The parties agree that the minimum hourly percentage increase for the cube rates as of May 1st 2006 will be an additional 5%. At this time the employer will also review all cube rates that have an hourly rate above \$55.00 an hour. If no agreement is reached during this process, the outstanding issues will be submitted to binding arbitration.
3. Owner/Operators will be paid an additional fifteen cents (\$0.15) for assignments north of Fort St. John.
4. Wait time will be paid on a per hour basis when collected from the customer.
5. Owner/Operators will be paid the following minimum hourly rates when applicable:

Standby and wait time	\$40.00
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6. Mileage rates include “combined time allowed” for loading and unloading NGL:

5-axle	2.5 hours
6-axle	2.5 hours
7-axle	3.0 hours
8-axle	3.0 hours

7. Trip rates may be established on a per trip basis by agreement of the Union and the Employer, such rates to be inclusive of all work and wait time. If no agreement is reached the issue will be submitted to binding arbitration.
8. New company drivers will receive 80% of the top rate for their first 6 months of employment, 90% for the following 6 months, and 100% of the top rate after 1 year of employment. Experienced company drivers may be accelerated based on their skills.

SCHEDULE "F" – B.C. LOWER MAINLAND

OWNER/OPERATORS WAGE RATES

Hourly Rate	Date of Ratification	October 1st, 2006	October 1st, 2007	October 1st, 2008
5/6/7 Axle	\$45.00	\$46.35	\$47.75	49.18
8 Axle	\$48.00	\$49.50	\$51.00	52.53
\$2.00 Less per hour for non – pro rate				
Standby Rate \$33.00				

Mileage Rates	Date of Ratification 3%	October 1st, 2006 3%	October 1st, 2007 3%	October 1st, 2008 3%
Semi				
Pro Rate	\$1.28	\$1.32	\$1.36	\$1.40
Non – Pro Rate	\$1.25	\$1.29	\$1.33	\$1.37
Tri – Axle				
Pro Rate	\$1.31	\$1.35	\$1.39	\$1.44
Non – Pro Rate	\$1.28	\$1.32	\$1.36	\$1.40
Quad				
Pro Rate	\$1.39	\$1.43	\$1.47	\$1.52
Non – Pro Rate	\$1.36	\$1.40	\$1.44	\$1.48
Train				
Pro Rate	\$1.54	\$1.59	\$1.64	\$1.69
Non – Pro Rate	\$1.51	\$1.56	\$1.61	\$1.65

SCHEDULE "G" – B.C. LOWER MAINLAND

COMPANY DRIVERS WAGE RATES

	Date of Ratification	October 1st, 2006	October 1st, 2007	October 1st, 2008
Hourly Rate	3%	3%	3%	3%
Semi				
Hourly Rate	\$18.39	\$18.94	\$19.51	\$20.09
Mileage Rates	0.41	0.42	0.43	0.45
Tri – Axle				
Hourly Rate	\$18.91	\$19.48	\$20.06	\$20.67
Mileage Rates	0.43	0.44	0.46	0.47
Quad				
Hourly Rate	\$19.44	\$20.02	\$20.62	\$21.24
Mileage Rates	0.45	0.47	0.48	0.49
Train and Univar Rate				
Hourly Rate	\$20.00	\$20.60	\$21.22	\$21.85
Mileage Rates	0.47	0.49	0.50	0.52

Trip Rates: Company Driver

BC	Date of Ratification	October 1st, 2006	October 1st, 2007	October 1st, 2008
Wauna	\$356.01	\$356.01	\$356.01	\$356.01
Elma to Sea Span	\$232.21	\$239.17	\$246.35	\$253.74
Brenda Mines	\$205.94	\$212.12	\$218.48	\$225.03

Schedule "G" – BC Lower Mainland–Company Drivers' Wage Rates
Page 2

1. Time and one-half after sixty (60) hours of work unless modified by this agreement.
2. Subsistence: Seventy-five cents (\$0.75) per hour after a full twenty-four (24) hours completed.
3. New hires:

first 6 months	Deduct \$1.50/hr	4 cents/mile
second 6 months	Deduct \$1.00/hr	3 cents/mile
third 6 months	Deduct \$0.50/hr	2 cents/mile

SCHEDULE 'H'

OWNER/OPERATOR INSURANCE

A. Coverage

The carrier will provide the following insurance coverage:

- Standard auto, including collision
- Cargo insurance
- General liability

B. Limits

- Policy liability limits are \$10,000,000 per incident
- Policy cargo limits are \$250,000 per incident

C. Deductible

- A single incident deductible of \$2,500 per unit to a maximum of \$5,000 per incident will apply to physical damage in vehicle accident situations. This deductible will be charged to the Lessor.
- Product misdelivery incidents are subject to a \$1,000 deductible. If a product loss is sustained as part of a vehicle accident claim, this deductible is waived.

D. Premium Calculations

- Insurance premiums will be calculated monthly and deducted from the lease operator's account.
- Premiums will be reviewed annually.

SCHEDULE 'I'

Registered Retirement Savings Plans

All remittances are per month and are remitted to the Union on behalf of company drivers who work at least one hundred twenty (120) hours in a month. Scheduled vacation and Article 10 holidays are deemed to be time worked.

Duke Point Location

Dave Ball, Brad Lewis, and Joe St Luke shall be grandfathered their current contribution level.

Other Locations:

Effective October 1st 2005 the employer will match company driver contributions at the following schedules.

1 to 5 years <u>employment</u>	6 to 10 years' <u>employment</u>	11 and Up <u>employment</u>
\$125.00	\$175.00	\$225.00

SCHEDULE 'J'

OUTLINE OF INSURANCE PLAN COVERAGE

NOTE: This schedule does not form part of the Collective Agreement; it is for information only.

1. \$40,000.00 life insurance per employee;
2. \$40,000.00 A. D. & D. per employee;
3. Dental plan at the latest fee schedule available;
 - Basic services: 100% up to \$1,500.00 per person annually
 - Comprehensive: 50% up to \$1,500.00 per person annually
 - Orthodontic: 50% up to \$2,000 lifetime maximum per child under 19
4. Prescription drug plan for Employee and family at 80% up to \$2,000 per person and 100% thereafter;
5. Optical insurance for employee and family;
 - Under 21: \$200.00 per year
 - Over 21: \$200.00 every two years
6. Extended health coverage for employee and family; coverage includes, but are not limited to, Traveller's Insurance Physiotherapist, Massage Therapist, Acupuncturist, Podiatrist, Chiropodist, Naturopath, Chiropractor. Check Plan for specific coverage amounts and eligibility;
7. Semi-private hospital coverage with no deductible for Employee and family;
8. Weekly indemnity insurance with sixty percent (60%) of maximum insurable earnings or a maximum equivalent to EI. Weekly benefits, payable after the first (1st) day of accident and the

Schedule “J” – Insurance Plan Coverage

Page 2

fourteenth (14th) day of sickness, for a maximum of one hundred nineteen (119) days. (1/14/119); and

9. Long term disability insurance with sixty percent (60%) of earnings, maximum of \$2,000.00 per month, per Employee, payable after one hundred nineteen (119) days until age 65. (119/65)

SCHEDULE “K”

Conscientious Objector Status

(This schedule does not form part of the collective agreement.
It is for information only.)

The Union has a conscientious objection policy for employees who cannot support the union with their dues for conscientious reasons, as determined by the union’s internal guidelines on what constitutes a conscientious objection.

LEASE OPERATOR AGREEMENT

This agreement, made in duplicate, this ____ day of _____ 20__.

BETWEEN:

NORTHWEST TANK LINES INC.
(hereinafter referred to as “the Carrier”)

AND:

Driver’s Name:

Company's Name:

Address:

(hereinafter referred to as the “Lessor”)

WHEREAS the Lessor is the registered owner of certain motor vehicle equipment described as follows:

TRACTOR UNIT

YEAR:..

MAKE:

MODEL:

SERIAL #:

TARE WEIGHT:

(hereinafter referred to as the “Equipment”)

In consideration of the mutual promises herein contained, the parties agree with each other as follows:

1.0 EQUIPMENT

- 1.1 The operation, maintenance, and upkeep of the Equipment shall meet or exceed the Carrier's requirements. Records of all maintenance performed on the Equipment will be submitted to the Carrier on a monthly basis after completion of said maintenance. The Carrier has the right to inspect the Equipment at any time and require repairs to be performed at the cost of the Lessor.
- 1.2 The equipment must continually meet minimum safety standards as required by law in jurisdictions of travel. The annual CVIP must be performed by the Lessor at a registered shop, at the Lessor's cost.
- 1.3 All expenses for the operation of the vehicle including and not limited to tires, parts, and fuel will be the responsibility of the Lessor. All fuel for subject Equipment may be purchased through the Carrier's fuel accounts. Fuel cards will be issued to the Lessor in the Carrier's name. The Lessor will submit all original fuel receipts with daily paperwork and record all fuel purchases on timesheets. The Fuel cards are for the express use of the equipment mentioned herein and shall not be used for any other.
- 1.4 a) The Equipment shall be painted in the Carrier's approved paint scheme at the cost of the Lessor, the Equipment must be painted within one hundred twenty (120) days of the date of this agreement. Subject to this agreement being in force one year from date of this agreement the Carrier agrees to reimburse the Lessor one thousand dollars (\$1,000.00) towards the cost of the painting. If the Equipment was painted in the Carrier's approved paint scheme prior to the

signing of this agreement, the one thousand dollars (\$1,000.00) reimbursement does not apply.

- b) Lessors currently in the employ of the Carrier will be bound by a Letter of Agreement to be concluded by the parties. Such Letter will self-abrogate as equipment of existing Lessors is replaced.
- 1.5 The Carrier will supply and install at the cost of the Carrier all company identification. Upon termination of this agreement, the Lessor is responsible to remove all carrier identification at the cost of the Lessor.
- 1.6 The Lessor will haul commodities exclusively for the Carrier unless otherwise authorized by the Carrier in advance.
- 1.7 The Equipment must be equipped with a tachograph or similar carrier approved recording device at the cost of the Lessor. The Lessor must submit tachograph cards or a similar record to the carrier following each trip.
- 1.8 Accessorial equipment such as power take offs, drive lines, product pumps, positive air shut downs, and carrier approved communications devices if required, are the responsibility of the Lessor.
- 2.0 DRIVERS**
- 2.1 The primary driver of the Equipment shall be the Lessor unless otherwise authorized by the Carrier in advance. (If the Lessor is incorporated, the primary driver must be authorized by the Lessor and authorized by the Carrier).

- 2.2 Secondary Drivers must be approved by the Carrier and will be the responsibility of the Lessor for, but not limited to, the following, Wages, Workers Compensation Board Premiums, Federal Income Tax Deductions, Canada Pension Plan Premiums and Unemployment Insurance Premiums and obligations under the agreement.
- 2.3 The Lessor will maintain a valid and current Workers' Compensation Board account in all jurisdictions travelled at the Lessor's expense and will provide proof of good standing wherever and whenever required by the Carrier. Failure to maintain such account in good standing will be considered to be a breach of this agreement and will result in the withholding by the Carrier of any amounts outstanding plus a fifty dollar (\$50.00) administration charge.
- 2.4 All drivers operating the Equipment must meet or exceed the Carrier's hiring standards and be approved by the Carrier. Drivers are subject to all rules and regulations as required by the Carrier and government regulation including but not limited to Transportation of Dangerous Goods, National Safety Code regulations, and Workplace Hazardous Material Information Systems. The Carrier will ensure compliance with these standards, and may take whatever action it deems necessary.
- 2.5 The Lessor and secondary drivers are required to read the Carrier's "Driver's Manual" and abide by its contents.
- 2.6 If Company uniforms and/or safety clothing and safety equipment are required, the cost of these items will be charged to the Carrier. A reasonable cost containment practice, such as exchange, may be implemented by the Carrier.

- 2.7 It is the responsibility of the Lessor to lubricate all trailers under his/her control. Grease will be supplied at the Company's expense.
- 2.8 Employees of Lessors may be paid in any way agreed by the employee and the Lessor, either in hourly, mileage, trip rate, or rate used to establish trip wage rates, for all hours worked:
- a) not less than five percent (5%) below the company driver hourly rate, or rate used to establish trip wage rates, for all hours worked;
 - b) inclusion in benefits as noted in Article 12

3.0 LICENSE, TAX, AND INSURANCE

- 3.1 The Carrier will provide all vehicle licenses, operating authorities, taxes, and insurance at the cost of the Lessor.
- 3.2 Insurance schedules located in Schedule "B" are valid as of the date of this agreement and may from time to time be amended as required.
- 3.3 All license costs will be amortized on a monthly basis over six months and charged back to the Lessor.
- 3.4 Sales tax and fuel tax will be calculated and filed by the Carrier. The amounts will be deducted from the Lessor's monthly statement.
- 3.5 All licensing, operating authorities, fuel cards and insurance documents remain the property of the Carrier. All said documentation must be returned to the Carrier within twenty-four (24) hours of the termination of this agreement.
- 3.6 The Lessor is responsible to report to the Carrier all accidents or product losses or mixes, and other occurrences, which may give rise to prosecution under any statute, bylaw or legislation, whether

preventable or non preventable, involving loss or damage to any vehicle, trailer, cargo or property, or injury to any person incurred by the Lessor or the Lessor's employees while performing its obligations under this agreement.

- 3.7 The Lessor shall indemnify and save the Carrier harmless for any losses, costs, damages, liability, or expense incurred by the Carrier as a consequence of the fault or negligence of the Lessor or the employees or agents of the Lessor.

4.0 COMPENSATION

- 4.1 Pay rates, located in Schedule "A", are valid as of the date of this agreement and may from time to time be amended as required.
- 4.2 The Lessor will provide the Carrier with a deposit against which the Carrier may charge any loss or expense which is properly payable by the Lessor under the terms of this agreement. The deposit shall be in the amount of three thousand dollars (\$3,000.00). The Carrier will deduct six hundred dollars (\$600.00) per month from the Lessor's earnings until such time that the deposit is paid in full. The Carrier agrees to apply interest to the deposit on account at the rate of one and one-half percent (1.5%) per annum.
- 4.3 The Carrier shall compensate the Lessor on the twenty-fifth (25th) day of the month for hauling performed by the Lessor up to and including the last day of the previous month provided however, that the Lessor has submitted all required documents by the third (3rd) day of the current month. Any documents received after said date will be entered on the following month's statement.
- 4.4 The Carrier shall extend an advance on the tenth (10th) day of the month based on twenty-five percent (25%) of previous month's earnings up to a maximum of two thousand dollars (\$2,000.00) or

such other arrangement as may be agreed between the Carrier and Lessor.

- 4.5 The Lessor shall submit all properly completed bills of lading, log sheets, timesheets, fuel receipts, and tachograph cards to the Carrier immediately following trip completion.
- 4.6 The Carrier will add a three percent (3%) administration surcharge to all parts and outside labour supplied by the Carrier. All such charges will be deducted from Lessor's monthly earnings on the twenty-fifth (25th) day of the month following the charge. The Lessor may also add a three percent (3%) administration surcharge to purchases made by him on the Carrier's behalf. Such a surcharge will be credited to the Lessor's monthly statement as above.
- 4.7 The Carrier shall reimburse the Lessor for all highway tolls, and ferry charges, unless other arrangements are made. A receipt must be supplied to claim reimbursement.
- 4.8 The Carrier will establish and implement a schedule of annual interest reimbursement on holdbacks. The parties will jointly determine the guidelines to determine the appropriate rate of interest.

5.0 GENERAL

- 5.1 The Carrier reserves the right to amend the agreement upon thirty (30) days' written notice of the amendment being given to the Lessor. The amendment shall then become effective as if it was made at the commencement date of this Agreement, unless the Lessor objects thereto in writing to the Carrier within fourteen (14) days of receiving the aforesaid notice. Nothing in this part affects the rights of termination contained in this agreement.

5.2 The Lessor is financially responsible for all fines and penalties arising out of the use of the Equipment including but not limited to parking tickets, log violations, overweight tickets, and moving violations that are a result of the Lessor's negligence. The Lessor must apply the Carrier with copies of all fines and penalties within seven (7) days of the issuance of said fines.

6.0 TERMINATION

6.1 This lease agreement may be terminated by either party without cause upon thirty (30) days' notice in writing.

6.2 In the event that either party commits a substantial breach of this agreement the other party shall have the right to immediately terminate this agreement without notice with the exception that the Lessor must complete the haulage engaged in at that time and to carry out all responsibilities under this Agreement until such time as the Carrier's equipment is returned to the Carrier's premises.

6.3 In the event of termination of the agreement the Lessor agrees to return all equipment, documentation, and fuel cards to the Carrier and to remove all Carrier identification from the Lessor's equipment within twenty-four (24) hours.

6.4 The Carrier shall have ninety (90) days from the termination of this agreement to make final settlement with the Lessor in respect of all monies due or owing to the Lessor. This settlement will not be released until all the Carrier's property and supplies are returned and the Carrier's name, logo, and unit numbers are removed by the Lessor at the Lessor's expense.

6.5 Employees of owner/operators may be paid in any way agreed by the employee and the owner/operator, either in hourly, mileage, trip rate, or percentage terms so long as earnings meet or exceed:

Lease Operator Agreement

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- a) not less than five percent (5%) below the company driver hourly rate, or rate used to establish trip wage rates, for all hours worked;
- b) inclusion in benefits as noted in Article 12; and
- c) inclusion in RRSP contribution at fifty percent (50%) of the driver levels as noted below.

In witness whereof the parties have hereto executed the agreement as of the date indicated on the first page.

Carrier:
NORTHWEST TANK LINES INC.

Lessor:

Per: _____

Per: _____

Witness

Witness

Date

Date